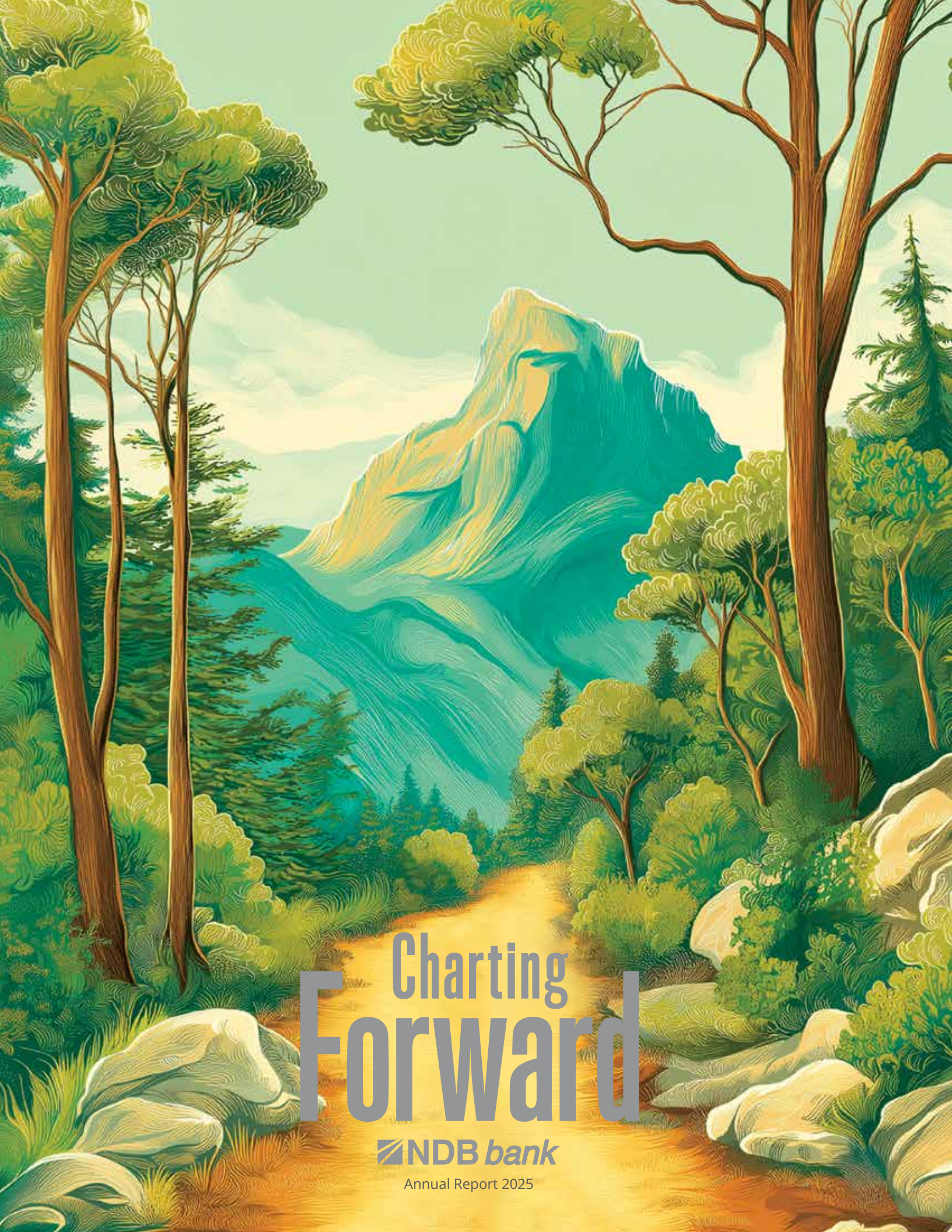




Charting Forward

 **NDB bank**

Annual Report 2025



Charting Forward

Every successful journey begins with a spark of intent to keep going, that transforms to a stream of effort, gathering strength as it moves. For NDB, our journey has been one of steady momentum, guided by a vision that continues to shape progress, enhance lives, and expand reach with every passing year.

What began as a journey of purpose has now reached a point of surge, where precision in decision moves with steady force through every facet of our operations. With each step taken, our continuing journey deepens, drawing on insight to chart new paths through an ever-changing financial landscape.

This report tells a story of progress, of how we are charting forward, having embraced new avenues and reached new horizons with the same determination that has always defined us. Each milestone marks not an ending, but another achievement that creates and carries value farther and deeper into the communities we serve.

**At NDB, the landscapes that we traverse may change,
but we will continue to evolve, embrace challenge,
and chart our course forward.**

Like a trek that begins with one step forward and gathers momentum as the road clears, NDB embodies the power of purposeful motion: steady, precise, and transformative. Each milestone reached in our journey creates increasing value across the economy and the lives it touches. The flow is continuous, the impact ever-expanding, and the growth is always in motion.

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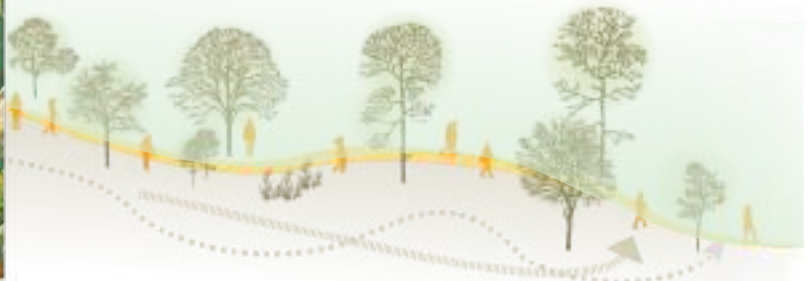
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Our Approach to Reporting



Welcome to NDB's thirteenth Integrated annual report, where we share our story of "charting forward" over landscapes that transform, in tandem with which we evolve, embrace challenge and continue to generate meaningful value to all our stakeholders.



REPORT PROFILE

This Integrated Annual Report presents a comprehensive and balanced account of the financial and non-financial performance of National Development Bank PLC (NDB/ the Bank). The report offers insights into the strategic actions undertaken during the current financial year, to drive growth and align performance outcomes with the evolving expectations and priorities of our stakeholders, reflecting the Bank's dedication to sustainable long-term value creation.

Building on over twelve years of reporting excellence, the Bank's current report represents a new chapter in the Bank's reporting journey by showcasing demonstrable progress in embedding transparency, accountability, governance and sustainability within the Bank's operating model and strategic decision-making framework.



All past Integrated Annual Reports, including the most recent report for financial year 2024, are available for viewing and downloading at: <https://www.ndbbank.com/investor-relations/reports>

REPORTING BOUNDARIES

The Report covers the operations of National Development Bank PLC ("NDB" or "the Bank") and its group companies (collectively referred to as "the Group"). Both the financial and non-financial information in the Report present a consolidated view of the Group, unless otherwise stated. There were no significant changes to the structure, supply chain or material restatements of information nor changes to the reporting boundary during the year.

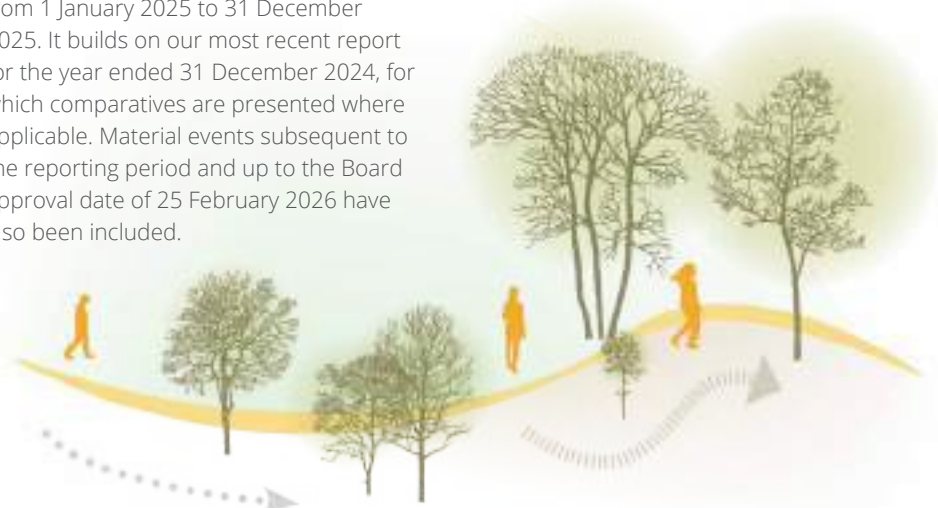
REPORTING PERIOD

The Report follows an annual reporting cycle for both its financial and sustainability reporting and covers the financial period from 1 January 2025 to 31 December 2025. It builds on our most recent report for the year ended 31 December 2024, for which comparatives are presented where applicable. Material events subsequent to the reporting period and up to the Board approval date of 25 February 2026 have also been included.

COMBINED ASSURANCE

The credibility and integrity of this report is ensured through a combined assurance model which includes assurance from our management, internal audit and external auditors. Messrs. Ernst & Young provided external assurance on our consolidated Financial Statements and provided limited assurance on our Integrated Reporting practices and GRI Reporting.

In furthering our efforts in transparent and credible reporting, in this Annual Report, we obtained independent limited assurance on SLFRS S1 and S2 sustainability reporting as well.



REPORTING FRAMEWORKS AND ASSURANCE

Financial reporting

Mandatory reporting frameworks

- ❑ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- ❑ Directions issued by the Central Bank of Sri Lanka on SLFRS 9
- ❑ Relevant directions/circulars issued on reporting formats by the Central Bank of Sri Lanka
- ❑ Companies Act No. 7 of 2007 (as amended)
- ❑ Listing Rules of Colombo Stock Exchange

Internal assurance

- ❑ Internal Audit
- ❑ Robust framework of internal controls
- ❑ Reporting to the Board Audit Committee and Board of Directors

External assurance

- ❑ Independent Auditors' Report by Messrs. Ernst and Young

Integrated and sustainability reporting

Mandatory reporting framework

- ❑ SLFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures

Voluntary reporting frameworks

- ❑ Integrated Reporting Framework of the International Integrated Reporting Council
- ❑ Global Reporting Initiative (GRI) Standards (2021)
- ❑ Sustainability Accounting Standards Board (SASB) - Commercial Banks Sustainability Accounting Standard, Industry Standard, Version 2023-12
- ❑ Guidelines for Presentation of Annual Reports" issued by the Institute of Chartered Accountants of Sri Lanka
- ❑ Non-Financial Reporting Guideline issued by the Institute of Chartered Accountants of Sri Lanka
- ❑ Gender Parity Reporting Framework of the Institute of Chartered Accountants of Sri Lanka
- ❑ Guide on communicating sustainability issued by the Colombo Stock Exchange

Internal assurance

- ❑ Board subcommittee reviews
- ❑ Assessment of non-financial information by the Corporate Sustainability function
- ❑ Environmental and Social Management System (ESMS)

External assurance

- ❑ Independent Assurance on Integrated Reporting by Messrs. Ernst and Young
- ❑ Independent Assurance on GRI Reporting by Messrs. Ernst and Young
- ❑ Interdependent Assurance on SLFRS S1 and SLFRS S2 sustainability related financial disclosures



Corporate governance

Mandatory reporting frameworks

- ❑ Banking Act Directions No. 05 of 2024 on Corporate Governance, issued by the Central Bank of Sri Lanka
- ❑ Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance

Voluntary reporting frameworks

- ❑ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023)

Internal assurance

- ❑ Robust governance frameworks

External assurance

- ❑ External Auditor's certification of compliance with the Banking Act Directions No. 05 of 2024 on Corporate Governance, issued by the Central Bank of Sri Lanka

Our Approach to Reporting

INFORMATION GATHERING AND REPORT PREPARATION

The preparation of this Integrated Annual Report was guided by the principles of the International Integrated Reporting Council <IR> Framework. Given the <IR> framework's emphasis on accuracy, balance, connectivity of information and reliability, the content elements disclosed herein have been compiled based on a wide range of credible internal and external sources.

Internally a series of engagements were carried out with the Bank's leadership to obtain strategic insights and understand how value is created over the short, medium and long term.

These management inputs were complemented by verified quantitative and qualitative data drawn from internal management systems and external sources, ensuring completeness and consistency across financial and non-financial disclosures. Aspects of the reporting process were overseen by a dedicated internal reporting team, with appropriate governance and review mechanisms in place, to uphold the integrity, transparency and quality of this Integrated Annual Report in line with internationally recognised integrated reporting best practices.

INTEGRATED REPORTING PROCESS AT NDB

1

Page 47

Operating environment

External economic, regulatory, social, technological and environmental factors that influence NDB's operating model, strategic decisions and ability to create value over time.

2

Page 51

Risks and opportunities

Key risks and opportunities arising from the operating environment and the Bank's activities that could impact value creation, together with the actions taken to manage, mitigate or leverage them.

3

Page 60

Stakeholder engagement

Demonstrates how NDB engages and responds to its key stakeholders, and how their expectations and feedback inform strategy, risk management and long-term value creation.

Key stakeholders



Investors



Customers



Regulators



Employees



Suppliers and Business Partners



Community

4

Page 68

Materiality

Identifies the themes and matters that substantially affect NDB's ability to create, preserve and realise value over the short, medium and long term, considering both financial and sustainability-related impacts.

Material themes



Customer Inclusion and Experience



Business Ethics and Compliance



Fostering Inclusive Employee Relations



Economic Performance



Secure and Innovative Digital Transformation



Climate Action



Community Development and Engagement



Partnerships and Collaboration

5

Page 109

Sustainability integration

Explains how sustainability considerations are embedded into NDB's business model, decision-making and risk management processes to support resilient and responsible value creation.

6

 Page 109

Strategy and resource allocation through capitals

Demonstrates how NDB's strategy directs the allocation and deployment of the various forms of capital to achieve business objectives and generate sustainable growth.

Capitals



Capital trade-offs

Describes how NDB balances and manages trade-offs between different capitals in strategic and operational decisions to optimise long-term value creation.

7

 Page 74

Value creation outcomes

Articulates the outcomes derived by NDB and its stakeholders through changes in the capitals as a result of executing the Bank's strategy.

8

 Page 59

Way forward

Outlines NDB's strategic priorities and forward-looking actions to enhance value creation, resilience and sustainability in an evolving operating environment.

FORTIFYING INTEGRATED REPORTING

Conciseness

NDB views conciseness not as reducing page numbers, but as enhancing the clarity, relevance, and decision-usefulness of information amid expanding operations and evolving reporting requirements. We achieve this through improved connectivity, logical structuring, and effective cross-referencing to minimise duplication and present a cohesive, integrated narrative.

Reliability and completeness

A rigorous and comprehensive material matters assessment has enabled the Bank to uphold this standard, ensuring that the NDB Annual Report presents all material matters both positive and negative in a balanced manner and free from material misstatement.

Materiality

NDB's Report is dynamically structured and meticulously prepared to provide comprehensive disclosure of material matters affecting the Group's sustainable value creation. Accordingly, a comprehensive materiality assessment was conducted in 2025, which led to significant enhancements.

Connectivity of information

A range of icons, cross-references, and links has been incorporated throughout the Report to illustrate the interrelationships among factors that influence the Group's ability to create value over time. These efforts have, in turn, supported the conciseness of the Report.

Stakeholder relationships

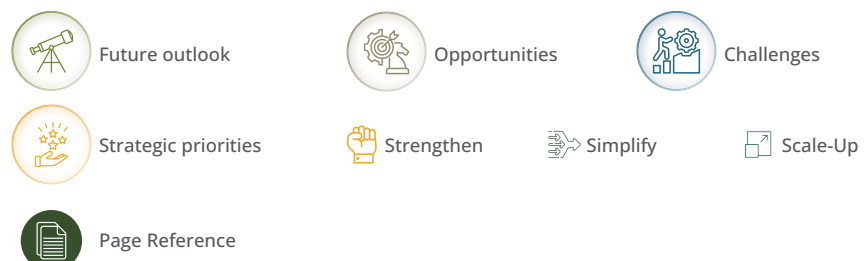
During the year, we strengthened our stakeholder engagement disclosures to reflect how the Group, following a structured process, understands and responds to the legitimate needs and interests of its key stakeholders.

Consistency and comparability

The consistent basis adopted in presenting NDB's integrated Annual Reports over time enhances comparability with peer bank and non-bank corporates and across NDB's own historical reports, thereby depicting the Bank's value-creation capability over time.

ICON GUIDE

Strategic levers



Our Approach to Reporting



WINNING REPORTING

Over the years, NDB has consistently produced award winning Annual Reports, reflecting our unwavering commitment to delivering high quality, meaningful, and impactful reporting. Our focus on presenting financial and non financial information in a manner that fully serves the needs of our diverse stakeholders has been a key driver of this success.

Our most recent Annual Report for the financial year 2024, themed “Unlocking Prosperity, Empowering a Future of Smart Growth,” was honoured with several prestigious awards, demonstrating the Bank’s dedication to excellence in integrated reporting.



CA Sri Lanka TAGS Awards 2025

- Private Banks – Bronze Award
- Certificate of Recognition for
 - Integrated Reporting
 - Corporate Governance Disclosure
 - Financial Services
 - Sustainability Reporting
 - Digitally Transformative Reporting

CMA Excellence in Integrated Reporting Awards 2025

- Runner-Up - Best Integrated Report – Banking Sector category

SAFA BPA Award & SAARC Anniversary Award 2024

- Certificate of Merit - Private Sector Banks

FORWARD-LOOKING STATEMENTS

This Report contains, where relevant, forward-looking statements reflecting the views, intentions, and strategic direction of the Group, at the time of publication. Given the dynamic and often unpredictable nature of the environment within which the Group operates, actual

outcomes or future actions may differ from those expressed or implied herein due to unforeseen circumstances or external developments.

NDB therefore assumes no obligation to publicly update or revise any forward-

looking statements after the publication of this Report. As such, readers are advised to interpret such statements with caution and avoid placing undue reliance on them.

These forward-looking statements have not been reviewed by the Group’s auditor.



Forward-looking statements are referenced with the icon for ease of reference and presented in the Future Outlook sections throughout the Report, particularly in the sections set out below:

Reflections from the Chair, Board of Directors	Director/Chief Executive Officer’s Review	Operating Environment	Business Lines Performance Review	Capitals Management Review
20	24	47	80	109

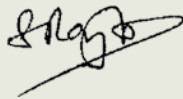
REPORTING ENHANCEMENTS INTRODUCED

- Adoption of SLFRS Sustainability Disclosure Standards – SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 Climate Related Disclosures, together with limited assurance on such reporting, affirming credibility of reporting
- Enhanced Risk Management disclosures with added emphasis on climate risk
- Further streamlining of reporting under GRI with reporting focused on the most relevant GRI standards post a careful review
- Strengthened reporting under the Bank's Strategy, with each Capital Report's Future Outlook disclosures aligned to the Bank's strategic focus areas
- Effective cross-referencing of information within the Report, in driving conciseness and connectivity of information

BOARD RESPONSIBILITY STATEMENT

The Board of National Development Bank PLC acknowledges its responsibility for ensuring the integrity of this Report. We hereby confirm that the 2025 Annual Report fairly represents the Group's integrated performance and addresses all relevant material matters. We also confirm that the Report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council.

The report was unanimously approved by the Board on 25 February 2026 and is signed on its behalf by



Ms. Shehani Ranasinghe
Company Secretary
25 February 2026

FEEDBACK

In line with its ongoing commitment to achieving reporting excellence, NDB welcomes feedback regarding this report, and requests that all such feedback should be directed to the Vice President – Finance and/or the Vice President – Company Secretary.

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About Us

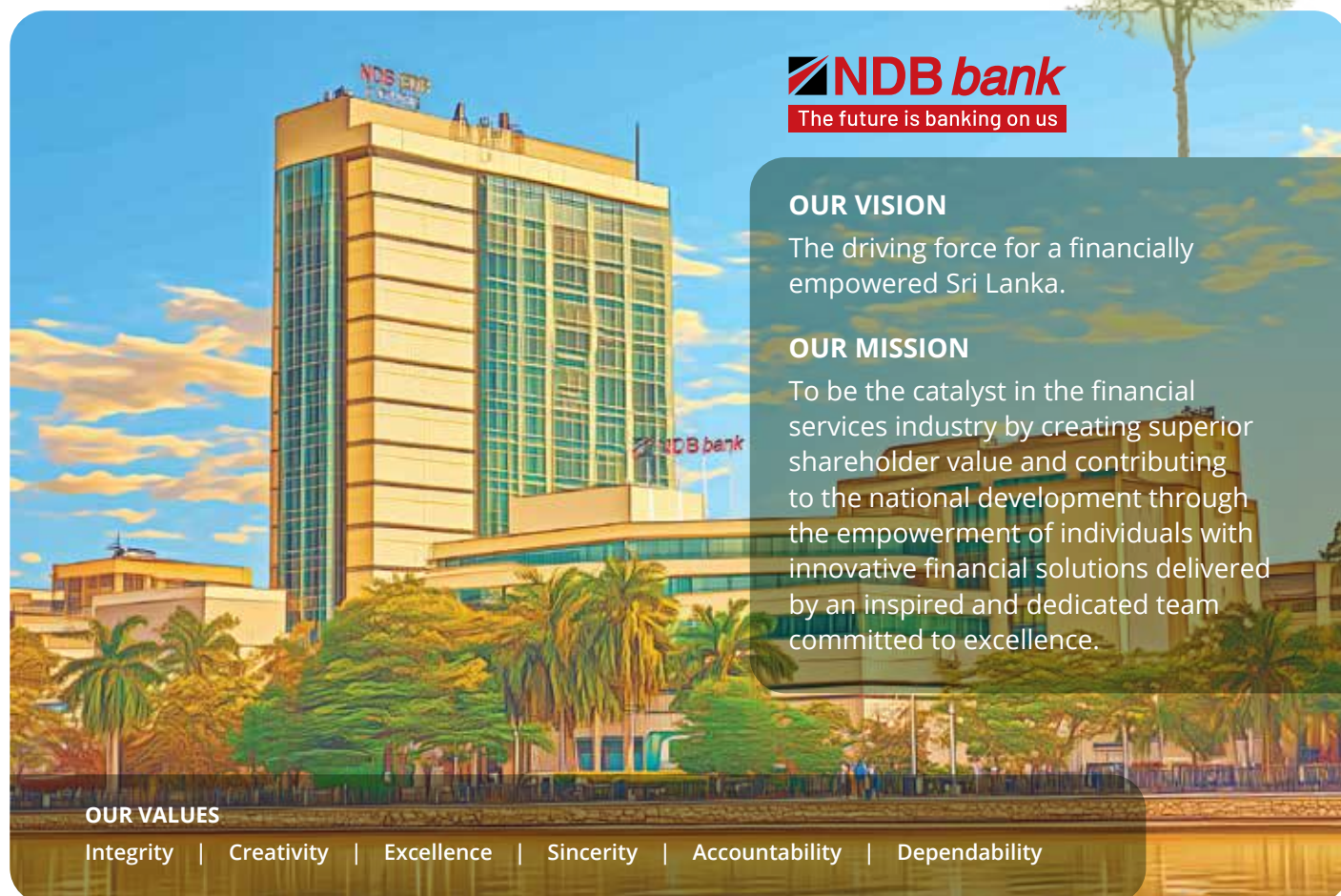
WELCOME TO NATIONAL DEVELOPMENT BANK PLC

Established in 1979 as one of Sri Lanka's pioneering development banks, NDB has progressively evolved its mandate and market presence to become one of the country's leading listed commercial banks. Over the decades, the Bank has expanded its value proposition in line with the changing economic landscape, strengthening its role as a trusted financial partner to individuals, businesses, and institutions across the island.

Together with its subsidiaries engaged in capital market services, NDB delivers a comprehensive suite of integrated financial solutions catering to retail, SME, and corporate customer segments. This diversified offering enables the Bank to support customers across their financial life cycles while contributing meaningfully to national economic progress.

NDB's growth journey has been guided by a forward-looking strategy anchored on five strategic levers of Strengthen Core Franchises, Expand Growth Segments, Future Ready Foundations, Operational Efficiency, Customer Centricity. These strategic pillars continue to enhance our agility, strengthen service delivery, and drive sustainable value creation for our broad stakeholder base.

Reinforcing our commitment to responsible and future-focused banking, NDB is also strengthening its presence within the evolving climate and sustainability landscape. By facilitating access to green financing instruments, including prospective thematic bond issuances, the Bank is actively supporting clients in their transition towards more sustainable and climate-resilient business practices, while contributing to the broader national and global sustainability agenda.



OUR VISION

The driving force for a financially empowered Sri Lanka.

OUR MISSION

To be the catalyst in the financial services industry by creating superior shareholder value and contributing to the national development through the empowerment of individuals with innovative financial solutions delivered by an inspired and dedicated team committed to excellence.

OUR VALUES

Integrity | Creativity | Excellence | Sincerity | Accountability | Dependability

OUR PRESENCE



113

branches spread across the country Presence in, 9 provinces, 22 districts



ATMs
29



CRMs
92

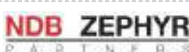


Accessible globally via NEOS digital platform

AN INTEGRATED FINANCIAL SERVICES ECOSYSTEM

The NDB Group stands as a distinctive financial services group of companies, recognised for delivering a seamless, one-stop destination for comprehensive financial solutions. Through the strength of the Bank and its network of specialised subsidiary companies, the Group offers customers access to an extensive and well-integrated portfolio of financial services under one trusted brand.

While the Bank provides a full spectrum of universal banking solutions, the Group's capital market cluster further enhances this offering by delivering a complete suite of capital market services through its specialised subsidiaries. Together, these entities create a synergised financial ecosystem designed to meet the diverse and evolving needs of retail, SME, corporate, and institutional clients.

Group Company	Relationship with NDB	Company Profile	Industry Standing
 NDB Capital Holdings Limited	Subsidiary with 99.9% shareholding	Full service investment banking group	Leader in the regional capital markets
 NDB Investment Bank Limited	Subsidiary with 99.9% shareholding	A Corporate Finance Advisor licensed by Securities and Exchange Commission of Sri Lanka	Provide services in debt and equity structuring and distribution, M&A and corporate advisory. The only Financial Institution in Sri Lanka to win the prestigious Euromoney Award for 14 consecutive years as "Sri Lanka's Best Investment Bank"
 NDB Wealth Management Limited	Subsidiary with 99.9% shareholding	Wealth Management solutions provider, offering new and innovative investment options to investors	Sri Lanka's largest private sector fund management company with Assets under Management exceeding LKR 300 Bn
 NDB Securities (Pvt) Limited	Subsidiary with 99.9% shareholding	A leading stock-broker	Commands a healthy market share with a long-standing retail following
 NDB Capital Limited (Bangladesh)	Subsidiary with direct holding of 41.8% and indirect holding of 42.4% through NDB Investment Bank Limited	Full-fledged merchant bank	One of the leading investment banks in Bangladesh
 NDB ZEPHYR Partners Limited (Mauritius)	Subsidiary with 60.0% shareholding	NDB Zephyr Partners Limited (Mauritius) is a leading Private Equity Fund Manager	Manages a pioneering private equity fund dedicated to investing in small and mid-sized businesses seeking expansion capital in Sri Lanka. The Emerald Sri Lanka Fund investors consists of leading global DFIs including IFC, DEG and FMO
 DHPL	Subsidiary with 58.6% shareholding	Property management	State-of-the-art high rise corporate premises with modern facilities in the heart of Colombo

About Us

CHARTING FORWARD BY DRIVING NATIONAL PRIORITIES

As NDB continues charting forward, the Bank remains firmly aligned with Sri Lanka's evolving economic priorities and development agenda. Recognising the influential role the financial sector plays in shaping sustainable national progress, NDB focuses on areas where it can deliver meaningful and measurable impact. Through strategic investments, collaborative partnerships, and innovative financial solutions, the Bank actively supports enterprise growth, digital advancement, financial inclusion, and sustainability, thereby contributing to long-term economic resilience and shared prosperity for the nation and its stakeholders.



CHAMPIONING SUPPORT TO SME GROWTH AND EXPORTS

NDB has long been a trusted partner to Sri Lanka's SMEs and export sector, recognising their critical role as drivers of economic resilience, employment generation, and foreign exchange earnings. As the country continues its recovery and repositioning within global markets, the Bank remains committed to strengthening the competitiveness and growth potential of these sectors.

Leveraging decades of expertise, NDB provides tailored financial solutions supported by strategic collaborations with international development finance institutions. Partnerships with organisations such as the International Finance Corporation (IFC) have strengthened the Bank's ability to extend trade finance facilities, risk-sharing arrangements, and supply chain financing solutions. These initiatives expand access to funding while enabling businesses to scale sustainably, enhance operational efficiencies, and expand into new markets.

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ADVANCING THE DIGITAL BANKING FRONTIER

NDB continues to lead the digital transformation of banking in Sri Lanka by delivering innovative, customer-centric digital solutions that redefine convenience, accessibility, and service efficiency.

The Bank's flagship digital platform, NEOS, has transformed banking accessibility across individual, SME, and corporate customer segments. During the year, NDB further enhanced its digital offering through the launch of NEOS 2.0, an upgraded mobile banking experience designed to deliver greater personalisation, enhanced security features, and seamless transactional capabilities. By progressively migrating customer interactions and transactions to digital platforms, NDB is supporting Sri Lanka's transition towards a digitally empowered and increasingly cashless economy, while enhancing customer experience and operational agility.

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EMPOWERING WOMEN FOR INCLUSIVE PROGRESS

NDB recognises that empowering women is fundamental to sustainable social and economic development. The Bank's "Banking on Women" pillar continues to drive targeted initiatives that support women across multiple stages of their financial and professional journeys.

Through its dedicated proposition, NDB Araliya, and the flagship Sri Lanka Vanithabhimana initiative, the Bank delivers specialised financial products, advisory services, and capacity-building programmes designed to meet the unique needs of homemakers, salaried professionals, and women entrepreneurs. By promoting greater financial independence and entrepreneurship among women, NDB contributes to stronger families, communities, and national economic advancement.

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EXPANDING FINANCIAL INCLUSION AND LITERACY

NDB remains committed to bridging financial access gaps and strengthening financial literacy across diverse segments of society. The Bank continues to improve accessibility to financial services among underserved and emerging customer groups through inclusive product offerings and targeted outreach programmes.

Digital banking platforms such as NEOS play a key role in expanding access to financial services by enabling customers to conveniently engage with banking solutions regardless of geographical or social barriers. Complementing this, NDB conducts financial literacy programmes across multiple community segments, empowering individuals and businesses with the knowledge and confidence to make informed financial decisions and participate more actively in the formal financial ecosystem.

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DRIVING A SUSTAINABLE AND CLIMATE-RESILIENT ECONOMY

NDB continues to strengthen its role as a catalyst for sustainable economic transformation by embedding environmental, social, and governance (ESG) principles into its strategy and financing decisions. The Bank is expanding its sustainable finance portfolio while supporting clients in transitioning towards environmentally and socially responsible business practices.

NDB has made progress in key sustainable financing initiatives, including plans to issue GSS+ Bonds to support eligible green, blue, social, sustainable and sustainability linked loan financing. These efforts enable the Bank to channel capital towards renewable energy, environmental conservation, inclusive economic participation, and community development among others.

NDB will further reinforce its sustainability journey through strategic partnerships with global development institutions, focusing on physical climate risk assessment and responsible financing frameworks. Supported by a robust Environmental and Social Management System, the Bank continues to ensure its financing supports long-term sustainable value creation aligned with national sustainability priorities.

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Recognition that Reflects Impact

NDB continues to distinguish itself as a high-performing force within Sri Lanka's banking sector, with the recognition we receive serving as a powerful testament to our strategic direction, operational excellence, and commitment to creating meaningful value for our stakeholders. Each accolade we earn reflects the strength of our purpose, the resilience of our business model, and our unwavering focus on delivering sustainable and innovative financial solutions.

Among the highlights of our achievements during the year was being honoured as the Best Digital Bank for SMEs by Euromoney. This prestigious recognition affirms NDB's leadership in redefining SME banking through forward-thinking digital solutions that empower one of the

most vital drivers of economic growth. By seamlessly integrating technology into our SME offerings, we continue to move beyond traditional banking boundaries to support enterprise development, enhance accessibility, and enable smarter financial decision-making for our customers.

Beyond this landmark achievement, NDB secured multiple recognitions across diverse areas including business performance, digital innovation, operational excellence, human resource management, sales and corporate reporting. These awards collectively reflect the depth of our institutional capabilities and our commitment to maintaining the highest standards across all facets of our operations.

While we take great pride in these accomplishments, they also serve as a source of motivation for us to continuously raise our benchmarks. Each recognition reinforces our resolve to innovate, improve, and deliver greater value to our customers, employees, shareholders, and the wider community we serve.

For a comprehensive listing of awards received during the year, please refer to page 426.



Performance Highlights

For the year ended 31 December

	2025	BANK 2024	Change %	2025	GROUP 2024	Change %
Results for the Year (LKR Mn)						
Gross income	98,198	99,383	(1.19)	101,314	102,204	(0.87)
Operating profit before tax on financial services	21,383	24,343	(12.16)	22,769	25,691	(11.38)
Taxation	10,343	15,313	(32.46)	10,818	15,799	(31.53)
Profit for the year	11,040	9,030	22.25	11,951	9,892	20.81
Profit attributable to equity holders of the parent	11,040	9,030	22.25	11,865	9,794	21.14
Gross dividends for the year*	-	3,330	-	-	3,330	-
Assets and Liabilities (LKR Mn)						
Deposits for customers	707,167	631,683	11.95	706,438	631,081	11.94
Gross loans and receivables	643,860	509,777	26.30	643,961	509,850	26.30
Total assets	935,809	795,686	17.61	944,641	803,780	17.52
Total equity (stated capital and reserves)	86,021	77,665	10.76	91,974	82,743	11.16
Profitability (%)						
Net interest margin	4.04	4.34	(0.30)	4.03	4.34	(0.31)
Return on assets (before taxes)	2.47	3.09	(0.62)	2.60	3.23	(0.63)
Return on equity	13.49	12.22	1.27	13.58	12.46	1.12
Cost to income ratio	41.04	36.91	4.13	42.06	38.04	4.02
Asset Quality (%)						
Impaired loans (stage 3) ratio	3.75	5.18	(1.43)	3.75	5.18	(1.43)
Impairment (stage 3) to stage 3 loans ratio	59.10	54.48	4.62	59.10	54.48	4.62
Total impairment allowance as a % of gross loans and advances	7.81	9.63	(1.82)	7.80	9.62	(1.82)
Investor Information (LKR)						
Net asset value per share	201.51	186.91	7.81	215.45	199.13	8.19
Market value per share - as at 31 December	141.25	113.25	24.72	N/A	N/A	
Earnings per share - basic	25.90	21.25	21.86	27.83	23.05	20.75
Earnings per share - diluted	25.90	21.19	22.24	27.83	22.98	21.13
Price earnings (times)	5.45	5.33	2.35	N/A	N/A	
Dividend per share *	-	8.00	-	N/A	N/A	
Dividend cover (times) *	-	2.66	-	N/A	N/A	
Dividend yield (%) *	-	7.06	-	N/A	N/A	
Market capitalisation (LKR Mn)	60,298	47,057	28.14	N/A	N/A	
Regulatory ratios (%)						
Statutory liquid assets ratio:						
Capital Adequacy Ratios (under Basel III Standards)						
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	12.35	13.68	(1.33)	12.92	14.24	(1.32)
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	12.35	13.68	(1.33)	12.92	14.24	(1.32)
Total Capital Ratio (Minimum Requirement - 12.5%)	15.89	19.09	(3.20)	16.36	19.5	(3.14)
Gearing Ratio						
Leverage ratio (Minimum requirement - 3%)	6.93	7.46	(0.53)	7.35	7.89	(0.54)
Liquidity Ratios (under Basel III Liquidity Standards):						
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 100%)	257.29	358.12	(100.83)	N/A	N/A	
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 100%)	208.54	308.26	(99.72)	N/A	N/A	
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	129.67	152.43	(22.76)	N/A	N/A	

* The Board of Directors will consider a declaration of dividends for the year 2025 in due course. Therefore, the Dividend Cover and Dividend Yield for the year 2025 are not disclosed.

Financial Goals and Achievements

		GOALS		ACHIEVEMENTS		
Financial Indicators - Bank		2025	2024	2023	2022	2021
Return on assets (before taxes) (%)	Above 2%	2.47	3.09	1.25	0.26	1.55
Return on equity (%)	Above 12.5%	13.49	12.22	8.03	4.75	12.27
Cost to income ratio	Below 40%	41.04	36.91	30.41	26.65	33.65
Growth in profit after tax (%)	Above 20%	22.25	68.15	84.61	(54.28)	15.04
Growth in total assets (%)	Above 15%	17.61	2.02	(6.35)	18.14	12.13
Capital Adequacy Ratios - Bank						
Common Equity Tier 1 Capital Ratio - (Minimum requirement - 7.0% in 2025)	Above 12%	12.35	13.68	11.67	9.34	10.01
Total Tier 1 Capital Ratio - (Minimum requirement - 8.5% in 2025)	Above 12%	12.35	13.68	11.67	9.34	10.01
Total Capital Ratio - (Minimum requirement - 12.5% in 2025)	Above 15%	15.89	19.09	15.90	13.35	15.42

Value Creation Highlights



Digital Capital

Re-defining convenience in banking

- NEOS 2.0 – Full platform revamp
- Digital enablements for customers across all segments
- Strong system capabilities with process automations

Growth in digital transaction value (YoY)

19%

NEOS
Powered by NDB

NDB neos Corporate

neospay

NDB neosbiz

NDB neos Online

NDB WRIZTPAY

NDB TradeLine
Streamlining the banking experience



Manufactured Capital

Delivering value through our brick-and-mortar infrastructure

- 113 branches spread across the island
- Supplemented by ATMs and CRMs network
- 12 Privilege Banking hubs, catering to high net worth customers

Branches vintage - Number of branches

19	72	22	113
5-10 years	10-20 years	>20 years	Total



Human Capital

Empathetic and value-driven team

- A rewarding work place where our team thrives
- Upskilling future leaders for strategic success

Team strength

2,864

2024 - 2,920

Employee expenses

LKR 9,563 Mn

2024 - LKR 8,751 Mn

Female representation

Overall

45% 2024 - 44%

Senior

Management

29% 2024 - 28%

"Best Women Friendly Workplace" Great HR Awards 2025 - CIPM



Intellectual Capital

Intangible strength shaping our competitive edge

- The trust and strength of the NDB brand across commercial banking and capital market
- Organisational tacit knowledge strengthening our value creation
- Values-led culture
- Award winning performance

Named among the Top 20 Corporates in Sri Lanka in Brand Finance's Sri Lanka's Top 100 Most Valuable Brands 2025

NDB bank
The future is banking on us

Awards and certifications recipient from recognised independent awarding bodies



Social & Relationship Capital

Building mutual value through lasting relationships

- Solid social license to operate
- Powering our customers towards financial prosperity
- Long-term partnering with communities via various initiatives for their betterment

Investments in Corporate Sustainability Initiatives

LKR. 70.0 Mn*

*Inclusive of LKR 50.0 Mn donation made to the Government of Sri Lanka's 'Rebuilding Sri Lanka' Fund, established to provide relief to those affected by Cyclone Ditwah.



Overall average customers satisfaction rating

2025	4.7/5.0
2024	4.5/5.0



Natural Capital

Nature's wealth, our shared responsibility

- Creating impact through responsible lending
- Uniting with partners for preservation of the natural world
- Continually enhancing climate reporting

Carbon footprint*

3,775 Mt CO₂e

Focused areas of nature-related projects

Science-based natural environment restoration

Life to our corals

Life to our mangroves



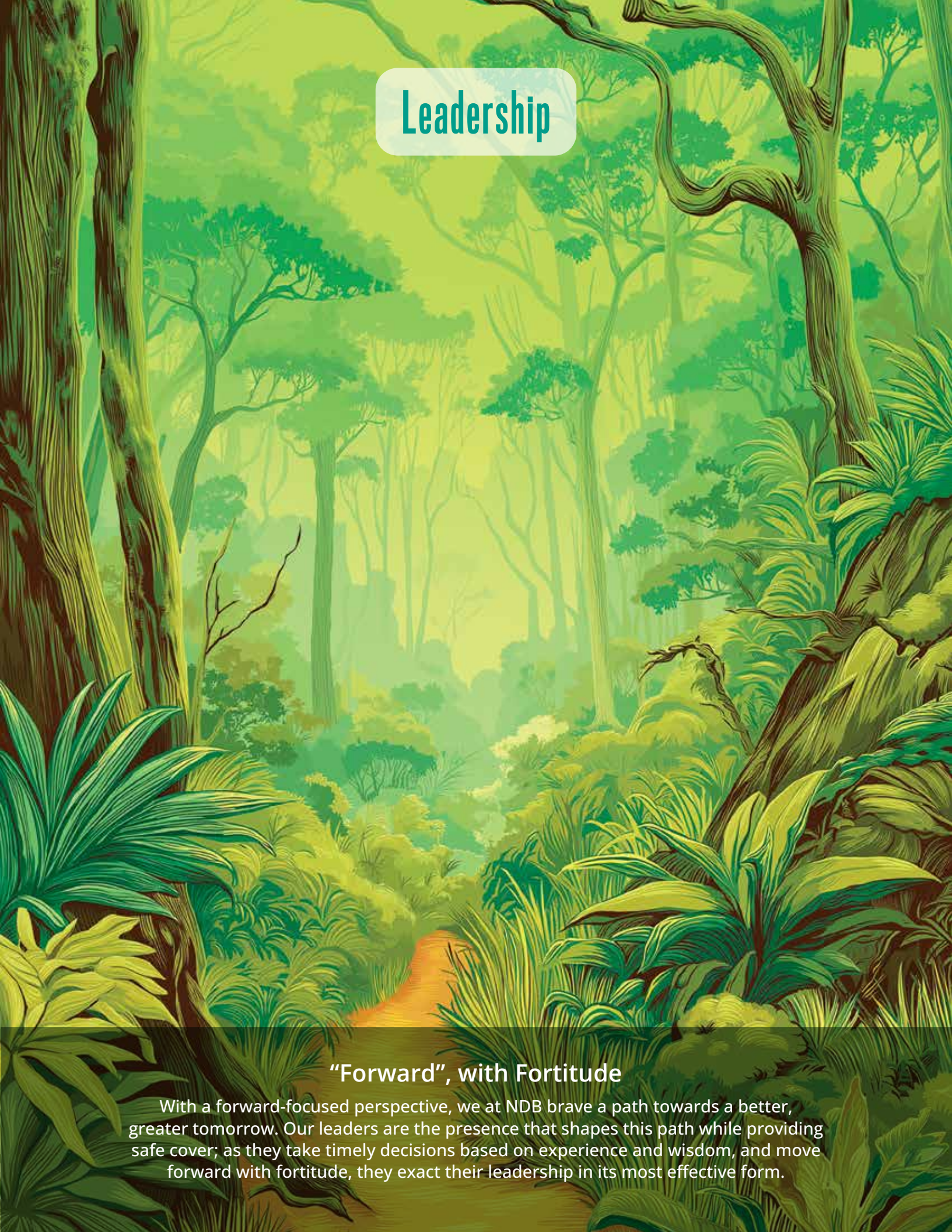
Revitalising polluted ecosystems

Adopt a Lagoon Project

Adopt a Beach Project

Underwater Dives 2025

*In 2025 the organisational boundary for GHG emissions was expanded to cover National Development Bank PLC, NDB Capital Holdings Limited and its subsidiaries and Development Holdings (Pvt) Limited. Furthermore, the emissions reported are of Scope 1 (Direct emissions) and Scope 2 (Indirect energy emissions).



Leadership

“Forward”, with Fortitude

With a forward-focused perspective, we at NDB brave a path towards a better, greater tomorrow. Our leaders are the presence that shapes this path while providing safe cover; as they take timely decisions based on experience and wisdom, and move forward with fortitude, they exact their leadership in its most effective form.

Annual Report of the Board of Directors on the Affairs of National Development Bank PLC

THIRTEENTH (13TH) INTEGRATED ANNUAL REPORT – CHARTING FORWARD

The Board of Directors of National Development Bank PLC (the Bank) is pleased to present to you, the 2025 Annual Report comprising the Audited Financial Statements and Integrated Report for the financial year ended 31 December 2025. The former conforms to the requirements of the Companies Act No. 07 of 2007 (as amended), Banking Act No. 30 of 1988 (as amended) and the Directions issued thereunder, the Listing Rules of the Colombo Stock Exchange (CSE) (as amended), other applicable laws and regulations and recommended good governance disclosures as ascertained by the Bank.

The same also discharges the obligation of the Board of Directors, as specified in the Companies Act regarding preparing the Financial Statements of the Group and the Bank, which reflect a true and fair view of the financial position and performance of the Group and the Bank. The 2025 Annual Report marks the thirteenth year of continually enhancing our integrated reporting journey, our first Report having been launched in 2013. This Report also marks the first year of adoption of SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information, and SLFRS S2 - Climate-related Disclosures, in line with their mandatory application to the top 100 listed entities on the Colombo Stock Exchange with effect from 1 January 2025.

The Bank has obtained a number of independent assurances on non-financial reporting and an Independent Auditor's Report on financial reporting from the Bank's auditors Messrs Ernst and Young. In line with the Banking Act Directions No. 5 of 2024 on Corporate Governance, issued by the Central Bank of Sri Lanka ("Corporate Governance Directions") the Bank has also obtained the External Auditor's certification of our compliance with the Corporate Governance Directions. The full set of reporting frameworks

adopted and assurances/Auditor's Report obtained is listed on page 5. The Board of Directors' acknowledgement of its ultimate responsibility towards ensuring the integrity of the Integrated Report and its affirmation that the said Report is a fair presentation of the NDB Group's integrated performance is set out on page 9.

APPROVAL AND SUBMISSION OF THE REPORT TO RELEVANT STAKEHOLDERS

The Report was approved by the Board of Directors on 25 February 2026. The requisite number of copies of the Annual Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines, together with a soft copy uploaded to the Bank's corporate website <https://www.ndbbank.com> consequent to the release of same to the CSE. In complying with good governance practices, the Annual Report is released as soon as possible after the end of the financial year and completion of the audit. In compliance with the CSE Listing Rules, the Annual Report will be distributed by way of a link shared with all shareholders and debenture holders, directing them to the soft copy of the Annual Report hosted on the aforementioned link, as well as in the form of a printed report as and when required.

EXTENT OF COMPLIANCE WITH APPLICABLE STATUTES AND GOOD GOVERNANCE DISCLOSURES

For a full account on the extent of compliance with the requirements of Section 168 of Companies Act No. 7 of 2007 (as amended) and for a statement on the extent of compliance with other relevant laws, rules and regulations and good governance standards adopted by the Board, please refer the "Compliance Disclosures" section on pages 220 to 235. The said section also outlines the Bank's compliance with the specific disclosure requirements in Section 9 of the CSE Listing Rules, the Corporate Governance Directions and the Code of Best Practice on Corporate Governance 2023 issued by

the Institute of Chartered Accountants of Sri Lanka.

Noting that the Board of Directors carries out several of its duties and responsibilities through its Board Subcommittees, please refer pages 238 to 263 for the activities carried out in 2025 inter alia to ensure compliance with applicable laws, rules and regulations. For the full Corporate Governance Report of the Bank, please refer pages 201 to 219. All of the aforementioned sections are considered part and parcel of this Annual Report.

Directors being aware of the need to be updated and apprised of applicable laws, rules and regulations and changes taking place, have ensured that processes are in place to facilitate timely awareness and ensure compliance.

TWENTY FIRST (21ST) ANNUAL GENERAL MEETING

Accordingly the Twenty First (21st) Annual General Meeting of the Bank will be held at the DHPL Auditorium, 3rd Floor, NDB – EDB Tower, No 42, Nawam Mawatha, Colombo 2 on a date and time to be decided by the Board of Directors and convened, which will be reflected in the Notice of Meeting sent to the shareholders. The Notice of Meeting is reflected on page 550 in accordance with a resolution adopted by the Directors.

As required in terms of Section 168 (k) of the Companies Act No. 7 of 2007, the Board of Directors does hereby acknowledge the contents of the Annual Report.

Signed in accordance with a resolution adopted by the Directors.



Mr. Sriyan Cooray
Chair, Board of Directors



Mr. Kelum Edirisinghe
Director/Chief Executive Officer



Mr. Bernard Sinniah

Director



Mr. Sujeewa Mudalige

Director



Mr. Kushan D'Alwis, PC

Director



Ms. Kasturi Chellaraja

Director



Ms. Shweta Pandey

Director



Mr. Hasitha Premaratne

Director



Mr. Sanjaya Mohottala

Director



Mr. Shanil Fernando

Director



Ms. Shehani Ranasinghe

Company Secretary

25 February 2026

Colombo

Reflections from the Chair, Board of Directors



Sriyan Cooray
Chair, Board of Directors



I would like to reiterate that the results of the year 2025 are not the result of a single year's effort, but the culmination of disciplined execution, and collective commitment over several years. The foundations we have laid through prudent risk management, innovation, and sustained investment in our people and platforms have been instrumental in enabling the Group to diversify its portfolio and strengthen its Balance Sheet.



Dear Stakeholders,

It was a truly standout year for the NDB Group. Supported by strong, broad-based performance across all key business verticals, the Group delivered a post-tax profit of LKR 11.0 Bn for the year ended 31 December 2025, marking an impressive year-on-year (YoY) growth of 22.3% over the previous year. On a normalised basis, this is a marked two-fold increase in post-tax profitability. These robust profits translated into a 21.1% year-on-year increase in Profit Attributable to Shareholders at the Group level to LKR 11.9 Bn. Accordingly, Group Return on Equity improved to 13.6%, whilst Group Earnings Per Share (EPS) rose to LKR 27.83 by the end 2025, both demonstrable evidence of NDB's ability to consistently enhance value delivered to shareholders.

I would like to reiterate that these outcomes are not the result of a single year's effort, but the culmination of disciplined execution, and collective commitment over several years. The foundations we have laid through prudent risk management, innovation, and sustained investment in our people and platforms have been instrumental in enabling the Group to diversify its portfolio and strengthen its Balance Sheet.

It was these solid foundations that spearheaded our trajectory in 2025, allowing us to move with more confidence and agility to seize the opportunities emerging from Sri Lanka's positive economic transformation, while keeping a close eye on evolving risks, asset quality, capital adequacy, and long-term sustainability. By balancing growth with prudence, and ambition with responsibility, we ensured that our progress was not only strong, but sustainable, thereby firmly positioning NDB to deliver enduring value well beyond the immediate cycle of recovery.

SRI LANKA'S TRANSITION TO A NEW ERA OF GROWTH

The year 2025 marked a new chapter in Sri Lanka's economic journey, after a prolonged period of stress. The economic uptick that we witnessed in the latter part of 2024, gained solid traction in 2025 contributing to the long-awaited turnaround of the national economy. 2025 was in many respects, a year that restored confidence in Sri Lanka's economic potential.

Gross Domestic Production (GDP) surpassed the previous year's performance, backed by healthy contribution across key sectors of the economy. Inflation dynamics also reflected a marked improvement. While the early part of 2025 witnessed a period of deflation, underscoring the success of corrective macroeconomic measures, inflation gradually converged toward the

Central Bank of Sri Lanka's (CBSL) mid-single-digit expectations from August 2025. This moderation in inflation had a tangible impact on households and businesses alike, supporting disposable incomes, reviving consumer confidence, and stimulating domestic consumption.

The CBSL's accommodative monetary policy stance further strengthened the recovery trajectory. A calibrated low-interest-rate environment was intentionally maintained to provide a stable platform for credit expansion, business reinvestment, and private sector revival.

The external sector also demonstrated commendable resilience. The relative stability of the Sri Lankan Rupee was driven by accelerated trade activity, improved worker remittances, and higher tourism earnings. Stronger inflows reinforced foreign exchange liquidity and played a key role in restoring confidence in the country's external position. Adding to this, the successful restructuring of International Sovereign Bond (ISB) debt provided significant forward-looking assurance, unlocking foreign currency flows and reopening opportunities for lending, trade finance, and cross-border transactions.

While the positive momentum is both encouraging and significant, it is equally important to recognise the headwinds that dampened the prospects of certain sectors of the economy. Export-oriented sectors in particular continued to face challenges as Sri Lanka's global competitiveness weakened against the backdrop of broader geopolitical developments and trade tensions in key export markets.

Perhaps however, the most sobering reminder of underlying vulnerabilities came in the form of Cyclone Ditwah, which struck the country in November 2025. The human toll was profound, with nearly 2 million individuals and approximately 500,000 families affected. These figures

reflect direct damage alone; broader economic consequences, ranging from income disruptions to reconstruction costs, are expected to be substantially higher. According to the World Bank's Global Rapid Post-Disaster Damage Estimation (GRADE) report, the event caused direct physical damage across infrastructure and housing estimated at over USD 4 Bn representing roughly 4% of Sri Lanka's GDP. Beyond its immediate impacts, the cyclone serves as a stark reminder that climate risk demands urgent, coordinated, and sustained action to strengthen national resilience.

DEEPENING OUR IMPACT

Against the backdrop of Sri Lanka's macroeconomic resurgence, NDB strengthened its financial intermediation role by strategically diverting capital flows toward productive sectors capable of generating employment, stimulating consumption, and reinforcing economic stability. Admittedly, the well-calibrated low-interest-rate environment enabled us to expand access to credit to empower entrepreneurs, households, and corporates seeking to rebuild, invest, and scale. The Bank also leveraged its strong liquidity to facilitate trade flows and expand transaction banking services to spearhead trade and export-oriented businesses to reintegrate into the global economy, more firmly. NDB's in-house developed trade solution platform: NDB TradeLinc was highly effective in driving these solutions to our clientele.

Meanwhile in the immediate aftermath of Cyclone Ditwah, our first priority was to provide targeted emergency aid to affected communities, customers and our own employees. At the same time, we evaluated our portfolios to identify vulnerable customers and discovered that our exposure was minimal. Nonetheless, the customers who needed assistance were offered moratoria and other necessary relief measures to enable them to ride out the immediate challenges.

Reflections from the Chair, Board of Directors

DRIVING STRATEGIC TRANSFORMATION

NDB has been on a continuous journey to strengthen its foundations, enhance its core capabilities, and position itself for sustained growth in a rapidly evolving banking landscape. Such initiatives undertaken over the years have been led by the Board of Directors, with a dedicated Board subcommittee, namely, the Strategic Issues Committee extending concerted guidance in this regard.

In 2025, the Board embarked on another ambitious 5-year transformation programme that envisions propelling NDB to the forefront of Sri Lanka's banking sector by the year 2030. From the outset, the Board was instrumental in defining the strategic vision, setting clear priorities, and selecting the most suitable external subject matter expert to guide the process. The Board continued to play an active role, in reviewing the diagnostic findings presented by the subject matter experts, and challenging recommendations where necessary to formulate a strategy that would deliver maximum impact.

A key component of this work was the enhancement of the Bank's governance framework. Sharpening our focus on sustainability-related matters, committee structures were strengthened through the creation of the Board ESG Subcommittee and ESG Management Committee, while key policies, including the Related Party Transactions Policy, were revamped to ensure full compliance and promote operational clarity.

Recognising the criticality of technology and cyber resilience to the Bank's future, the Board working in close collaboration with the Bank Digital Subcommittee oversaw the formulation of a comprehensive technology roadmap that would form the backbone of NDB's digital transformation. Considering the rapid scaling and interoperability of our

technology ecosystems over the next few years, steps were also taken to adopt ISO 27035 for Information Security Incident Management to align the Bank's cyber practices with global standards.

Human capital development activities were also deliberately synchronised with this agenda, through deeper investments in training and building leadership capabilities to strengthen the workforce's ability to drive transformational change.

While the Board provided strategic guidance and oversight throughout the development stage, the responsibility for implementation was fully vested with the Bank's Leadership Team. With the initial rollout now underway, the Board continues to receive regular updates on the delivery of the strategic goals.

BOARD REFRESHMENT

Board refreshment during 2025 was undertaken primarily with the intention of augmenting the collective skill set required to steer NDB's five-year strategic transformation agenda. In this regard, recommendations by the Nominations and Governance Committee led to the appointment of two new Directors to the NDB Board. Accordingly, Mr. Sanjaya Mohottala was appointed with effect from 16 May 2025, as the nominee Director of NORFUND. With extensive expertise in corporate strategy, capital markets, and international investment, coupled with deep experience in development finance and structured transactions, I expect Mr. Mohottala's strategic perspective will play a critical role in positioning NDB to compete effectively in an evolving and increasingly sophisticated financial landscape.

In early 2026, Mr. Shanil Fernando joined the Board. As an IT specialist, Mr. Fernando's expertise in automation, digitalisation, and cybersecurity initiatives, will be critical to implementing NDB's technology roadmap.



In 2025, the Board embarked on another ambitious 5-year transformation programme that envisions propelling NDB to the forefront of Sri Lanka's banking sector by the year 2030.



On behalf of the NDB Board, I warmly welcome both Mr. Sanjaya Mohottala and Mr. Shanil Fernando and look forward to working closely with them to drive NDB toward its next phase of growth.

During the year, former nominee Director of NORFUND, Ms. (Fay) Piyachatr Chetnakarnkul resigned from her directorship, and the Board joins me in thanking Ms. Chetnakarnkul for her valuable contributions and commitment during her tenure, and wishing her every success in her future.

OUTLOOK AND PROSPECTS

While Sri Lanka's resurgence in 2025 signifies a remarkable turnaround from the depths of the crisis in 2022, GDP is expected to moderate over the next few years as the economy achieves a more disciplined and reliable pace of growth.

Within this evolving landscape, NDB remains firmly aligned with Sri Lanka's national aspirations. Going forward our aim is to be a key catalyst in Sri Lanka's



journey by prioritising capital flows towards high-impact sectors that have the potential to generate sustained economic returns over the long term.

From the Group perspective, the strategic focus will shift toward consolidating NDB's position as a fully-fledged financial services Group capable of delivering a comprehensive spectrum of solutions across banking, investment, capital market, wealth management, equity and allied services. We are very clear on the end goal: to build a dynamic, agile, and customer-centric financial services Group that competes with scale, innovates with purpose, and delivers sustainable value across cycles.

ACKNOWLEDGEMENTS

I wish to conclude by placing on record my deep appreciation to my fellow members of the Board, for their collective wisdom and unwavering commitment to strong governance that continue to steer NDB firmly forward.

I extend my sincere congratulations to The Leadership Team, led by NDB's Chief Executive Officer, Mr. Kelum Edirisinghe, for building and strengthening the Bank with clarity of purpose and disciplined execution. Under his leadership, The Leadership Team has reinforced the Bank's foundations, sharpened its strategic focus, and translated transformation into tangible performance, culminating in outstanding financial and operational results for 2025. I also express my deepest appreciation to our employees across the Group, whose dedication, professionalism, and resilience remain the true driving force behind NDB's success.

To the Governor and officials of the Central Bank of Sri Lanka, thank you for the guidance and support. To all our stakeholders, including shareholders, customers, and business partners - your trust and confidence inspire us to continuously raise our standards - thank you. As we chart forward to unlock a new era of transformative growth, we will continue to maintain and further strengthen this trust mandate by delivering excellence, creating enduring value, and upholding the highest principles of integrity and accountability.



Sriyan Cooray
Chair, Board of Directors

25 February 2026
Colombo

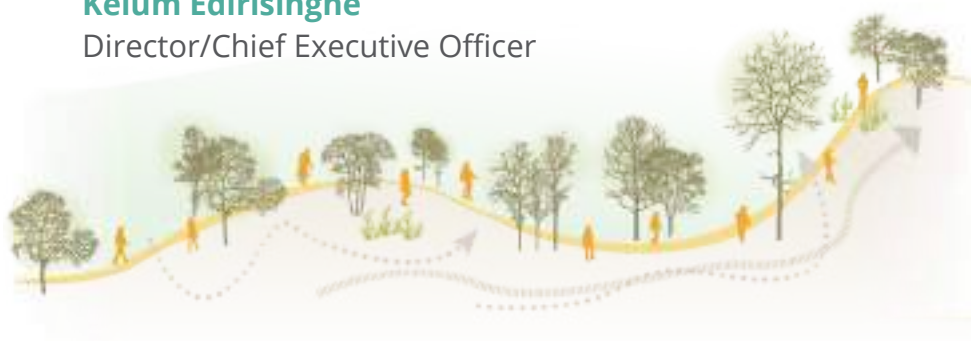


Director/Chief Executive Officer's Review



Kelum Edirisinghe

Director/Chief Executive Officer



In summary, sound asset and liability pricing, disciplined cost management, and further intensified credit risk management collectively enabled the Bank to report record, all-time-high profitability, translating into solid returns to our shareholders.



Dear Stakeholders,

I am pleased to present to you a summary of the performance of your Bank for the year 2025.

It was a memorable year in many respects, a year in which NDB made strong strides in strengthening its foundation, enhancing profitability, and positioning the Bank for sustainable, long-term growth.

BANKING SECTOR GAINS MOMENTUM

Sri Lanka's banking sector rebounded strongly in 2025, driven by improving macroeconomic conditions, lower market lending rates, and rising business and consumer confidence, which together spurred a significant increase in private sector credit. Sector-wide profitability reflected a significant turnaround as proven by the year-on-year (YoY) growth in profit after tax by end-December 2025. Capital adequacy ratios across the sector improved to comfortable levels further reinforcing systemic resilience. At the same time, Non-Performing Loans (NPLs) which remains elevated compared to pre-crisis levels, gradually stabilised.

It was also encouraging to see the local banking sector making meaningful strides in advancing digital banking and financial innovation. Interestingly, the focus on sustainable financing also gained traction in 2025 with banks eagerly embracing sustainability practices promulgated by the Central Bank of Sri Lanka's (CBSL) Sustainable Finance Road Map 2.0, Sri Lanka Banks' Association's Sustainable Banking Initiative and Sustainability Reporting Standards SLFRS S1 and S2.

STELLAR RESULTS THAT CONSOLIDATED NDB'S INDUSTRY STANDING

It is with much pleasure that I recap NDB's exceptional financial performance for 2025, which further reinforces NDB's reputation as a force to be reckoned within the banking industry. The Bank posted an all-time high Profit After Tax (PAT) of LKR 11.0 Bn, signalling YoY growth of 22.3%, notably higher than the overall industry profit growth. Moreover, the Bank's current year PAT reflects an impressive two-fold growth when compared with the PAT for 2024 after excluding the impact of the one-off extraordinary gain attributed to the ISB debt restructuring process. Like most other peers, the Bank's 2024 financial performance was positively impacted following the successful conclusion of the ISB debt restructure with a one-off impact on interest income, fee income and impairments, for the said year.

Net Interest Income growth moderated to 2.2% YoY, while Net Interest Margin (NIM) remained stable at 4.0% in 2025, despite adverse pressures arising from lower interest rates. Cost discipline also remained a key focus area which ensured overall costs were maintained within targeted levels despite increases on account of staff costs and business development expenses - both of which were broadly in line with industry average increases.

Credit quality improved markedly in 2025, supported by strengthened underwriting standards and enhanced portfolio monitoring. This was best reflected in overall credit costs for the year amounting to LKR 5.7 Bn, representing a 57.1% reduction relative to LKR 13.3 Bn during 2024. The Bank's Stage 2 gross loan stock as a percentage of total gross loans improved notably to 7.9%, compared to 16.6% in 2024. Stage 3 gross loan stock followed similar trajectory, and improved to 10.8% as a percentage of total gross loans, compared to 14.0% in 2024. The Bank's Stage 3 provision coverage also improved to 59.1% from 54.5% at end of 2024, showcasing the Bank's prudent management of credit risk.

All in all, sound asset and liability pricing, disciplined cost management, and further intensified credit risk management collectively enabled the Bank to report record, all-time-high profitability, translating into solid returns to our shareholders.

NDB's Balance Sheet expanded notably in 2025, with total assets growing by 17.6% YoY to LKR 935.8 Bn, driven by a surge in lending activity across all business segments. As a result, the Bank's net loan book increased by 26.7%, while total deposits rose by 10.4% - both of which excluding items of a special nature. The Bank's CASA ratio on a normalised basis stood at 23.9% by year end 2025 having improved from 22.5% at end 2024 in line with the Bank's ongoing efforts to attract low cost funding.

In addition, the Bank continued to maintain strong liquidity buffers, as and where deemed necessary with all statutory ratios comfortably above regulatory requirements. Capital adequacy also remained solid, with Tier 1 Capital Adequacy Ratio (CAR) at 12.4% and Total CAR at 15.9% as at 31 December 2025, providing ample headroom to support future growth. A full review of the financial performance is found in the Financial Capital section in pages 110 - 117.

NDB'S STRATEGIC THRUST

For NDB the year 2025 unfolded in two distinct phases. The first half was consciously devoted to strengthening credit quality management. During this period, we prioritised strengthening risk management architecture to preserve Balance Sheet integrity.

Strong emphasis was placed on enhancing risk management, with sharper focus on product-level risk assessments, tightened underwriting standards, and strengthened portfolio monitoring mechanisms to ensure risk-return alignment as the Bank's loan book expanded. Simultaneously, we empowered the second-line of defense risk oversight mechanisms to focus on early identification of emerging vulnerabilities across the Bank's loan portfolios.

By prioritising credit quality improvements early in the year, we established a strong foundation to accelerate growth in the second half, resulting in a robust expansion of its SME portfolio. NDB's SME loan book reached LKR 124.7 Bn by year-end, with a YoY growth of over 25.0%, accounting for approximately 20.0% of total loans.

Retail Banking recorded strong growth in 2025, supported by renewed demand for vehicle leasing following the re-opening of the vehicle market, as well as increased uptake in consumer loans, home loans, and pawning amid improving household income and lower interest rates. Liability mobilisation remained closely aligned with asset growth, resulting in YoY expansion in both LKR and foreign currency deposits.

In Wholesale Banking, the Bank capitalised on the revival in trade activity through proactive client acquisition and tailored trade finance solutions, supported by enhanced transactional capabilities via the NEOS Corporate Platform. Sustainable lending also remained a key priority,

Director/Chief Executive Officer's Review

with NDB's Project and Infrastructure Financing arm continuing to play a leading role in renewable energy financing while expanding into large-scale greenfield and cross-border projects across South and East Asia.

Reiterating our focus on growing fee-income, we significantly accelerated our digital outreach boosting transaction volumes. Likewise, with inward remittances to the country recording exponential growth, we improved internal efficiencies and expanded our global correspondent network to grow NDB's captive market share in this segment.

REIMAGINING THE FUTURE OF BANKING

NDB's status as a digital disruptor within Sri Lanka's banking landscape gathered pace in 2025 as we further expanded our digital ecosystem through the launch of several groundbreaking digital solutions. A key milestone for the year was the launch of the NEOS 2.0 upgrade which represents a comprehensive reimagining of our digital interface. In terms of functionality, the platform is more agile, and engineered for seamless navigation, enabling quick and convenient transactions. Beyond customer-facing innovations, workflow automation remained an essential pillar of our transformation journey. A notable achievement for 2025 was the rollout of our fully-fledged Loan Origination System (LOS) to transform internal credit workflows which has translated into tangible benefits for both customers and the Bank.

CUSTOMER-CENTRIC BY DESIGN

Our ambition with regard to our customers is to be known as the most customer-centric bank in Sri Lanka, committed to empower customers carry out frictionless banking while providing them with the precise solutions they seek at the right time. Premised on this, we continue to consciously pivot toward accelerating digital deployment across all customer segments.

A series of impactful improvements were rolled out during 2025 to strengthen our complaint handling framework and overall customer experience. I am happy to see these reforms delivering tangible outcomes, with the Bank's Customer Satisfaction Rating improving to 4.7 out of 5.0 during the year 2025 (2024: 4.5/5.0).

EMPOWERING PEOPLE

Our commitment to our people extends beyond developing capabilities, it is about fostering a strong, inclusive community where individuals feel a genuine sense of pride and belonging, empowering them to grow and thrive. This culture of engagement and excellence was reflected by NDB's recognition as a Great Place To Work Certified™ organisation, becoming the first local bank to receive this distinction for the third time. Affirming our endeavours in promoting an equitable work place, NDB was also recognised as one of the Best Women-Friendly Workplaces at the Chartered Institute of Personnel Management Sri Lanka (CIPM)'s The Great HR Awards 2025.

TRANSLATING SUSTAINABILITY INTO ACTION AND IMPACT

During the year, we accelerated the integration of sustainability across our operations. Having financed nearly 20% of Sri Lanka's renewable energy projects to date, we have long recognised that capital allocation decisions shape the nation's economic and environmental trajectory. A key initiative during the year was the announcement of NDB's first-ever thematic bond, a GSS+ Bond of up to LKR 16.0 Bn, structured to fund eligible green, blue, social, sustainable and sustainability-linked financing projects. This planned issuance which is subject to due regulatory approval, represents a significant step forward in mobilising sustainable capital and broadening our funding base to support impact-oriented lending.



The Bank's strategy rests on three powerful levers, Strengthen, Simplify, and Scale-Up, working in harmony to build resilience, agility and growth.



Beyond financing, we continue to apply robust environmental and social risk assessments across our portfolio, ensuring that growth is pursued responsibly. Our sustainability commitment also extends beyond banking operations, from targeted corporate sustainability initiatives to disaster relief efforts.

In parallel, we continue to align our internal processes with the requirements of Sustainability Reporting Standards SLFRS S1 and SLFRS S2, enhancing the reliability, structure and transparency of our sustainability-related financial disclosures.

We recognise the importance of an iterative approach to our sustainability journey. Measuring financed emissions, improving portfolio-level climate data and refining risk quantification models are areas that will see progress over the coming years. Through partnerships and collaborations, we are building the technical capability required to move from commitment to measurable impact. At NDB, sustainability is embedded in how we lend, how we manage risk and how we create long-term value for shareholders and society alike.

AWARDS AND ACCOLADES

NDB secured a number of awards in 2025. Among them a highlight is, the Bank being named as Sri Lanka's Best Digital Bank for SMEs at the Euromoney Awards for Excellence 2025, in recognition of the Bank's commitment to empowering SMEs. Further, our technology-driven innovation was recognised when Tradelinc, the Bank's internally developed supply chain finance platform, earned accolades at the National Best Quality Software Awards (NBQSA). In early 2026, NDB was recognised as the No. 1 Overall Trade Finance Provider in Sri Lanka – Domestic Banks category by Euromoney, based on an independent assessment of feedback from transacting customers. This accolade affirms the trust customers place in NDB and underscores the strong alignment of the Bank's trade finance solutions with evolving customer needs within an increasingly dynamic and fast-paced global trade environment.

BUILDING FUTURE-READINESS

In 2025, NDB embarked on a bank-wide transformation initiative to establish a strategic roadmap designed to drive the Bank's next phase of growth, supported by enhanced process efficiencies and significant investments in technology. Guided by the Board of Directors, Senior Management, and the specialised insights of a subject matter expert, NDB developed a robust five-year roadmap targeting 2030. The Bank's strategy rests on three powerful levers, Strengthen, Simplify, and Scale-Up, working in harmony to build resilience, agility, and growth. By excelling in risk management, fortifying deposits, and embracing future-ready technology, the Bank is set to further secure trust and stability. Through seamless onboarding, agile operations, and digital-first delivery, it is set to become leaner and easier

to engage with. By enhancing its value proposition, deepening relationships, and delivering omnichannel experiences, the Bank is to unlock sustainable growth and competitive impact. Together, these levers will create a robust, responsive, and future-focused institution poised to thrive in tomorrow's opportunities.

CHARTING FORWARD

As Sri Lanka's economy regains momentum, NDB stands ready to harness this inflection point to accelerate its vision of economic transformation. Building on our established foundations while sharpening our competitive edge and addressing areas for enhancement, we are charting forward with clarity and conviction: to expand market share, enhance profitability and deliver a superior customer experience that sets new benchmarks across the industry.

NDB's unique group structure together with NDB Capital Holdings Limited creates another strong opportunity. By uniting wealth management, investment banking, and private equity, the Bank delivers holistic lifetime solutions for sophisticated customers, an advantage peers cannot easily replicate. This synergy positions NDB not just for growth, but as a transformative leader in Sri Lanka's financial sector.

As we move ahead boldly with our plans for the future, NDB will remain resolute in its mission: to empower Sri Lanka's economic transformation, deliver world-class customer experiences, and create sustainable, long-term value.

APPRECIATIONS

I would like to express my deepest gratitude to the Chair and other members of the Board of Directors of NDB for their unwavering guidance, strategic foresight, and continued trust in the leadership.

To our Leadership Team, I extend my sincere appreciation for your relentless drive, dedication, and commitment to executing our strategy that has been instrumental in NDB's stellar performance this year.

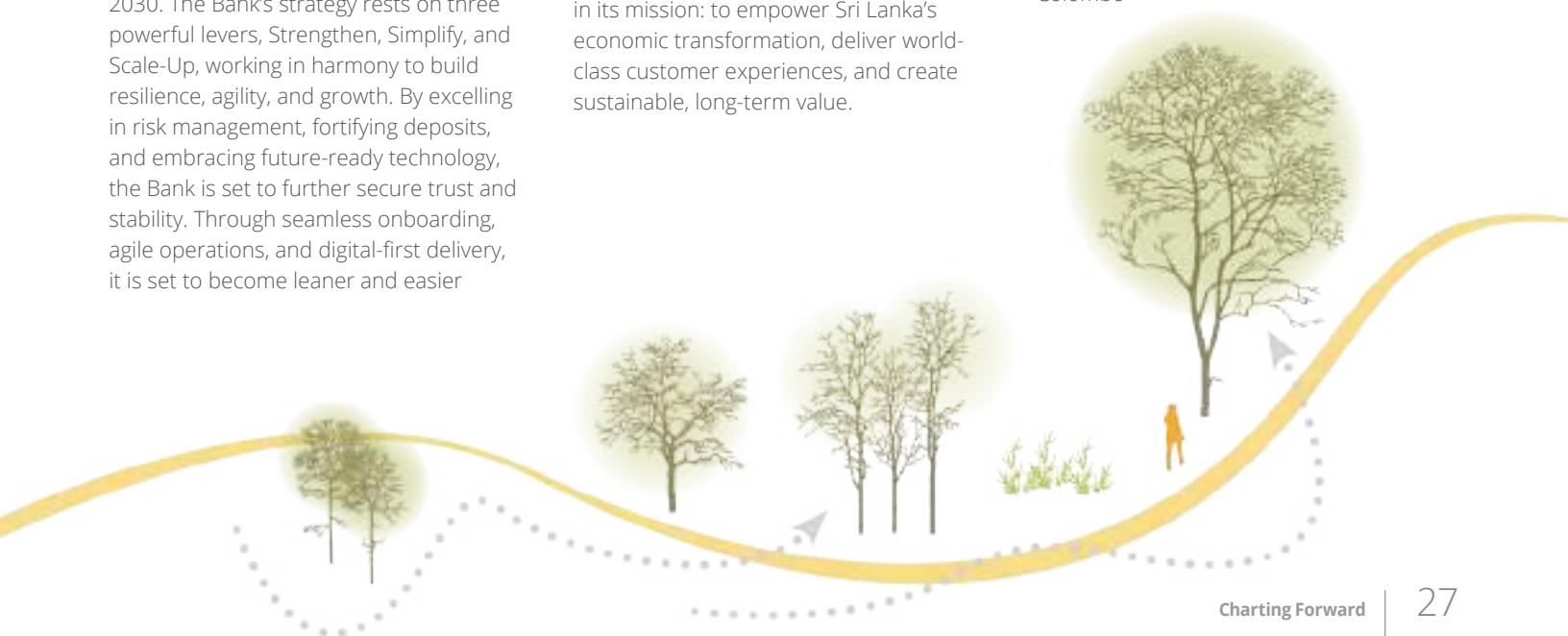
I would also like to recognise the contributions of all our staff, whose talent, hard work, and commitment form the backbone of NDB. Thank you for your dedication to upholding NDB's reputation as a bank that delivers on its promises.

In conclusion, I wish to extend my gratitude to our shareholders, customers, regulators, business partners, and all other stakeholders for their trust, guidance, and support. Your collaboration and confidence empower NDB to innovate, grow, and create lasting value for our stakeholders and the nation.



Kelum Edirisinghe
Director/Chief Executive Officer

25 February 2026
Colombo



Board of Directors



Mr. Sriyan Cooray

Chair, Board of Directors/
Non-Executive Independent Director

Date of appointment:
10 August 2018

Date of Last Re-election/
Re-appointment as a Director:
28 March 2024

Length of Service as a Director:
7 years 4 months



Mr. Kelum Edirisinghe

Chief Executive Officer/
Executive Non-Independent Director

Date of appointment:
01 February 2024

Date of Last Re-election/
Re-appointment as a Director:
N/A

Length of Service as a Director:
1 year and 10 months



Mr. Bernard Sinniah

Non-Executive Non-Independent Director

Date of appointment:
28 March 2019

Date of Last Re-election/
Re-appointment as a Director:
28 March 2025

Length of Service as a Director:
6 years 9 months



Mr. Sujeewa Mudalige

Non-Executive Independent Director

Date of appointment:
06 January 2020

Date of Last Re-election/
Re-appointment as a Director:
28 March 2024

Length of Service as a Director:
5 years 11 months



Mr. Kushan D'Alwis, PC

Non-Executive Independent Director

Date of appointment:
06 July 2020

Date of Last Re-election/
Re-appointment as a Director:
28 March 2025

Length of Service as a Director:
5 years 5 months



Ms. Kasturi Chellaraja

Non-Executive Independent Director

Date of appointment:
03 October 2022

Date of Last Re-election/
Re-appointment as a Director:
30 March 2023

Length of Service as a Director:
3 Years 2 months



Mr. Hasitha Premaratne

Non-Executive Independent Director

Date of appointment:
15 June 2023

Date of Last Re-election/
Re-appointment as a Director:
28 March 2024

Length of Service as a Director:
2 years 6 months



Ms. Shweta Pandey

Non-Executive Independent Director

Date of appointment:
28 April 2023

Date of Last Re-election/
Re-appointment as a Director:
28 March 2024

Length of Service as a Director:
2 years 8 months



Mr. Sanjaya Mohottala

Non-Executive Non-Independent Director

Date of appointment:
16 May 2025

Date of Last Re-election/
Re-appointment as a Director:
N/A

Length of Service as a Director:
7 months



Mr. Shanil Fernando

Non-Executive Independent Director

Date of appointment:
13 January 2026

Date of Last Re-election/
Re-appointment as a Director:
N/A

Length of Service as a Director:
N/A



Ms. Shehani Ranasinghe

Company Secretary



Board of Directors

Mr. Sriyan Cooray

Chair, Board of Directors/Non-Executive Independent Director

SKILLS AND EXPERIENCE

Mr. Sriyan Cooray was appointed as the Chair, Board of Directors of the Bank on 01 July 2022. An accomplished banker with 28 years of experience at HSBC, Mr. Cooray has served in a wide range of areas from Finance, Operations, Compliance, Administration and Retail Banking at HSBC and retired from HSBC - Sri Lanka and Maldives as the Chief Operating Officer in May 2018. He also functioned in the position of Acting CEO on several occasions over the last 10 years at HSBC.

Prior to joining HSBC, Mr. Cooray was Financial Controller of Speville M & W Limited (1987 -1990) and prior to that, he was engaged with KPMG Ford Rhodes Thornton & Company, Chartered Accountants.

Mr. Cooray is a fellow of the Chartered Institute of Management Accountants, UK.

CONCURRENT APPOINTMENTS

Mr. Cooray is the Senior Independent director of Janashakthi Finance PLC which is listed on the Colombo Stock Exchange.

As at 31 December 2025 Mr. Cooray holds office as Director in a total number of 2 Companies (including the Bank).

Mr. Kelum Edirisinghe

Chief Executive Officer/Executive Non-Independent Director

SKILLS AND EXPERIENCE

Mr. Kelum Edirisinghe was appointed as the Chief Executive Officer and (an ex-officio) Executive Director of NDB in February 2024. He has over 30 years of banking experience having held senior leadership roles in both the first line and second line.

Mr. Edirisinghe holds a B.Sc. from the University of Manchester in association with The Chartered Institute of Bankers and a Master of Business Administration from Edith Cowan University, Australia. He also holds a Diploma in Financial Management from the Association of Chartered Certified Accountants and a certification on Treasury and Foreign Exchange Operations from the Central Bank of Sri Lanka (CBSL). Mr. Edirisinghe is a member of the Faculty Advisory Committee of the Centre for Banking Studies of the Central Bank of Sri Lanka.

Mr. Edirisinghe was also a Director of several subsidiaries within the NDB Capital Holdings Limited Group of companies from 2024 until June of 2025.

CONCURRENT APPOINTMENTS

Mr. Edirisinghe currently serves as the Chairperson of Development Holdings (Private) Limited and as a Director of NDB Capital Holdings Limited, which are subsidiaries of the Bank. He also serves as a Director of the Sri Lanka Banks' Association (Guarantee) Limited.

As at 31 December 2025, Mr. Edirisinghe holds office as Director in a total number of 4 Companies (including the Bank).

Mr. Bernard Sinniah

Non-Executive Non-Independent Director

SKILLS AND EXPERIENCE

A veteran banker, Mr. Sinniah retired in 2018 as Managing Director of Citibank and Global Head of FX Corporate Sales and e-FX Solutions after 38 illustrious years of service, having started his career at Citibank Colombo, then moving to Citibank Australia, and ending his career based out of London.

Mr. Sinniah holds a Masters in Applied Finance (Macquarie University, Australia). He has completed courses on Digital Transformation Strategies, conducted by the Judge Business School – University of Cambridge – UK and on Digital Transformation, Strategies for Success, conducted by the MIT Sloan School of Management, USA, thereby, enhancing his knowledge.

CONCURRENT APPOINTMENTS

Mr. Sinniah holds directorships at Codevus (Pvt) Ltd, SenzAgro (Pvt) Ltd, Arogya Life Systems Inc. (USA), Mintpay (Pvt) Ltd and several subsidiaries of the Bank. He was appointed as the Chairperson of NDB Capital Holdings Limited w.e.f 01 January 2025. Mr. Sinniah is also the Founder and Director of Flag Forum Guarantee Limited.

As at 31 December 2025 Mr. Sinniah holds office as Director in a total number of 12 Companies (including the Bank and group companies).



Mr. Sujeewa Mudalige**Non-Executive Independent Director****SKILLS AND EXPERIENCE**

Mr. Sujeewa Mudalige counts over 36 years of experience as a Chartered Accountant and he was the Managing Partner of PwC, Sri Lanka and a Director of its related companies up until 31 October 2023.

Mr. Mudalige has vast experience as an Audit Committee Chair in both public and private sector organisations. He is a past President of the Institute of Chartered Accountants of Sri Lanka (ICASL) and has been a member of the Council of ICASL and of the governing board of CIMA UK, Sri Lanka Division and held several such other positions locally and globally during the span of his career.

Mr. Mudalige was an Independent Non-Executive Director of Hatton National Bank PLC (HNB) from 2012 to 2019 and was a Chair and member of several of its Board subcommittees during his tenure with HNB. He was also the Deputy Chairman of the Financial System Stability Consultative Committee of the CBSL and a member of the Advisory Committee to advise the National Economic Council and the Advisory Committee for Revival of Failed Licensed Finance Companies. He served as a Commissioner of the Securities and Exchange Commission of Sri Lanka until December 2024. He was the Chairman of the Expert Committee appointed by the Government to advise on Digital Banking, Blockchain and Crypto Currency and was a member of a Committee appointed to streamline tax administration.

Mr. Mudalige's qualifications are FCA (ICA - SL), FCMA (CIMA - UK), FCCA (ACCA - UK) and FCPA (CPA - Australia) and he was recently conferred an honorary Doctorate in Business by University of Plymouth (UK) recognising his outstanding contribution to Accounting and Finance.

CONCURRENT APPOINTMENTS

Mr. Mudalige is an Independent Non-Executive Director at CIC Holdings PLC, CIC Feeds (Private) Limited, National School of Business Management (Guarantee) Limited, National School of Business Management Limited, Link Natural (Private) Limited, Sherwood Capital (Private) Limited, Mahindra Ideal Finance Limited, Maliban Biscuit Manufactories (Private) Limited, Cargo Boat Development PLC, Galadari Hotels (Lanka) PLC, RIL Property PLC and Allianz Insurance Lanka Limited. He holds the positions of Chairman and Director of Ambeon Holdings PLC, Ambeon Capital PLC and Millennium IT ESP. Mr. Mudalige is also a committee member of the Ceylon Chamber of Commerce, the National Medical Regulatory Authority (NMRA), the Non-Executive Chairman of Mercantile Services Provident Society (MSPS) and a Board member of the Board of Investment (BoI) of Sri Lanka.

As at 31 December 2025 Mr. Mudalige holds office as Director in a total number of 16 Companies (including the Bank).

Mr. Kushan D'Alwis, PC**Non-Executive Independent Director****SKILLS AND EXPERIENCE**

Mr. Kushan D'Alwis took oaths as an Attorney-at-Law in the year 1985 and is in active practice for over a period of 40 years. He was conferred Silk and took oaths as President's Counsel in November 2012. The areas of specialisation of Mr. D'Alwis are civil, corporate, commercial and administrative law in both the Original and Appellate Courts. Further, he has been actively involved in alternate dispute resolution mechanisms such as arbitrations, advising on corporate legal matters, regulatory frameworks, compliance requirements and legal due diligence.

Mr. D'Alwis was a Member of the Law Commission of Sri Lanka from 2011 to 2015. He was also a Member of the Panel of Legal Advisers to the Tax Appeals Commission. He has served as a Member of the Public Representations Committee on Constitutional Reform appointed by the Cabinet of Ministers. He has also served as the Vice Chairman of the Civil Aviation Authority of Sri Lanka and as the Chairman of the Office of the National Unity and Reconciliation (ONUR) of Sri Lanka. He was also a Director of the Colombo Lotus Tower Management Company (Pvt) Ltd, an Independent Director of Lanka Hospitals Corporation PLC and was a Member of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka. He also served as a Member of the Board of Investment of Sri Lanka.

CONCURRENT APPOINTMENTS

Mr. D'Alwis is a Non-Executive Independent Director at Ceylon Tobacco Company PLC which is listed on the Colombo Stock Exchange and also serves as a Director at Vurthiya Lanka (Pvt) Ltd.

As at 31 December 2025 Mr. D'Alwis holds office as Director in a total number of 3 Companies (including the Bank).

Ms. Kasturi Chellaraja**Non-Executive Independent Director****SKILLS AND EXPERIENCE**

Ms. Kasturi Chellaraja is the Chief Operating Officer (Head of APAC) of 5hour International Corporation and is a corporate leader with a rich and diverse career spanning over three decades.

Prior to this appointment, she held pivotal roles at Hemas Holdings PLC which she joined in 2002, and spearheaded key businesses within the organisation, including Hemas Pharmaceuticals, Surgicals, Diagnostics, Hemas Mobility Sectors and acted as the Chief Process officer of the Group. She made history as the first female Group

Board of Directors

CEO of a listed conglomerate in Sri Lanka when she was appointed as Group CEO for Hemas Holdings PLC in 2020.

Beyond her corporate endeavours, Ms. Chellaraja is recognised for her contributions to various industry bodies and her commitment to societal impact. Additionally, she was appointed as the Regional Champion for the World Bank for South Asia from April 2022 and UNICEF Sri Lanka Business Council (Child Rights and Business Principles) from April 2023 to August 2024.

Ms. Chellaraja was recognised as one of the 12 Top Women Change-Makers in the country in 2019 by the Parliament of Sri Lanka and was also recognised as one of the ten 'Wise Women' impactful leaders of Sri Lanka by the Ministry of Skills and Vocational Education in 2022. She was named as the 'Business Leader of the Year' at the SAP Dare to Dream Awards in 2023. Ms. Chellaraja is also a dual sport national athlete, having represented Sri Lanka in both netball and basketball.

She is an alumna of Harvard Business School and is a Fellow of the Chartered Institute of Management Accountants (CIMA).

CONCURRENT APPOINTMENTS

Ms. Chellaraja serves on the Boards of Capital Alliance Holdings PLC and Senkadagala Finance PLC as a Non-Executive Director. She also serves at Lanka Software Foundation as a Director. She is an active member of several industry associations and currently serves on the main committee and the Board of the Ceylon Chamber of Commerce and as a Committee Member in the Mercantile Services Provident Society. She is an Advisory Board Member of Midas Safety Holdings Ltd and also a Trustee of the Hemas Outreach Foundation and of Orphan Care Trust.

As at 31 December 2025 Ms. Chellaraja held office as Director in a total number of 4 Companies (including the Bank).

Mr. Hasitha Premaratne Non-Executive Independent Director

SKILLS AND EXPERIENCE

Mr. Hasitha Premaratne is the Managing Director of the Brandix Group and drives the overall strategy and transformative journey of the company in Sri Lanka and overseas. Prior to taking the resigns as Managing Director, Mr. Premaratne served as Group Finance Director and Chief Strategy Officer of the Group, and sits as a Director on its subsidiaries and integrated ventures that include Teejay Lanka PLC.

Being an Independent Director at John Keells Hotels PLC, he also serves as Chairman of its Audit Committee. Mr. Premaratne was also a Director at Bank of Ceylon, Sri Lanka's largest state-owned bank, chairing the Board Risk and Nominations Committees. He also served on the Board of CIMA Sri Lanka, and the Sri Lanka Accounting and Auditing Standards Monitoring Board, and was a Committee Member at the Ceylon Chamber of Commerce, Sri Lanka's oldest and most august trade chamber.

Before joining Brandix, Mr. Premaratne was the Head of Research at HNB Stockbrokers (Private) Limited. He brings a wealth of experience including over a decade of service as a lecturer for CIMA (UK), where he won 'Tutor of the Year' at the CIMA Global Financial Management Awards in 2009. Mr. Premaratne was also engaged with the ACCA (UK) in Sri Lanka, India, Singapore and the Philippines.

He holds a MBA in International Finance and a BSc in Computer Science. He is a Fellow Member of Chartered Institute of Management Accountants (CIMA - UK), Association of Chartered Certified Accountants (ACCA-UK), and the Institute of Certified Management Accountants (CMA - SL). He is also a Chartered Global Management Accountant (CGMA).

CONCURRENT APPOINTMENTS

Mr. Premaratne is a Non – Executive Independent Director at John Keells Hotels PLC and a Non – Executive Director

at Teejay Lanka PLC, both of which are listed on the Colombo Stock Exchange. Additionally he holds Directorships in the following Companies: Brandix Apparel (Pvt) Ltd, Brandix Apparel Solutions (Pvt) Ltd, Brandix Corporate Campus (Private) Limited, Brandix Lanka (Pvt) Ltd, Brandix Apparel India Private Limited, Brandix Asia Holdings Pte Limited, Best Pacific Textiles Lanka (Pvt) Ltd, InQube Global Pvt) Ltd, Ocean Lanka (Private) Limited, Inspired Fashion Inc, Inspired Solutions USA, Teejay Mauritius Private Limited, Teejay India Private Limited, Quantum Apparel Cambodia Ltd, Quantum Clothing Group Limited (UK), Adhistan (Private) Limited and Hyphen International (Pvt) Ltd. He also serves as a Board Member (not a Directorship) of the Governance Body of Apparel Impact Institute.

As at 31 December 2025 Mr. Premaratne holds office as Director in a total number of 20 Companies (including the Bank).

Ms. Shweta Pandey Non-Executive Independent Director

SKILLS AND EXPERIENCE

Ms. Shweta Pandey is a corporate professional turned entrepreneur who believes in building ideas into businesses at scale that directly contributes to the growth of emerging sectors. Turning towards entrepreneurship post a successful career at NCR Corporation, UK in a global business role; Ms. Pandey set up Fintech ventures for expanding & delivering access to responsible finance, directly contributing to UN Sustainable Development Goals.

Ms. Pandey was one of the founding team members and COO & Senior Vice President of Airtel Payments Bank in India. She has also served as a Digital Finance Advisor to IFC/World Bank Group clients in Sri Lanka & India on large scale digital transformation projects. Ms. Pandey is an advisor to early stage social impact ventures in India. Her digital transformation drive, grounded knowledge in economics and management and varied experience in the Digital Transformation and Financial Inclusion space contributes towards her excellence.

Ms. Pandey holds a MBA from MIT Sloan School of Management - USA, a MSc in Economic Management & Policy - UK and a BA (Economics) in India. She has received much praise for her work and has been honoured and recognised in the BW 40 Under 40 "Elite club 2022" by Business World. She has been recognised by MIT Sloan School of Management as the Principal Innovative Leader of the Future and awarded with the Influential Change Maker Award.

CONCURRENT APPOINTMENTS

Ms. Pandey serves as the Director/CEO of Arthimpace Digital Loans Private Limited and is the IFC Nominee Director at Maha Micro Finance. As of January 2024 Ms. Pandey was appointed as a Director of Trikuta Hills Essentials Divine Products (Private) Limited.

As at 31 December 2025 Ms. Pandey holds office as Director in a total number of 4 Companies (including the Bank).

Mr. Sanjaya Mohottala
Non-Executive Non-Independent Director

SKILLS AND EXPERIENCE

Mr. Sanjaya Mohottala is a Senior Advisor to Boston Consulting Group (BCG), where he was previously a Managing Director and Partner. With over 16 years of experience at BCG, he has advised Infrastructure Funds, Principal Investors and Private Equity (PIPE) clients, Sovereign Wealth Funds (SWF), banks, multinational corporations, and regional enterprises across the Indo-Pacific, the EU, and the US. His areas of expertise include strategy, mergers and acquisitions, investments, restructuring, operational improvement, sales and marketing, digitisation, and AI & advanced analytics. He has also led multiple merger discussions, post-merger integrations, and co-led largescale global transformation programs.

Mr. Mohottala previously held key public sector roles, including Chairman of the Board of Investment, and Board member positions at the Export Development

Board, SriLankan Airlines, the International Chamber of Commerce – Sri Lanka, etc.

He holds an MBA from the UCLA Anderson School of Management (as a Fulbright Scholar), a BSc (Hons) from the University of Moratuwa, is a qualified Management Accountant (CIMA), and holds a Postgraduate Diploma in Marketing (CIM). He is a Fulbright Scholar and was named one of LMD CIMA's 50 Business Icons and Trailblazers in 2021.

CONCURRENT APPOINTMENTS

Mr. Mohottala presently serves on the Boards of Softlogic Life Insurance Lanka Limited and Softlogic Life Insurance PLC. In addition, he holds directorships at Orbital Kinetic Pte. Ltd., Ifinity Pte. Ltd., and 1976 Corp Pvt Ltd. Beyond these appointments, Mr. Mohottala is actively engaged in his own entrepreneurial ventures through Alani Holdings Pvt Ltd and Alani Bangladesh Pvt Ltd, where he continues to drive business growth and strategic initiatives.

He is the nominee of Norwegian Investment Fund for Developing Countries ("NORFUND") on the NDB Board. As at 31 December 2025. He was appointed as a Director of NCINGA Pte. Ltd w.e.f. 15 January 2026. Mr. Mohottala holds office as Director in a total number of 8 Companies (including the Bank).

Mr. Shanil Fernando
Non-Executive Independent Director

SKILLS AND EXPERIENCE

Mr. Shanil Fernando brings over 25 years of experience in the global IT industry, having played pivotal roles in founding and scaling technology ventures. He was a founding member of Virtusa Corporation (NASDAQ: VRTU), a global technology consulting firm, where he held leadership positions including Chief Technology Officer and Vice President, managing engineering teams of over 4,000 associates across multiple geographies. Mr. Fernando later co-founded Sysco Labs, the innovation arm of Sysco (NYSE: SYY), a Fortune 100 company, where he led global engineering operations

and drove transformative technology initiatives. He was also a former board member of SLASSCOM and Secretary of the American Chamber of Commerce in Sri Lanka.

His contributions to the IT sector have earned him numerous accolades, including ICT Leader of the Year (2016) and recognition among Echelon magazine's Top 40 Under 40 and 100 Most Successful Leaders. Mr. Fernando holds a BSc in Computer Science from the University of Warwick, UK.

CONCURRENT APPOINTMENTS

Mr. Shanil Fernando currently serves as Chief Technology and AI Officer at Cut+Dry, a Silicon Valley-based company and is also the Chairman and Executive Director of Fernando Ventures (Pvt) Ltd. He also serves as an Independent Non-Executive Director of Keells Food Products PLC.

Mr. Fernando currently holds office as Director in a total number of 3 Companies (including the Bank).

Ms. Shehani Ranasinghe
Company Secretary

SKILLS AND EXPERIENCE

Ms. Shehani Ranasinghe was appointed as the Company Secretary of the Bank in 2012. She was formerly attached to the Legal Department of the Bank where she gained experience in corporate banking and financial law, investment banking and legal advisory services during her career spanning over 32 years with the Bank. She has also functioned as the Company Secretary of several subsidiary companies of the Bank prior to her appointment as the Company Secretary of the Bank. She is an Attorney-at-Law (Hons) of the Supreme Court of Sri Lanka, a Notary Public, Commissioner for Oaths, and Qualified Company Secretary and earned her Bachelor of Arts (Hons) degree from the University of Colombo.

CONCURRENT APPOINTMENTS

None.

The Leadership Team



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1 Mr. Kelum Edirisinghe
Director/Chief Executive Officer

2 Mr. K V Vinoj
Deputy Chief Executive Officer

3 Mr. Sanjaya Perera
Senior Vice President -
Personal Banking & Customer
Experience

4 Ms. Shehani Ranasinghe
Vice President - Company Secretary

5 Ms. Vidisha Jayawardena
Vice President - Compliance Officer

6 Ms. Ruwani De Silva
Vice President - Internal Audit

7 Mr. Damitha Samaranayake
Vice President - Treasury

8 Mr. Nilanga Gajaba
Vice President -
Recoveries and Remedial Management

9 Mr. Zeyan Hameed
Vice President - Retail Banking

10 Mr. Lasantha Dasanayaka
Vice President - Human Resources



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11 Mr. Indika Gunawardena
Vice President - Information
Technology/Chief Information Officer

12 Mr. Alex Perera
Vice President - Risk/Chief Risk Officer

13 Ms. Dinali Dunuwille
Vice President - Legal

14 Ms. Nadika Ranasinghe
Vice President -
Strategy and Business Intelligence

15 Mr. Azzam A Ahamat
Vice President - Finance

16 Mr. Indika Ranaweera
Vice President -
SME, Middle Markets and Business
Banking

17 Sohantha Wijesingha
Vice President - Wholesale Banking

18 Mr. Damitha Silva
Assistant Vice President -
Product Lifecycle Management

19 Dr. Darshana Jayasinghe
Assistant Vice President - Marketing

20 Ms. Sumudu Abeygunasekara
Assistant Vice President -
Project Finance

The Leadership Team

Mr. Kelum Edirisinghe

Director/Chief Executive Officer

Please refer page 30 for the profile

Mr. K V Vinoj

Deputy Chief Executive Officer

ACSI (UK), MBA (University of Southern Queensland), MFE - Merit (University of Colombo), PG Dip. in Business and Finance (Cranfield University School of Management UK/CA SL), NDHRM (IPM SL), CMA (Australia)

33 years of banking experience, including 20 years with NDB

Mr. Sanjaya Perera

Senior Vice President - Personal Banking and Customer Experience

MBA (PIM - University of Sri Jayawardenepura), Fellow Member (IBSL), Passed Finalist (AAT - UK)

35 years of experience, including 10 years with NDB

Ms. Shehani Ranasinghe

Vice President - Company Secretary

Please refer page 33 for the profile

Ms. Vidisha Jayawardena

Vice President - Compliance Officer

Attorney-at-Law (Hons) of the Supreme Court of Sri Lanka, Notary Public, Commissioner for Oaths, Qualified Company Secretary, Holds the ICA Certificate in Compliance (ICA/University of Manchester)

33 years of experience with NDB

Ms. Ruwani De Silva

Vice President - Internal Audit

FCMA (UK), CGMA, FCA (SL)

30 years of experience, including 24 years with NDB

Mr. Damitha Samaranayake

Vice President -Treasury

Associate Member (IBSL), ACI Dealing Certificate - Paris

34 years of experience, including 28 years with NDB

Mr. Nilanga Gajaba

Vice President - Recoveries and Remedial Management

MBA (Cardiff Metropolitan University - UK), PG Dip. (IBSL), CISI (UK) - Risk in Financial Services

33 years of experience, including 18 years with NDB

Mr. Zeyan Hameed

Vice President - Retail Banking

ACMA (UK), CGMA, EMBA (PIM - University of Sri Jayawardenepura)

33 years of banking experience, including 9 years with NDB

Mr. Lasantha Dasanayaka

Vice President - Human Resources

Fellow of the Chartered Professional Managers of Sri Lanka (FCPM), Fellow Member & Certified HR Manager (Cambridge Association of Managers - UK), Bachelor of Business Administration (UNEM), MCMI (UK)

27 years of experience, including 6 years with NDB

Mr. Indika Gunawardena

Vice President - Information Technology/ Chief Information Officer

Chartered IT Professional-CITP(UK), Certified CISO(EC-Council- USA), Certified Payment Security Compliance Manager (CPSCM), FBCS (UK), MCS (SL), FCPM (SL), ISO27001LA, CQI & IRCA certified ISO22301LA, ITIL, VCP, OCP, CC (ISC2), MBA (University of Gloucestershire - UK), MBA (University of Mahatma Gandhi), MSc InfoSec (Asia e University, Malaysia), COCC (UK), Executive Dip in Leadership (Northern Illinois University - USA), Dip. in Computer System Design (NIBM), MCSE, MCSA, MCTS, MCITP.

26 years of experience, including 6 years with NDB

Mr. Alex Perera

Vice President - Risk/Chief Risk Officer

CFA (USA) Charter Holder, M.Sc. Quantitative Finance and Financial Engineering (University of Manchester), B.Sc. (Hons) in Computer Science and Engineering (University of Moratuwa)

21 years of experience, including 2 years with NDB

Ms. Dinali Dunuwille

Vice President - Legal

Attorney-at-Law of the Supreme Court of Sri Lanka, Solicitor of England and Wales, Notary Public, Commissioner for Oaths, Qualified Company Secretary & Passed Finalist of CIMA (UK)

27 years of experience

Ms. Nadika Ranasinghe

Vice President - Strategy and Business Intelligence

CFA, LLB (University of Colombo), Passed Finalist CIMA (UK), MCIM (UK)

21 years of experience

Mr. Azzam A Ahamat

Vice President - Finance

FCMA (UK), FCCA (UK), FCMA, ACA, CPA (Aust.), SIRM (UK), MCIM (UK)

24 years of experience

Mr. Indika Ranaweera

Vice President - SME, Middle Market and Business Banking

MBA - Merit (University of Colombo), MFE - Merit (University of Colombo), PG Dip. in Business Management (University of Colombo), B.Sc. Engineering (Hons) (University of Moratuwa)

29 years of experience, including 27 years with NDB

Mr. Sohantha Wijesingha

Vice President - Wholesale Banking

Associate Member (IBSL)

35 years of experience

Mr. Damitha Silva

Assistant Vice President - Product Lifecycle Management

FCMA (UK), CGMA, Associate Member (IBSL), MBA - Merit (PIM - University of Sri Jayawardenepura)

27 years of experience, including 9 years with NDB

Dr. Darshana Jayasinghe

Assistant Vice President - Marketing

Doctor of Business Administration - Merit (University of Kelaniya), Fellow Chartered Marketer (CIM - UK), Master of Business Studies - Merit (University of Colombo), PG. Dip. in Marketing (CIM - UK), B.Sc. in Marketing Management (Sp.) - First Class (University of Sri Jayawardenepura), Member of Sri Lanka Institute of Marketing

20 years of experience, including 3 years with NDB

Ms. Sumudu Abeygunasekara

Assistant Vice President - Project Finance

Master of Arts in Financial Economics (University of Colombo), Bachelor in Accounting & Finance (University of London)

19 years of experience

Senior Management



Mr. Indika Tennakoon
Assistant Vice President -
Retail Credit and Operations



Mr. Rohitha Wijesinghe
Assistant Vice President -
Operations



Ms. Camy Somasunderam
Assistant Vice President -
Customer Experience and
Contact Centre



Mr. Vinjaya Jayasinghe
Assistant Vice President -
Branch Operations -
Branch Network Management



Mr. Sameera Senerath
Assistant Vice President - Sales



Mr. Gihan Punchihewa
Assistant Vice President -
Privilege Select Banking



Mr. Sanjeev Kulendran
Assistant Vice President -
Internal Audit



Mr. Surith Priyawansa
Assistant Vice President -
Treasury



Mr. Sydney Downall
Assistant Vice President -
Colombo Region and Product
Development



Mr. Dilum Amarasinghe
Assistant Vice President -
Leasing



Mr. Ashan Wikramanayake
Assistant Vice President -
Card Centre



Mr. Ranisha Perera
Assistant Vice President -
Human Resources



Ms. Dilhani Piyasena
Assistant Vice President - Transformation
and Program Management Support



Mr. Lasantha Mathupala
Assistant Vice President -
Information Technology



Mr. Renuke Perera
Assistant Vice President -
IT - Application Support and
Data Analytics



Mr. Amila Withanage
Assistant Vice President -
Information Technology

Senior Management



Ms. Shareen Jayasuriya
Assistant Vice President - Credit



Ms. Anushi Vithanage
Assistant Vice President - Legal



Ms. Himali Nandika
Assistant Vice President - Finance



Mr. Romesh Tissera
Assistant Vice President -
Zonal Head - Business Banking



Mr. Amal Yapa
Assistant Vice President -
Wholesale Banking



Ms. Darine Fernando
Assistant Vice President -
Wholesale Banking



Mr. Thilanke Weerasinghe
Assistant Vice President -
Transaction Banking and Trade Operations



Mr. Vinod Sivapragasam
Chief Manager -
Shared Services



Mr. Malik Fernando
Chief Manager -
Transaction Monitoring Unit



Mr. A. Rasika Sampath
Chief Manager - Information Security



Mr. Prasanna M Jayawardhana
Chief Manager - Privilege and
Privilege Select Banking



Mr. Mano Thalís
Chief Manager - Compliance



Ms. Thitheeksha Wekunagoda
Chief Manager - Internal Audit



Ms. Eranga Weerasekera
Chief Manager - Treasury



Ms. Rasika Dassanayake
Chief Manager - Business
Relationship and Portfolio
Management



Mr. Ruchinda Kodagoda
Chief Manager -
Centralised Recoveries



Ms. Lourdette Wijeyanathan
Chief Manager - Business Relationship
and Portfolio Management



Mr. Sanath Susantha
Chief Manager - Leasing



Mr. Nalin Abeyratne
Chief Manager -
North Western Region



**Late Mr. Chaminda
Jayasinghearachchi**
Chief Manager - Branch Banking



Mr. Sisira Herath
Chief Manager - Southern Region



Mr. Senaka Perera
Chief Manager - Regional Office
- Greater Colombo



Mr. Thilina Hewage
Chief Manager - Central Region



Mr. Dilshan Lankathilaka
Chief Manager -
Human Resources



Ms. Medhini Senathirajasegaram
Chief Manager -
Credit Risk Management



Mr. Rukshan Liyanage
Chief Manager -
Credit Review Division



Mr. Mohan Paliawadana
Chief Manager -
Credit Review Division



Ms. Manoja Abeynayake
Chief Manager - Operational Risk



Ms. Champa Wickramanayake
Chief Manager - Legal



Mr. Gamini Disسانayake
Chief Manager - Legal



Ms. Avanthi Senerath Bandara
Chief Manager - Legal



Ms. Surani Ondatjie
Chief Manager - Retail Risk

Senior Management



Mr. Hirantha Perera
Chief Manager - Legal



Mr. Gehan Heenkende
Chief Manager -
Business Intelligence



Ms. Sudeepa Kumari
Chief Manager - Finance



Mr. Nilendra Ahangama
Chief Manager -
Zonal Head - Business Banking



Ms. Ayomi Kaviratne
Chief Manager -
Wholesale Banking



Mr. Rukmal Dharmadasa
Chief Manager -
Supply Chain Finance



Mr. Indrajith Gamage
Chief Manager -
Wholesale Banking



Mr. Niroshan De Silva
Chief Manager -
Wholesale Banking



Mr. Manjula Gunawardana
Chief Manager - Trade Finance



Ms. Chamila Weerasinghe
Chief Manager -
Wholesale Banking Division 1



Mr. Ramesh Perera
Chief Manager -
Transaction Banking



Mr. Indika Liyanage
Chief Manager -
Wholesale Banking



Mr. Gihantha De Silva
Chief Manager -
Transaction Banking



Ms. Surani Peiris
Chief Manager -
Financial Analysis



Ms. Nadie Samarasena
Chief Manager -
Product Lifecycle Management



Ms. Manik Boteju
Chief Manager - Project Finance

- 1 Mr. Indika Tennakoon**
 Assistant Vice President - Retail Credit and Operations
 MBA - Merit (University of Colombo), MFE - Merit (University of Colombo), B.Sc. Physical Science (University of Colombo)
 33 years of experience in banking
- 2 Mr. Rohitha Wijesinghe**
 Assistant Vice President - Operations
 31 years of experience in banking
- 3 Ms. Camy Somasunderam**
 Assistant Vice President - Customer Experience and Contact Centre
 MBA (University of Wales - UK), CIM Dip. (UK)
 32 years of experience in banking
- 4 Mr. Vinjaya Jayasinghe**
 Assistant Vice President - Branch Operations - Branch Network Management
 Associate Member (IBSL), MBA (Cardiff Metropolitan University - UK), BMS Degree (The Open University of Sri Lanka), Dip. in Management (The Open University of Sri Lanka), Level 4 Certificate in Advanced Wealth Management (CISI - UK), Level 3 Certificate in Wealth and Investment Management (CISI - UK)
 28 years of experience in banking
- 5 Mr. Sameera Senerath**
 Assistant Vice President - Sales
 Executive MBA - Merit (PIM - University of Sri Jayewardenepura), PG.Dip. in Marketing (CIM - UK), FIB (IBSL), Fellow Member (CIM - UK), Associate Member (SLIM)
 26 years of experience in banking
- 6 Mr. Gihan Punchihewa**
 Assistant Vice President - Privilege Select Banking
 LL.M (Master of Laws, Business with Finance, CMU - UK), MBA (Anglia Ruskin University - UK), LL.B (Hons) (BNU - UK), BA (Hons) - First Class (UWIC - UK), PQHRM (CIPM), PG Dip in Business Strategy (ABP - UK), ADBM (NIBM)
 21 years of experience in banking
- 7 Mr. Sanjeev Kulendran**
 Assistant Vice President - Internal Audit
 Associate Member (Financial Services Institute of Australasia), Associate Member (IBSL), B.Sc. (University of Madras)
 33 years of experience in banking
- 8 Mr. Surith Priyawansa**
 Assistant Vice President - Treasury
 MBA (Cardiff Metropolitan University - UK), Associate Member (IBSL)
 15 years of experience in banking
- 9 Mr. Sydney Downall**
 Assistant Vice President - Colombo Region and Product Development
 MBA (University of Southern Queensland), Dip. in Marketing (CIM - UK)
 32 years of experience in banking
- 10 Mr. Dilum Amarasinghe**
 Assistant Vice President - Leasing
 MBA (Anglia Ruskin University - UK)
 36 years of experience in finance leasing
- 11 Mr. Ashan Wikramanayake**
 Assistant Vice President - Card Centre
 Member (Association of Business Executives - UK), MBA (Cardiff Metropolitan University - UK), Adv. Dip. in Business Administration (ABE - UK)
 19 years of experience in banking
- 12 Mr. Ranisha Perera**
 Assistant Vice President - Human Resources
 Chartered Qualification in Human Resource Management (CIPM), MBA in HRM (University of Bedfordshire), PG Dip. in Management (Cambridge Academy of Management), BBA (Business University of Costa Rica), Adv. Dip. in Teaching, Training and Assessing (City & Guilds), Adv. Dip. in HRM (EIPe), Applied Lean Six Sigma Practitioner (SSMI), Certified HR Business Partner (AON), Executive Certificate in HR Analytics (CIPM), Executive Certificate in Rewards Management (CIPM)
 22 years of experience with 20 years in banking
- 13 Ms. Dilhani Piyasena**
 Assistant Vice President - Transformation and Program Management Support
 MBA (PIM - University of Sri Jayewardenepura), B.Sc. - First Class (Nagarjuna University - India)
 32 years of experience in banking
- 14 Mr. Lasantha Mathupala**
 Assistant Vice President - Information Technology
 B.Sc. (Hons), PG Dip. in Computer Science (University of Sri Jayewardenepura), MBCS, PMI, ISACA, PCI Implementor
 35 years of experience with 25 years in banking
- 15 Mr. Renuke Perera**
 Assistant Vice President - IT - Application Support and Data Analytics
 MBA (Cardiff Metropolitan University - UK), B.Sc. in Computer Science (The Open University of Sri Lanka), Dip. In Management - (ICFAI University - India)
 27 years of experience in banking
- 16 Mr. Amila Withanage**
 Assistant Vice President - Information Technology
 MBA (Colombo), MSc. - IT (Colombo), BSc. (Kelaniya), PMP (USA), ITIL, OCP, VCP, CCNA, MCSA
 22 years of experience with 7.5 years in banking
- 17 Ms. Shareen Jayasuriya**
 Assistant Vice President - Credit
 FCMA (UK), CGMA, ACSI, CIM Dip. (UK)
 32 years of experience with 30 years in banking
- 18 Ms. Anushi Vithanage**
 Assistant Vice President - Legal
 Attorney-at-Law (Hons) of the Supreme Court of Sri Lanka, Notary Public, Commissioner for Oaths, Qualified Company Secretary, LL.M Master of Laws (with Company Law and Banking Law) (University of Colombo), Post Attorney Diploma in Banking Law and Insurance Law - Merit (Sri Lanka Law College)
 31 years of experience in banking

Senior Management

19 Ms. Himali Nandika

Assistant Vice President - Finance
FCA (SL), EMBA (PIM - University of Sri Jayewardenepura), B.Sc. in Accounting (Sp.) - Second Class (University of Sri Jayewardenepura)
25 years of experience with 19 years in banking

20 Mr. Romesh Tissera

Assistant Vice President - Zonal Head - Business Banking
36 years of experience in banking

21 Mr. Amal Yapa

Assistant Vice President - Wholesale Banking
BBA (University of Houston - Texas)
32 years of experience in banking

22 Ms. Darine Fernando

Assistant Vice President - Wholesale Banking
MBA (Edith Cowen University - Australia), Dip. in Corporate Banking (IBSL)
35 years of experience in banking

23 Mr. Thilanke Weerasinghe

Assistant Vice President - Transaction Banking and Trade Operations
CITF (London Institute of Banking & Finance), CSDG (London Institute of Banking & Finance), CSCF (London Institute of Banking & Finance), MBA (University of Colombo), PG Dip. (CIM - UK), BA (Hons) in Leadership and Management (Northumbria University - UK)
21 years of experience in banking

24 Mr. Vinod Sivapragasam

Chief Manager - Shared Services
MBA (Anglia Ruskin University - UK)
31 years of experience in banking

25 Mr. Malik Fernando

Chief Manager - Transaction Monitoring Unit
MBA - Distinction (University of Suffolk - UK), Professional Diploma in International Business - SCQF Level 11 (Scottish Qualifications Authority)
33 years of experience with 27 years in banking

26 Mr. A. Rasika Sampath

Chief Manager - Information Security
MSc in Information security
MBA in Cyber Governance and Digital Transformation - University of Gloucestershire UK, Bachelor of Information Technology - University of Colombo, Certified Ethical Hacker (CEH), Certified Information Systems Security Professional (CISSP), Certified ISO 27001 Lead Auditor - Information Security Management system, Certified ISO 22301 Lead Auditor - Business Continuity Management system
10 years of experience in banking

27 Mr. Prasanna M Jayawardhana

Chief Manager - Privilege and Privilege Select Banking
MBA - Merit (University of Gloucestershire - UK), PQHRM (CIPM - SL), CMA (ANZ)
35 years of experience in banking

28 Mr. Mano Thalys

Chief Manager - Compliance
CAMS (Association of Certified Anti Money Laundering Specialists), Dip. in Compliance (IBSL), Fintelekt Certified AML/CFT Professional (FCAP), EMBA (PIM - University of Sri Jayewardenepura), Dip. in Banking & Finance (IBSL), PG Dip. Business Finance & Strategy (ICASL), Certificate in Treasury and Foreign Exchange Operations (CBS), Certificate in Foreign Exchange (IBSL)
31 years of experience in banking

29 Ms. Thitheeksha Wekunagoda

Chief Manager - Internal Audit
FCA (SL), Diploma in Treasury & Risk Management (IBSL), Diploma in Information Systems Security Control & Audit (ICASL & ICAI), Diploma in Bank Intergrated Risk Management (IBSL), Dip in computer science (IDM Computer Studies (Pvt) Ltd)
25 years of experience with 19 years in banking

30 Ms. Eranga Weerasekera

Chief Manager - Treasury
Associate Member of the Institute of Bankers of Sri Lanka (AIBSL), Diploma in Banking and Finance awarded by the Institute of Bankers of Sri Lanka in collaboration with the IFS School of Finance - United Kingdom, ACI - FX Global Code Certificate, Certificate in Treasury & Foreign Exchange - Central Bank of Sri Lanka
23 years of experience in banking

31 Ms. Rasika Dassanayake

Chief Manager - Business Relationship and Portfolio Management
ACA (SL), B.Sc. in Accounting (Sp.) - First Class (University of Sri Jayewardenepura)
25 years of experience in banking

32 Mr. Ruchinda Kodagoda

Chief Manager - Centralised Recoveries
MBA (Cardiff Metropolitan University), Postgraduate Diploma (PDG) in Business Administration London School of Commerce
22 years of experience in banking

33 Ms. Lourdetta Wijeyanathan

Chief Manager - Business Relationship and Portfolio Management
PG Dip. in Business Management (University of Wales), Dip. in Corporate Banking (IBSL), Intermediate Banking Diploma (IBSL)
30 years of experience in banking

- 34 Mr. Sanath Susantha**
Chief Manager - Leasing
MBA (University of Ruhuna), B.Sc. in Physical Science (University of Colombo)
36 years of experience in banking
- 35 Mr. Nalin Abeyratne**
Chief Manager - North Western Region
Bachelor of laws (LLB), Senior Associate Member (IBSL), MBA (University of Ruhuna), BBA (Sp.) (Hons) (University of Ruhuna), Passed Finalist (Attorney at Law - Final Examination) - Sri Lanka Law College
27 years of experience with 24 years in banking
- 36 Late Mr. Chaminda Jayasinghearachchi**
Chief Manager - Branch Banking
AIB-SL Intermediate (Institute of Bankers of Sri Lanka), Advanced Certificate in Banking & Finance (Institute of Bankers of Sri Lanka), MBA (Merrit)- London Metropolitan University -UK, Diploma in Computer Studies (IDM Computer Studies (Pvt) Ltd)
30 years of experience in banking
- 37 Mr. Sisira Herath**
Chief Manager - Southern Region
MBA - Merit (Cardiff Metropolitan University - UK), Diploma in Business Finance & Bank Management - IBSL, Micro MBA (Nth Degree Systems, Inc)
34 years of experience in banking
- 38 Mr. Senaka Perera**
Chief Manager - Regional Office - Greater Colombo
MBA(UK), BSc. Finance(UK)
14 years of banking experience
- 39 Mr. Thilina Hewage**
Chief Manager - Central Region
MBA (University of Wales - UK), Dip. in Human Resource and Organisational Behaviour (American College of Higher Education), Certificate in Inspiring and Motivating Individuals and Influencing People (University of Michigan - USA)
29 years of experience in banking
- 40 Mr. Dilshan Lankathilaka**
Chief Manager - Human Resources
Certified Trainer IFC (UK), Master Trainer/Master Coach (USA), Certified Competency Mapper (Rao India), PPA Coach (Thomas UK) DISC Psychometric Interpreter, Job Fit Coach (Aus), Certified Talent Management Professional (AON India), Transformation Coach, Organisational Change Management, International Trainer, MBA (UK), AIB (Sri Lanka), Affiliate CIM, Adv.Dip in Teaching Training & Assessing Learning (UK)
22 years of experience with 21 years in banking
- 41 Ms. Medhini Senathirajasegaram**
Chief Manager - Credit Risk Management
ACMA (UK), CGMA, MBA (University of Colombo), B.Sc. (Hons) in Computer Science (University of Colombo), Diploma in Treasury & Risk Management (IBSL)
23 years of experience with 22 years in banking
- 42 Mr. Rukshan Liyanage**
Chief Manager - Credit Review Division
MBA (Anglia Ruskin University - UK), PG Certificate in Business Administration (University of Leicester - UK), Professional Diploma in International Business (London School of Commerce - UK), Certificate Course in Credit (IBSL)
30 years of banking experience
- 43 Mr. Mohan Palihawadana**
Chief Manager - Credit Review Division
AICM (SL), CISI (UK) - Risk in Financial Services, PG Dip. in Business and Finance (ICASL)
33 years of experience in banking
- 44 Ms. Manoja Abeynayake**
Chief Manager - Operational Risk
MBA (Cardiff Metropolitan University UK)
27 years of experience in banking
- 45 Ms. Champa Wickramanayake**
Chief Manager - Legal
Attorney-at-Law of the Supreme Court of Sri Lanka, LL.B (Hons) (University of Colombo), Post Attorney Diploma in Intellectual Property Law (Institute of Higher Studies - Sri Lanka Law College)
28 years of experience in banking
- 46 Mr. Gamini Dissanayake**
Chief Manager - Legal
LL.B & LL.M (Colombo), Attorney-at Law & Notary Public
24 years of experience in banking
- 47 Ms. Avanthi Senerath Bandara**
Chief Manager - Legal
Attorney-at-Law of the Supreme Court of Sri Lanka, Notary Public, Commissioner for Oaths, Qualified Company Secretary, LL.M Master of Laws (with International Commercial Arbitration) (University of Colombo)
25 years of experience with 10 years in banking
- 48 Ms. Surani Ondatjie**
Chief Manager - Retail Risk
BSc. in Mathematics, Statistics & Computer Science - University of Bangalore, Dip. in Computer System Design (NIBM), Dip. in Computing & Information Technology (APIT)
21 years of experience with 20 years in banking
- 49 Mr. Hirantha Perera**
Chief Manager - Legal
Bachelor of Laws degree from the Open University of Sri Lanka, Master of Laws degree from the University of Colombo, An Attorney-at-Law, Master of Business Administration degree from the University of Wolverhampton (UK), Diploma in strategic leadership from the Frankfurt School of Financial Management in Germany
27 years of experience in banking

Senior Management

50 Mr. Gehan Heenkende

Chief Manager - Business Intelligence
MBCS CIP (BCS UK), MSc in Advanced Information Systems (University of London)
35 years of experience with 4 years in banking

51 Ms. Sudeepa Kumari

Chief Manager - Finance
FCA (SL), ACCA (UK), MBA (University of Suffolk - UK), B.Sc. in Accounting (Sp.) - Second Class (University of Sri Jayewardenepura)
24 years of experience with 19 years in banking

52 Mr. Nilendra Ahangama

Chief Manager - Zonal Head - Business Banking
FCA (SL), ACMA (UK), CGMA, B.Sc. in Finance (Sp) (University of Sri Jayewardenepura), MFE (University of Colombo), Diploma in Treasury & Risk Management (IBSL)
15 years of experience in banking

53 Ms. Ayomi Kaviratne

Chief Manager - Wholesale Banking
ACMA (UK), CGMA, B.Sc. Engineering (University of Moratuwa)
22 years of experience in banking

54 Mr. Rukmal Dharmadasa

Chief Manager - Supply Chain Finance
ACMA (UK), Certified Trade Finance Professional (CTFP) - ICC Academy, B.Sc. in Accountancy & Financial Management (University of Sri Jayewardenepura)
25 years of experience in banking

55 Mr. Indrajith Gamage

Chief Manager - Wholesale Banking
ACMA (UK), CGMA, MFE - Master in Financial Economics (University of Colombo)
28 years of experience in banking

56 Mr. Niroshan De Silva

Chief Manager - Wholesale Banking
AIB (Sri Lanka), MBA - University of Wales TSD, Dip. in Credit Management (IBSL)
33 years of experience in banking

57 Mr. Manjula Gunawardana

Chief Manager - Trade Finance
33 years of experience in banking

58 Ms. Chamila Weerasinghe

Chief Manager - Wholesale Banking Division 1
MBA - Cardiff Metropolitan University - UK, AIB - IBSL, Passed Finalised - AAT SL
19 years of experience in banking

59 Mr. Ramesh Perera

Chief Manager - Transaction Banking
ACMA (UK), CGMA
36 years of experience in banking

60 Mr. Indika Liyanage

Chief Manager - Wholesale Banking
MBA - University of Wales (UK), Postgraduate Executive Diploma in Banking and Finance - IBSL, Diploma in Bank Management - IBSL, Diploma in International Trade - IBSL, Diploma in Treasury Investment and Risk Management - IBSL, International Diploma in Computer Studies - NCC(UK), Member of Association of Professional Bankers
28 years of experience in banking

61 Mr. Gihantha De Silva

Chief Manager - Transaction Banking
MBA in Finance (Cardiff Metropolitan University - UK), CMA (Aus), AIB (SL), Dip. in Trade Finance (IBSL)
17 years of experience in banking

62 Ms. Surani Peiris

Chief Manager - Financial Analysis
B.Sc. in Physical Science (University of Colombo), ACMA (UK), CGMA, MBA (PIM - University of Sri Jayewardenepura)
25 years of experience with 20 years in banking

63 Ms. Nadie Samarasena

Chief Manager - Product Lifecycle Management
ACMA (UK), CGMA, MBA (PIM - University of Sri Jayewardenepura), B.Sc. - First Class (University of Colombo)
27 years of experience in banking

64 Ms. Manik Boteju

Chief Manager - Project Finance
B.Sc. in Management (University of London)
23 years of experience in banking

Group Subsidiary Leadership Team



Mr. Senaka Kakiriwaragodage

Chief Executive Officer
- NDB Capital Holdings Limited

CFA, FCMA (UK), CGMA, MBA (University of Manchester - UK), B.Sc. in Computer Science and Engineering (University of Moratuwa).

23 years of experience, including 21 years with the NDB Group.



Mr. Ruwan Perera

Chief Executive Officer
- NDB Wealth Management Limited

ACMA (UK), CGMA, MAFE (University of Colombo), MBA in Finance (University Of Colombo), B.Sc. in Physical Science (University of Colombo), PG. Dip. in Business Administration and Management (University of Colombo), PG Dip. in Corporate and Strategic Finance (CA - SL), Executive Program (Harvard Business School - USA).

24 years of experience, including 16 years with the NDB Group.



Mr. Gihan R. Cooray

Chief Executive Officer
- NDB Securities (Pvt) Limited

MBA in Finance (Cardiff Metropolitan University - UK), Certificate in Capital Markets (SEC - SL), High Potentials Leadership Programme (Harvard Business School - USA).

24 years of experience, including 22 years with the NDB Group.



Mr. Harshana Jayaweera

Chief Executive Officer
- NDB Investment Bank Limited

FCMI (UK), MBA (University of Leicester - UK), Executive Management Program in International Management (Stanford Graduate School of Business - USA) and (National University of Singapore Business School - Singapore), FinTech Certification (Harvard Business School - USA), Certified in Marketing of Financial Services, Banking & Finance (Institute of Bankers - Sri Lanka and Chartered Institute of Bankers - UK).

26 years of experience in the industry.



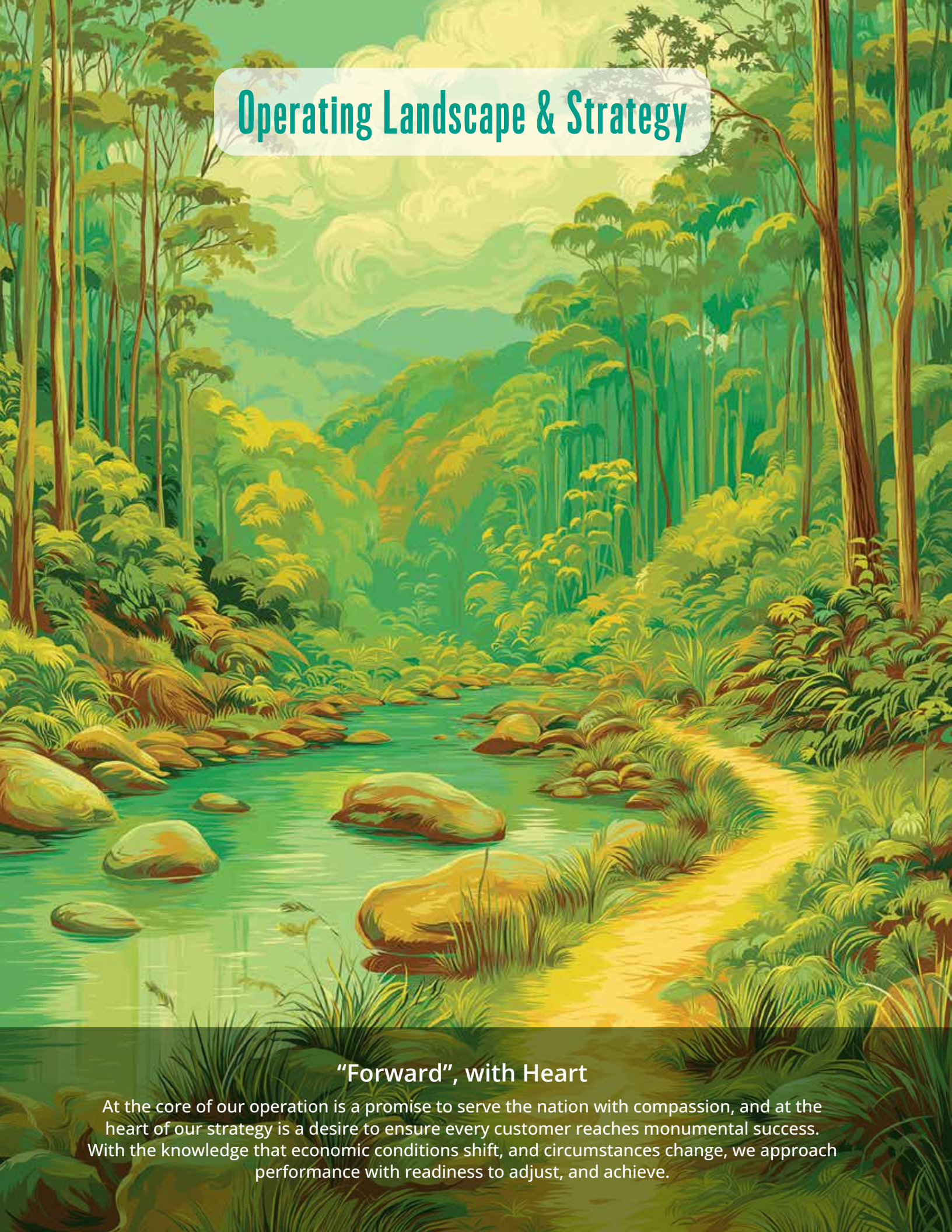
Mr. Ali Nahid Khan

Deputy Managing Director
- NDB Capital Limited (Bangladesh)

MBA (University of East West, Dhaka), M.Com in Management (University of Dhaka).

29 years of experience.





Operating Landscape & Strategy

“Forward”, with Heart

At the core of our operation is a promise to serve the nation with compassion, and at the heart of our strategy is a desire to ensure every customer reaches monumental success. With the knowledge that economic conditions shift, and circumstances change, we approach performance with readiness to adjust, and achieve.

Operating Environment

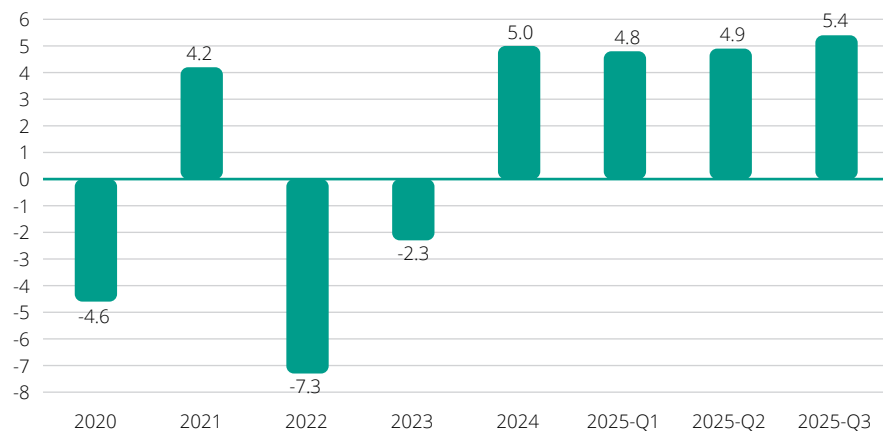


In 2025, Sri Lanka continued to make solid progress in achieving macroeconomic stability, supported by ongoing policy reforms and improved economic fundamentals. Building on the revival in economic activity observed in 2024, strong growth momentum was seen across all key sectors in 2025. The Sri Lankan Economy grew by 5.4% in Q3 2025 compared to 5.3% growth in Q3 2024. All three major economic activities positively contributed to this growth. Further, the GDP implicit price deflator for the quarter was recorded as 6.8%. Accordingly, the economy grew by 5.0% during the first nine months of 2025.



SRI LANKAN ECONOMY

Annual GDP Growth %



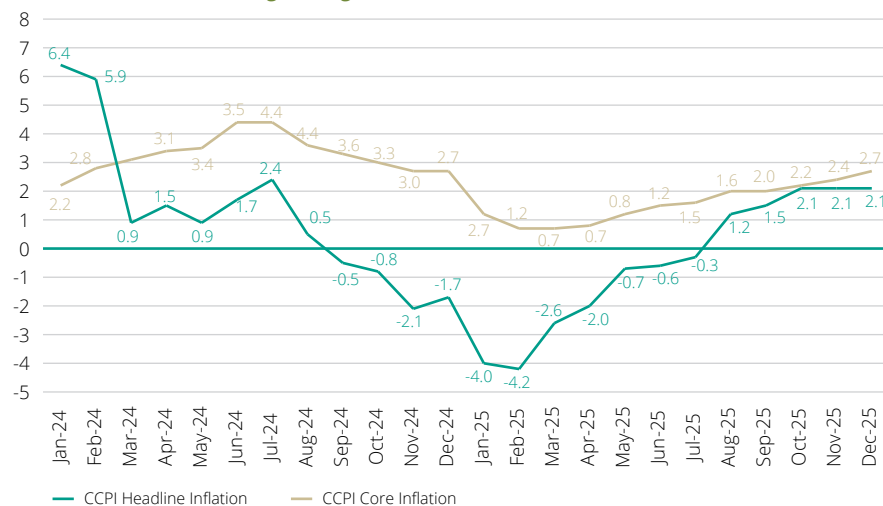
Despite trade policy ambiguities, heightened financial market volatility, and geopolitical uncertainties, industry-related indicators showed continuous improvement, as evidenced by performance of the Index of Industrial Production (IIP) in 2025. The Purchasing Managers' Indices (PMIs) for Manufacturing and Construction also witnessed a similar rebound, while the PMI-Services also recorded notable growth, indicative of an overall improvement in the sector.

Meanwhile, the impact of Cyclone Ditwah, which caused widespread disruption across social, economic, and environmental spheres toward the latter part of the year, underscored the country's heightened vulnerability to climate-related risks and the growing importance of resilience-focused development.

INFLATION

Inflation remained well contained during the year, supported largely by favourable base effects and timely policy adjustments. Headline inflation (as measured by the Colombo Consumer Price Index) continued in the negative in early 2025, reflecting the impact of VAT-related base effects and a downward revision in electricity tariffs, before gradually easing from March onwards as food prices and tariff revisions exerted upward pressure. Following the deflationary phase in the first half of 2025, inflation returned to positive territory by August 2025, stabilising at broadly desired levels for the remainder of 2025.

Inflation : CCPI YoY Percentage Change %

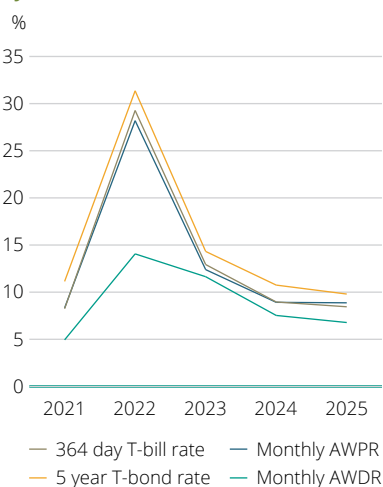


Operating Environment

INTEREST RATES

The Central Bank of Sri Lanka's (CBSL) decision to continue its accommodative monetary policy stance to support a sustainable economic recovery, resulted in a broad-based decline in market interest rates. Short-term rates were adjusted downward in line with the reduction in the Overnight Policy Rate (OPR) in May 2025 by 25 basis points (bps) to 7.75%. Consequently, lending and deposit rates across the market also continued to trend downward, with the monthly Average Weighted Prime Lending Rate (AWPR) declining to 8.87% and monthly Average Deposit Rate declining to 6.78% by the end of the year, reflecting a more supportive interest rate environment for credit growth.

Key Market Rates



Sri Lanka's external sector remained resilient during the year, recording USD 6.8 Bn in Gross Official Reserves (including the swap facility with the People's Bank of China), with an import coverage of 3.8 months, supported by strong inflows from services and secondary income, alongside a narrowing primary income deficit. Tourism earnings netted USD 3.2 Bn with 2,362,521 tourist arrivals, while workers' remittances recorded an impressive USD 8.1 Bn up by approximately 23% from 2024, providing further support to external balances. Although the merchandise trade deficit widened during 2025 owing to higher vehicle imports, this was partially offset by export growth led by textiles and garments, and food, beverages and tobacco. Meanwhile the receipt of the fifth tranche under the IMF Extended Fund Facility in July 2025 further strengthened the reserve position, in turn contributing to overall stability in the external sector and a broadly stable exchange rate.

EXCHANGE RATE

Amidst the relaxation of vehicle import restrictions and increasing imports, the Sri Lanka rupee (LKR) recorded a depreciation of 5.6% against the US dollar (USD) in 2025.

Exchange Rate Movement (USD/LKR)



BANKING SECTOR PERFORMANCE REVIEW AND NDB'S STRATEGIC ALIGNMENT

Amidst the recovery in macroeconomic conditions, the resilience of the banking sector improved as reflected through profitability, capital adequacy, efficiency, asset quality, and resilience to market risk indicators. This was reflected in the performance of the Banking Soundness Index.

Banking sector performance		NDB's strategic alignment		
		Strategy and focus	Risk implications	Performance for 2025
Asset growth	Banking sector assets recorded growth of 13% year on year driven by a substantial increase in loans and receivables, a testament to the strong credit appetite fuelled by improving economic conditions and the declining interest regime. Credit granted to the private sector by the banking sector was recorded at LKR 10 Tn in 2025, reflecting a 26% year on year increase from 2024.	- Strong focus on SME sector development, focusing in particular on strengthening exports, trading, tourism, and agriculture - Capitalise on the growing retail demand for leasing solutions following the lifting of restrictions on vehicle imports - Building on the revival in trade-related activity - Sustainable lending, including renewables	- Credit Risk - Market Risk (Interest Rate Risk) - ESG Risk	- Total assets growth 18% - Total loans and advances growth 26%
Liabilities	Total liabilities of the sector (excluding equity) grew by 12% year on year, primarily attributed to the expansion in deposits, which signals the growing confidence in the stability of the domestic banking sector	- Leveraging digital channels to promote CASA growth among SME's and corporates - Promoting retail savings	- Credit Risk - Market Risk (Interest Rate Risk)	Total deposits growth 12%
Asset quality	Banking sector asset quality improved during 2025, with the Stage 3 Loans to Total Loans improving to 9.8%, after being over 10% since 2022.	- Risk-based pre-credit evaluation and screening of credit proposals - Stringent recovery and follow up activities - Continuous and post-disbursement monitoring of loan portfolios - Advisory services and debt restructuring facilities offered by the Bank's Customer Rehabilitation Unit to enable the revival of stressed customers - Proactive monitoring of credit concentration risk	Credit Risk (Credit Default Risk/Credit Concentration Risk)	- Impaired Loans (Stage 3) to Total Loans Ratio (%) – 3.8% - Impairment (Stage 3) to Stage 3 loans Ratio (%) – 59.1%
Profitability	The sector reported sound profitability on account of improved performance.	- Effective asset re-pricing in line with margin management objectives - Focus on improving fee-based income by promoting digital channel adoption, cards and trade services	All Financial Risks	- PAT – LKR 11.0 Bn - YoY growth in PAT 22%

Operating Environment

Banking sector performance		NDB's strategic alignment		
		Strategy and focus	Risk implications	Performance for 2025
Liquidity	With excess liquidity built up over the years being mopped up by the strong demand for credit in 2025, liquidity levels of the banking sector declined. Nonetheless, liquidity levels of the banking sector, as measured in terms of the Rupee Liquidity Coverage Ratio (LCR), remained well above the regulatory minimum requirements. A similar trend was observed in the Net Stable Funding Ratio (NSFR) as well, indicating adequate liquidity levels to support continued credit expansion in the economy,	- Optimised investments in government securities - Regular cash flow projections to manage liquidity - Stringent oversight by the ALCO to manage liquidity - Strengthened stress testing and reviewing related parameters and economic triggers	Liquidity Risk	- Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%) – 257.3% - Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%) – 208.5%
Capital Adequacy	Total Regulatory Capital of the banking sector improved as evident in ratios published for 30th September 2025. Tier 1 capital adequacy ratio (CAR), Total CAR and total risk weighted assets were 15.3%, 18.6 % and LKR 11.1 Tn respectively (2024 : 16.7%, 20.3% and LKR 9.8 Tn)	- Continued to maintain strong capital buffers exceeding regulatory minimum requirements - Strengthened contingency funding lines	All Key Risks	- Tier 1 Capital Ratio (Minimum Requirement - 8.5%) – 12.4% - Total Capital Ratio (Minimum Requirement - 12.5%) – 15.9%

OUTLOOK AND PROSPECTS

Sri Lankan Economy

Sri Lanka's economic outlook for 2026 remains optimistic, supported by improving macroeconomic stability, ongoing structural reforms, and a gradual strengthening of domestic demand. Building on the recovery momentum achieved in recent years, GDP growth is projected to accelerate in 2026. Private sector activity is expected to strengthen as investment conditions improve, and export-oriented sectors continue to benefit from enhanced competitiveness.

While short-term rate volatility may persist in response to global financial conditions, the overall interest rate environment is expected to remain accommodative, facilitating business expansion and consumption-led growth. According to medium-term projections, headline

inflation is expected to trend upward through the first half of 2026 and into second half of 2026, before stabilising at around the 5.0% target thereafter supported by prudent monetary policy, continued fiscal consolidation, and well-anchored inflation expectations.

Improved fiscal discipline, progress under the IMF-supported reform programme, and easing supply-side constraints are set to reinforce macroeconomic stability and strengthen confidence in the economy's medium-term prospects.

Banking Sector

Going forward, the banking sector will continue to play an increasingly critical role in safeguarding the integrity of the Country's financial system. To that end, supervision by the Central Bank of Sri

Lanka (CBSL) will be further strengthened through a comprehensive review of the regulatory framework applicable to the banking sector, including loan classification standards and risk management requirements, in alignment with the Basel Core Principles and international best practices.

In parallel, the CBSL's efforts to develop a more resilient financial sector will continue under the Master Plan for the consolidation of banks and finance companies to ensure long-term sustainability, enhanced financial stability, improved efficiency and strengthened risk management across the sector.

More emphasis is also likely to be given to strengthen banking sector resilience against climate-related risks, especially

in the wake of the crippling effects of cyclone Ditwah on key sectors of the economy. At the same time, building on the CBSL's Sustainable Finance Roadmap 2.0 launched in 2025, the Sri Lanka Green Finance Taxonomy is set to be broadened in 2026 to include the social dimensions of sustainable finance.

Having made significant progress in 2025 towards enhancing the digitalisation, efficiency, and accessibility of the national payment system, efforts will focus on implementation of the National Payment System Roadmap for 2025–2027, which provides a clear strategic direction and well-defined targets for the industry to collectively progress towards a less-cash, digitalised economy. Other key priorities

include advancing digital transformation of the banking sector through strategic IT initiatives, including modernising core systems, establishing a roadmap for a centralised Big Data and Data Warehouse platform, and enhancing cybersecurity and resilience in line with international standards.

OUTLOOK FOR NDB



Strengths

- A well-established and trusted banking franchise with a strong presence across corporate, SME and retail banking segments.
- A balanced portfolio across lending, trade finance, treasury, transaction banking, and fee-based services, enabling income stability across economic cycles
- Ability to design tailored financial solutions supported by relationship-led banking and an expanding suite of digital and self-service channels
- Strengthened capital buffers and improved asset quality, positions the Bank to support sustainable growth while absorbing external shocks.
- Well-embedded governance, risk management, and compliance structures aligned with regulatory expectations and international best practices.
- Ongoing investments in digitalisation, payments infrastructure, and data capabilities to enhance efficiency, scalability, and customer experience.
- Early adoption of sustainable finance principles, with growing capabilities in green finance, climate risk management, and ESG-aligned lending.



Opportunities

- Strengthening domestic demand creates opportunities to expand lending across retail, SME, and corporate segments.
- Heightened demand for trade finance, and project financing driven by improved private sector confidence and investment conditions.
- Scaling green lending, ESG-linked products, and advisory services in tandem with the growing focus on sustainable finance.
- Enhance digital banking adoption, transaction volumes, and operational efficiency.



Challenges

- Short-term volatility in interest rates driven by global financial conditions may impact margins, funding costs, and asset-liability management.
- Challenges in attracting low cost funds amidst low deposit rates.
- Continued downward pressure on lending rates could narrow the net interest income of financial institutions thereby affecting profitability.
- Gradually rising inflation through 2026 could affect credit affordability and repayment capacity in selected customer segments.
- Increased exposure to climate-related events, as evidenced by Cyclone Ditwah, heightens credit, operational, and portfolio risks, particularly in vulnerable sectors.
- Increased risk of cyber threats owing to digital transformation, core system modernisation, and Big Data initiatives.
- Loan portfolio vulnerability to climate-related physical and transition risks, particularly in agriculture, fisheries, and SME segments.

Responding to climate realities: Lessons from Cyclone Ditwah

A STARK REMINDER OF CLIMATE VULNERABILITY

Cyclone Ditwah served as a powerful reminder of the increasing climate-related risks faced by Sri Lanka. As an island nation, Sri Lanka remains highly vulnerable to extreme weather events including cyclones, floods, droughts, and coastal erosion, which pose significant threats to livelihoods, infrastructure, and economic stability. Such climate disruptions not only affect communities and businesses directly but also create ripple effects across national supply chains, food security, and financial systems, highlighting the growing urgency for climate resilience across all sectors.

With climate-related events becoming more frequent and severe, financial institutions play an increasingly important role in strengthening national resilience. Banks are expected to integrate climate risk considerations into credit, operational, and strategic decision-making, while supporting customers in adapting to changing environmental realities and building long-term sustainability into their business models.



NDB'S RESPONSE

Providing timely relief to affected customers

In the aftermath of Cyclone Ditwah, NDB extended targeted support to customers impacted by the disaster. Through case-by-case assessments, the Bank worked closely with affected individuals and businesses to provide appropriate relief measures, enabling them to stabilise operations and recover from financial disruptions caused by the event.

Strengthening climate risk integration

Recognising the growing significance of climate-related financial risks, NDB continues to strengthen its enterprise risk management framework by integrating climate risk considerations into its overall risk assessment processes. The Bank is also aligning its disclosures and risk management approach with emerging sustainability reporting standards, including Sri Lanka Financial Reporting Standard (SLFRS) S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, further enhancing transparency and forward-looking risk management practices.

Quantification of financial impact of the cyclone on the Bank's Business Model

The Bank concluded that there is no significant impact to its loan portfolio stemming from Cyclone Ditwah and hence no material financial impact stemming from the same.

Supporting communities during times of need

Beyond financial relief, NDB mobilised its corporate sustainability initiatives and employee volunteer network to provide meaningful support to communities affected by the cyclone. These efforts included essential relief distribution, and financial contributions to national disaster relief efforts by way of a donation made to the "Rebuilding Sri Lanka Fund" established under the Presidential Secretariat. Further details community relief initiatives are provided on page 155.

Supporting employees affected by the cyclone

Recognising that our people are at the heart of the organisation, we extended dedicated relief assistance to NDBers directly impacted by Cyclone Ditwah. Over 130 affected employees were supported through a one-off relief payment and access to interest-free loan facilities, helping them rebuild and stabilise their personal circumstances during a period of difficulty. Further details on employee relief initiatives are provided on page 138.

Supporting national recovery effort

NDB is also committed to support the Government of Sri Lanka's broader economic recovery initiatives by consenting to participate in the "Government of Sri Lanka Cyclone Ditwah Disaster Relief Loan Scheme" aimed at revitalising businesses impacted by climate-related disruptions. Through these financing channels, the Bank will continue to support enterprise recovery, safeguard livelihoods, and strengthen economic resilience in vulnerable sectors.

Building long-term climate resilience

The lessons from Cyclone Ditwah enhances NDB's commitment to advancing sustainable finance solutions that support climate adaptation, risk mitigation, and environmentally responsible growth. By embedding climate considerations into its lending, risk, and sustainability strategies, NDB continues to play a proactive role in supporting Sri Lanka's transition towards a more resilient and sustainable economy.

Our Strategy



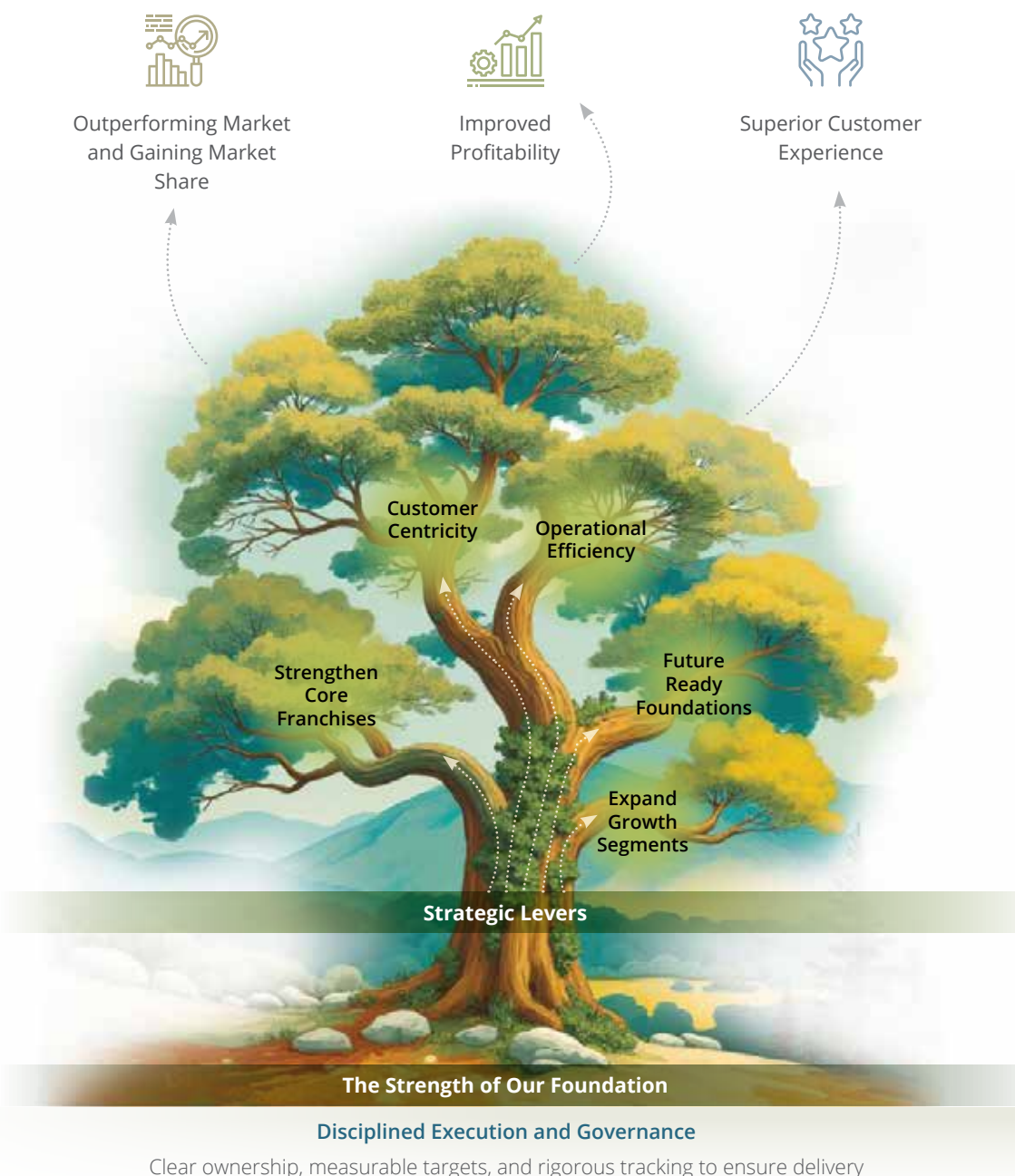
NDB's strategy serves as the overarching mandate that defines the Bank's long-term direction, thereby providing a blueprint for structured, disciplined, and sustainable decision making. Strategy execution is driven by a precise and disciplined allocation of both financial and non-financial resources across clearly defined strategic priorities.

In 2025, NDB embarked on a strategic realignment exercise that represents the Bank's forward-looking response to the revival of the Sri Lankan economy, improving macroeconomic stability, and emerging opportunities across key sectors. Formulated in partnership with an international subject matter expert, NDB's Strategic Roadmap 2030 was developed following a rigorous, data-driven process that assessed NDB's competitive position, operating model, market opportunities, and capability gaps, while aligning closely with the Bank's purpose, risk appetite, and stakeholder expectations.

This Transformation program is built on this position to further accelerate business expansion, improve profitability through greater efficiency and productivity, and sharpen NDB's competitive advantage - creating a more agile, customer-centric institution and unlocking sustainable long-term value for shareholders.

OUR STRATEGIC BLUEPRINT

Ultimate Strategic Objectives 2030



Our strategy

STRATEGY EXECUTION THROUGH 2025



Strategic lever 1 Strengthen core franchises

Strategic focus

Extend market leadership in segments with established strength through focused investments and initiatives

Strategic initiatives

- New product launches driving growth opportunities
- Branch-centric growth focus
- Advanced data-led insights driving targeted cross-sell

Key performance indicators

Portfolio growth and market share growth

Yield improvement

Product penetration per customer

Resource allocation/Capital inputs



The Bank's strong branch network across 113 localities



Customer-centric culture
Business intelligence in market expansions
Strong in-house data analytical skills



Leverage deep customer relationships established

Immediate future priorities -

Short term (2026)

- Strengthened branch operating model improving customer reach
- Leveraged partners and Direct Selling Agents (DSA)s to extend customer access
- Streamlined focus on the right product suite for growth

Medium and long-term priorities

- Grow faster than the market in order to gain market share
- Superior transaction experience across channels
- Sustainable growth in offshore portfolio



Risks in delivering the strategy

- Intensifying competition from domestic financial institutions potentially compressing margins/eroding market share in traditionally strong segments
- Economic volatility and sector-specific downturns affecting asset quality and concentration risk in core lending portfolios
- Increasing stakeholder expectations around responsible financing and sustainable lending requiring rapid adaptation of credit frameworks



Opportunities in delivering the strategy

- Deepening customer relationships through ecosystem partnerships and data-driven cross-selling can enhance customer lifetime value
- Integrating ESG-aligned financing solutions (e.g., green loans, sustainable project financing) to strengthen brand positioning and attract new capital sources
- Leveraging strong brand equity and distribution networks to accelerate penetration into underserved but adjacent customer clusters



Strategic lever 2 Expand growth segments

Strategic focus

Accelerate growth in priority customer segments and products in retail and SME through differentiated value propositions

Strategic initiatives

- Increased focus on the NDB Privilege high net worth customer base
- Portfolio mix shift towards Retail and SME segments
- Increased focus on non-interest income avenues

Key performance indicators

Greater income share from Retail and SME segments

CASA growth

Fee income growth

Resource allocation/Capital inputs



Investments in product development/product revamps



Deep localised knowledge of the customer segments we serve

New/revamped products and service propositions (Eg. NEOS 2.0, TradeLinc solution)



Strength of existing products and propositions suite serving the two segments

Immediate future priorities -

Short term (2026)

- Enhanced wealth and investment products for the high net worth segments
- Cash management and trade finance innovations for the SME sector
- Personalised campaigns deepening customer relationships

Medium and long-term priorities

- Create tailored segment journeys for our customers
- Build lifestyle ecosystems for high net worth customers
- Become top of the mind bank for Retail and SME segments



Risks in delivering the strategy

- Rapid expansion into emerging segments increasing credit risk exposure due to limited historical data and evolving borrower profiles
- Heightened regulatory scrutiny on consumer protection and fair lending practices increasing compliance complexity
- SMEs and Retail segments being more vulnerable to climate-related disruptions and macroeconomic shocks, potentially affecting repayment capacity



Opportunities in delivering the strategy

- Rising financial inclusion and digital adoption creating avenues to capture new-to-bank Retail and SME customers
- Developing sustainable financing and advisory solutions for SMEs transitioning to low-carbon and environmentally responsible operation
- Personalised, data-led product offerings enhancing customer acquisition, retention, and fee-based income streams

Our strategy



Strategic lever 3 Future ready foundations

Strategic focus

Strengthen the Bank's digital and risk backbone

Strategic initiatives

- Risk management excellence
- Future ready tech stack
- "Digital-first" operations

Key performance indicators

Reduced Stage 3 loans ratio

Improved average process turn-around times (TAT)

Reduced cost-to-income ratio (CIR)

Higher percentage of digital transactions

Resource allocation/Capital inputs



Investments in driving digital capabilities



The strength and market leadership of the Bank's existing digital and IT platforms



Strength of the Bank's IT infrastructure



The Bank's strong risk culture

Automation of processes through workflows, Robotic Process Automations (RPA), etc., and team capabilities around the same

Immediate future priorities -

Short term (2026)

- Data driven monitoring and adaptive risk segmentation
- Integrated risk culture into performance frameworks
- Rule based processing and expanded self-serve capabilities

Medium and long-term priorities

- Digitise end-to-end customer onboarding and servicing
- Enhanced AI driven scorecards and predictive models
- Next-gen data ecosystems enabling advanced insights



Risks in delivering the strategy

- Cybersecurity threats and data privacy risks increasing with expanded digital infrastructure and customer data utilisation
- Significant capital investment requirements and potential technology obsolescence impacting cost management and return on investment
- Increasing complexity in regulatory technology, data governance, and climate risk integration challenging implementation timelines



Opportunities in delivering the strategy

- Advanced analytics, AI, and automation strengthening credit decisioning, fraud detection, and enterprise risk management capabilities
- Enhanced digital infrastructure further supporting scalable, low-carbon banking models and reduce environmental footprint through paperless operations
- Strengthening resilience frameworks improving regulatory confidence and stakeholder trust



Strategic lever 4 Operational efficiency

Strategic focus

Bank wide process re-engineering and digitisation

Strategic initiatives

- Efficient and agile model
- Process reengineering for standardisation and optimisation
- Digital adoption across processes and functions

Key performance indicators

Reduced CIR

Higher revenue per Full Time Equivalent (FTE) employee

Increased percentage of staff using enablement tools

Resource allocation/Capital inputs



Investments in process engineering and digitisation



Strength of the Bank's IT infrastructure



NDB Team capabilities in process re-engineering

Immediate future priorities -

Short term (2026)

- Revamped operating model for faster execution
- Process re-engineering to remove inefficiencies
- Strong tracking, accountability and outcome-orientation

Medium and long-term priorities

- Workforce equipped with digital enablers to enhance efficiency
- End-to-end integrated digital processes
- Modular, flexible systems designed to support innovation



Risks in delivering the strategy

- Transformation initiatives facing execution challenges, including change management resistance and integration complexities across legacy systems
- Over-reliance on automation introducing operational vulnerabilities if governance and oversight frameworks are not strengthened
- Workforce displacement concerns impacting employee engagement and social sustainability if not managed responsibly



Opportunities in delivering the strategy

- End-to-end digitisation and process automation can significantly reduce cost-to-income ratios and improve service turnaround times
- Streamlined processes support enhanced transparency, regulatory compliance, and improved customer experience
- Digitised operations can reduce resource consumption, supporting environmental sustainability goals

Our strategy



Strategic lever 5 Customer centricity

Strategic focus

Customer-centricity at the forefront of all services and processes

Strategic initiatives

- Simplified customer onboarding and service processes
- Faster turnaround and frictionless customer experiences
- Best in class relationship management

Key performance indicators

Increased digital adoption rate
Improved customer satisfaction scores
Improved TAT

Resource allocation/Capital inputs



Investments in training and development of staff



The Bank's customer-centric human capital functioning at the front lines and in support services



Customer-centric culture, organisational values and processes aligned towards the same

Immediate future priorities -

Short term (2026)

- Training on customer-centricity across all functions
- Ecosystem collaborations to expand value, lifestyle offerings
- Enhance digital channels

Medium and long-term priorities

- Integrated Omnichannel Experience
- Digital transformation and innovation
- Further strengthening of the customer-centric culture



Risks in delivering the strategy

- Inability to meet rising digital experience expectations across customer segments
- Customer data privacy and cybersecurity concerns
- Fragmented customer journeys across channels reducing service consistency.



Opportunities in delivering the strategy

- Personalised banking experiences enabled by data analytics and AI
- Seamless omnichannel engagement models improving loyalty and retention
- Digital self-service platforms enhancing convenience while lowering service costs

THE FUTURE

The strategy will guide the Bank up to year 2030 with specific KPIs set to be achieved, with milestones marked spanning the five years. The future courses of action, anchored on the five strategic levers will broadly lead to three focus aspects namely, Strengthen, Simplify and Scale-up.

Strengthen

The Bank will be strengthened by three levers working in tandem:

1. Risk management excellence: Ensures resilience and trust
2. Deposits franchise strength: Secures stable funding and deeper customer ties
3. A future-ready tech stack: Drives agility and innovation

Together, they create a robust foundation that safeguards today while positioning the Bank to thrive in tomorrow's opportunities.

Simplify

The Bank's simplification will be driven by three levers:

1. Seamless customer onboarding: Eliminates friction and builds trust from the start
2. Efficient and agile model: Streamlines processes and accelerates decisions
3. "Digital-first" operations: Automate and scale delivery

Together, they create a lean, responsive institution that is easier to engage with and more efficient to run.

Scale-Up

The Bank's scale-up will be driven by three levers

1. Enhanced value proposition: To attract and retain customers
2. Cross-sell and deepening relationships: To maximise engagement and loyalty
3. Omnichannel model: To deliver seamless experiences across every touchpoint

Together, these create sustainable growth, stronger customer trust, and greater competitive impact

The delivery of the strategy in to the future is detailed in discuss through the Management Discussion and Analysis, under each Capital Report and Business Lines Performance Review (refer pages 80 - 166).



Stakeholder Engagement

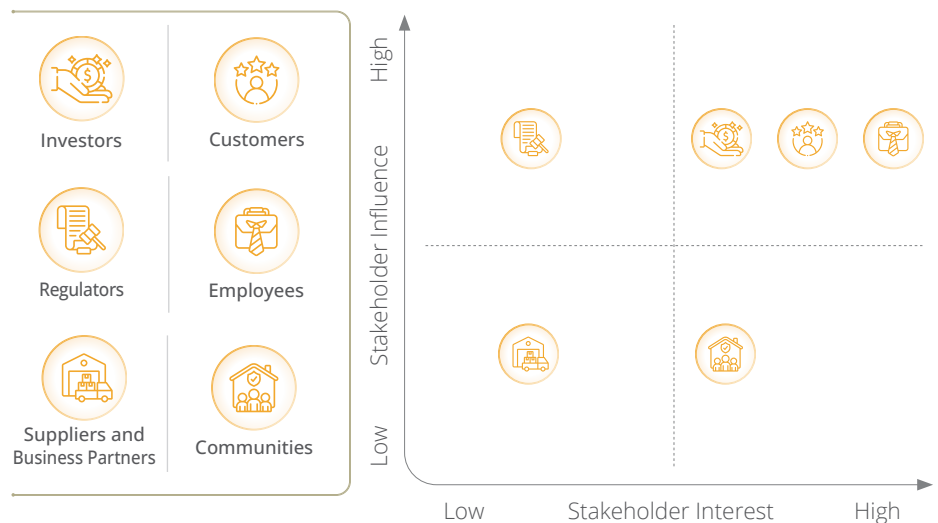
“NDB accepts that its ability to create and safeguard long-term value is intrinsically linked to the strength of its relationships with stakeholders. Reflecting the commitment to being a trusted partner in Sri Lanka’s financial ecosystem, NDB advocates a stakeholder-inclusive approach to engage with all groups within its stakeholder universe, including investors, lenders, employees, customers, regulators, government authorities, suppliers, business partners, and the wider community.”

These engagements are based on accountability, transparency, and ethical conduct with each stakeholder group, aimed at strengthening relationships and promoting collaboration whilst forging long term relationships based on trust.

Stakeholders are identified through a structured approach that considers whose actions could have a material impact on the Bank’s ability to implement its strategies and achieve its objectives.



OUR STAKEHOLDERS





Investors

Strength of relationship



- 15,055 shareholders (99.16% Local, 0.84% Overseas)
- Government of Sri Lanka and related entities as other lenders

Engagement objective

NDB engages with its investors and lenders through consistent and transparent communication to strengthen trust, enhance business confidence and facilitate access to capital where required, to support NDB's long term growth and resilience.

Material themes



SDG



Method and frequency of engagement

- Annual General Meetings
- Annual Report
- Extraordinary General Meetings (as needed)
- Interim Financial Statements (quarterly)
- CSE announcements (as needed)
- Press conferences/Press releases (as needed)
- Social media platforms (continuous and ongoing)
- Meetings with investment analysts, stock brokers, etc. (continuous and ongoing)
- Investor webinars (quarterly)
- Investor road-shows (as needed) One-to-one investor meetings
- Investor relations web page within the Bank's corporate website
- Dedicated communication methods to reach the Bank/dedicated points of contacts for investor/shareholder support
- Email notifications alerting the investor database on the release of financial statements to the CSE

Shareholder concerns and expectations

- Earnings growth, profits and stable returns
- Financial stability
- Capital and liquidity
- Gearing exposure
- Dividend policy
- Governance and compliance
- Risk management practices
- Ethical business practices
- Retention of institutional knowledge and succession planning
- Share price performance
- Disclosure and access to information

Value creation dashboard for FY 2025



Key activities

- Asset growth
- Liability management
- Expanding fee-based services
- Promoting trade finance solutions
- Prioritising CASA growth
- Expanding the off-shore portfolio



Focus for the future

- Continuing healthy relationships with the shareholders and related stakeholders
- Driving institutional value for enhanced shareholder value

Value delivery indicators

Return on equity - 13.5%

Net asset value per share - LKR 201.51

Earnings per share - LKR 25.90

Further information

Financial Capital - page 110 | Business Lines Performance Review - page 81 | Risk Management Report - page 473
Corporate Governance Report - page 201 | Intellectual Capital - page 139 | Investor Relations - page 512

Stakeholder Engagement



Customers

Strength of relationship

- Customers across NDB's business segments encompassing Retail Banking, Business Banking, Wholesale Banking and Project & Infrastructure Financing

Engagement objective

NDB engages proactively with customers to gain a deep understanding of their needs, enabling the Bank to design solutions and enhance its service standards that together would enhance customer satisfaction, in turn strengthening customer loyalty and fostering long-term relationships that support sustainable business growth.



Method and frequency of engagement

- One-on-one interactions with Branch teams and other Business Units (continuous and ongoing)
- Engagements through digital banking solutions
- Contact Centre (24/7)
- QR table tops at branches (continuous and ongoing)
- Promotional activities (continuous and ongoing)
- Customer satisfaction survey (annual)
- Press conferences/Press releases (as needed)
- Dedicated email: contact@ndbbank.com (as needed)
- Corporate website (continuous and ongoing)
- Social media platforms (continuous and ongoing)



Customer concerns and expectations

- Product diversity
- Competitive and transparent pricing of products
- Accessibility of physical outreach
- Seamless access to digital platforms
- Compliance with regulatory requirements
- Overall banking experience
- Effective complaint resolution
- Customer privacy and data security

Value creation dashboard for FY 2025



Key activities

- Special products and promotions including
 - Introduction of tailor-made leasing facilities for passenger and commercial vehicles in partnership with leading automotive agents
 - Launch of the SME Re-energizer Loan scheme for the development of priority sectors
- Launch of NEOS 2.0 Digital Platform
- Deploying the TradeLinc platform
- Roll out of the Loan Origination System (LOS) to streamline the lending process and reduced turnaround times
- Five branches were refurbished during the year, and one was strategically relocated
- Commissioned the second NDB Privilege Banking Centre for high net worth clients
- 21 onsite CRMs installed
- Strengthened brand visibility across social media channels
- Conducted the Customer Service (CS) week 2025



Focus for the future

- Continuing customer-centric business operations
- Curation of products and propositions that meet the evolving and emerging needs of customer segments
- Deploying digital capabilities in affording customers increasingly convenient banking solutions

Value delivery indicators

Lending to customers - YOY growth - 26.3%

Further information

Social and Relationship - page 145 | Manufactured Capital - page 124
Digital Capital - page 118 | Intellectual Capital - page 139



Regulators

Strength of relationship



- Central Bank of Sri Lanka (CBSL)
- Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka (SEC)
- Inland Revenue Department of Sri Lanka
- Other relevant state bodies

Material themes



SDG



Engagement objective

NDB engages proactively with regulators to ensure full compliance with applicable laws and guidelines, maintain transparency in its operations, and contribute constructively to the development of a stable, efficient, and resilient financial sector.

Method and frequency of engagement

- Annual reports
- Interim financial statements (quarterly)
- CSE announcements (as needed)
- Press conferences/Press releases (as needed)
- Audits conducted by the CBSL (annual/spot)
- Other statutory reporting (as mandated)
- Liaison with the regulatory bodies on matters concerning the sector (as needed)
- Participation in industry forums (as needed)

Regulator concerns and expectations

- Timely compliance of regulations, directions, and guidelines
- Contribution towards financial system stability
- Contribution towards national development priorities
- Environmental and social impact of lending practices
- Direct and indirect impact on stakeholders, wider society and the environment
- Alignment to sustainability and climate related targets of the CBSL



Value creation dashboard for FY 2025



Key activities

- Compliance with all applicable laws and regulations
- Reporting as per statutory deadlines
- Capacity building in staff and streamlining systems and processes to adhere to evolving rules and regulations



Focus for the future

- Full compliance with applicable rules and regulations
- Extending fullest support to the emerging requirements of the regulators, which are shaped in enhancing financial system stability and overall economic progress of the country

Value delivery indicators

Timely taxes paid - LKR 11.3 Bn

Further information

Financial Capital - page 110 | Corporate Governance Report - page 201

Stakeholder Engagement



Employees

Strength of relationship

- 2,864 Employees
- 45% Female Representation
- 22% Employees with over 10 years of Service

Material themes



SDG



Engagement objective

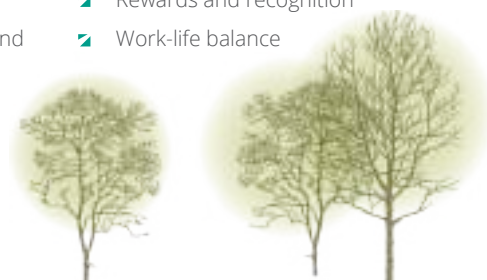
NDB strives to foster an open, inclusive, and participative workplace to ensure employees remain engaged and invested in the Bank's future.

Method and frequency of engagement

- Regional/branch/department team meetings (daily, weekly and monthly)
- Notification of operational changes via email (as needed)
- Human Capital Management (HCM) system (continuous and ongoing)
- Open door policy (continuous and ongoing)
- Performance evaluation process (bi-annual)
- Coffee with CEO sessions (quarterly)
- All-Staff Town Hall meetings (quarterly)
- Employee satisfaction survey (annual)
- Training initiatives (as needed)
- Recognition platforms (annual)
- Induction and orientation for new recruits (as needed)
- Corporate website (continuous and ongoing)
- Social media platforms (continuous and ongoing)
- Grievance process (as needed)
- Whistleblower policy (as needed)

Employee concerns and expectations

- Equal opportunity and non-discriminatory employment
- Competitive remuneration and benefits
- Access to competency training and skill development
- Career development opportunities
- Rewards and recognition
- Work-life balance



Value creation dashboard for FY 2025



Key activities

- Special project to drive HR as a key enabler of business growth
- Revision of sales staff salaries in line with the minimum wage requirement
- Enhancements to the benefit structures for all staff
- Advocating for Diversity, Equality and Inclusion (DEI) in the Workplace
- Culture alignment exercise for internal teams
- LKR 81.0 Mn invested in training and development



Focus for the future

- Nurturing a skilled, customer-centric employee base
- Affording our employee career opportunities where they thrive

Value delivery indicators

Monetary benefits paid to employees - LKR 9,563 Mn

New recruits - 527

Gender balance - 45% female representation

Investments in learning and development - LKR 81.0 Mn

Further information

Human Capital Capital - page 128



Suppliers and business partners

Strength of relationship

- Over 300 registered suppliers and vendors
- Strong Correspondent Relationships network

Engagement objective

NDB invests in building strong partnerships with suppliers and business partners with the aim of establishing a reliable ecosystem to maintain business continuity, preserve service quality and support the Bank's strategic growth ambitions.

Material themes



SDG



Method and frequency of engagement

- Supplier registration process (every 2 years)
- Site visits (periodic)
- Supplier audits (periodic)
- Corporate website (continuous and ongoing)
- Social media platforms (continuous and ongoing)

Supplier/Business partner concerns and expectations

- Level playing field
- Fair assessment of bids
- Ease of transacting
- Timely settlement of dues
- Opportunities for scaling up
- For correspondent banks - secure and stable platform for transacting

Value creation dashboard for FY 2025



Key activities

- Implemented quarterly sanction screening process to assess supplier performance
- Leveraged central procurement practices to enhance efficiency, transparency, and consistency across the Bank's operations.
- Expanded our vendor base in selected areas to foster healthy competition, enhance service quality, and mitigate risks associated with reliance on a limited number of suppliers.



Focus for the future

- Integrating environmental and social aspects in to supplier evaluations
- Automation of procurement and related processes through the installation of a robust system

Value delivery indicators

Amount paid to suppliers - LKR 7.9 Bn

No of registered suppliers - 348



Further information

Social and Relationship Capital - page 145

Stakeholder Engagement



Community

Strength of relationship

- Communities across Sri Lanka that we touch through our banking operations and other community engagements

Engagement objective

NDB interacts with communities with the objective of solidifying its reputation as a responsible Bank with a strong commitment to community stewardship.

Material themes



SDG



Method and frequency of engagement

- Community capacity building programmes (as needed)
- Corporate sustainability projects targeting both environmental aspects and social upliftment (as planned)
- One-on-one interactions with branch teams (continuous and ongoing)
- Promotional activities (continuous and ongoing)
- Press conferences/Press releases (as needed)
- Corporate website (continuous and ongoing)
- Social media platforms (continuous and ongoing)

Concerns and expectation of the community

- Financial inclusion and literacy
- Livelihood development and economic empowerment
- Community infrastructure development
- Bank's contribution to preserving and/ or restoring the natural environment

Value creation dashboard for FY 2025



Key activities

- Structured corporate sustainability initiatives
- Promoting financial inclusion
- Banking on Women (BoW) initiative



Focus for the future

- Continued contribution to community and social upliftment
- Exploration and engagement in initiatives that resolve emerging social and environmental issues

Value delivery indicators

Investment in corporate sustainability initiatives - LKR 20.0 Mn

Additionally, the Bank made a donation of LKR 50.0 Mn to the Government of Sri Lanka's 'Rebuilding Sri Lanka' Fund, established to provide relief to those affected by Cyclone Ditwah.

Further information

Social and Relationship Capital - page 145

Strength of relationship

- Strong, mutually beneficial relationship
- Good quality relationship, with some room for improvement
- Relationship established, some value generation but considerable work needed to improve the relationship quality
- No existing relationship

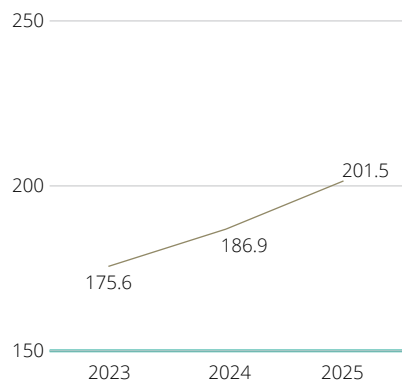
DRIVING STAKEHOLDER VALUE – KPI PERFORMANCE



Investors

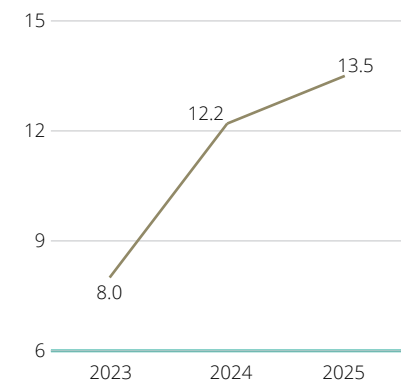
NAVPS

LKR



ROE

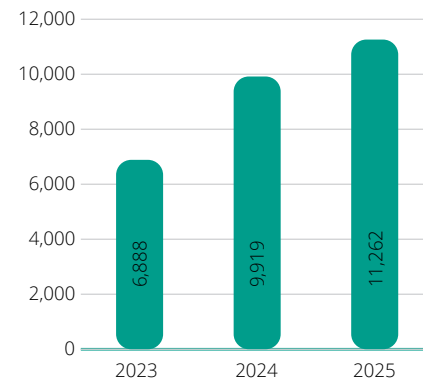
%



Regulators

Current Taxes

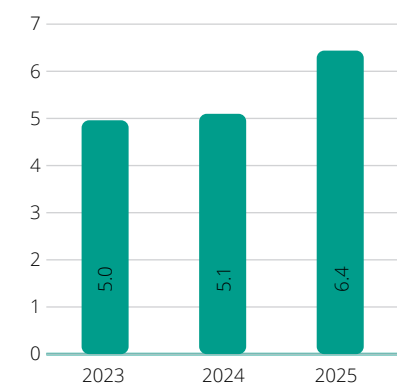
LKR Mn



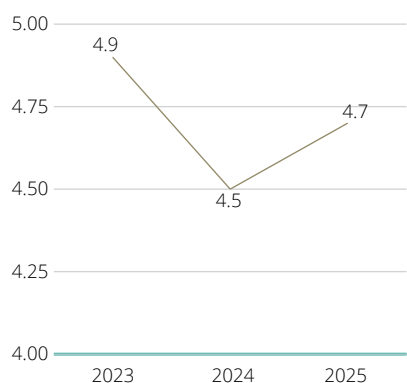
Customers

Lending portfolio

LKR Bn



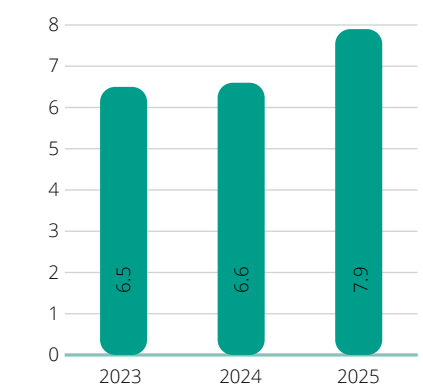
Customer Satisfaction Score



Suppliers and business partners

Amount Paid to suppliers

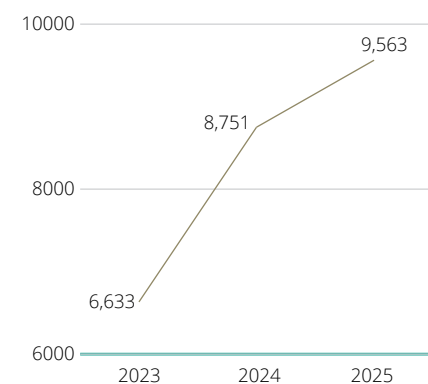
LKR Bn



Employees

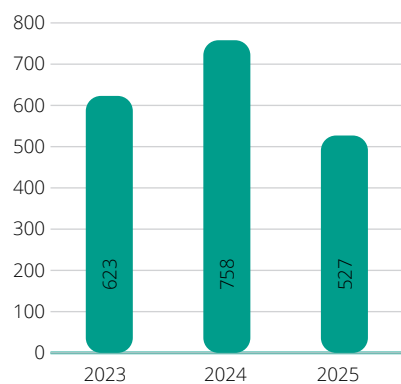
Monetary Benefits Paid to Employees

LKR Mn



New Recruits

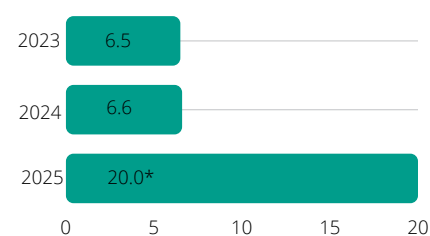
No.



Community

Spend on corporate sustainability initiatives

LKR Mn



*Additionally, the Bank made a donation of LKR 50.0 Mn to the Government of Sri Lanka's 'Rebuilding Sri Lanka' Fund, established to provide relief to those affected by Cyclone Ditwah.

Material Matters

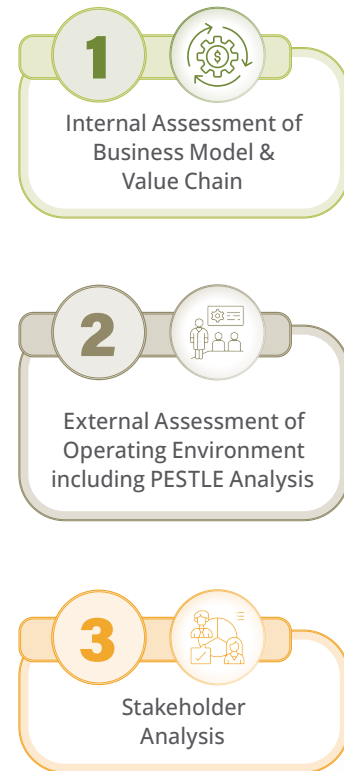


NDB views materiality as a strategic mechanism to guide decision-making and ensure business growth is aligned with the long-term interests of society and the environment. The Bank's approach to determining materiality is anchored by a holistic approach that begins with a detailed analysis of the internal environment encompassing Business Model and Value Chain, followed by a structured evaluation of the external context to identify the material topics that are most relevant to both the Bank and its stakeholders.



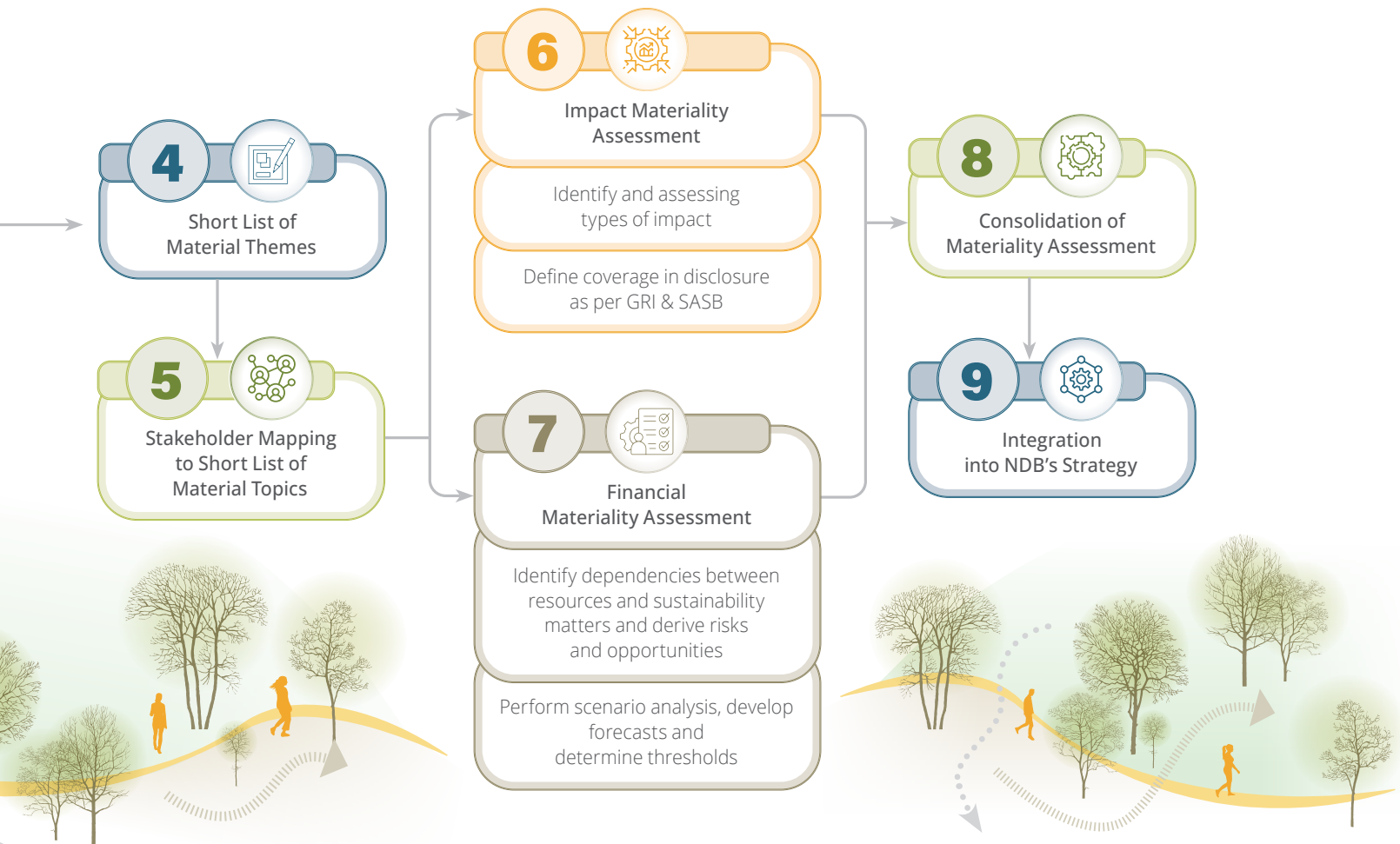
Recognising the fast evolving operating landscape, influences rapid shifts in political, economic, social, technological, regulatory, and environmental aspects in recent years, NDB conducted a comprehensive Materiality Assessment in 2025, including a stakeholder engagement process, which led to significant changes. In contrast to the previous years, the most recent materiality exercise led to the identification of eight core material themes reflecting both current priorities and future imperatives that are expected to remain strategically relevant to the Bank over the next three to five years.

Each of these eight themes was further analysed in depth to assess their relevance to business performance, risk management, stakeholder expectations, and sustainable value creation, thereby creating a solid foundation to enable Material Matters to be integrated into NDB's strategy across short, medium, and long-term horizons.



To enhance the integrity of the evaluation in line with prevailing global best practices, each topic was subject to the Double Materiality Assessment (DMA) to consider dual perspectives involving financial materiality and impact materiality. In keeping with the DMA approach, financial materiality focused on assessing how external environmental and social factors could impact NDB's ability to create and preserve value, while impact materiality evaluated how the Bank's activities and operations may affect society and the environment, thereby ensuring relevant Material Matters are embedded within the Bank's strategic planning, governance structures, and day-to-day operational decision-making processes.

Process for determining NDB's material topics



Material Matters



MATERIAL THEME

1

CUSTOMER INCLUSION AND EXPERIENCE

Material topics	Topic Boundary	GRI/SASB	Impact Materiality	Financial Materiality	Double Materiality
Financial inclusion and literacy	✍️ ✍️	SASB FN-CB-240a.1, FN-CB-240a.1, FN-CB-240a.1, FN-CB-240a.4	🔴	🔴	🔴
Customer experience	✍️ ✍️		🔴	🔴	🔴
Complaint management	✍️ ✍️	GRI 418	🔴	🟡	🟡
Responsible marketing	✍️		🟡	🟡	🟡



MATERIAL THEME

2

BUSINESS ETHICS AND COMPLIANCE

Corporate Governance, Business ethics and compliance	✍️ ✍️	SASB FN-CB-510a.1, FN-CB-510a.2	🔴	🔴	🔴
Systemic risk management	✍️ ✍️	N/A	🔴	🔴	🔴



MATERIAL THEME

3

FOSTERING INCLUSIVE EMPLOYEE RELATIONS

Human rights	✍️		🟡	🟡	🟡
Employee relations	✍️	GRI 402	🟡	🟡	🟡
Diversity, equity and inclusion	✍️	GRI 405	🟡	🟡	🟡
Talent attraction, engagement and development	✍️ ✍️	GRI 401, 402, 404	🟡	🔴	🔴



MATERIAL THEME

4

ECONOMIC PERFORMANCE

Economic performance	✍️ ✍️	GRI 201, GRI 207	🔴	🔴	🔴
Indirect economic impacts	✍️ ✍️		🟡	🟡	🟡
Responsible financing	✍️ ✍️		🔴	🔴	🔴

Management approach: via strategy integration and resource allocation through capitals*

SDGs



-



-



-



-



*This is intended to demonstrate how operational initiatives address the material topics by leveraging the strengths of each capital.

Internal

External

Very High

High

Moderate

Material Matters



MATERIAL THEME

5

SECURE & INNOVATIVE DIGITAL TRANSFORMATION

Material Topics	Topic Boundary	GRI/SASB	Impact Materiality	Financial Materiality	Double Materiality
Data privacy and security		GRI 418, SASB FN-CB-230a.1, FN-CB-230a.1			
Digitalisation and transformation		N/A			



MATERIAL THEME

6

CLIMATE ACTION

Climate change		GRI 305			
Financed emissions		SASB FN-CB-410b.1, FN-CB-410b.2, FN-CB-410b.3, FN-CB-410b.4			
Portfolio climate risk management		SASB FN-CB-410a.2			
Energy management		GRI 302, 305			



MATERIAL THEME

7

COMMUNITY DEVELOPMENT & ENGAGEMENT

Community development and engagement		SASB - FN-CB-240a.1, FN-CB240a.2, FN-CB240a.3, FN-CB240a.4, GRI 413			



MATERIAL THEME

8

PARTNERSHIPS AND COLLABORATION

Government policy					
Industry partnership and collaborations/Strategic alliances					

Management approach: via strategy integration and resource allocation through capitals*

SDGs



*This is intended to demonstrate how operational initiatives address the material topics by leveraging the strengths of each capital.

Internal
External

Very High
High
Moderate

Value Creation Model

How We Create Value

The Group's value creation model demonstrates how we utilise our resources and relationships in achieving our strategic aspirations and how we create, preserve or erode value for our stakeholders over time.

CAPITAL INPUTS

Financial Capital

- Shareholder funds - **LKR 86.0 Bn**
- Borrowings - **LKR 125.4 Bn**
- Customer deposits - **LKR 707.2 Bn**

Digital Capital

- NEOS mobile app
- NEOS online banking platform (Retail & Corporate)
- TradeLinc Supply Chain Financing Portal
- Temenos R20 core banking system
- Integrated IT systems and digital services

Manufactured Capital

- 113 Branches
- 29 ATMs
- 92 CRMs
- 2 Privilege Banking centres
- 12 Privilege Banking hubs
- Property, plant and equipment (PPE) valued at **LKR 7.2 Bn**

Human Capital

- Skills and knowledge of **2,864** employees

Intellectual Capital

- Brand equity
- Organisational tacit knowledge

Social & Relationship Capital

- Comprehensive suite of banking products and services for all customer segments
- Ongoing customer engagement activities
- Procurement best practices
- Promoting financial inclusion
- Banking on Women (BoW) Initiative
- Specialised propositions such as Sri Lanka Vanithabhimana
- Corporate sustainability initiatives - **LKR 70.0 Mn** investment

Natural Capital

- Environment and social risk management system ensuring responsible lending
- Lending to renewable energy generation
- Impact-driven special climate initiatives
- Responsible resources consumption

ADEQUACY OF CAPITAL

- Strongly capitalised in both Tier I and Tier II with capital adequacy ratios well above the regulatory requirements
- Strong deposits franchise across all customer segments with enhancing CASA base

- Features cutting-edge technology
- Continually upgraded in response to customer feedback for a unique customer experience
- Smooth inter-linkages between the core banking system and other sub-systems leading to speedy turnover time

- Robust branch, ATM and CRM network present across all provinces
- Modern, spacious, well-equipped branches available at easily accessible locations

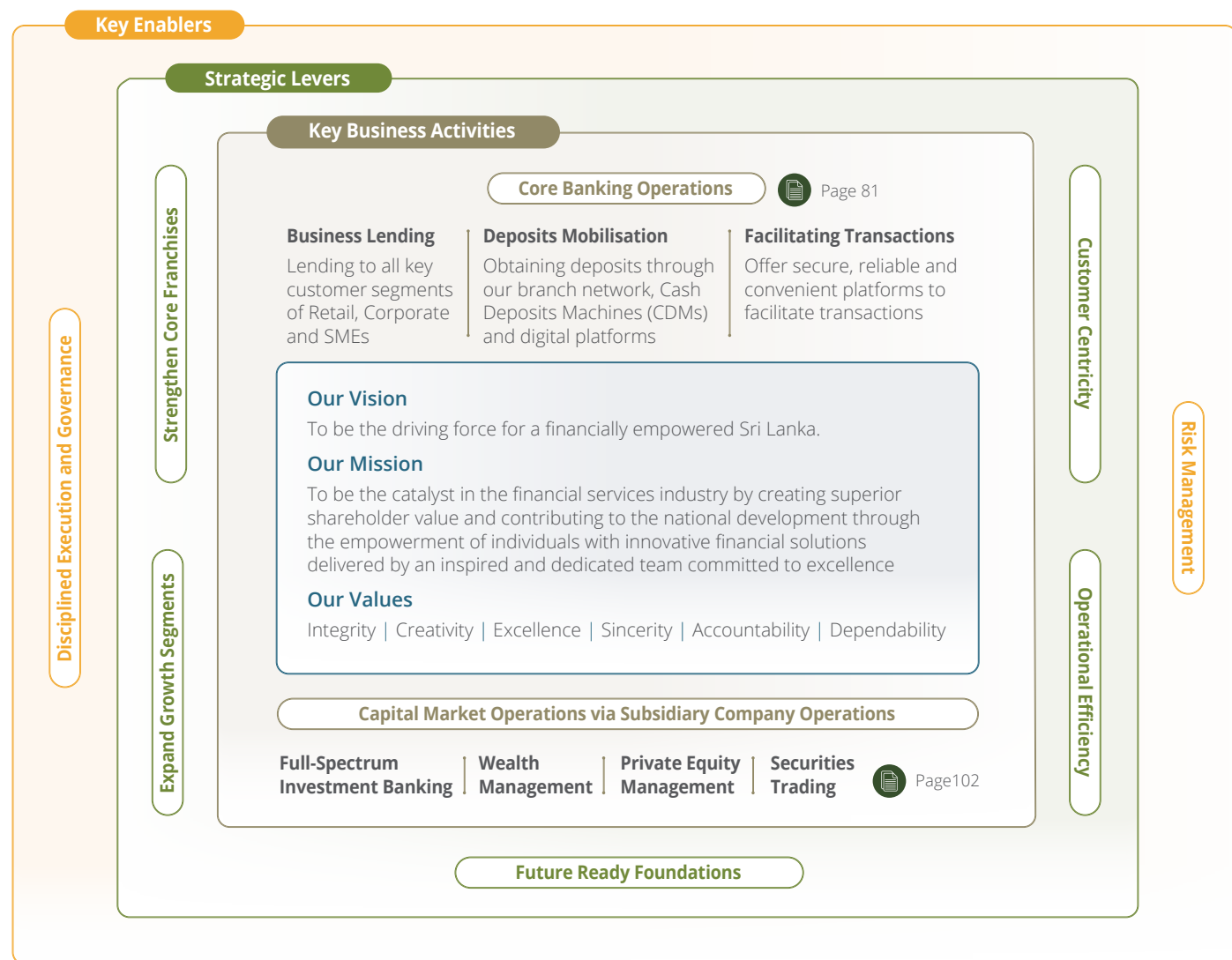
- A unique fusion of home-grown talent and fresh inflow of talent
- Diversity across gender and age

- Dynamic base of intellectual capital continually enhancing through the years

- Strong customer base across multiple segments and sub-segments
- High acceptance within the communities we function in
- Ever enhancing supplier base both local and overseas ensuring access to quality goods and services

- Uninterrupted access to stated resources
- 279.1 MWh** of clean energy sourced through self-generated solar power

VALUE TRANSFORMATION



KEY OUTPUTS	STAKEHOLDER OUTCOMES	VALUE MOVEMENT		CONTRIBUTION TO UN SDGS
Financial Capital - Interest income generated LKR 86.7 Bn - Fee based income LKR 8.1 Bn - Gross loans and advances LKR 643.9 Bn - Deposits mobilised LKR 707.2 Bn	Investors Earnings per share Return on equity	2025 LKR 25.90 13.5%	2024 LKR 21.25 12.2%	Financial Capital 
Digital Capital 13.0% YoY increase in digitally transacted users	Customers Loans and advances	LKR 643.9 Bn	LKR 509.8 Bn	Digital Capital   
Manufactured Capital 31.5% YoY Increase in PPE	Regulators Taxes paid	LKR 11.3 Bn	LKR 9.9 Bn	Manufactured Capital   
Human Capital Employee retention ratio - 85.8%	Employees Total payments to employees	LKR 9.6 Bn	LKR 8.8 Bn	Human Capital  
Intellectual Capital - The Bank consistently stands among the top 25 brands in Sri Lanka - Increased in social media reach	Suppliers and Business partners Total payments to suppliers	LKR 7.9 Bn	LKR 6.6 Bn	Intellectual Capital  
Social & Relationship Capital - Customer Satisfaction Score - 4.7/5.0 Over 300 suppliers	Community Amount invested in corporate sustainability initiatives	LKR 70.0 Mn*	LKR 6.6 Mn	Social & Relationship Capital   
Natural Capital LKR 19.4 Bn lending to renewable energy sector - Carbon footprint** 3,775 Mt CO₂e - Emission intensity ratio** 0.04 (Mt CO₂e/LKR Mn)				Natural Capital   

+ Value enhanced

* Inclusive of LKR 50.0 Mn donated to the Government of Sri Lanka's 'Rebuilding Sri Lanka' Fund, established to provide relief to those affected by Cyclone Ditwah.

** In 2025 the organisational boundary for GHG emissions was expanded to cover National Development Bank PLC, NDB Capital Holdings Limited and its subsidiaries and Development Holdings (Pvt) Limited. Furthermore, the emissions reported are of Scope 1 (Direct emissions) and Scope 2 (Indirect energy emissions).



Advancing Sustainable Prosperity – ESG Performance



Environmental, Social, and Governance (ESG) principles are firmly integrated into NDB’s strategic direction, operational framework, and organisational culture. Our approach places strong emphasis on environmental stewardship, social advancement, and sound governance practices across all stakeholder interactions.

Through this integrated ESG focus, we continue to generate sustainable and long-term value for our customers, employees, business partners, and the communities we serve.



ENVIRONMENTAL SUSTAINABILITY

Green lending

NDB continues to play a leading role in financing renewable energy developments, supporting projects that contribute to Sri Lanka’s transition towards cleaner energy sources. The Bank has actively facilitated renewable energy initiatives both locally and internationally, reinforcing its commitment to sustainable economic growth.



Page 159

Climate and biodiversity conservation initiatives

The Bank actively undertakes environmental conservation programmes under its Corporate Sustainability (CS) agenda. Initiatives such as “Life to our Mangroves”, “Adopt a Lagoons” and “Adopt a Beach” contribute to biodiversity preservation, ecosystem restoration, and broader environmental protection efforts, while supporting progress towards the United Nations Sustainable Development Goals (SDGs).



SOCIAL RESPONSIBILITY

Empowering women

Through its Banking on Women proposition, the Bank provides targeted financial solutions and value-added non-financial support aimed at strengthening female entrepreneurship. Flagship initiatives such as the NDB Araliya proposition, capacity-building programmes, and the Sri Lanka Vanithabhimana awards continue to promote women-led enterprises. More information on page 152.

As an EDGE-certified organisation, NDB also remains committed to strengthening gender equality and inclusion across its workforce.



Page 130

Strengthening the SME sector

NDB continues to support small and medium-sized enterprises by offering concessionary financing, advisory services, and customised financial solutions. These initiatives help SMEs enhance operational resilience, drive innovation, and contribute meaningfully to national economic development.



Page 87

Enabling employee growth and well-being

NDB remains committed to fostering a supportive and inclusive work environment where employees can grow both professionally and personally. The Bank’s strong people-focused culture has earned recognition as a Great Place To Work, reflecting its ongoing focus on employee engagement and development.



Page 128

Responsible supplier engagement

The Bank maintains transparent and ethical relationships with its supplier network, supported by a Board-approved procurement framework that promotes fairness, accountability, and responsible sourcing practices.



Minimising Direct and Indirect Carbon Emissions

The Bank measures its greenhouse gas (GHG) emissions annually in line with ISO 14064-1:2018 standards and continues to invest in energy-efficient technologies and operational improvements to reduce its carbon footprint. The Bank's emission reporting has been independently verified by the Sri Lanka Climate Fund for the fifth consecutive year in 2025, reflecting our ongoing commitment to environmental accountability.

Furthermore, the Bank will raise funds via its first-ever GSS+ Bond during 2026, and disburse funds to eligible green, blue, sustainable and sustainability linked loan financing initiatives, thereby both help clients transition and make steps in greening the Bank's loan portfolio. The Bank is a signatory to the Partnership for Climate Accounting Financials (PCAF) and will make progress in quantifying its financed emissions from 2026 onwards.



Page 191



ETHICAL GOVERNANCE

Promoting financial inclusion

NDB continues to expand access to financial services for underserved and emerging customer segments. Through digital platforms such as NDB NEOS and targeted financial literacy initiatives, the Bank enhances financial awareness and empowers individuals and businesses to participate more actively in the formal financial ecosystem.



Community development initiatives

Through a wide range of Corporate Sustainability programmes, NDB continues to uplift communities by supporting social development, education, environmental protection, and livelihood enhancement initiatives.



Page 154



Strong ESG governance and policy oversight

The Bank operates within a well-established governance and policy framework aligned with regulatory requirements, legal obligations, and recognised global best practices. ESG oversight is further strengthened through dedicated Board-level governance structures that ensure strategic accountability and effective implementation, supported by a ESG Management Committee and ESG working groups where necessary.

Page 262

Responsible lending and risk management

NDB's Environment and Social Risk Management Policy, supported by a robust Environmental and Social Management System (ESMS), ensures that lending decisions are aligned with environmental, social, regulatory, and internationally accepted sustainability standards.

Page 159



Upholding high standards of corporate governance

The Bank maintains a strong governance culture guided by regulatory compliance, ethical conduct, and industry best practices. Accountability is embedded across all organisational levels, from the Board of Directors to employees, ensuring integrity and responsible business conduct throughout the Bank's operations.

Page 201

Strategic partnerships for sustainable impact

NDB continues to leverage long-standing partnerships with multilateral development agencies and other strategic collaborators to expand its reach and enhance its sustainability impact across key sectors.



Page 158

Advancing Sustainable Prosperity – ESG Performance

ESG SCORECARD

	Unit	2025	2024	2023
Environmental Sustainability	Renewable energy			
	NDB is a lender to renewable energy (RE) projects in Sri Lanka			
	Disbursements for RE projects (to date including Equity Finance)	LKR Bn	24.1	22.9
	Capacity funded	MW	364	347
	GHG emissions and other harmful gases avoided	tCO ₂ e	840,587	739,264
	Carbon emissions quantification*			
	The Bank quantified its carbon emissions for 2025, with verification obtained from the Sri Lanka Climate Fund			
	Carbon footprint	Mt CO ₂ e	3,775	-
	Carbon intensity (Based on Gross Income)	Mt CO ₂ e/LKR Mn	0.04	-
	Climate positive projects			
	The Bank carries out polluted ecosystems revitalising projects. Given below is the total waste removed under each project			
	Adopting the Kepungoda Beach	kg	8,890	7,829
	Adopting the Negombo Lagoon	kg	7,311	-
	Underwater Dive Coral Bed Cleanup and Conservation Project	kg	1,371	-
Social Responsibility	Environmental literacy programmes			
	The Bank conducts awareness sessions to address contemporary environmental issues.			
	Sessions conducted (both physical and virtual)	No.	20	25
	Beneficiaries	No.	885***	>4,360
				N/A
Social Responsibility	Diversity and inclusivity			
	The Bank has obtained and continues to comply with the EDGE Certification for gender equality at the workplace.			
	Female representation at senior management levels	%	29	28
	Women empowerment			
	Through the Banking on Women initiative and Sri Lanka Vanithabhimana initiative the Bank drives women's socio-economic empowerment			
	Participants from across the country	No.	>1000	-
	Cumulative high performing females recognised at the grand finale	No.	41	92
	Financial inclusion			
	The Bank drives socio-economic empowerment through lending to unbanked/underprivileged sections.			
	First time mortgage customers	No.	455	513
	Lending to first time mortgages	LKR Mn	3,698	3,493
	Lending to small-business owners	LKR Mn	3,658	2,044
	Community engagement			
	The Bank drives positive community impact through a number of initiatives to target beneficiaries			
	Investment in Corporate Sustainability initiatives	LKR Mn	70.0**	6.3

*In 2025 the organisational boundary for GHG emissions was expanded to cover National Development Bank PLC, NDB Capital Holdings Limited and its subsidiaries and Development Holdings (Pvt) Limited. Furthermore, the emissions reported are of Scope 1 (Direct emissions) and Scope 2 (Indirect energy emissions).

**Inclusive of LKR 50.0 Mn donation made to the Government of Sri Lanka's 'Rebuilding Sri Lanka' Fund, established to provide relief to those affected by Cyclone Ditwah.

***Number of School Children under Education for Conservation project in 10 schools in Kurunagala district.

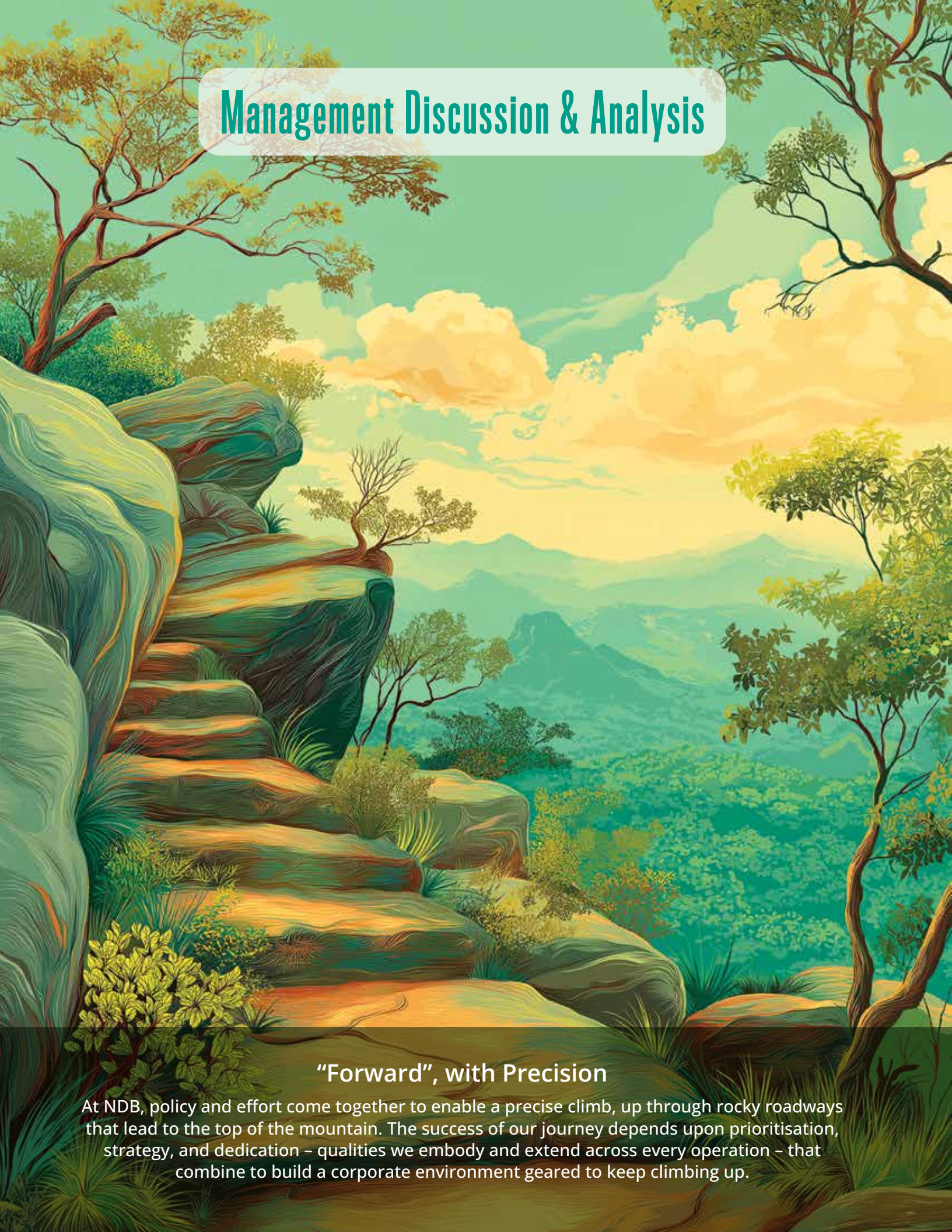
	Unit	2025	2024	2023
Ethical Governance	Responsible lending practices			
	The Bank has in place a comprehensive ESMS system to embed social and environmental consciousness to lending decisions			
	No. of loans screened	%	100	100
	Employees trained on ESMS	No.	496	985
	Employee training hours	Hours	254	535
			1,043	

DIRECT ECONOMIC VALUE (EV) GENERATED AND DISTRIBUTED - BANK

The disclosure of information on the creation and distribution of economic value provides an essential indication of how the Bank has generated value for its stakeholders.

For the year ended 31st December	2025 LKR Mn	2024 LKR Mn
Direct Economic Value generated		
Interest income	85,363	88,060
Exchange gain/(loss)	1,660	(702)
Fees and Commission income	8,246	7,821
(Loss)/gain from investments	1,204	4,076
Other income	454	269
	96,927	99,525
Economic Value distributed		
To depositors and lenders		
Interest expense	47,765	50,576
	47,765	50,576
Operating costs		
Depreciation and amortisation	1,194	1,091
Fee and commission expense	181	26
Other operating expense	8,071	6,858
	9,446	7,975
To employees		
Salaries	7,934	7,104
Other benefits	1,629	1,647
	9,563	8,751
Payments to government		
Income tax expense	6,107	3,663
Taxes on financial services	5,048	5,524
Crop insurance levy	107	92
	11,262	9,280
To community		
Corporate sustainability initiatives	20	6
Donations	50	-
	70	6
Payments to providers of capital		
Interest to debt securities holders	3,955	3,273
Dividend to shareholders*		3,330
	3,955	6,603
Economic value distributed	82,061	83,191
Economic value retained (before/after payment of dividend to shareholders)	14,866	16,334
	96,927	99,525

* The Board of Directors will consider a declaration of dividends for the year 2025 in due course. The Bank paid a total dividend of LKR 8.00 per share comprising of a cash dividend of LKR 5.00 per share and a scrip dividend of LKR 3.00 per share for the year 2024 and total cost of same was LKR 3,330 Mn.



Management Discussion & Analysis

“Forward”, with Precision

At NDB, policy and effort come together to enable a precise climb, up through rocky roadways that lead to the top of the mountain. The success of our journey depends upon prioritisation, strategy, and dedication – qualities we embody and extend across every operation – that combine to build a corporate environment geared to keep climbing up.

Business Lines Performance Review

In 2025, as Sri Lanka regained economic momentum, the Bank's customer-focused business lines translated strategic priorities into specialised, digitally enabled solutions, delivered by skilled teams and strong enabling functions, to drive sustainable growth, resilience, and consistent value creation, reinforcing the confidence our customers place in us and our promise that the future is truly banking on us.



Contribution to Group Total Operating Income*



Team Strength



Accolades - Highlights



Our Prowess



Contribution to Driving Our Strategy



Retail Banking

Pages
82 - 86

24%
(2024: 21%)

1,203
(2024: 1,174)

Domestic Retail Bank of the Year - Sri Lanka - Asian Banking and Finance Magazine (Singapore) Awards 2025

- Resilient amidst an intense competition
- Extensive and wide customer base driven by strong brand trust

- Strengthen Core Franchises
- Expand Growth Segments
- Customer Centricity



Business Banking

Pages
87 - 93

17%
(2024: 16%)

198
(2024: 202)

Sri Lanka's Best Digital Bank for SMEs - Euromoney Awards for Excellence 2025

- Decades of experience and expertise in supporting SMEs
- Fully-fledged product portfolio together with digitised solutions
- Connected to a strong eco-system of lenders at concessionary rates, institutions that extend advisory support, etc., in powering SMEs

- Strengthen Core Franchises
- Expand Growth Segments
- Customer Centricity



Wholesale Banking

Pages
94 - 96

16%
(2024: 17%)

74
(2024: 88)

Merit Award for TradeLinc solution - National Best Quality Software Awards (NBQSA) 2025

- Fully-fledged product portfolio together with digitised solutions
- Expertise and experience of the relationship managers in devising banking solutions to the emerging needs of corporate clients

- Customer Centricity



Project & Infrastructure Financing (PIF)

Pages
97 - 99

7%
(2024: 5%)

16
(2024: 16)

Domestic Project Finance Bank of the Year - Sri Lanka - Asian Banking and Finance Magazine (Singapore) Awards 2025

- Expertise in project lending both locally and across jurisdictions
- Strong presence in renewable energy lending

- Strengthen Core Franchises
- Expand Growth Segments
- Customer Centricity



Treasury

Pages
100 - 101

15%
(2024: 21%)

09
(2024: 7)

-

- Competent team driving efficient Treasury functions

- Strengthen Core Franchises
- Expand Growth Segments

*Arrived at based on the Bank's internal fund transfer pricing mechanism

Business Lines Performance Review



RETAIL BANKING

Backed by NDB's long-standing presence since 1979 and strengthened by its growth as a full-service commercial bank since 2005, the retail banking franchise has emerged as a prominent player in the market. Supported by intuitive digital platforms that enable customers to spend less effort on banking, and guided by experienced teams with a strong relationship focus, NDB's retail banking proposition continued to deliver relevance, consistency, and value across its diverse customer base through 2025.



RETAIL BANKING PROWESS

NDB's retail banking proposition is built around a deep commitment to customer service, comprehensive financial solutions, and seamless digital enablement. Designed to support individuals at every stage of life, the Bank offers a full spectrum of products and services that address diverse financial needs, from everyday banking to more sophisticated wealth solutions.

This includes thoughtfully differentiated offerings for mass retail customers, emerging affluent segments, and high net worth individuals, ensuring that every customer benefits from solutions aligned to their evolving aspirations.

SOLUTIONS SUITE ON OFFER

Lending products

- Personal loans
- Housing loans
- Leasing
- NDB credit card
- Pawning
- Aachara pensioners' loans

Other solutions

- Digital financial solutions
- NDB debit cards
- Privilege banking
- Safe deposit lockers
- Remittances
- Bancassurance
- Custodian services

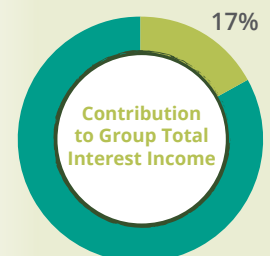
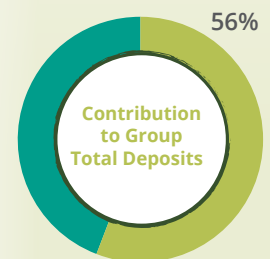
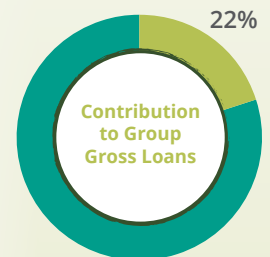
Savings/ investment products

- Savings accounts
- Investment planners
- Current accounts
- Fixed deposits

Special propositions

- NDB Araliya for the women's market segment
- NDB Aachara for senior citizens
- NDB ZEE for youth
- NDB Pixel for teens
- Islamic Banking solutions
- Curated support for student seeking foreign education

RETAIL BANKING CONTRIBUTION TO GROUP PERFORMANCE



OPERATING CONTEXT

The improving economic environment and prevailing low interest rate regime, were the key factors influencing the Bank's Retail Banking segment in 2025. Together these conditions helped to stimulate credit appetite, while also contributing to a notable improvement in customer repayment capacities.

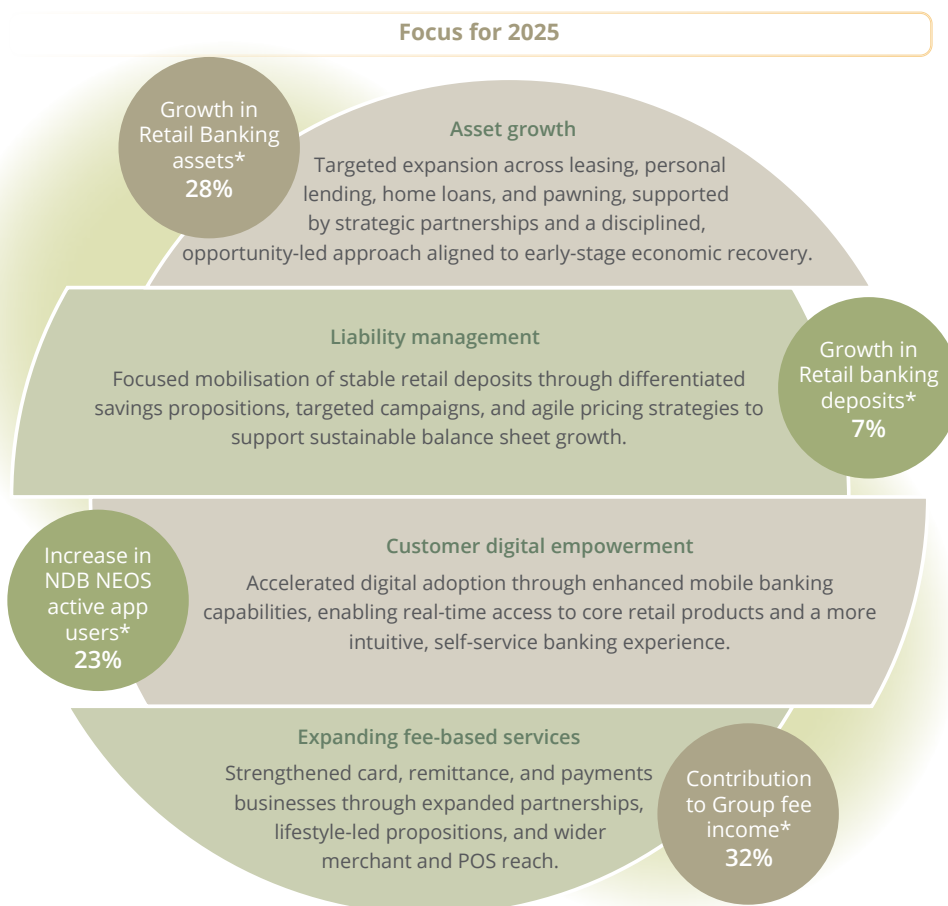
Likewise the full removal of restrictions on vehicle imports from April 2025 saw the revival in the demand for leasing solutions which had remained more or less dormant since the introduction of import restrictions at the onset of the COVID-19 pandemic in 2020.

Despite these favourable developments however, the sustained low interest rate environment coupled with intensifying competition proved to be key challenges in 2025.

PERFORMANCE SUMMARY

The performance of the retail banking segment in 2025 was consistent with expectations with all key metrics achieving targeted outcomes.

The segment recorded year-on-year asset growth supported by progressive loan growth observed across all asset classes during the year. Segment liabilities also expanded significantly in 2025, enabling the segment to retain its position as the largest share of the Bank's deposit portfolio. Meanwhile both fee income and digital transaction volumes attributed to the retail banking segment also improved notably in 2025 compared to the previous year - a testament to ongoing efforts by the Bank to drive digital adoption and enhance customer engagement through technology-led solutions. The steady increase in digital transactions also points to the growing customer confidence in NDB's digital platforms and value-added digital services.



*All growth rates are year-on-year in 2025, over 2024

ASSET GROWTH

Considering the improving consumer sentiments against the backdrop of economic revival and the resumption of vehicle imports, asset growth remained a key priority for NDB's retail segment.

Taking a multi-pronged approach to capitalise on the growing demand for leasing solutions, we tied up with leading vehicle importers to provide customers with flexible and affordable leasing solutions. In parallel, value added services and bundled offers were also implemented to further enhance customer convenience and strengthen the overall leasing value proposition.

In response to the growing number of students pursuing higher education overseas, the Bank introduced a curated financial solution tailored to this segment. The offering includes education loans of up to 75% of the course fee, a waiver of outward telegraphic transfer charges

on the first payment, bundled insurance coverage, and other complementary benefits designed to ease the financial demands on students and their families. The Bank also formed strategic partnerships with leading education consultants in effectively penetrating this segment and taking the Bank's solution closer to them.

Given that economic recovery was at the initial stages, growing the home loans portfolio was based on a highly selective approach. In keeping with this approach, a new loan scheme was launched in 2025 targeting mainly customers with a history of sound financials and strong future cashflow potential.

We also seized the opportunity to grow the pawning business in 2025. With an upswing in gold prices influencing the demand for pawning, we focused on strengthening NDB's pawning footprint to cover an additional 39 branches. This

Business Lines Performance Review

RETAIL BANKING

NDB Bank Partners with John Keells Properties with 100% Loan Offer

In a major leap forward that makes homeownership more accessible than ever, the Bank announced a partnership with John Keells properties to provide a 100% home loan financing solution for Phase 3 of the VIMAN residential project in Ja-Ela. The initiative sets a new precedent with NDB becoming the first-ever Sri Lankan Bank to extend 100% financing offer for a premier residential development

development ensured that 35% of our branch network is equipped to provide dedicated pawning expertise. These efforts were further complemented by targeted ground-level promotional activities to raise awareness of NDB's pawning proposition as a versatile solution for individuals and small business owners.

LIABILITY MANAGEMENT

Our liability management approach continues to work in tandem to support our asset growth strategy. Accordingly, driving savings growth remained the main focus for the retail banking segment in 2025. Amidst challenges encountered due to the low interest rate environment, we strengthened efforts to promote the Bank's savings propositions, particularly to drive Araliya women's savings and minor savings.

A series of programmes were held throughout the year to promote NDB Araliya, among them the flagship Sri Lanka Vanithabhimana 2025, which marked the 5th consecutive edition of the programme. Key efforts to grow the minor savings base were led by segment specific campaigns and also to instill a more disciplined approach to savings through the NDB Shilpa Children's Savings Account. Another notable initiative was the NDB Shilpa Children's Savings Account Santa Campaign 2025. The campaign which was run from 1st October to 15th December 2025 exclusively for Shilpa account holders

aged 15 years and below combines the excitement of the festive season by enabling parents to unlock this magical Santa experience while also laying a strong foundation for their child's future financial independence.



Considering the low interest rate environment, we revisited our term deposits pricing strategy, underscoring the need to strike a balance between funding costs and maintain targeted retention rates. As part of this effort, the Bank introduced the "Super Rates, Super Savings" campaign - a limited-time offer featuring exclusive 100 and 200 days Fixed Deposits designed to deliver higher returns and accelerated savings growth.

EXPANDING FEE-BASED SERVICES

With consumer spending on the rise against the backdrop of improving economic conditions, promotional activities for credit cards were ramped up through the Bank's island-wide branch network. Partner networks were also significantly strengthened with a view to expanding the range of benefits to project the NDB card proposition as a lifestyle solution. To further enhance cardholder engagement and improve usage volumes, we also pursued a series of exclusive tie-ups with leading merchants and service providers to offer attractive discounts and installment plans. The launch of the NDB Mastercard debit card in 2025 marks another significant step in enhancing overall customer experience.

Furthermore, with inward remittances to the country recording exponential growth throughout 2025, NDB focused on internal efficiency improvements and strengthening NDB's global reach as part of a broad based approach to grow captive market share in the inward remittance space.

Digital outreach efforts were further intensified in 2025 with the introduction of the NDB NEOS Pay feature, a QR payment method that was the first in Sri Lanka to enable both banking and merchant transactions within a single app. This initial digital push, facilitated by the JustPay network, allows even customers from other banks to use the NDB NEOS app for merchant and bill payments. To complement these efforts, we activated the deployment of NDB owned Points of Sale (POS) infrastructure to support a holistic payment ecosystem that merges digital innovation with traditional, in-store payment needs, thus ensuring maximum reach and convenience for both customers and merchants.

CUSTOMER DIGITAL EMPOWERMENT

NDB's flagship retail mobile banking platform upgraded in 2025 with the live roll out of NEOS 2.0 in 2025. The latest version of the app is equipped with a range of new features designed to deliver a more seamless and intuitive digital experience that enables customers to perform a range of basic banking tasks including opening Savings Accounts, Fixed Deposits, and obtaining Pawning facilities online in real time, while also providing advanced inbox capabilities for more efficient communication. The upgraded app further allows customers to make part payments, renew pawning contracts, and view the complete status of their contracts directly through the app - a first in the Sri Lankan banking industry. Another key development introduced through the NEOS 2.0 upgrade is the Cashback Loan facility for Fixed Deposit holders.

PRIVILEGE BANKING

Renowned for its excellence in personalised customer service and bespoke lifestyle and financial solutions, NDB Privilege Banking continues to set the benchmark in Sri Lanka's private banking landscape.



PRIVILEGE BANKING PROWESS

Built on a deep understanding of the diverse needs within the high net worth segment, the proposition is anchored on a thoughtfully segmented approach that enables the delivery of highly tailored solutions to a discerning clientele across the island. This leadership position is reinforced by the acumen and professionalism of NDB's relationship managers, whose deep financial expertise, market insight, and relationship-led approach ensure consistently superior outcomes for clients.

WHAT WE OFFER

- Customised financial advisory services
- Curated lending solutions
- 24 hours access to banking services
- Dedicated relationship managers
- Fee-less electronic banking
- Exclusive life and health benefits
- Preferential tariffs for all banking products and services
- A range of value added services including estate planning advisory, philanthropy services, family banking and digital services

PERFORMANCE SUMMARY

The Bank's Privilege Banking Unit has carved out a unique reputation by offering a range of exclusive solutions for discerning high-networth customers across Sri Lanka. In 2025, the Privilege Banking Unit recorded sound growth to further reinforce its position as the market leader in Sri Lanka's private banking space.

During the year, the Unit's pre-tax profitability grew by an impressive 78% compared to 2024, driven by strong KPI performance exceeding the targets set for the year.

FOCUS FOR 2025

Strengthening the client value proposition

In 2025, we continued to enhance our iconic Privilege Banking value proposition by expanding the range of services and offerings available to our customers further

reinforcing NDB's position as a trusted financial partner dedicated to meeting evolving customer needs. Staying true to our longstanding promise of trust and reliability, we deepened ties with our network of reputed partners and also formed several new strategic collaborations with leading global insurance providers to introduce comprehensive health insurance solutions that offer customers enhanced protection and enable them to access international healthcare benefits. In addition, several new alliances were established with key industry players to further broaden the suite of lifestyle and financial benefits available to our clientele.

Improving client engagement

Recognising the importance of deepening client relationships and creating differentiated experiences, we focused on enhancing client accessibility by expanding the Privilege Banking touchpoints. The



opening of our second dedicated Client Centre in Havelock Town marks a major milestone in this endeavour. Purpose-built to offer a holistic banking experience that combines personalised service with an exclusive and comfortable environment, the Centre is designed to harmonise with the dynamic lifestyles of our Privilege Banking clientele. At the same time, the mini-centre network across the country was revamped, with dedicated relationship

Business Lines Performance Review

PRIVILEGE BANKING



managers appointed to manage and nurture regional client relationships. Complementing these efforts, a series of curated events were organised throughout the year to provide NDB's Privilege Banking clients with exclusive benefits and networking opportunities.

NDB Bank opens Havelock Town Privilege Centre

The Privilege Centre Havelock Town is part of NDB's broader commitment to continuously invest in infrastructure and experiences that align with its clients' lifestyles and aspirations. Offering greater privacy, comfort and convenience in an environment curated for focused financial advisory and bespoke banking solutions, the state of the art, purpose-built Privilege Centre raises the bar for private banking services in the local industry.



FUTURE OUTLOOK



Opportunities

- Economic stability and low interest rates fuelling economic activity, in turn leading to steady expansion in credit demand.
- Leverage digital advancements to simplify customer experiences and improve credit quality.
- Emerging demand for private banking services across the island



Challenges

- Continuity of the low interest rates environment adversely impacting the ability to attract and retain funding
- Heightened competitive pressures owing to limited potential for market expansion



Strategic Priorities



STRENGTHEN

- Asset growth - Building on the strong foundation established over the past years, the Bank is well-positioned to accelerate growth momentum in 2026. While all five core lending products are set for expansion, personal loans will be rolled out with added vigour, supported by focused marketing and streamlined processes.
- Developing the Privilege Banking portfolio to strengthen the funding base, ensuring a more balanced and sustainable asset-liability mix of the Bank
- Grow fee-based income streams, specifically the merchant acquiring proposition



SIMPLIFY

- Enhancing customer journeys by ensuring a seamless, intuitive, and fully digital experience across all touchpoints. The upgraded NEOS 2.0 platform will serve as a catalyst for this transformation, enabling digital onboarding and automated loan origination to deliver faster turnaround times to the customer while built-in intelligent credit scoring and monitoring tools will help to safeguard loan quality within the Bank's acceptable limits



SCALE-UP

- Liability growth, particularly CASA will be driven by a customer-centric approach where digital adoption will act as a key enabler in expanding the deposit base.
- Promote financial inclusion by transforming each branch into a one-stop financial solutions hub, ensuring that every retail customer, regardless of their relationship level, has access to the full spectrum of financial products and services.



BUSINESS BANKING

Supporting Small and Medium Enterprises has been integral to NDB's purpose since its establishment in 1979 as a development financing institution. Over the decades, the Bank's business banking proposition has evolved in step with Sri Lanka's changing socio-economic landscape, ensuring continued relevance through solutions that empower entrepreneurs and strengthen the productive sectors of the economy



BUSINESS BANKING PROWESS

Through tailored financing, advisory support, sector-focused expertise, and digitally enabled banking solutions, NDB has powered thousands of enterprises, contributing meaningfully to sustainable economic growth.

In 2025, these efforts were further intensified as the country embarked on a renewed phase of economic revival. Guided by deep market understanding and a strong relationship-led approach, and supported by digital platforms that enhance speed, accessibility, and convenience, NDB Business Banking continued to support SME resilience, expansion, and transformation, affirming the Bank's long-standing role as a trusted partner to Sri Lanka's entrepreneurial community.

SOLUTIONS SUITE ON OFFER

Lending products

- Capex funding
- Leasing
- Trade services including export and import financing solutions
- Cash management evolving and structured working capital funding
- Distributor/Supplier financing
- Receivable financing
- Industry specific working capital solutions
- Refinancing schemes
- Long term loans

Other solutions

- Digital financial solutions
- Credit cards
- Debit cards
- Bancassurance
- Custodian services
- Trustee services
- Cheque warehousing facilities
- Digital banking solutions such as NEOSBIZ
- Business advisory

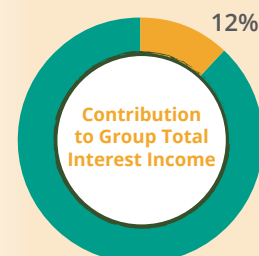
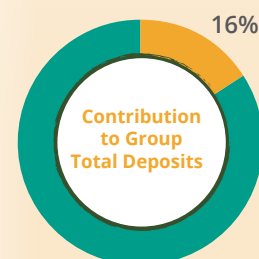
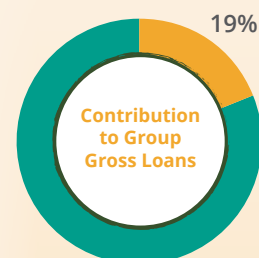
Savings/investment products

- Savings accounts
- Time deposits
- Current accounts

Special propositions

- Islamic Banking solutions

BUSINESS BANKING CONTRIBUTION TO GROUP PERFORMANCE



Business Lines Performance Review

BUSINESS BANKING

OPERATING CONTEXT

The year 2025 brought renewed optimism for the SME sector in Sri Lanka. Improved macroeconomic stability, declining interest rates, and the gradual recovery of both domestic and export demand created a multitude of opportunities for SMEs in sectors such as manufacturing, exports, and services to rebuild operations, diversify product offerings, and re-engage in growth-oriented activities that had been constrained in previous years.

However, structural weaknesses within the SME sector continue to pose significant challenges to sustained progress. Limited access to affordable long-term financing, gaps in financial literacy, and inadequate adoption of digital and technological solutions constrain the sector's ability to scale efficiently. In addition, operational inefficiencies and limited market diversification expose SMEs to external shocks and increasing competitive pressures.

PERFORMANCE SUMMARY

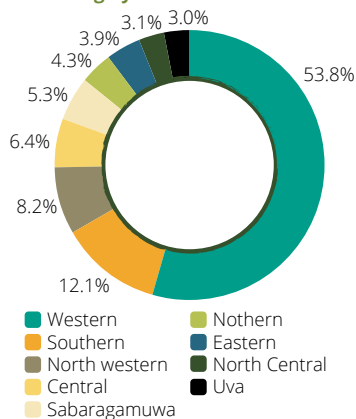
NDB has long held a proud legacy of supporting Sri Lanka's SME sector, and today stands as one of the few banks in the country with an SME portfolio exceeding LKR 100.0 Bn.

Buoyed by the country's economic revival and the resurgence across key sectors in 2025, the Bank further intensified its focus on SME sector development, focusing in particular on strengthening exports, trading, tourism, and agriculture. Consistent efforts throughout the year saw the Bank's SME loan book growing by over LKR 30 Bn, marking the highest annual SME disbursement in NDB's history that further reinforces NDB's position as a trusted banking partner for small and medium enterprises.

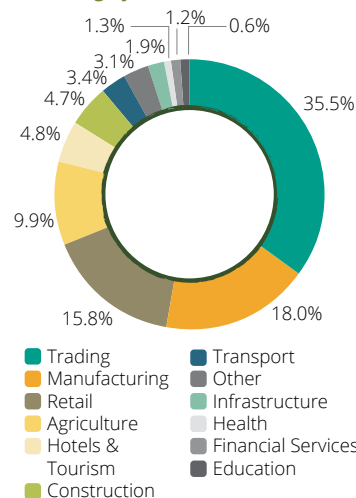
In keeping with this trust mandate, we continued to extend support to customers who had been adversely affected during the economic crisis. While continuing to offer targeted concessions and debt relief measures to enable stressed clients to manage their obligations and retain

access over their assets, from mid-2025 onward, the focus also shifted toward offering loans, working capital facilities, and overdraft support to help businesses to resume activities and explore potential opportunities for recovery. Meanwhile following the devastating impacts of the Cyclone Ditwah in November 2025, affected businesses were granted immediate debt relief and additional funding as needed to resume business operations and maintain continuity as much as possible. Collectively, these initiatives contributed to enhancing the repayment capacity of SMEs, in turn leading to a notable improvement in portfolio quality, with Non-Performing Assets (NPAs) within the SME portfolio reducing considerably compared to the previous year.

SME Lending by Province



SME Lending by Sector



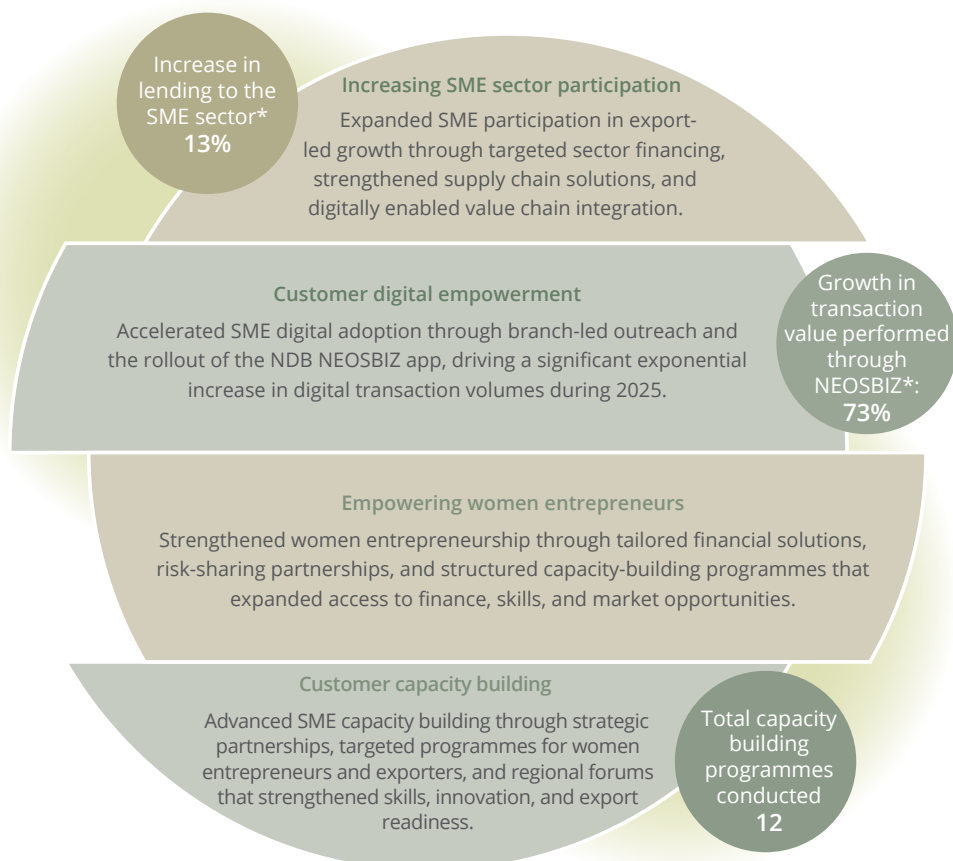
NDB named Sri Lanka's Best Digital Bank for SMEs at The Prestigious Euromoney Awards 2025

NDB was named Sri Lanka's Best Digital Bank for SMEs at the Euromoney Awards for Excellence 2025, reaffirming its leadership in delivering progressive, technology-driven, and focused solutions that align with the nation's strategic development priorities and underscoring the Bank's commitment to empower Sri Lanka's SMEs in their transition to the digital space, one that is locally grounded yet aligned with global standards.

At the heart of this achievement are two of NDB's groundbreaking platforms, namely NEOS BIZ and TradeLinc, both developed and implemented to offer SMEs the tools they need to thrive in a rapidly evolving business landscape.



Focus for 2025



Launch of TradeLinc

TradeLinc, an in-house-developed platform for supply chain finance sets a new benchmark in financial technology, delivering tailored solutions designed to empower Sri Lankan Corporates, SMEs and their channel partners and drive the nation's digital transformation.

By enhancing supply chain visibility and fostering collaboration among suppliers, distributors, and corporate partners, TradeLinc offers a transformative experience for businesses.

TradeLinc's innovative approach to supply chain finance has already earned it national recognition, being awarded at the prestigious National Best Quality Software Awards (NBQSA).



the Southern and Central regions, many of which had ceased operations during the 2022 economic crisis. Building on this success, the supply chain financing solution was further extended to cover the rice and paddy sector.

To further complement these efforts, TradeLinc - NDB's proprietary value chain financing solution was deployed in full force in 2025 (refer Digital capital on page 118 for more information).

POWERING THE RURAL ECONOMIC DEVELOPMENT

Demonstrating its advocacy of rural economic development, NDB partnered with the National Credit Guarantee Institution (NCGI) scheme to support SME sector development in the North and East, regions that have historically

*All growth rates are year-on-year in 2025, over 2024

INCREASING SME SECTOR PARTICIPATION IN EXPORTS

In 2025 NDB focused on expanding regional lending, a move that also represents the Bank's broader agenda to strengthen and diversify Sri Lanka's SME sector.

Recognising that the contribution from local SMEs to national exports remains relatively low compared to regional peers, we focused on financing SMEs engaged in export-related activities across the country. Working to increase SME participation in the export value chain, we prioritised lending to sectors with high export potential, particularly cinnamon, coir, coconut, and fisheries, alongside export-oriented manufacturing and import substitution industries.

Envisaging strong demand, we also modernised our backend system architecture with the introduction of a new loan origination system that enables end-to-end online approvals, thereby enhancing efficiency and improving the overall customer experience.

SUPPLY CHAIN FINANCING

The focus on supply chain financing was also further intensified. We took steps to deliver access to finance across multiple value chains. A notable success in this regard was the Tea Sector Supply Chain Financing Scheme that allows tea factories to access financing against broker advances and inventory holdings. The product has been well received, and has been responsible for the revival and expansion of several tea factories across

Business Lines Performance Review

BUSINESS BANKING

remained largely underserved by formal financial services. Leveraging the NCGI scheme, the Bank extend targeted credit facilities to entrepreneurs and micro, small, and medium enterprises engaged in a wide range of business activities with special emphasis on reviving regional industries such as agriculture, fisheries, handicrafts, and small-scale manufacturing. The initiative was designed not only to strengthen local livelihoods but also to deepen financial inclusion, thereby establishing a foundation for sustained and inclusive regional economic development over the long term.

CUSTOMER CAPACITY BUILDING

Having identified customer capacity building as a core pillar of our SME strategy, we continue to work closely with key institutions such as the Export Development Board (EDB), National Enterprise Development Authority (NEDA), and various chambers of commerce to deliver structured programmes focused on upskilling entrepreneurs, enhancing managerial capabilities, and fostering innovation.

In keeping with the Bank's women's empowerment drive, significant emphasis was placed on capacity building for women entrepreneurs. More recently, we have also started specially curated capacity building programmes specifically to assist exporters across Sri Lanka to understand regulatory and policy developments. In 2025, NDB hosted another successful Exporter Forum in Kandy, bringing together a distinguished audience of exporters, business leaders, and key stakeholders to share insights and explore strategies to strengthen Sri Lanka's export potential. The event, which forms part of NDB's ongoing series of regional engagements, was specifically designed to empower both emerging and established exporters with financial solutions, advisory support, and practical knowledge to expand their presence in global markets.

CUSTOMER DIGITAL EMPOWERMENT

Digital empowerment has become a critical enabler of SME growth with the Bank's branch network spread across 113 localities assigned a clear mandate to focus on driving digital adoption among SME customers. Teams were tasked with raising awareness about the NDB NEOSBIZ app – the Bank's pioneering mobile banking application designed to deliver greater convenience and improved transaction efficiency.

NEOSBIZ performance	2024	2025
Active customers	2,999	4,900
Number of transactions	412,740	768,900
Value of transactions (LKR Bn)	73.3	127.2



EMPOWERING WOMEN ENTREPRENEURS

Women's empowerment remains a central pillar of NDB's SME growth strategy, where led by our internal "Banking on Women" mandate, we continue to design tailored financial and non-financial solutions that address the unique challenges faced by women entrepreneurs.

Further amplifying the commitment to empowering women entrepreneurs in 2025, NDB engaged in several targeted initiatives. We began collaborating with the Women Entrepreneurs Finance Initiative (We-Fi) a global body that will aid our efforts to scale-up access to financial

products and services, capacity building, mentorship, and open up opportunities for women entrepreneurs. The Bank also partnered with the National Credit Guarantee Institution (NCGI) scheme, where women entrepreneurs are entitled to 80% loan guarantee offered at a lower commission rate compared to the standard 67% applicable to other borrowers. These facilities were extended across priority sectors including startups, IT, exports, tourism, and climate-resilient enterprises, in line with NCGI guidelines.

To complement these financial solutions, the "Vanitha Viyawasayakathwa Athwela" programme was launched in partnership with external stakeholders. This six-month, certified programme saw 120 women entrepreneurs benefitting from both online and in-person training sessions covering business planning, finance, HR management, marketing, and regulatory compliance. Offered entirely free of charge, the programme was designed to equip women with practical knowledge and leadership skills to start, manage, and scale their businesses successfully.

2025 also marked the fifth consecutive year of NDB's flagship Sri Lanka Vanithabhimana initiative, that celebrates and empowers women at various stages of their entrepreneurial journey. This year, the programme was further expanded to include up-skilling and market readiness training, helping women entrepreneurs gain access to new markets and adopt modern business practices (refer Social and Relationship Capital on pages 152 - 153 for more information).

REFINANCE OPERATIONS

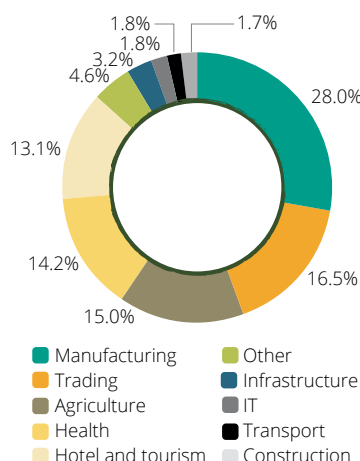
Established with the inaugural purpose in 1979 of serving as an apex institution to channel development funding from the Asian Development Bank, NDB has, since inception, played a central role in directing long-term capital towards Sri Lanka's priority sectors. As a participating financial institution for numerous refinancing schemes of the Government of Sri Lanka and multilateral funding agencies, the Bank's Refinance arm continues to channel concessionary, long-term funding and technical assistance to segments most in need, facilitating productive investment, innovation, employment generation, and sustainable national growth.



CREDIT LINES

- Environmentally Friendly Solutions Fund Project- II Revolving Fund (E Friends)
- Small Micro Industries Leader and Entrepreneur Promotion Project III Revolving Fund (SMILE III)
- Re-energizer loan scheme
- Small and Medium sized Enterprises Line of Credit Project (ADB SMELoC)
- United States International Development Finance Corporation (DFC) – Foreign Funding Project
- Kapruka Ayojana Loan Scheme (Coconut Cultivation Board)

Loans Granted by Sector



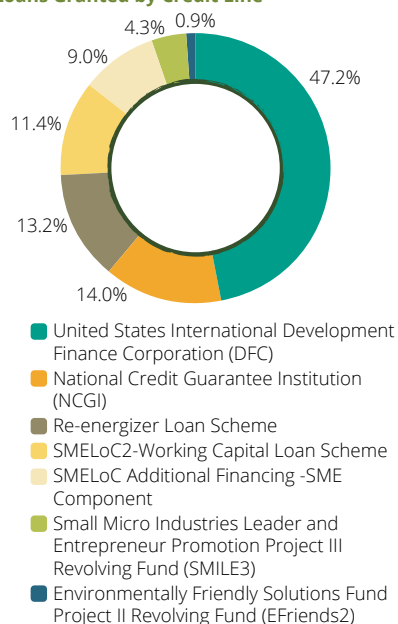
LKR 4,621.3 Mn

worth loans granted under
Re-finance schemes for the year 2025

listed previously, in collaboration with the Ministry of Finance, Asian Development Bank, etc. The lending solutions target priority sectors such as manufacturing, agriculture, tourism, exports, apparel, construction, and agro-based industries, the scheme supports a wide range of business needs, including investments in machinery, equipment, solar installations, and productivity enhancements, factory expansions, and technology upgrades.

Performance summary

Loans Granted by Credit Line



FOCUS FOR 2025

Strengthening SME sector competitiveness

NDB made a conscious decision to focus on enhancing the competitiveness and resilience of Sri Lanka's SME sector, underscoring the commitment to address inherent structural barriers faced by the SME sector such as limited access to finance, insufficient collateral, low technological adoption, and capacity-building gaps that often restrict their growth potential and global integration.

To support these efforts, a number of refinance loan schemes were operationalised at concessionary rates, as

Industry collaborations

The Bank continued its participation in the National Credit Guarantee Institution Limited - Sri Lanka (NCGIL) Credit Guarantee Scheme as a shareholder. This Public-Private partnership between the Government of Sri Lanka (GOSL) and 10 local commercial banks, help SMEs and startups access loans from Participating Financial Institutions (PFIs) based on National Credit Guarantee Institution (NCGI) provided guarantees, eliminating the need for collateral. NDB has granted the fourth highest value in value under NCGIL out of 13 Share Holder Financial Institutes for the year 2025.

Business Lines Performance Review

ISLAMIC BANKING

Celebrating a decade of operations, NDB Shareek has established itself as a trusted provider of Shariah-compliant financial solutions, serving individuals and corporates of all sizes across Sri Lanka. Backed by experienced teams and guided by dedicated Shariah scholars, the proposition combines deep expertise with customer-centric innovation, offering accessible and comprehensive solutions through NDB's extensive branch network. Over the past ten years, NDB Shareek has built a strong reputation for delivering alternative banking products that meet the evolving needs of its diverse clientele, reinforcing its leadership in the Islamic banking space.



SOLUTIONS SUITE ON OFFER

- Shariah-compliant solutions across Retail, SME and Corporate segments
- Mudarabah Savings and Term Investments that offer competitive monthly and maturity profit payments
- Wakala Term Investments
- Murabaha Financing for working capital and trade finance requirements
- Wakala Financing for investment management and working capital requirements
- Diminishing Musharakah for project and home financing
- Ijarah for vehicles and machinery financing

PERFORMANCE SUMMARY

NDB Shareek delivered a strong performance for the year 2025, recording 47% growth in total assets well ahead of industry metrics for the same period.

Awards and accolades at both national and international forums further strengthened NDB Shareek's market positioning and brand equity in 2025. Notably, being awarded the "Deal of the Year" at both the SLIBFI and IFFSA awards for three consecutive years stands as a testament to the Unit's expertise in structuring complex, large-scale Shariah-compliant transactions and its continued leadership within Sri Lanka's Islamic banking sector.

Focus for 2025

Customer digital empowerment

No. of active Shareek client base using the NEOS app
25%

Process re-engineering

LOS system launched

*All growth rates are year-on-year in 2025, over 2024

Drive business growth

NDB Shareek's broad based efforts to drive its suite of Islamic financing products were led by its disciplined and relationship-led financing approach that is designed to strike a balance between asset growth and optimising asset quality.

Likewise, we actively promoted value-added services such as the newly launched digital on-boarding feature on the NEOSBIZ digital app with the aim of further improving the overall customer experience. Complementing these efforts, the Unit continued to offer advisory support to SMEs through exporter forums, trade facilitation services etc.

Breakthrough Performance 2024/2025

Gold Award – South Asia At the Islamic Finance Forum of South Asia (IFFSA) Awards 2025 (Islamic Finance Forum of South Asia)



Meanwhile on the deposit mobilisation front, the Unit focused on leveraging the branch network to expand island-wide reach and improve visibility.

Customer digital empowerment

With customer digital adoption considered a key priority, mobile and online banking capabilities were extended to Islamic accounts, enabling customers to access services seamlessly through multiple channels.

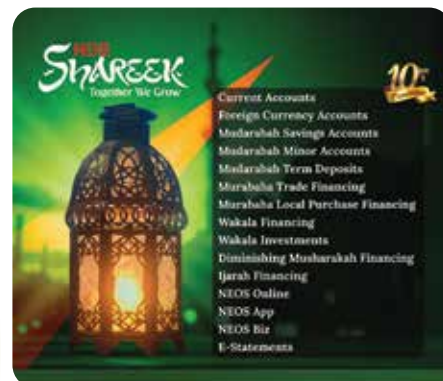
To further extend reach and improve customer experience, ties with payment networks, trade partners, and digital service providers were further strengthened to facilitate smoother, end-to-end customer journeys.

Process re-engineering

Ongoing process re-engineering initiatives gathered momentum in 2025 with key investments directed towards upgrading digital platforms, including enhancements to online account opening and e-statement delivery.

Similarly the introduction of integrated digital workflows covering the end-to-end loan origination system (LOS) was

another key development implemented in 2025 that has led to a significant reduction in customer turnaround times. In parallel, data analytics capabilities were strengthened to support more informed credit decisions and improve product customisation.



FUTURE OUTLOOK



Opportunities

- Projected exponential growth in the SME sector in line with Sri Lanka's broader economic recovery.
- Expansion of the SME sector owing to the national focus on export growth and tourism development



Challenges

- Geopolitical uncertainties including ongoing conflicts in the Middle East and Russia as well as U.S. tariff adjustments, particularly those affecting China, could disrupt export markets.
- Heightened climate change risk attributed to the absence of a major drought in Sri Lanka increases the threat to SMEs in the agriculture sector



Strategic Priorities



STRENGTHEN

- SME portfolio growth by prioritising sectors that have shown strong recovery momentum in 2025, namely exports, agriculture, tourism, and trading (import/export finance).
- The Business Revival unit will continue to work with Cyclone Ditwah affected businesses by extending tailored financial and advisory support, including structured repayment solutions, working capital facilities, and business recovery guidance to enable these enterprises to stabilise their operations, rebuild resilience, and return to sustainable growth.



SCALE-UP

- Champion financial inclusion for women entrepreneurs by leveraging the National Credit Guarantee Institution (NCGI) scheme to provide refinance-backed loans with preferential terms. This together with financial literacy and capacity-building programmes in collaboration with NGOs, development partners, and women's chambers to enable women-owned enterprises to expand beyond domestic markets. The ultimate aim of this exercise is to create 50 female exporters by 2030.
- Drive digital adoption integrating digital tools for payments, trade finance, and cash flow management to help SMEs transition to more efficient, transparent, and data-driven operations.
- Expand its green and climate-resilient financing portfolio to focus on funding for renewable energy projects, sustainable agriculture, and resource-efficient technologies, etc.



SIMPLIFY

- Restructure products, services and channels (digital and physical) to make banking faster, more convenient, and more inclusive, particularly for rural and regional entrepreneurs.
- Streamlining internal workflows through automation and technology-driven process redesign to improve turnaround times for credit approvals, disbursements, and customer servicing.

Business Lines Performance Review



WHOLESALE BANKING

NDB's wholesale banking proposition delivers a comprehensive suite of financial and non-financial solutions, including working capital financing, transactional banking, cash management and supply chain financing with solutions extending as offshore lending too. As our corporate clients drive economic growth, employment, and foreign income, we take pride in providing trusted, tailored support, enhanced by digital solutions, to empower businesses and strengthen Sri Lanka's broader economic ecosystem.



SOLUTIONS SUITE ON OFFER

Lending products

- Overdrafts
- Working capital financing
- Leasing
- Cash management
- Trade finance solutions
- Distributor/Supplier financing
- Receivable financing
- Term loans

Savings/investment products

- Current accounts
- Savings deposits
- Fixed deposits

Other solutions

- Digital financial solutions
- Custodian services
- Trustee services

Special propositions

- Islamic Banking solutions

Activity in the construction sector was muted with liquidity pressures, delayed settlements, and limited access to new large-scale projects continuing to affect performance. At the same time, the apparel sector, traditionally one of the strongest contributors to the Sri Lankan economy, faced fresh challenges amidst weaker demand from key markets influenced by uncertainties in global trade tariffs.

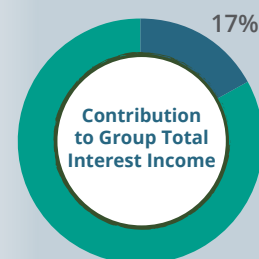
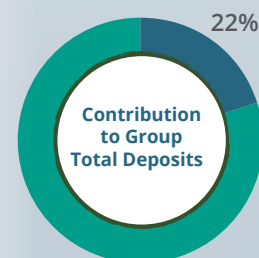
OPERATING CONTEXT

With improving macroeconomic conditions triggering a revival in business activity across most industries, the Corporate sector showed early signs of stabilisation in 2025. A notable development was the resurgence in trade-related activities, where easing import restrictions, improved foreign exchange availability, and strengthening external demand contributed to renewed momentum. However, despite these improvements, the recovery remained uneven, with some sectors continuing to face challenges.

PERFORMANCE SUMMARY

Despite improving business confidence in 2025, the Corporate sector continued to exercise prudence in light of cost pressures and longstanding pressure on balance sheets induced by challenging economic conditions in recent years. These conditions, coupled with rising competitive pressures across the banking sector, prompted NDB to adopt a measured lending approach during the first half of the year to ensure disciplined asset growth.

WHOLESALE BANKING CONTRIBUTION TO GROUP PERFORMANCE



However, given the sustained improvement in key economic indicators in the latter part of 2025, the Bank recalibrated its lending strategy. Broad-based outreach lending efforts were significantly accelerated, resulting in a steady increase in new customer acquisitions during the second half of the year. These efforts were further supported by the Bank-wide rollout of the new Loan Origination System (LOS) that would not only improve turnaround times across the lending cycle but also introduce evidence-based decision-making to safeguard asset quality over time.

Meanwhile, timely efforts to leverage the renewed momentum in the trade-related sectors translated into stronger uptick in transaction volumes and a healthy year-on-year expansion of fee-based income for 2025.

Concurrently, liability growth remained a priority, forming part of a broad based strategy to strengthen NDB's liquidity to support future credit expansion.

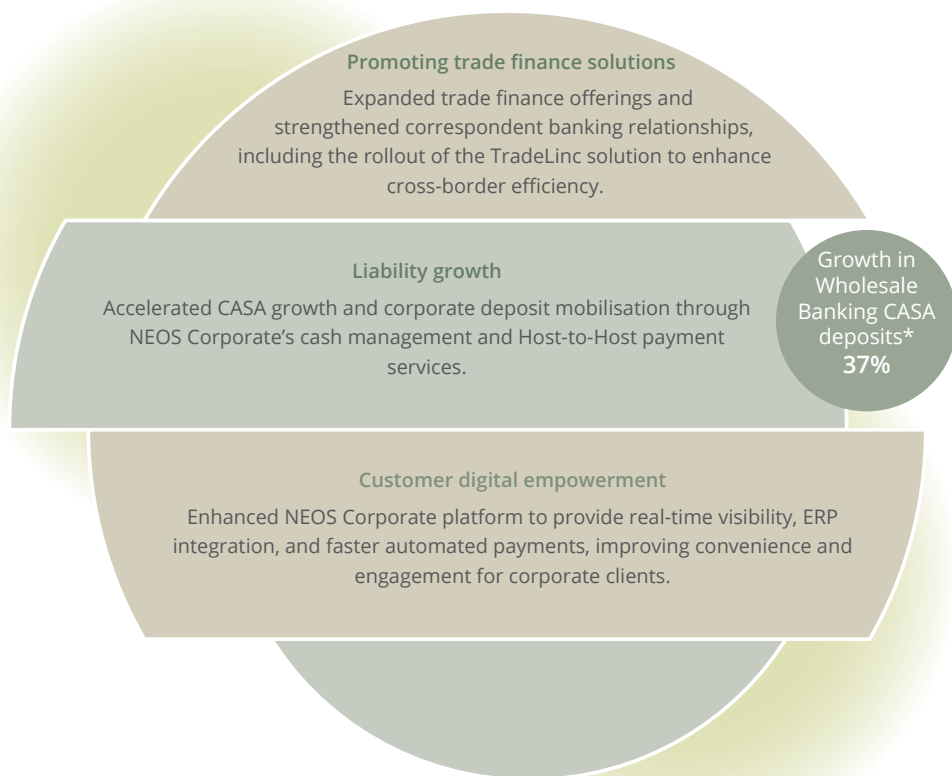
PROMOTING TRADE FINANCE SOLUTIONS

Building on the revival in trade-related activity during 2025, NDB adopted a proactive client acquisition strategy focused on reaching out to businesses early and offering tailored trade solutions to meet their requirements.

In parallel, the network of global correspondent banks was further strengthened to enhance service reliability and facilitate smoother cross-border transactions, while internal systems were streamlined to enhance operational efficiency and ensure seamless customer experience.



Focus for 2025



*All growth rates are year-on-year in 2025, over 2024

The launch of TradeLinc trade financing solution, which was a unique and powerful solution to Corporate clients was a key initiative rolled out during the year.

LIABILITY GROWTH

The Bank pursued an aggressive liability mobilisation strategy in 2025 with a sharper focus on CASA growth. Capitalising in the growing demand for digital solutions, we made a strong push to promote our NEOS Corporate Platform with its key features such as the cash management solutions as well as Host-to-Host (H2H) payment services, in order to widen our Corporate customer base as well as to capture a larger share of the transactional accounts of existing clients.

CUSTOMER DIGITAL EMPOWERMENT

In keeping with our promise to increase customer digital adoption, improvements to the NEOS Corporate Platform progressed steadily, with final refinements underway ahead of the anticipated rollout of NEOS 2.0. The latest version of NEOS Corporate with its seamless, secure, and intuitive digital banking interface offers real-time visibility and faster automated payment processing through ERP system integration enabling straight-through processing is set to significantly enhance convenience, efficiency, and engagement for NDB's wholesale banking clientele.

Business Lines Performance Review

WHOLESALE BANKING



FUTURE OUTLOOK



Opportunities

- Signs of a turnaround in the construction and apparel sectors towards end 2025 present opportunities to expand lending and related financial solutions.
- The groundwork laid in 2025 positions the Bank to grow assets and liabilities across the Corporate sector.



Challenges

- Heightened competitive pressures within the local banking industry.



Strategic Priorities



STRENGTHEN

- Leverage new features and enhancements in the NEOS Corporate platform to capture a greater share of Corporate financial needs.



SIMPLIFY

- Develop customised digital tools to provide real-time visibility and data-driven insights to enhance operational efficiency and client experience.



SCALE-UP

- Expand trade financing operations to capture increased transaction volumes.



PROJECT AND INFRASTRUCTURE FINANCING

NDB continues to drive transformative investment in Sri Lanka through its Project and Infrastructure Financing unit, providing long-term financing and advisory solutions across sectors critical to sustainable economic growth. Our portfolio spans renewable energy, water projects, tourism, and other strategic industries, supporting initiatives that strengthen the nation's economic foundations. Leveraging expertise in multi-jurisdictional lending and complex project structuring, our team delivers tailored solutions that enable clients to navigate every stage of project development with confidence and efficiency.



SOLUTIONS SUITE ON OFFER

Lending products

- Term loans
- Financing for leveraged buyouts
- Investment in listed securities

Savings/investment products

- Savings products
- Fixed deposits
- Current accounts

Special propositions

- Islamic Banking solutions

Other solutions

- Services on debt syndications such as lead arranger function
- Facility agent function and Escrow agent function
- Custodian services
- IPO underwriting services
- Cash collection services
- Trade services

investors exploring opportunities to enter into the country's manufacturing, logistics, and infrastructure domains.

PERFORMANCE SUMMARY

Bolstered by the revival in economic conditions and the resurgence of project activity across priority sectors, NDB's PIF Unit made solid progress across all fronts. Amidst heightened competitive pressure, the Unit's loans portfolio registered 33.8% year-on-year growth. Consequently, the Unit's contribution to the Bank's overall lending portfolio increased to 25%, underscoring its growing strategic importance within NDB's balance sheet.

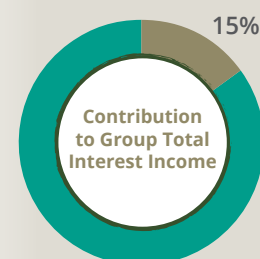
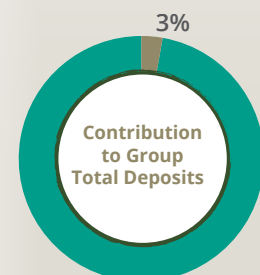
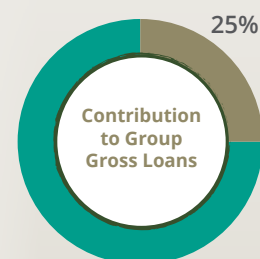
Equally importantly, a significant improvement was observed in asset quality, a testament to the Unit's sector-focused, risk-based approach towards new lending. In addition the new impairment forecasting and predictive analytics model implemented for early risk identification coupled with stringent portfolio monitoring

OPERATING CONTEXT

Many key sectors of the economy appeared to regain momentum in 2025, with businesses actively resuming investment and expansion plans which had been curtailed by the challenges encountered in the recent past.

In yet another encouraging development, the Government of Sri Lanka's continued emphasis on energy security and sustainability, coupled with policy incentives promoting solar, wind, and other renewable projects, together created strong momentum in this sector. Additionally, buoyed by the renewed confidence in Sri Lanka's long-term economic prospects, there was a marked increase in interest from overseas

PIF CONTRIBUTION TO GROUP PERFORMANCE



and extensive client support initiatives to strengthen cash flow discipline and operational recovery enabled a large portion of facilities to transition back to the Stage 1 classification.

Business Lines Performance Review

PROJECT AND INFRASTRUCTURE FINANCING

Focus for 2025

Promoting sustainable financing

The Unit strengthened its role in Sri Lanka's sustainable transition by prioritising renewable energy and social development infrastructure projects, enhancing internal expertise and processes, leveraging global partnerships, and preparing to issue GSS+ Bonds to mobilise long-term sustainable capital.

Total
renewable
energy lending
portfolio
LKR 8,997 Mn

Expanding the off-shore portfolio

Expanded offshore lending in South and East Asia, financing cross-border projects to diversify assets, boost foreign currency income, and support sustainable regional development.

Growth in
PIF off-shore
lending
portfolio*
134%

*All growth rates are year-on-year in 2025, over 2024

PROMOTING SUSTAINABLE FINANCING

Encouraged by the momentum toward clean energy and sustainable infrastructure, we focused on becoming a key enabler in supporting Sri Lanka's decarbonisation goals. To aid in this transition, the Bank prioritised the allocation of resources towards renewable energy projects. To that end, we actively participated in multiple syndications aimed at financing renewable and sustainable infrastructure, underscoring NDB's role as a catalyst in mobilising private and international capital for green development.

Looking to expand our bandwidth beyond renewable energy to cover a broader scope of the sustainability landscape, we tapped into ongoing partnerships with global funding agencies to facilitate access to sustainable financing including large-scale greenfield projects in the areas of water and sanitation.

Given the growing pipeline of renewable and sustainable infrastructure projects, NDB's PIF Unit undertook several internal process improvements, key among was the move from a conventional corporate-

and-infrastructure focus to build key sectorial expertise including technical depth and cross-sectoral competence within the unit.

Additionally, adoption of the new Loan Origination System (LOS) has helped to automate internal workflows to support better scalability, while reducing turnaround times.

In a landmark move to further solidify its presence as a long-term partner in Sri Lanka's sustainable transition, the Bank initiated the process towards the issuance of GSS+ Bonds, which is expected to be completed during the first quarter of 2026.

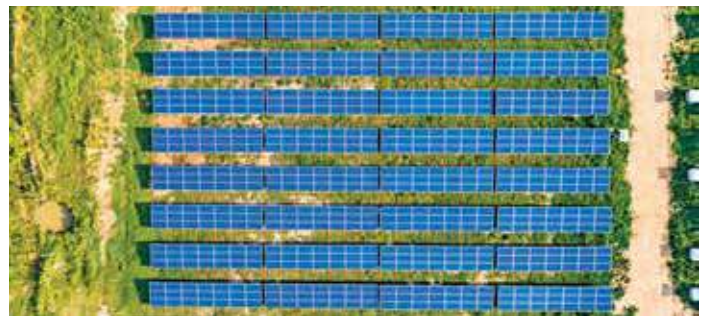
EXPANDING THE OFF-SHORE PORTFOLIO

Keen to position itself as a regional player, NDB's PIF Unit ramped up efforts to expand its offshore lending portfolio in 2025. Adopting a strategic approach to tap into higher-yielding opportunities in fast-growing sectors across South Asia and East Asia, we achieved notable success in financing several large cross-border projects with strong development potential and sustainable economic and social impact.

The expansion of the offshore portfolio also represents NDB's broader vision to diversify its asset base and enhance foreign currency income streams in order to safeguard the Bank's Balance Sheet against volatility in the domestic market.



Ground mounted solar projects in Nachchaduwa, Anuradhapura





FUTURE OUTLOOK



Opportunities

- The global shift toward sustainability will drive the demand for renewable energy financing and green infrastructure in Sri Lanka.
- Growing interest from foreign investors to invest in South and East Asia.



Challenges

- Heightened competitive pressures in the Sri Lankan market.
- Interest rate volatility and global monetary policy uncertainty, especially speculation surrounding potential rate cuts by the U.S. Federal Reserve.
- Varying regulatory and geopolitical conditions influencing regional markets.



Strategic Priorities



STRENGTHEN

- Deepen market penetration within Sri Lanka by focusing on projects of national importance and pioneering ventures that contribute directly to economic growth.
- The risk-based evaluation framework to manage competitive pressures, while ensuring sustainable returns and sound portfolio quality.



SIMPLIFY

- Further simplification of loan approval processes for swifter turnaround times.



SCALE-UP

- Build on offshore lending momentum to capture emerging opportunities across South and East Asia.
- Enhance partnerships with global funding agencies and investors to mobilise long-term financing for sustainable and climate-resilient infrastructure.

Business Lines Performance Review



TREASURY OPERATIONS

Through 2025, NDB's Treasury played a central role in safeguarding Balance Sheet strength and optimising financial performance amid evolving market conditions. Through disciplined risk management, dynamic liquidity planning, and prudent capital and funding strategies, the Treasury supported sustainable margins while ensuring resilience against interest rate and foreign exchange volatility. A proactive and market-responsive approach enabled the Bank to remain well positioned to meet both regulatory requirements and strategic growth objectives.



OPERATING CONTEXT

The Central Bank of Sri Lanka's sustained monetary policy easing in 2025, which saw interest rates moving steadily downward provided a strong boost to credit demand as businesses resumed investment activity and moved ahead with expansion plans.

At the same time, the LKR exhibited greater stability through most of the year on the back of improving external sector performance. Despite moderate depreciation in the latter part of the year owing to increased import activity, the LKR remained broadly stable throughout 2025, marking a notable shift from the volatility experienced in the recent past.

LIQUIDITY MANAGEMENT

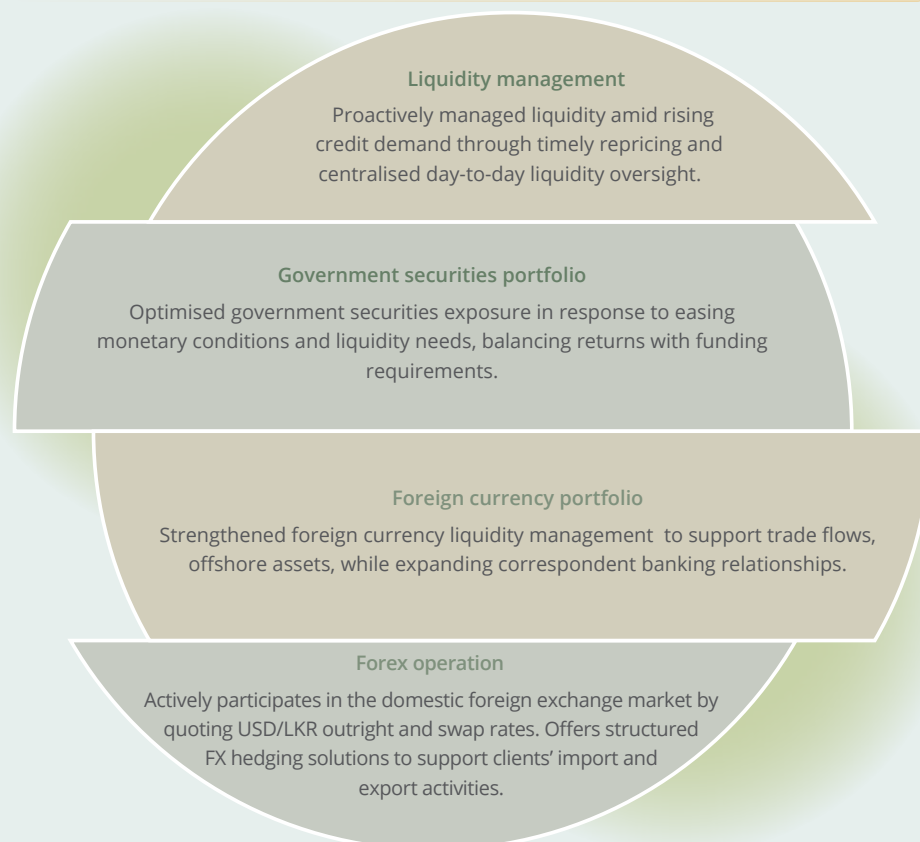
As the key custodian of the Bank's liquidity management strategy, the Treasury actively responded to emerging liquidity requirements influenced by rising credit demand in 2025, while ensuring timely repricing of assets and liabilities to minimise potential maturity mismatches owing to the declining rate regime. As per the new policy guidelines, day-to-day liquidity management was centralised under Treasury with the ALCO providing strategic oversight as required.

PERFORMANCE SUMMARY

NDB's Treasury continued to play a critical role in supporting the Bank's growth trajectory in 2025. Aligning with the Bank's broader growth agenda, the Treasury focused on balancing liquidity requirements to drive credit expansion against the backdrop of declining interest rates. Likewise exchange rate exposures were managed in order to enhance the Bank's capacity to support trade flows and cross-border activity.

LKR Mn	2025	2024	2023
Interest income	30,252	32,691	45,219
Investments	267,414	250,130	225,990
Borrowings	112,950	57,347	73,896

Focus for 2025



*All growth rates are year-on-year in 2025, over 2024

GOVERNMENT SECURITIES PORTFOLIO

While the CBSL's decision to ease monetary policy created favourable conditions on the trading front, the Treasury continued to maintain the Bank's government securities portfolio intact for most of the year. However, rising credit demand coupled with slower deposit inflows saw the Treasury systematically reducing the exposure to government securities towards the end of the year in order to balance liquidity requirements and returns.

FOREIGN CURRENCY PORTFOLIO

In 2025, the Treasury continued to strengthen the Bank's foreign currency position by strategically releasing the portfolio of interbank placements to facilitate trade services. Notably, excess foreign currency liquidity was redirected towards medium-term offshore assets. Meanwhile to further support trade flows and enhance NDB's cross-border capabilities, the network of global correspondent banks was further strengthened with several new partnerships forged with banks in Europe and Southeast Asia.

FOREX OPERATIONS

Engagement in foreign exchange market activities provides banks with multiple strategic advantages, including revenue enhancement, improved liquidity management, strengthened international operations, and deeper customer relationships. When conducted within a robust risk management and compliance framework, foreign exchange operations contribute meaningfully to overall profitability and support the institution's long-term sustainable growth.



FUTURE OUTLOOK



Opportunities

- Stable exchange and interest rate outlook will provide foreign investor interest in Sri Lanka.



Challenges

- Increased competition for customer relationships will have a negative impact on interest spreads and fee income.



Strategic Priorities



STRENGTHEN

- Expand the liability base to support the planned expansion of assets.
- Upgrade the existing Asset-Liability Management (ALM) system to support the expanded scale and sophistication of Treasury operations.



SIMPLIFY

- Invest in new technology to streamline Treasury operations, including the introduction of a dedicated Treasury system to replace legacy systems.
- Implement the revised and simplified Fund Transfer Pricing Policy from 2026.
- Leverage AI to enable data-driven insights to enhance operational efficiency.



SCALE-UP

- Broad base liquidity and funding channels in line with the Bank's credit expansion strategy.
- Increase participation in FOREX activities.
- Grow Treasury-led investment activities by capitalising on favourable stock market conditions.

Group Companies Performance Review



Sri Lanka continued its recovery trajectory in 2025 but had to contend with Cyclone Ditwah, which caused material damage to Agriculture, Transport, Infrastructure and Livelihoods. Although the macroeconomic impact was contained, the event underscored the growing structural risk posed by climate volatility. At the same time, the coordinated response from both the public and private sectors demonstrated an increased capacity to absorb shocks and sustain continuity under challenging conditions.



Capital Markets also reflected this resilience. Equity Markets recorded strong gains during 2025, supported by improved corporate earnings and a declining interest rate environment. The All Share Price Index (ASPI) increased by 41.9% during the year, while the Standard & Poor's Sri Lanka 20 Index (S&P SL20) rose by 26.6%, with the ASPI closing above 22,624 points. Fixed income markets remained broadly stable, with the 12-month Treasury bill rate ending the year at 8.45%. Market participants largely viewed the disruptions caused by Cyclone Ditwah as temporary, with no material reassessment of medium-term fundamentals.

The fiscal environment remains constrained. Reconstruction related expenditure now adds pressure to an already tight fiscal consolidation path. Sustained improvements in revenue collection will be critical to maintaining credibility with creditors and ensuring continued progress under the external financing programme. Simultaneously, the Government faces the challenge of providing targeted support to communities most affected by climate-related events, while preserving hard-won macroeconomic

stability. These dynamics are expected to shape the operating environment for financial institutions in 2026.

Looking ahead, the operating outlook remains challenging but manageable. Inflation is expected to remain contained, with core inflation projected to stay within single digits through 2026. Interest rates are on a gradual downward trajectory, while the recovery in tourism continues to broaden. Fiscal constraints persist, and climate-related risks will require enhanced institutional preparedness and risk mitigation frameworks.

Against this backdrop, the Group remains focused on disciplined governance, prudent risk management and a long-term approach to value creation. These principles position us to navigate evolving conditions effectively, contribute to Sri Lanka's ongoing economic recovery, and deliver sustainable returns to our stakeholders.



The performance of the Group companies engaged in capital market services was as follows.



NDB Capital Holdings Limited

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NDB Capital Holdings Limited (NCAP) is the fund-based investment banking arm of the Group and the parent entity of the Investment Banking Cluster. NCAP directly engages in fund-based activities including strategic investments in Listed Equities, Private Equity, Fixed Income Securities, Government Bonds, Structured Debt, Acquisition Funding, Pre-IPO Placements/Mezzanine Financing, and other Balance Sheet related activities.

Performance highlights

- Operating Income of LKR 362 Mn
- Pre-Tax profit of LKR 145 Mn
- Net profit of LKR 68 Mn

The Profitability reported a decline which was largely driven by lower Equity Market gains in a subdued and volatile Macro-economic environment towards the latter part of the year.

Strategic priorities

- Active rebalancing of the equity portfolio in response to market dynamics, while maintaining selective exposure to high-quality investment opportunities.
- Strengthened oversight and strategic support to subsidiaries across Investment Banking, Wealth Management, Stockbroking and Private Equity Management.
- NDBIB introduced several new innovative products to the market and maintained its position as a premier corporate advisory firm.
- NDB Wealth Management Limited strengthened its market leadership reaching highest Assets Under Management (AUM) in the industry with total AUM of LKR 324 Bn.
- NDB Securities (Pvt) Limited increased its revenue and profitability by 88% and 242% respectively compared to last year.
- Continuing additions to NDB Capital Scholarship Trust aimed at building future talent of the nation by supporting deserving undergraduates across disciplines.



Opportunities

- Potential new investment opportunities will emerge in equity markets under the anticipated low-interest-rate environment
- Increased participation in financial markets may also be seen with improved credit ratings
- Gradual growth in the national economy will give rise to further investment opportunities across capital markets



Threats

- Risk of market volatility may remain due to possibility of adverse climate events and uncertainty around global geo-political environment



Future Outlook

Focus on enhancing returns of the investment portfolio while supporting subsidiaries in the respective business lines.

Performance of the Group Companies



NDB Investment Bank Limited



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- NDB Investment Bank Limited (NDBIB) is a Corporate Finance Advisor licensed by Securities and Exchange Commission of Sri Lanka, which provides services in the areas of debt and equity structuring and distribution, mergers and acquisitions, and corporate advisory services.
- NDBIB was crowned as 'Best Investment Bank in Sri Lanka' by the Euromoney Magazine for the fourteenth consecutive year in 2025.
- NDBIB's competitive edge is underpinned by innovative and customised investment banking solutions, a highly skilled and diverse team, and deep-rooted stakeholder relationships and collaborations built over the years.

Performance highlights

- Total funds raised in 2025 approximately LKR 37 Bn
- NDBIB concluded three cross-border financing transactions in the Maldives in 2025, advising on a USD 18 Mn revolving credit facility and a USD 10 Mn term loan for an energy sector company, as well as for a syndicated USD 40 Mn structured finance facility for a Maldives government related entity.
- NDBIB was at the forefront of capital market innovation in Sri Lanka, pioneering several landmark and first-of-its-kind issuances. NDBIB acted as the Managers to the issue for Sri Lanka's first Green Bond issued by a NBFI, the first-ever Social Bond, first-ever Shariah-compliant Debt Security as well as the first-ever Blue Bond.



Opportunities

- Significantly improved investor sentiment stemming from political stability and clarity in policy direction
- Uptick in demand for new listings and corporate debt instruments on the back of normalised interest rates, improved market sentiment, and via the introduction of innovative debt products
- Increase in appetite in the Mergers and Acquisitions (M&A) space with normalisation on the overall macroeconomic front and improvement in general market sentiment
- Ability to capitalise on new capital market initiatives and novel capital market products (i.e. – Sharia-compliant Financial Instruments and Sustainable Bonds)
- Expansion into regional markets by leveraging on NDBIB's experience in the South Asian, Southeast Asian and African markets and via strategic foreign collaborators.



Threats

- Introduction/increase of taxes that may deter investor sentiments
- External shocks from possible geo-political instability

Strategic priorities

- Large ticket size offshore transactions
- Client and Investor coverage expansion in Asia, Middle East and Africa



Future Outlook

NDBIB intends to capitalise on the improved economic trends and stable socio-political environment experienced by Sri Lanka (as of January 2026) to focus on strengthening its deal pipeline and improving transaction execution via strategic collaborations with investors and on the strength of the multifaceted capabilities and experience of its staff. Going forward, NDBIB will pay particular focus in sourcing and executing foreign transactions with higher fee potential and exposure, whilst continuing to undertake local assignments subject to minimum fee thresholds.

- With over 30 years of industry experience, NDB Wealth Management Limited (NDB Wealth) is a pioneering asset management company in Sri Lanka. NDB Wealth continues to dominate the market as the largest private sector fund management company in Sri Lanka serving a diversified range of over 58,000 clients islandwide from high-net worth individuals, institutional clients to retail masses.
- As of 31 December 2025, the company maintained total assets under management of LKR 324 Bn and total Unit Trust assets under management of LKR 173 Bn, the largest in the overall asset management industry.



Staff strength increased to 102 employees as at 31 December 2025, compared to 84 employees as at 31 December 2024, reflecting the Company's continued expansion and the strengthening of its operational, research, and distribution capabilities.

Performance highlights

- The company maintained Total operating revenue of LKR 1.4 Bn in 2025, compared to LKR 1.5 Bn in 2024.
- Profit after tax of LKR 494 Mn.
- Return on Shareholders' Equity (ROE) exceeded 45% in 2025.

- During the year, NDB Wealth introduced its digital platform, Xapp, enabling individuals worldwide to open an NDB Wealth account seamlessly. This initiative further strengthens customer experience and accessibility through digitisation, delivering convenient, efficient, and sustainable services

- Strengthen regional presence to reach untapped client segments both locally and internationally.
- Promote sound investment habits across a broad investor base through innovative and differentiated product offerings.

Strategic priorities

- The company expanded its branch network by opening its first-ever branch in Jaffna during the year 2025, with a second branch in Kandy opened in January 2026. This initiative aims to enhance accessibility to wealth management products and services for regional clients.

- Broaden the range of investment opportunities available to investors, enabling greater portfolio diversification.
- Expand investor inclusiveness by extending the wealth management product portfolio to the retail investor segment in rural masses through Xapp digital platform.

- Expand the Unit Trust product portfolio by introducing a range of new unit trust investment options for clients.



Opportunities

- Sri Lanka sustained its economic growth momentum in FY2025, with Gross Domestic Product (GDP) growth expected to be in the range of 4.7%-5.0% for the year. This is likely to contribute to a gradual reduction in risk premiums and enhance the attractiveness of asset classes such as equities and corporate debt investments.
- The anticipated stable interest rate environment is expected to create favourable conditions for the Unit Trusts Business. This will provide retail investors with opportunities to invest in fixed-income and equity unit trusts, enabling them to optimise returns while maintaining liquidity.
- Political stability, consistent policy frameworks, and the potential for sovereign credit rating improvements are likely to strengthen both domestic and foreign investor confidence.



Threats

- However, external sector geopolitical vulnerabilities, trade barriers, and natural disasters could disrupt the stability achieved through fiscal consolidation, strengthened Treasury cash buffers, and improved Gross Official Reserve buffers.



Future Outlook

NDBWM remains committed to empowering investors by offering inclusive and innovative investment opportunities across new products and diversified asset classes, while expanding its branch network to improve accessibility and convenience for customers. These initiatives are aimed at enhancing sustainable returns and creating long-term value for all stakeholders.

Performance of the Group Companies



NDB Securities (Pvt) Limited



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- NDB Securities (Pvt) Limited (NDBS) is a leading stockbroker with a strong Retail and Institutional client base.
- Its competitive edge is underpinned by a superior customer proposition centered on strong relationship management, a state-of-the-art online trading facility, and market-leading research capabilities.
- NDBS has contributed towards enhancing the vibrancy of the stock market through introducing both foreign and local institutions and individuals to the Sri Lankan Capital Market.

Performance highlights

- NDBS concluded the year generating a brokerage income of LKR 562.7 Mn. (+88%)
- NDBS's market share was reported as 3.7% in 2025, compared to 4.9% recorded in the year before.

Strategic priorities

- NDBS continued to actively pursue new client acquisition.
- The company continued to adopt robust risk management and compliance strategies strengthening the company's resilience and long-term sustenance.
- In line with the Bank's strategic focus on leveraging group synergies for incremental value creation which in turn strengthened NDBS's non-core revenue streams, while confirming the strength of the Group collaborations.



Opportunities

- Continued improvement in investor sentiment supported by Sri Lanka's macroeconomic stabilisation and political stability supporting equity market participation.
- Stable price levels are likely to improve household purchasing power and corporate margins, supporting earnings recovery.
- A gradual easing of domestic interest rates increasing the relative attractiveness of equities compared to fixed-income instruments.
- Improving foreign investor confidence, supported by International Monetary Fund (IMF) programme continuity and policy discipline, resulting in renewed foreign inflows.
- Recovery of the Tourism sector and the positive externalities to the economy.



Threats

- A slower-than-expected decline in domestic interest rates could limit liquidity flows into the equity market.
- Exchange rate volatility and potential depreciation of the Sri Lankan Rupee negatively impacting foreign investor participation and market sentiment.
- Persistently low market liquidity and concentration risk restricting price discovery and broader investor participation.
- Global economic uncertainties and geopolitical developments increasing volatility and spill over risks.



Future Outlook

Strategic focus will be placed on expanding the high-net-worth client base by leveraging the Bank's captive clients. We will continue to seek collaborations with the Group companies leveraging our position and unique capabilities as a total Financial Service Provider (on the back of the Group's strengths)

- NDB Zephyr Partners Limited (Mauritius) (NDB Zephyr) is the Fund Manager of Emerald Sri Lanka Fund, a pioneering Private Equity Fund dedicated to investing in Small and Mid-sized Businesses seeking expansion capital in Sri Lanka. NDB Zephyr is jointly owned by NDB Capital Holdings Limited (NCAP) (60%) and Zephyr Management, LP (Zephyr) (40%), a New York-based global emerging markets investment firm.

Performance highlights

- The loss for the year decreased by 74%, mainly due to a foreign exchange gain, compared to a foreign exchange loss in the previous year.

Strategic priorities

- NDB Zephyr will be seeking exit opportunities and have continued to provide support to its remaining three portfolio companies: facilitating expansion into global markets, driving strategic business diversification, enhancing access to working capital, and optimising cost structures.



Opportunities

- Government thrust towards the SME, Tourism, IT, Export, and domestic Manufacturing sectors.
- Exit opportunities, given positive market sentiments, driven by Sri Lanka's improved macroeconomic stability.



Threats

- Potential LKR depreciation would reduce the USD returns to the fund Investors.



Future Outlook

The company will continue to focus on improving the performance and governance of portfolio companies. NDBZ aims to strengthen its portfolio companies in preparation for exits within the next 1-2 years



Development Holdings (Pvt) Limited

- Development Holdings (Pvt) Limited (DHPL) owns and maintains the DHPL building (also known as NDB-EDB Tower), the 16-storeyed commercial property located at No. 42, Nawam Mawatha, Colombo 2.

Performance highlights

- 31.5% increase in total revenue
- 14.9% increase in post-tax profitability

Strategic priorities

- The property continues to leverage its strategic location, state-of-the-art facilities and reputation as a premier business space to pursue further opportunities.



Opportunities

- Leverage on the strategic location and state-of-the-art facilities to attract prospective tenants
- Ongoing investments in upgrading facilities and amenities offered



Threats

- Increased competition from emerging largescale mixed market developments in the city



Future Outlook

DHPL will continue to strengthen its position as a provider of premier corporate office space in the heart of Colombo, enhancing its facilities with versatile spaces tailored for events and corporate gatherings. Focused on driving sustainable profitability, DHPL remains committed to delivering exceptional service standards, fostering long-term tenant relationships, and elevating the overall workplace experience.

Performance of the Group Companies



NDB Capital Limited (Bangladesh)



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- NDB Capital Limited (Bangladesh) offers a wide array of investment banking services in Bangladesh including M&A, Corporate Advisory, IPO, Portfolio Management and Fund raising through Corporate Bond and Preference Shares, Project Financing and Working Capital arrangement, among others.

Performance highlights

- Loss before tax - BDT 17.43 Mn (As of 31 December 2025)

Strategic priorities

- Actively pursued opportunities in Debt and Equity advisory and participated in Initial Public Offerings (IPOs).
- Identified and advanced new opportunities across Debt Advisory, Agency, and Mergers and Acquisitions.



Opportunities

- The economic recovery following political changes is expected to create opportunities for restructuring and project financing.
- The Dhaka Stock Exchange (DSE) has seen pessimism from investors owing to adverse economic and political environment, but renewed hopes of an economic recovery may lift investors' outlook.
- The foreign exchange reserves have stabilised owing to improved external factors such as higher inflow of remittances and exports. Depreciation of the Taka has continued but outlook is positive due to recent trends in remittances.



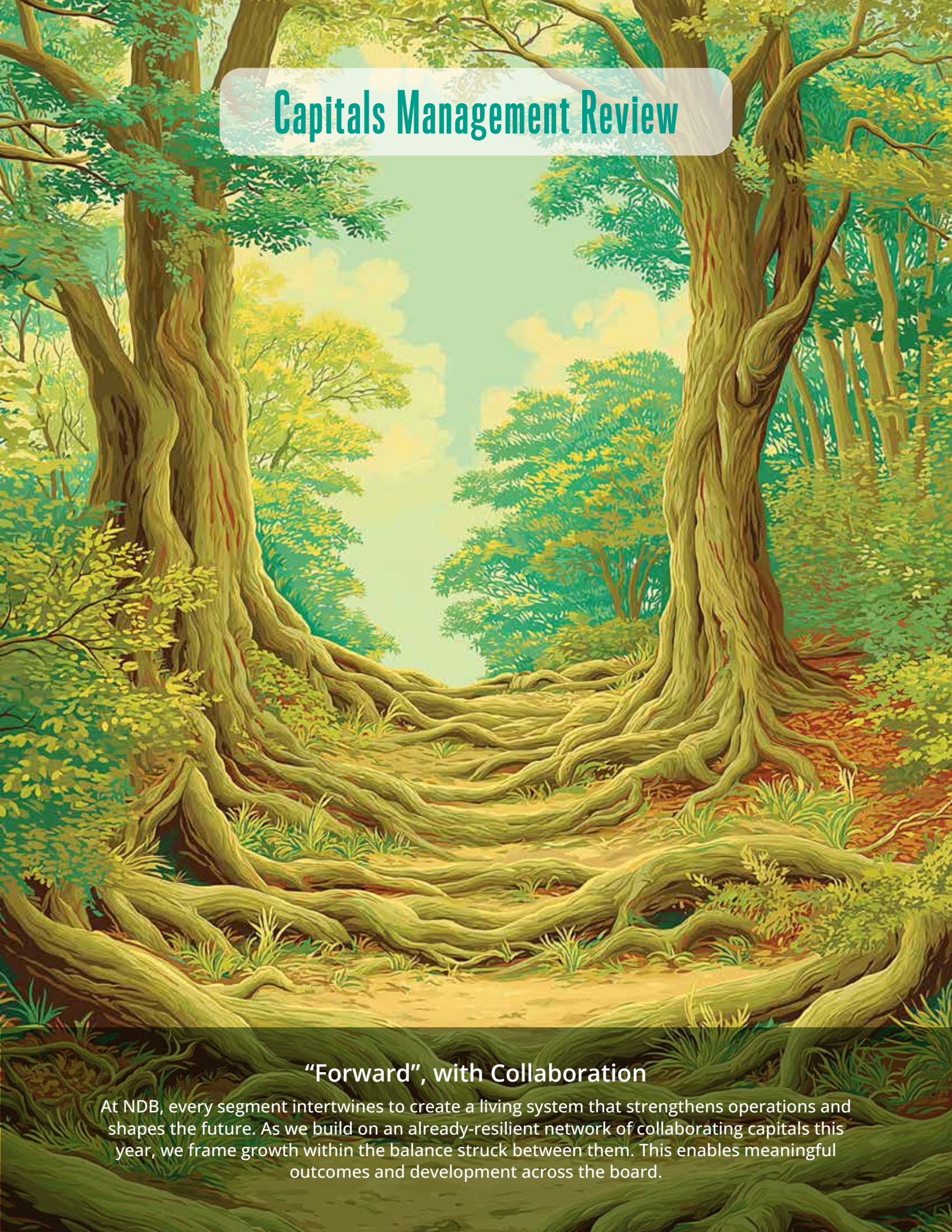
Threats

- A liquidity crunch, rising interest rates and issues in banking sector have hindered successful fundraising efforts. However, the Central Bank's decisions to stop further rate hikes have given some optimism.



Future Outlook

- To contain losses from the operation and achieve stability
- Look for potential strategic partners to improve the business



Capitals Management Review

“Forward”, with Collaboration

At NDB, every segment intertwines to create a living system that strengthens operations and shapes the future. As we build on an already-resilient network of collaborating capitals this year, we frame growth within the balance struck between them. This enables meaningful outcomes and development across the board.



Financial Capital



Financial Capital represents the foundation of NDB's ability to generate value across all areas of the business, encompassing key components such as equity, retained earnings, deposits, borrowings, and capital buffers that collectively provide the foundation for the Bank to expand lending across retail, SME, and corporate segments, fund technological and operational initiatives, and maintain a resilient balance sheet, while also creating opportunities to drive impact across Human, Social, and Intellectual Capitals, ultimately positioning NDB to deliver long-term value to all stakeholders.

MANAGEMENT APPROACH

- Strong focus on managing Net Interest Margins (NIMs) through effective re-pricing of assets and liabilities and risk and capital efficient lending
- Strategic focus on portfolio quality management through rigorous monitoring of the loan portfolio
- Optimal liquidity management through efficient Treasury operations
- Capital augmentation through Tier 1 and Tier II capital enhancement

MATERIAL MATTERS



Economic
Performance

VALUE TRANSFORMATION TRACKER

Stakeholder outcomes and link to SDGs

Benefit of
declining interest
rates



Consistent
dividend payout



Higher tax
revenue



Improved
earnings



OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS



Intellectual Capital

- Higher net profit and ROE enhances the Bank's reputation



Social and Relationship Capital

- 28.8% growth in net loans and advances to customers

PERFORMANCE OF THE GROUP

The NDB Group, comprising National Development Bank PLC and its subsidiaries, posted exceptional results for the financial year ended December 31, 2025. The Group posted a profit attributable to shareholders of LKR 11.9 Bn, a year-on-year (YoY) growth of 20.8% over the comparative year of 2024. On a normalised profit base for 2024, this growth is a doubling of profits. The results are a reflection of the NDB Group's resilience and agility in attuning its performance to emerging economic realities, and its ability to generate sound results to its shareholders.

Group performance highlights

LKR Bn	2025	2024	%
Profit attributable to Equity holders of the Parent	11.9	9.8	21.1
Total assets	944.6	803.8	17.5
Total shareholders' equity	92.0	82.7	11.2

SEGMENTAL PERFORMANCE

Commensurate to the asset base share, the majority of the revenue and profitability was generated by the Bank within the Group performance.

PERFORMANCE OF THE BANK



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

As at the reporting date, the Bank's portfolio of loans and advances, and deposits included a total amount of LKR 29.2 Bn (2024 year-end: LKR 19.6 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.



Financial Capital

INCOME STATEMENT

Interest Income

Around 61.4% of interest income was derived from the loan portfolio, with the remaining 38.6% from bills and bonds. Total interest income declined slightly to LKR 86.7 Bn in 2025 from LKR 88.1 Bn in 2024. When adjusted for the LKR 1.4 Bn one-off impact, which arose from the restructuring of the International Sovereign Bonds (ISBs) the decline is modest, reflecting the Bank's timely repricing of the loan book. With approximately 70% of NDB's loan book on floating rates, the portfolio re-pricing takes place organically in line with market movements, in turn directly impacting the Bank's interest income.

Interest Expenses

Interest expenses were primarily driven by deposit mobilisation, which accounts for 77.1% of total interest costs, with the remaining 22.9% from alternative sources, including subordinated debt. Notably, nearly two-thirds of retail deposits are sourced from NDB's Privilege Banking franchise, highlighting the Bank's strength in the segment. Meanwhile, industry-wide interest expenses fell by approximately 5.2% in 2025, with NDB recording a comparable 4.0% reduction, a testament to the effectiveness of the Bank's funding mix.

Net interest income (NII)

NII which accounts for 75.5% of Bank's total operating income, grew by 6.5% on a normalised basis. Despite pressure arising from a lower interest rate environment on its interest earnings assets, and reflecting the Bank's diligent efforts in preserving its margins, Net Interest Margins broadly stabilised at 4.0% which, excluding other items of a one-off nature, was 4.2% on a like for like basis (2024: 4.3% and 4.5%, respectively).

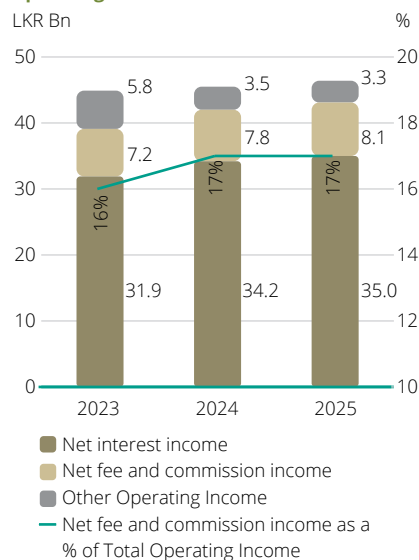
Refer Financial Statements, Note No. 5 on page 294 onwards for more details.

Income from Fee-based Operations

Net fee and commission income reached LKR 8.1 Bn for the year - representing a growth of 14.1% over LKR 7.1 Bn in 2024 excluding those ISB restructuring related. Incremental growth stemmed from almost all aspects of core banking operations evenly be from trade, credit related, card related and other operational including through digital means.

Refer Financial Statements, Note No.s 6 to 10 from page 296 onwards for more details.

Operating Income Behaviour



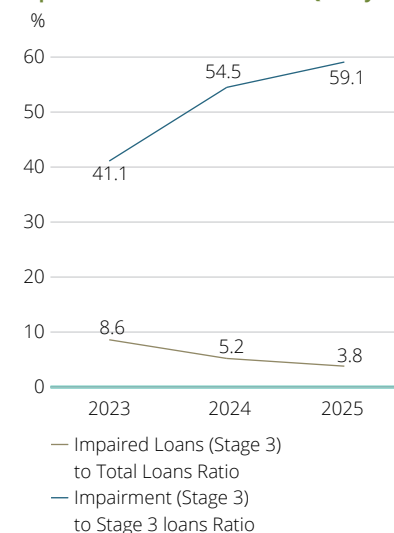
Credit costs

Credit costs for the year amounted to LKR 5.7 Bn being 57% lower as compared with LKR 13.3 Bn during 2024. This was a by-product of both improved credit underwriting and further intensified efforts on account of its collections and recoveries. The Bank's success on account of the latter is best reflected in notably improved Stage 2 and 3 loan stock as a function of its total gross loans which was 7.9% and 10.8% at end 2025 as compared with 16.6% and 14.0% at end 2024 - either of which comparing well with the industry averages. Stage 3 provision coverage also saw further improvement to 59.1% from 54.5% during 2024 showcasing the Bank's

efforts to consciously and very diligently build the requisite and necessary buffers at instance so possible.

Refer Financial Statements, Note No. 11 on page 300 onwards for more details.

Improvement in Loan Portfolio Quality



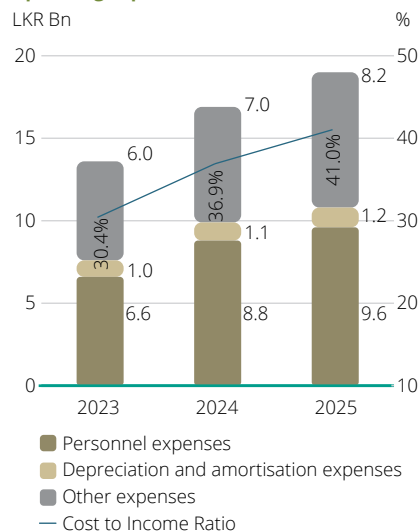
Operating expenses

Operating expenses netted LKR 19.0 Bn for the year, marking a 13.2% YoY increase almost in line with the industry level increase. This predominantly reflected staff related routine increments and realignments to the industry norms, and higher investments in IT infrastructure and those of a direct business development nature as seen throughout the year.

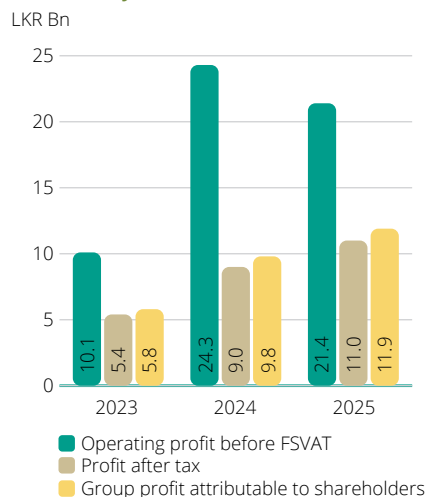
Refer Financial Statements, Note No.s 13,14 and 15 from page 307 onwards for more details.



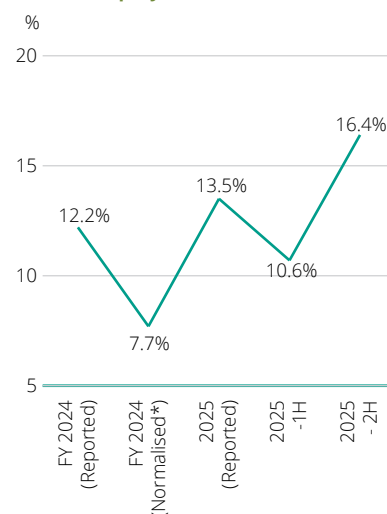
Operating Expenses



Profitability



Return on Equity (RoE)



Profitability

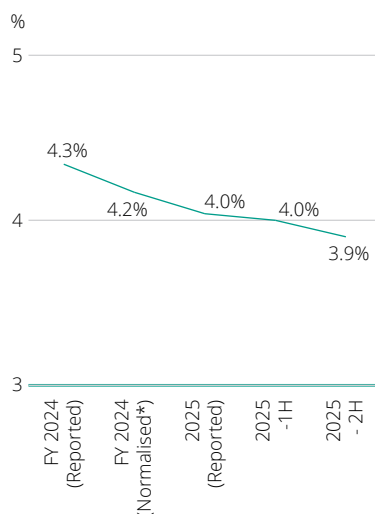
Profit before all taxes (PBT): NDB delivered a profit before all taxes of LKR 21.4 Bn for the year, compared with LKR 24.3 Bn in 2024, a reduction of 12.2% on a reported basis. Excluding the one-off gain which stemmed from the result of the International Sovereign Bond (ISB) restructuring in 2024 results, the improvement in 2025 profits before all taxes is an impressive 80.6%.

Profit After Tax (PAT): PAT for 2025 stood at LKR 11.0 Bn, up from LKR 9.0 Bn in 2024, a marked YoY growth of 22.3%. The PAT margin, when adjusted for one-off impacts, significantly outperformed the industry benchmark of approximately 12%, underscoring the operational discipline, effective cost management, and robust underwriting standards maintained across the Bank.

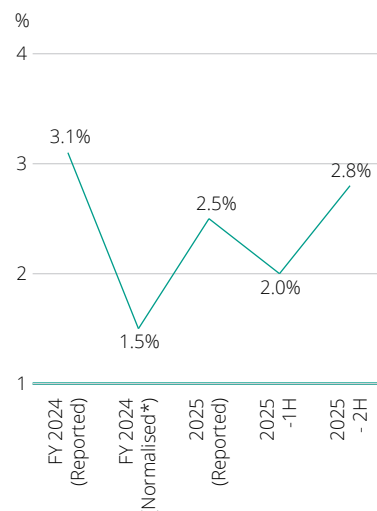
Performance enhancements over the twelve months

The Bank's performance in 2025 can be viewed in two distinct halves. The first half was focused on consolidation, with primary emphasis was on strengthening credit quality management. These efforts laid the groundwork for a more resilient and stable portfolio. The aim of prioritising portfolio quality during this period, was to establish a solid foundation for the Bank to pursue sustainable credit expansion in the second half of the year.

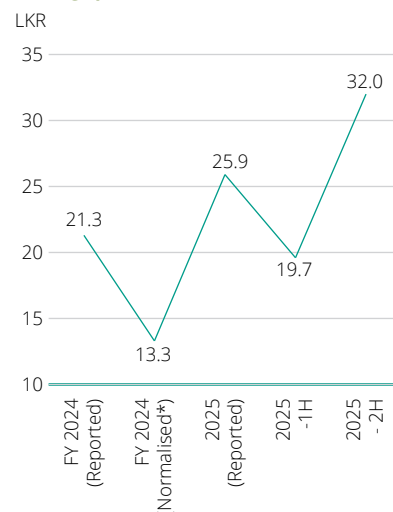
NIM Performance



Return on Assets (Pre-tax)



Earnings per Share



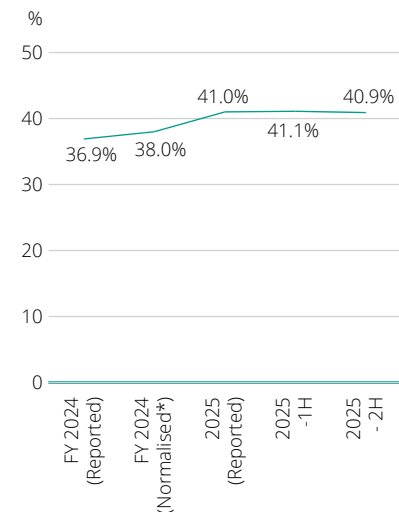
*Results excluding the one-off impact which arose from the restructuring of ISBs



Financial Capital

INCOME STATEMENT (Contd.)

Cost to income ratio



*Results excluding the one-off impact which arose from the restructuring of ISBs

Tax Management Practices

Taxation: Taxes for the year amounted to LKR 5.3 Bn, reflecting both current income tax of LKR 6.1 Bn and a deferred tax credit of LKR 0.8 Bn, compared with a total tax expense of LKR 9.8 Bn in 2024, which included a deferred tax charge of LKR 6.1 Bn.

Once the deferred tax component is discounted, the effective tax burden for 2025, represents a substantial increase compared to 2024, the result of improved profitability from the core business

NDB'S tax strategy is formulated and implemented by a dedicated Tax Management Unit, driven by a team of highly skilled finance professionals.

A tax consultant has been engaged to compute the income tax liability and handle the administrative functions relating to filing of income tax returns. Tax compliance is consistently monitored by Internal Audit, Compliance Unit, and the external auditors. The Members of the Tax Management Unit liaises with the tax authorities on a regular basis, while engagement is also supported by the tax consultant. The Bank was fully compliant with all tax related regulations during the year.

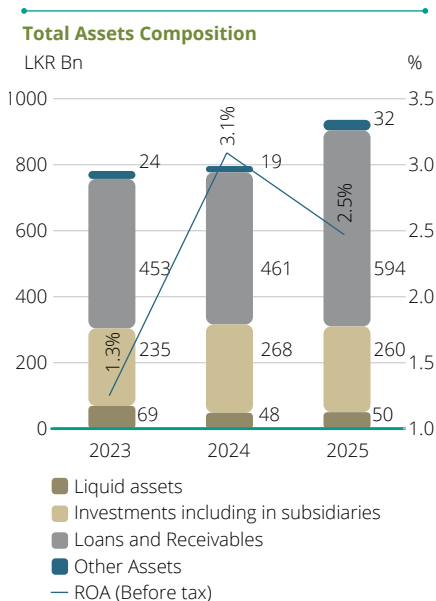
LKR Mn	2025	2024
Value added tax on financial services (FSVAT)	4,430	4,851
Income tax	6,107	3,663
Social Security Contribution Levy on financial services (SSCL)	618	674
Total	11,155	9,188

Refer Financial Statements Note No.s 16 and 18 on pages 310 and 313 for more details.

BALANCE SHEET

Total Assets

The Bank's total assets reached LKR 935.8 Bn as at 31 December 2025, reflecting a robust YoY growth of approximately 17.6% from LKR 795.7 Bn in 2024. Majority of the Bank's assets of 63.4% was on account of loans and advances to customers.



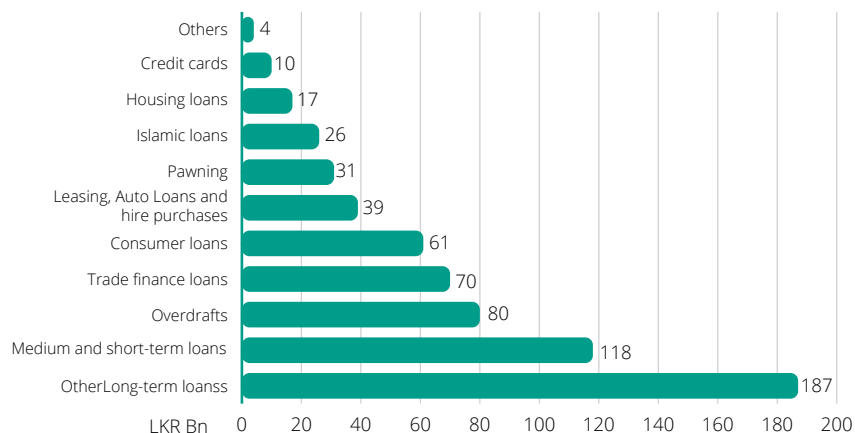
Loans and Advances to Customers

Strong credit expansion strategies during the year saw gross loans and advances cross the LKR 500 Bn to close at LKR 643.9 Bn by the year end, which not only represents an impressive 26.3% increase from the previous year but also surpasses the industry average. Growth in loans and advances in 2025 was driven largely by NDB's stronghold Retail and SME segments, with the SME portfolio in particular recording a 32.2% growth.

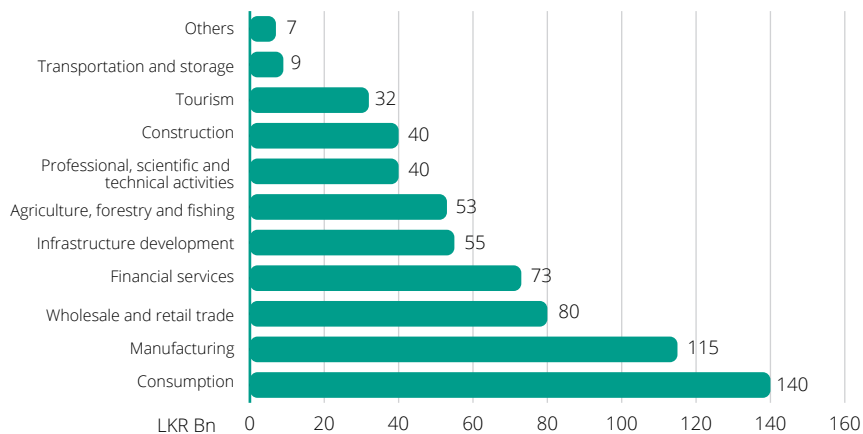
The Bank's foreign currency portfolio, which accounts for approximately 26.4% of the loans and advances mix, grew by 42% YoY.

Loans and Advances Segmentation - 2025

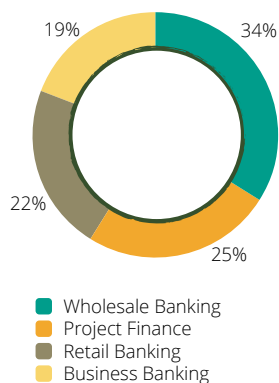
Loan Portfolio by Products



Loan Portfolio by Industry



Loan Portfolio by Business Segment



Asset Quality

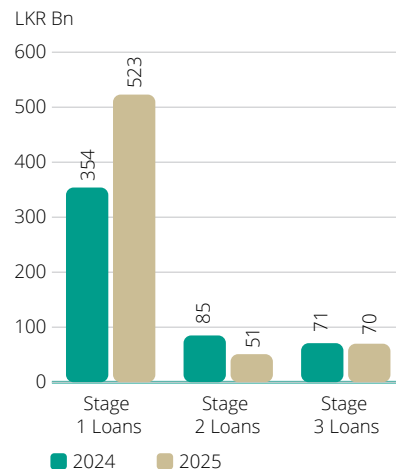
Asset quality remained a core strategic priority during 2025. In the first half of the year, the Bank focused on proactive portfolio monitoring, early risk identification, and recovery efforts with the aim of further stabilising credit quality following the challenging macroeconomic conditions experienced in the recent past years.

As a result of these interventions, total Stage 3 exposures reduced in absolute terms from LKR 71.4 Bn as at end 2024 to LKR 69.6 Bn as at end 2025 reflecting solid improvement over the year.

Ongoing support provided through the Bank's Recoveries Unit and Remedial Management Unit played a key role in improving asset quality with structured engagement, tailored repayment solutions, and close monitoring to enable a significant proportion of customers to transition out of Stage 2 classification during the year.

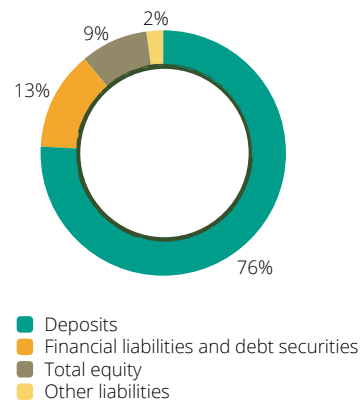
Consequently, the Impaired Loans (Stage 3) to Total Loans Ratio improved to 3.8%, compared to 5.2% in 2024.

Movement in Loan Portfolio Staging



Balance Sheet Funding

Balance Sheet Funding Composition



Financial Capital

BALANCE SHEET (Contd.)

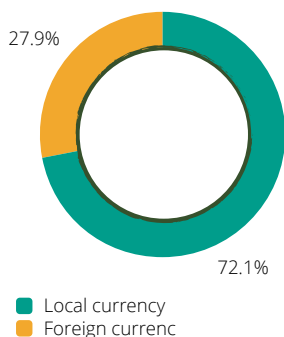
Deposits

Approximately 76% of the Bank's total funding is represented in customer deposits. Total deposits increased to LKR 707.2 Bn as at 31 December 2025, a YoY increase of 11.9%. Of this 72.1% was Rupee denominated deposits, whilst the remainder was foreign currency deposits. This strong deposit-led funding model complements the Bank's lending strategy, ensuring a well-matched asset-liability profile to ensure liquidity stability.

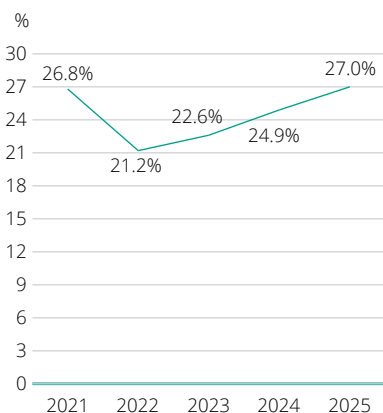
The growth in customer deposits was achieved despite a declining interest rate environment, supported by the strength of NDB's Retail franchise and Privileged Banking i.e. high net worth client base, underscoring the strong customer confidence in the NDB brand.

Within overall deposits 27.0% of deposits were in current and savings deposits (CASA), which has achieved a considerable improvement over the years.

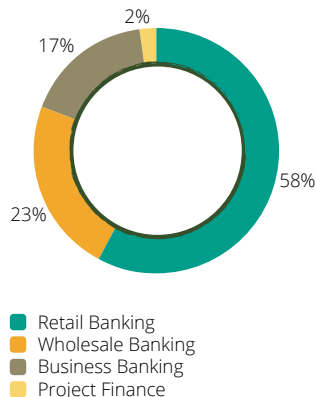
Currency Composition of the Deposits



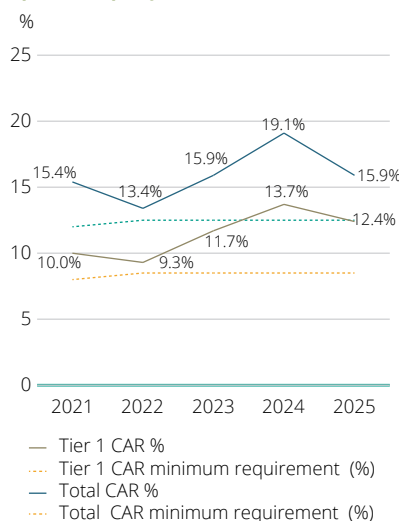
CASA Trend



Customer Deposits by Business Segment



Capital Adequacy Ratios (CAR)

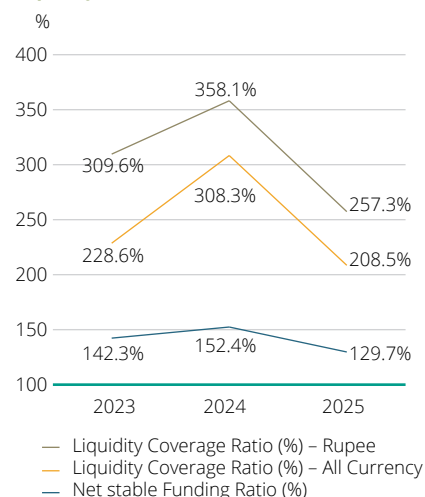


Liquidity

Prudent liquidity management throughout the year ensured that the Bank maintained a strong liquidity profile. The regulatory Liquidity Coverage Ratio (Rupee), Liquidity Coverage Ratio (All Currency), and Net Stable Funding Ratio (NSFR) remained comfortably above the minimum regulatory requirement of 100.0%, standing at 257.3%, 208.5%, and 129.7%, respectively.

Further demonstrating the Bank's capacity to meet its longer-term funding obligations, the gross loans-to-deposits ratio closed at 91.0% by the year end.

Liquidity Ratios



Investor Key Performance Indicators (KPIs)

Solid growth in profitability drove all key shareholder ratios up. Return on Average Equity was 13.5% up from 12.2% in 2024. Earnings per share reached LKR 25.9 from LKR 21.3 in 2024. Respective ratios at the Group level were 13.6% and LKR 27.8. Bank Pre-tax Return on Average Assets was 2.5% an, exceptional improvement from 1.5% (without ISB one-off gains) in the prior year.

Net Asset Value per Share was LKR 201.51 and compared with a closing share price of LKR 141.25. The comparatives of these indicators in 2024 were LKR 186.91 and LKR 113.25 respectively. Group Net Asset Value per share was LKR 215.45 (2024: LKR 199.13).



Refer Investor Relations on page 512 for a full list of investor KPIs.

Capital

Total equity enhanced during the year to LKR 8.4 Bn, a YoY growth of 10.8%. This growth was driven by organic Tier I capital generation to LKR 5.6 Bn. Tier 1 capital increased to LKR 67.7 Bn as a result of the improved performance during the year and the increase in stated capital due to the 9.4 Mn ordinary voting shares being issued as scrip dividends on 24 March 2025.

Refer Financial Statements Note No. 57.5 on page 419 for more information.

Enhancements in capital was reflected in the regulatory capital ratios as follows.

Capital adequacy ratios in %	Regulatory minimum	Bank level 2025	Buffer in basis points (bps)
Common Equity Tier 1 Capital Ratio	7.0	12.4	535
Tier 1 Capital Ratio	8.5	12.4	385
Total Capital Ratio	12.5	15.9	339

FUTURE OUTLOOK



Opportunities

- Raising funds via thematic bonds (green, blue, social, sustainability, GSS+) to diversify the funding base and attract ESG-focused investors
- Expanding digital banking ecosystems to drive CASA growth and fee-based income
- Deepening SME and supply chain financing through integrated digital platforms
- Leveraging data analytics for improved credit underwriting and cross-selling
- Capitalising on infrastructure and renewable energy financing as economic activity strengthens
- Strengthening non-funded income streams through trade, treasury and advisory services



Challenges

- Potential macroeconomic volatility, including interest rate and currency fluctuations, impacting margins and asset quality
- Climate-related physical and transition risks affecting borrower resilience and portfolio performance
- Regulatory changes and evolving capital requirements influencing growth strategies
- Intensifying competition from banks and fintech players compressing spreads
- Credit concentration risks in vulnerable sectors during economic recovery phases
- Cybersecurity threats and operational risks in an increasingly digital environment



Digital Capital



Digital Capital plays a vital role in strengthening NDB's value proposition by facilitating the expansion of the Bank's product and service portfolio and enhancing connectivity to deliver unparalleled customer experiences. Equally importantly, Digital Capital serves as a key catalyst in supporting internal process re-engineering to drive operational efficiency and enabling data-driven decision-making, collectively contributing towards enhancing value creation.

MANAGEMENT APPROACH

- Continuous investment in digital infrastructure to strengthen NDB's position as a digitally enabled Bank and respond to evolving customer demands
- Leveraging disruptive technologies such as Artificial Intelligence (AI), Robotic Process Automation (RPA) solutions and workflows to enhance internal processes and streamline operations
- Nurturing a data driven culture across the organisation by enhancing data analytics capabilities
- Enhancing information and cyber security through adherence to ISO certifications and robust security protocols

MATERIAL MATTERS



Secure & Innovative
Digital
Transformation



Customer
Inclusion and
Experience

VALUE TRANSFORMATION TRACKER

Stakeholder outcomes and link to SDGs

Improved user
experience
through digital
channels



Higher fee
income
generation
through digital
channels



Contribution
to the national
digital banking
agenda



Automation-led
productivity
improvements
boosting
employee morale



Resource
efficiency
including paper
saving owing to
the use of digital
tools



OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS

 Financial Capital	 Human Capital	 Intellectual Capital	 Social and Relationship Capital	 Natural Capital
19% YoY increase in digital transaction volumes - Considerable cost savings achieved through digitisation and Robotic Process Automation initiatives throughout the year	Savings in employee hours due to automations, which are deployed in value enhancing tasks	Stronger reputation as a digitally-driven bank	Driving greater financial inclusion	Direct and considerable paper saving due to automation processes

DIGITAL CHANNELS

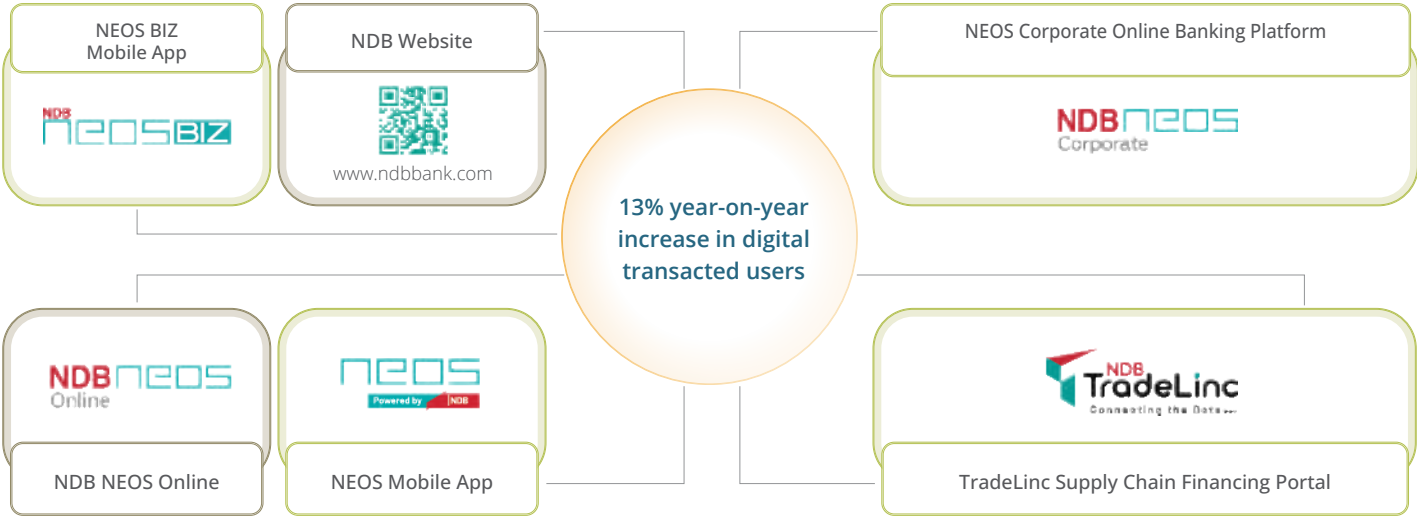
NDB's digital channel architecture positions the Bank at the forefront of customer-facing digital innovation within Sri Lanka's banking sector. Built on a unified, scalable, and API-driven foundation, the Bank's digital channels have continued to evolve rapidly in recent years. Faster deployment of new features to create seamless integration across platforms and support more intuitive end-to-end customer journeys, have further solidified NDB's reputation among Sri Lanka's top digital banks committed to delivering frictionless, secure, and highly

personalised banking experiences for customers across all segments.

All digital development and enhancement efforts at NDB are driven by a comprehensive Product Lifecycle Management (PLM) framework. PLM embodies a holistic and structured approach that prioritises the introduction of first-to-market digital products alongside ongoing efforts to optimise existing digital solutions, collectively contributing to a simplified yet superior banking experience.



NDB DIGITAL CHANNEL ARCHITECTURE



Digital Capital

KEY IMPROVEMENTS IN 2025



Host-to-host (H2H) connectivity

Introduced secure, direct system-to-system integrations between NDB and corporate clients, enabling real-time payment processing and seamless straight-through connectivity with corporate Enterprise Resource Planning (ERP) systems

Deploying “TradeLinc” platform

A fully digitised end-to-end platform TradeLinc serves as a flexible and cost-efficient solution for supply chain financing

NEOS Integration with GovPay

Enabling customers to perform statutory and government-related payments directly through NEOS

NEOS 2.0 – Full platform revamp

Full upgrade of the NEOS retail digital banking platform across both mobile and online channels, featuring a redesigned user interface and an expanded suite of digital services

Upgrading the NDB corporate website

Introduction of trilingual functionality and aligning with the Financial Consumer Protection Regulations

Expansion of Merchant Acquiring Capabilities

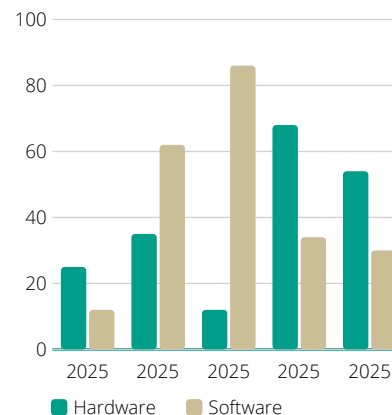
NDB expanded its merchant acquiring business through the rollout of POS terminals powered by VISA's CyberSource platform, marking the first deployment of this solution in South Asia. This initiative enhances seamless payment acceptance for merchants and enables the Bank to scale its acquiring footprint across diverse merchant segments

IT INFRASTRUCTURE

As a leading Bank in Sri Lanka, NDB's IT strategy is centred on building the foundational technology infrastructure that is robust, scalable, and fully aligned with the Bank's broader transformation agenda designed to enhance customer experiences and achieve performance goals. In 2025, our IT infrastructure investment framework was revamped to further strengthen the approach towards technology planning and deployment. Bi-weekly planning forums bringing together all key stakeholders were introduced to;

- Ensure modernisation of IT infrastructure in a timely manner in order to support the Bank's digital expansion.
- Early identification of technology needs within business units.
- Continuous tracking of system availability and reliability in line with the targeted uptime of 99.99%.
- Elevating service performance and responsiveness to both internal and external stakeholders with the aim of achieving over 95% resolution across all service-level agreements (SLAs).
- During the year under review, the Bank continued to make significant investments to modernise and strengthen its IT infrastructure, enhancing scalability, resilience, and operational efficiency. As part of a planned hardware refresh cycle, core database and computing platforms were upgraded, resulting in improved system performance, higher availability, enhanced regulatory compliance, and increased capacity to support growing transaction volumes.
- Enterprise storage capabilities were also expanded to address increasing data volumes and business demands. The upgraded storage infrastructure delivers improved throughput, reduced latency, and stronger data resilience, supporting critical banking operations and regulatory requirements.
- The Bank deployed its latest mobile banking application on a cloud-native, on-premises containerised platform, leveraging automation and auto-scaling capabilities. This modern architecture improves agility, reliability, and responsiveness, while enabling the Bank to efficiently accommodate future digital growth and variable customer demand.
- Information resilience and data protection were further strengthened through the implementation of an enterprise-grade backup and recovery solution. This platform provides end-to-end data protection across critical systems, improves recovery times, enhances system availability, and offers robust safeguards against data loss and cyber threats. The solution also expands data retention and recovery capabilities, supporting regulatory and statutory compliance, while enabling secure, reliable, and auditable data management through centralised control and automation.
- These initiatives were complemented by enhancements to the Data Centre power infrastructure, ensuring uninterrupted operations, improved energy efficiency, and reliable support for the upgraded technology environment.

Investment in IT Infrastructure – Hardware and Software



DIGITISATION AND AUTOMATION PROGRAMME

A key enabler of NDB's digital transformation agenda, our digitisation and automation programme aims to achieve a range of key objectives, including driving operational excellence by streamlining workflows and optimising resource utilisation.

INTERNAL PROCESS RE-ENGINEERING PROJECTS FOR 2025

Loan Origination Platform (LOS) for Corporate

Rolled out in phases and now deployed bank-wide, the LOS has significantly streamlined the lending process and reduced turnaround times from the manual process to a far more efficient digital workflow. The LOS platform has delivered notable cost savings.

Customer 360 Module

A comprehensive Customer 360 module was introduced to further enhance the Bank's Contact Centre Customer Relationship Management (CRM) ecosystem. The Customer 360 module is designed to consolidate customer information across all systems into a single database, thereby eliminating the need for Contact Centre teams to access multiple systems.

Custodian and Trustee System

An in-house, tailor-made custodian and trustee management system was developed as a cost-effective alternative to off-the-shelf solutions, generating considerable savings. The system enhances operational efficiency, accuracy, and oversight across trustee and custodial services.

Case Management System for Legal Department

A dedicated Case Management system was introduced for the Legal Department to streamline the tracking, monitoring, and documentation of legal matters, resulting in improved visibility, reduced administrative overheads, and accelerated case resolution workflows.

Impairment Calculator

The specific impairment computation process performed manually was replaced with a fully automated, bank-wide impairment calculator. This solution enhances accuracy, eliminates manual intervention, and accelerates the end-to-end provisioning process with improved transparency and auditability.

Safety Deposit Locker Management System

A fully automated safety deposit locker management system was implemented across all NDB branches offering locker services. Replacing the previous manual register, the new automated solution strengthens security, improves operational control, and enhances customer service.

Paymaster System for Vendor Payments

The Paymaster system was implemented to digitise and streamline vendor payment processing and ensure greater transparency and control in the Bank's vendor settlements.

BACK-END PROCESS AUTOMATION INITIATIVES FOR 2025

- ✦ Distributor Finance Statement reconciliation process
- ✦ Permanent transfer user deactivation process
- ✦ Cards Limit Authorisation process
- ✦ Blacklisted Customer Identification Number (CID) bulk creation process
- ✦ Account opening mandate to enable data entry, corrections and modifications to be entered into the core banking system
- ✦ User access review request
- ✦ Transfer deactivation request
- ✦ Rubber stamp seal request
- ✦ Aachara pension transfer request
- ✦ Voucher bundle dispatching process
- ✦ Clearing cheque archiving process
- ✦ Internal mail delivery

Benefits of digitisation and automation

- ✦ Time saving
- ✦ Cost saving
- ✦ Improved accuracy
- ✦ Resource reallocation towards more productive tasks
- ✦ Minimise manual errors
- ✦ Enhanced tracking to support better operational control and reduce operational risk
- ✦ Promoting collaboration
- ✦ Improved reporting and MIS
- ✦ Real-time tracking
- ✦ Contribution to paper saving and CO2 emission reduction

Digital Capital

INFORMATION SECURITY SYSTEM

Operating within the fast evolving and highly regulated local banking industry, NDB remains firmly committed to upholding the highest standards of information security resilience, guided by the Central Bank of Sri Lanka's (CBSL) Technology Resilience Framework and globally recognised best practices. Accordingly, the Bank operates in full alignment with ISO 27001 Information Security Standard, ISO 22301 Business Continuity Management Standard, and ISO 20000 IT Service Management Standards, making NDB the first and only bank in Sri Lanka to maintain this triple certification footprint.

A dedicated Information Security team oversees threat monitoring and digital risk prevention. Using multiple Digital Risk Prevention (DRP) tools, the team continuously monitors the dark web for potential data leakages or compromise indicators. To strengthen the Bank's cyber security posture, the IT Security team has implemented a suite of advanced perimeter and infrastructure protection mechanisms, including next-generation AI-enabled perimeter defence systems and a cloud-based Web Application Firewall to safeguard against external threats.

The Bank operates in full alignment with ISO 27001 Information Security Standard, ISO 22301 Business Continuity Management Standard, and ISO 20000 IT Service Management Standards, making NDB the first and only bank in Sri Lanka to maintain this triple certification footprint



NDB continues to invest in advanced tools such as Secure360, an internally developed vulnerability assessment and penetration testing platform that centralises the management of software vulnerabilities. Secure360 received a Silver Award at the National ICT Awards and has been selected to represent Sri Lanka at the Asia Pacific ICT Awards (APICTA), underscoring the Bank's innovation capability in cybersecurity solutions

In alignment with the CBSL Technology Risk Management Framework (2021), NDB is also progressing towards compliance with ISO 27035 for Information Security Incident Management. A comprehensive gap analysis is currently underway with the support of KPMG, with full implementation targeted for completion by end-2025.



Similarly, access governance remains a priority, with each user's privileged and non-privileged access rights evaluated through workflow-based approvals, and immediate revocation of access in the event of identified discrepancies. To ensure accountability, transparency, and continuous improvement, NDB has several internally developed governance platforms, including the IT Service Management System (ITSM) for tracking service tickets and the SKY DECK platform for managing in-house developments. In 2025, Secure360, another internally developed vulnerability assessment and penetration testing platform was implemented to centralise the management of software vulnerabilities. A Remote Work Policy was also introduced to streamline and control remote access in line with security best

practices, allowing only Bank-approved connectivity governed by a structured approval process. NDB also operates a fully-fledged, 24x7 Security Operations Centre (SOC), which analyses system logs, monitors threat feeds, and detects anomalies using intelligence sourced from over 30 global threat intelligence platforms.

In keeping with local personal data protection requirements, the Bank appointed a Data Protection Officer in 2025, who was entrusted with the responsibility of leading the bank's journey towards compliance with the requirements of the Personal Data Protection Act of No. 9 of 2022. There were no incidents of data breaches reported in FY 2025.

Routine Vulnerability Assessment and Penetration Testing (VAPT) continue to be carried out by accredited external parties along with annual surveillance audits conducted by certification bodies, together providing additional assurance regarding the integrity of the Bank's information security posture.

The Information Security Committee (ISC) convenes every two months to review due diligence findings, monitor key risks, and guide improvements to the Bank's technology risk posture. Moreover, the Technology Risk function under the Risk Management Department is responsible for assessing risks associated with new technologies, vendors, and digital solutions during onboarding and implementation.

DATA ANALYTICS



In recent years, NDB has made significant progress in pivoting towards AI-driven predictive analytics and advanced data visualisation to gain business insights and forward-looking analysis. Power BI-based visualisation tools are currently used across the Bank to deliver timely, accurate, and actionable business intelligence. These dashboards provide business leaders with granular insights across business lines, products, and customer segments, enabling them to make informed decisions swiftly and effectively to drive growth. Efforts are also underway to develop AI-driven solutions for timely and accurate management information for both front-line business units and back-office teams. Meanwhile foreseeing the potential increased adoption in the coming years, the Bank took early steps to improve readiness with the development of an AI Policy Guideline which will be formally implemented in 2026.

The Data Analytics team is actively developing machine learning models, with several test cases already underway in collaboration with the Bank's Business Units. In parallel, the upgrading process of the Analytics Data Warehouse has commenced and is scheduled for completion during 2026.

FUTURE OUTLOOK



Opportunities

- Leverage AI-driven predictive analytics to deepen insights, enhance decision-making, and automate workflows
- Demand for seamless, personalised, and omnichannel experiences to improve customer satisfaction, retention, and market competitiveness



Challenges

- Difficulty in integrating new digital solutions with legacy systems potentially slowing down transformation and increase implementation complexity
- Skills gaps limiting the speed and quality of digital adoption, particularly AI, analytics, and cyber security



Strategic Priorities



STRENGTHEN

- Enhance IT infrastructure, including core banking modernisation, roll out of digital onboarding platform, and improvements to the CRM system
- Implementing the Identity Access Management (IAM) system through a centralised platform
- Enhancing capability in attack surface management to protect front-end digital touchpoints
- Building dark web monitoring capabilities



SIMPLIFY

- Fine-tuning NEOS 2.0 to streamline functionality and transaction capability
- Invest in scam prevention solutions



SCALE-UP

- Acquiring next-level licences to extend data capabilities for mobile access
- Embedding dynamic user features and AI into Power BI dashboards to enhance analytics capabilities



Manufactured Capital



NDB's Manufactured Capital comprises the physical including property, right-of-use assets and other property, plant and equipment, collectively serving as an integral platform to deliver NDB's services to customers across Sri Lanka

MANAGEMENT APPROACH

- Invest in developing a geographically diverse network of physical touch-points to deliver the Bank's services across Sri Lanka
- Ongoing modernisation of physical infrastructure to enhance operational efficiency, improve service quality, and strengthen resilience of physical channels
- Prioritise sustainable infrastructure to reduce energy consumption and resource use across physical channels

MATERIAL MATTERS



Customer
Inclusion and
Experience



Economic
Performance

VALUE TRANSFORMATION TRACKER

Stakeholder outcomes and link to SDGs

Branches refurbished and relocated to improve accessibility and convenience



Higher NIMs supported by branch activities



Promoting financial inclusion



Job creation opportunities



Resource efficiency due to sustainability integration



OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS

 Financial Capital	 Human Capital	 Intellectual Capital	 Social and Relationship Capital	 Natural Capital
35.3% YoY increase in lending through the branch network 7.9% YoY increase deposits mobilised through the branch network 12% YoY increase in ATM/Cash Recycler Machine (CRM) transactions volumes	527 new employment opportunities	Strong island-wide brand visibility	4.7/5.0 Overall average customer satisfaction rating	279.11MWh solar power generation for the year 2025

BRANCH NETWORK

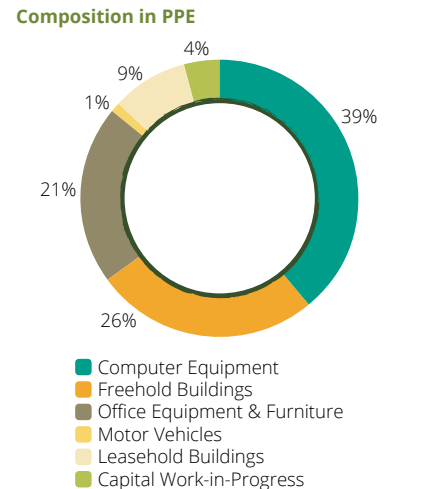
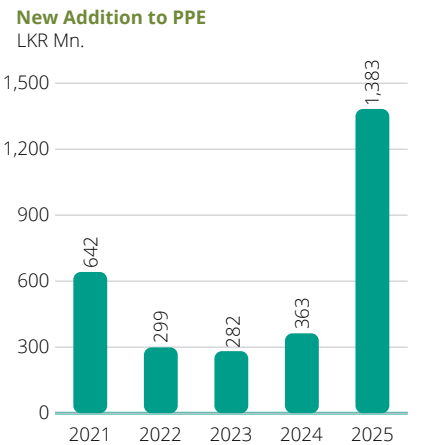
NDB's branch network provides a key competitive advantage attributable to steady, ongoing investment over the years to build a geographically diverse network covering all districts of Sri Lanka.

Today, NDB leverages its network of 113 strategically located branches to offer personalised service, foster long-term client relationships, and deliver a range of banking products and solutions to people and businesses across Sri Lanka.

Given that they serve as a crucial link to engage customers, a strategic approach is adopted to identify locations for setting up new branches, with each prospective site being assessed for factors such as demographic and economic activity, competitive presence, connectivity and the potential for sustainable business growth in the area, while carefully balancing practical considerations such as the availability of third party infrastructure that meet NDB's operational and service standards. Additionally, the branch footprint is regularly assessed to determine its effectiveness in meeting outreach and profitability goals. Stemming from this, refurbishment and relocation initiatives are undertaken to ensure improved convenience and enhance overall customer experience.

Branch CAPEX investments, be it for new locations, relocations, or refurbishments are guided by a highly disciplined approach to ensure resources allocated toward

Property, Plant and Equipment (PPE) remain fully aligned with the Bank's long-term network strategy goals. To that end, all key branch-level performance metrics are carefully evaluated to ensure allocation of resources to projects that generate optimal returns in line with budgeted expectations.



SELF-SERVICE TOUCH-POINTS

NDB's self-service touch-points consisting of the island-wide network of ATM/CRM continues to play a complementary role by empowering the Bank to extend its reach beyond branch operating hours to enable customers to access cash, perform transactions, and engage with banking services round the clock. The same disciplined CAPEX principles applied to branch development, also underpin the expansion of the self-service network, thus ensuring each new deployment is consistent with the Bank's long-term physical touch-point strategy. The entire self-service network is monitored 24/7 to maximise uptime and maintain uninterrupted customer access.

Modernisation efforts also continued in 2025 with a series of technical upgrades implemented to enable faster transaction processing and improve security and reliability through the introduction of new functions, including the green PIN issuance, card block/release options, and interbank fund transfers, across the ATM network. Moreover, moving to further enhance the functionality of the self-service network, the Bank kicked off the first phase to commission automated Cheque Deposit Machines at selected NDB branches.

Manufactured Capital

Branch Network

 **Branches**
113

 **ATMs**
29

 **CRMs**
92

ATMs and CRMs Network



Number of Branches Relocated During the Year

1



Number of Branches Refurbished During the Year

5

			
North Western Province	11	4	11
5 Kurunegala District	6	4	5
6 Puttalam District	5	-	6
Western Province	52	18	64
7 Colombo District	33	12	45
8 Gampaha District	14	4	14
9 Kalutara District	5	2	5
Sabaragamuwa Province	7	4	7
21 Kegalle District	2	1	2
22 Ratnapura District	5	3	5
Southern Province	11	9	7
10 Galle District	5	4	3
11 Hambantota District	4	4	3
12 Matara District	2	1	1



			
Northern Province	7	3	4
1 Jaffna District	6	3	3
2 Vavuniya District	1	-	1
North Central Province	5	4	2
3 Anuradhapura District	3	3	1
4 Polonnaruwa District	2	1	1
Eastern Province	6	3	5
16 Ampara District	3	1	3
17 Batticaloa District	2	1	2
18 Trincomalee District	1	1	-
Uva Province	4	3	1
19 Badulla District	3	2	1
20 Monaragala District	1	1	-
Central Province	11	6	10
13 Kandy District	7	3	7
14 Matale District	2	2	1
15 Nuwara Eliya District	1	1	2



Branches Offering 365 Days Banking

District	No. of branches	Branches
Colombo	3	Mount Lavinia, Havelock Town, Rajagiriya
Kandy	1	Kandy City Center
Total	4	



Privilege Banking Touch-points

Privilege Centres	
■ Dharmapala Mawatha Colombo 7	
■ Havelock Town	
12 Privilege Hubs	
■ Galle	■ Kollupitiya
■ Kandy City Center (KCC)	■ Moratuwa
■ Pelawatte	■ Avissawella
■ Kurunegala	■ Jaffna
■ Kandana	■ Batticaloa
■ Rajagiriya	■ Kalutara



Vintage

Vintage	No. of Branches
< 5 years	0
5 - 10 years	19
10 - 20 years	72
> 20 years	22
Total	113

ATMs and CRMs Network

Total onsite ATMs	27	Total onsite CRMs	87
Total offsite ATMs	27	Total offsite CRMs	24

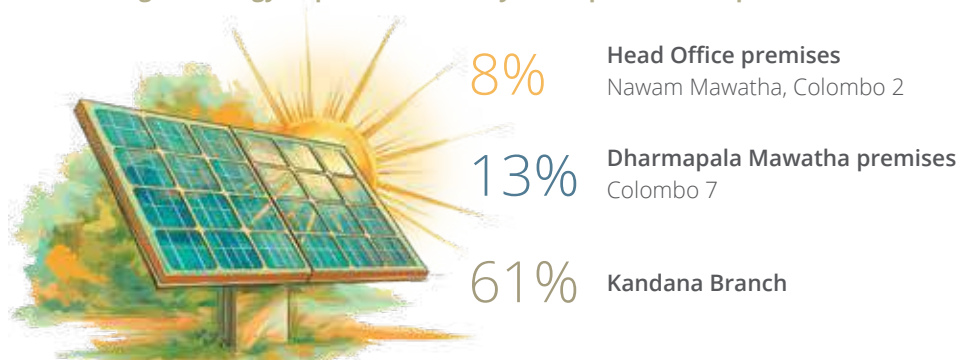
SUSTAINABLE ASSETS

NDB has adopted a proactive and systematic approach to embedding sustainability across its physical assets.

A key pillar of this approach is investment in LED lighting to lower energy usage across branches. The initiative is ongoing with approximately 90% of the network covered to date. Likewise, inverter air conditioners and other HVAC energy-saving measures have been introduced to optimise cooling efficiency across the branch network. To further reduce cooling loads, blinds and heat rejection films have been applied to windows in high-exposure areas, where possible and practical.

Another key effort in recent years has been the commissioning of the rooftop solar system at the following locations, with respective contribution towards total energy requirement of the buildings.

Percentage of energy requirement met by rooftop solar at respective locations



FUTURE OUTLOOK



Opportunities

- Leveraging the nationwide branch network to deepen customer relationships and promote inclusive access to financial services including SME banking
- Transforming branches into advisory-led, digitally enabled service hubs that enhance customer experience and productivity
- Improving cost efficiency through asset optimisation, standardisation, and selective rationalisation of physical infrastructure
- Integrating energy-efficient technologies and sustainable building practices to reduce environmental impact and long-term costs, including branch solarisation
- Supporting future growth by investing in scalable, resilient infrastructure that enables innovation and new business opportunities



Challenges

- Optimising the utilisation of an extensive branch network amid shifting customer preferences toward digital channels
- Managing rising maintenance, energy, and operating costs across branches, ATMs, and other physical assets
- Balancing investments between modernising existing infrastructure and supporting new digital and service delivery models
- Ensuring infrastructure resilience, business continuity, and regulatory compliance in the face of climate, operational, and security risks
- Aligning legacy facilities with evolving sustainability, accessibility, and workplace standards



Strategic Priorities



STRENGTHEN

- Upgrade and modernise branches and key facilities to improve resilience, safety, accessibility, and customer experience
- Enhance reliability and availability of critical infrastructure, including ATMs, cash handling systems, and data centre-related assets
- Embed sustainability considerations into asset management through energy-efficient buildings, renewable energy adoption, and responsible resource usage



SIMPLIFY

- Rationalise and optimise the branch and fixed asset footprint to improve utilisation, reduce complexity, and manage operating costs
- Standardise branch layouts, equipment, and maintenance processes to improve efficiency and consistency across the network
- Integrate digital and self-service solutions within physical channels to streamline customer journeys and reduce manual dependency



SCALE-UP

- Repurpose branches as advisory-led, digitally enabled service hubs to support higher-value customer interactions and business growth
- Leverage the Bank's extensive physical presence to deepen SME market reach, support financial inclusion, and enable sustainable growth in underserved regions
- Invest in scalable infrastructure that supports digital banking, automation, and new service models across the branch network



Human Capital



As a service-oriented organisation, Human Capital remains as a key catalyst in NDB's ability to deliver consistent value to customers, facilitate business growth and ensure business continuity over time.

MANAGEMENT APPROACH

- Strengthening the employer brand and the Bank's appeal as an employer of choice through competitive benefits, career growth prospects and a strong culture
- Ensuring a structured governance framework that embraces diversity and inclusion, while encouraging employee engagement
- Providing opportunities for learning and knowledge-sharing to enhance skills and competencies of our team and build an agile and future-ready workforce
- Ensuring physical and mental wellbeing of employees

MATERIAL MATTERS



Fostering Inclusive Employee Relations



Customer Inclusion and Experience

VALUE TRANSFORMATION TRACKER

Stakeholder outcomes and link to SDGs

LKR. 9,563 Mn distributed as monetary benefits



527 new recruits



OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS



Financial Capital

- 11.4% YoY improvement in revenue per employee



Intellectual Capital

- 46% employees retained beyond 5 years



COMPLIANCE AND BEST PRACTICES

Compliance and best practices serve as the key pillars of NDB's Human Capital management framework, ensuring the Bank operates in full compliance with all applicable labour laws in Sri Lanka and aligns its practices with internationally recognised standards, including the principles of the International Labour Organisation (ILO).

These compliance requirements and best practices are institutionalised through a Board approved policy framework covering every aspect of the Human Capital management cycle. All policies

are reviewed annually by the HR team, taking into account regulatory developments and evolving best practices, with proposed enhancements submitted to the HR Management Committee/Human Resources and Remuneration Committee for approval.

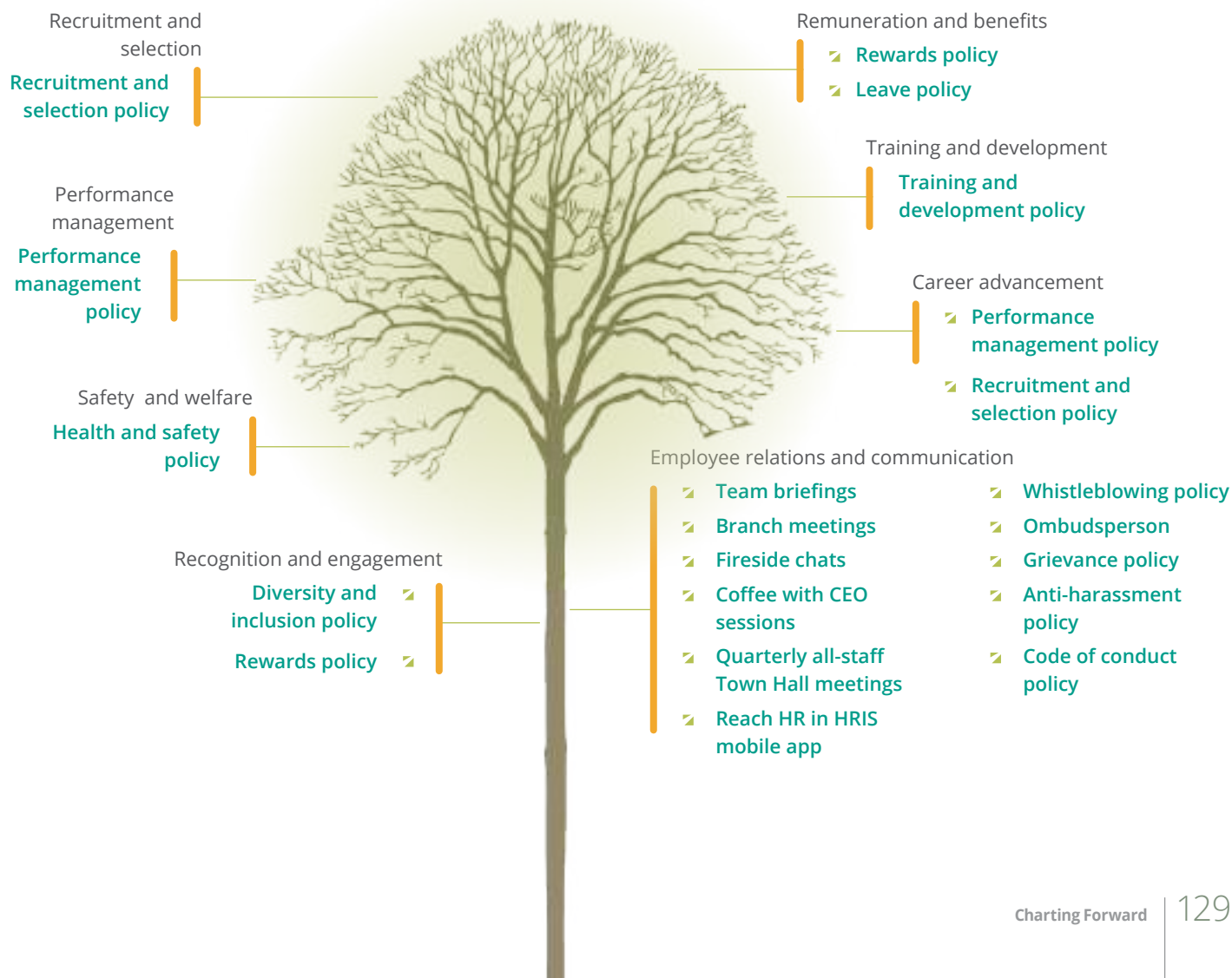
NDB's operations are not at risk for child labour/forced or compulsory labour.



REGULATORY COMPLIANCE

- Shop and Office Employees Act of 1954
- Employees' Provident Fund Act
- Employees' Trust Fund Act
- Payment of Gratuity Act of Sri Lanka

NDB's HR Policies and Procedures



Human Capital

ADVOCATING FOR DIVERSITY, EQUALITY AND INCLUSION (DEI) IN THE WORKPLACE

As an equal opportunity, non-discriminatory employer, NDB demonstrates a firm commitment to diversity, equality, and inclusion (DEI) and in doing so strives to cultivate a workplace where every employee regardless of gender, race, age, or background, is empowered to contribute, progress, and succeed. Acknowledging DEI as a core pillar of NDB's Human Capital strategy, the Bank has embedded these principles across all human resource policies and practices, including recruitment, remuneration, performance management, learning and development, and career progression.

In recent years, the focus on increasing female participation in the workforce, has been further intensified through NDB's flagship Fearlessly Female programme which is designed to foster an ecosystem where female talent is actively nurtured, supported and celebrated, both within the organisation and across the wider community.

To deepen inclusivity and encourage broader participation of women in decision-making processes, a new initiative was launched in 2025 to establish Employee Resource Groups (ERGs). Furthermore, we rolled out three ERGs covering gender, generational and parental themes. There have been no reported incidents of discrimination within the Bank, demonstrating sustained adherence to our non-discrimination and equal-opportunity principles.



In recognition of these efforts, NDB was awarded Economic Dividends for Gender Equality (EDGE) Certification, an internationally recognised benchmark for gender equality, which reaffirms the Bank's continued focus on equal opportunity, pay equity and transparency, and the advancement of women into leadership and decision-making roles.

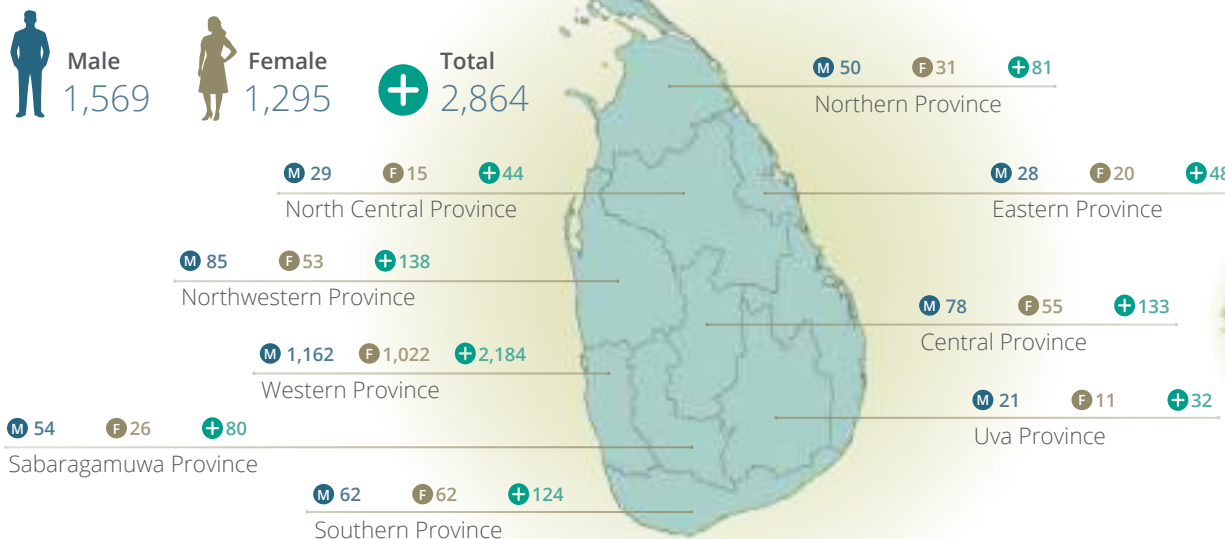
DEI Tracker	2025	2024	2023
Gender diversity (overall)	F - 1,295 M - 1,569	F - 1,281 M - 1,639	F - 1,184 M - 1,571
Female recruits (as a % of total recruits)	46.3%	45.1%	50.9%
Females promoted (as a % of total promotions)	43.5%	44.6%	36.9%
Female representation in leadership roles (%)	32.0%	27.8%	21.1%
Gender pay equity (overall) - female and male	1:1	1:1	0.95:1

Awards and recognition



NDB was recognised at the "Great HR Awards 2025" as the Best Women Friendly Workplace, organised by the Chartered Institute of Personnel Management (CIPM)

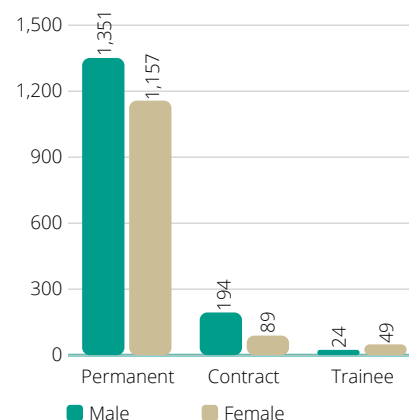
EMPLOYEES BY GENDER AND REGION



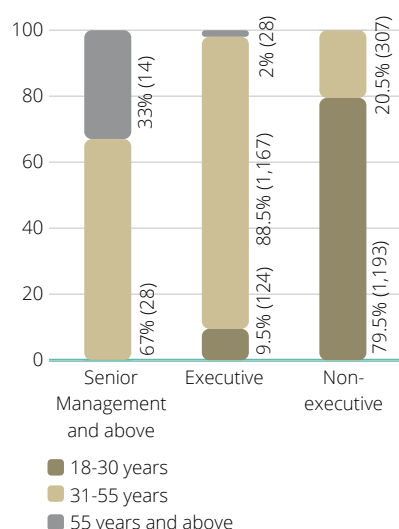
EMPLOYEES BY CONTRACT AND REGION

	Permanent	Contract	Trainee	Total
Western	1,913	226	45	2,184
North Western	122	14	2	138
Central	117	12	4	133
Southern	103	15	6	124
Northern	66	8	7	81
Sabaragamuwa	68	7	5	80
Eastern	48			48
North Central	43		1	44
Uva	28	1	3	32
Total	2,508	283	73	2,864

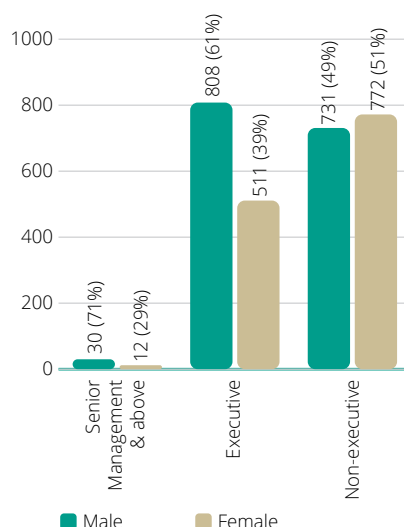
Employee by Contract and Gender



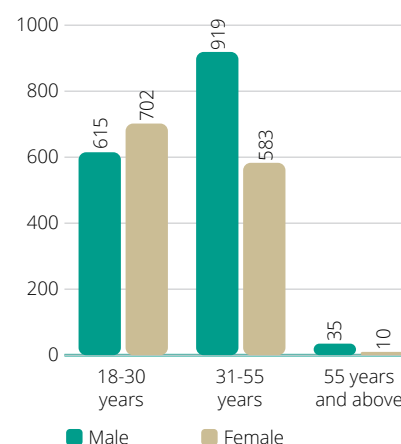
Employees by Staff Category and Age



Employees by Staff Category & Gender



Employees by Age and Gender



At NDB, all employees are engaged on a full-time basis under their respective employment contracts. The Bank does not employ part-time or non-guaranteed workers.

87.6% of our employees are engaged on a permanent basis while the remainder is engaged on a contract or trainee basis for sales and non-critical functions.

We promote regional economic empowerment by making every effort to recruit employees from the communities surrounding the Bank's branches.

No staff in the Senior Management category was recruited from outside the Western Province.

The Bank continued to engage outsourced personnel to enhance operational efficiency and leverage skills. The Human Resources Department oversaw 52 outsourced employees assigned to various functions, including special projects, driving services, the Contact Centre, and legal support. Furthermore, 181 janitorial staff and 326 security officers were deployed across the Head Office and the branch network based on operational requirements.

RECRUITMENT AND SELECTION

As a bank, attracting the right talent is crucial for enhancing NDB's competitive advantage as well as supporting its growth ambitions, and long-term sustainability. Recruitment at NDB is therefore a structured process undertaken in line with the Bank's current and future talent requirements as outlined by the annual human capital requirement.

As part of the disciplined approach to recruitment, all vacancies are first advertised internally to give existing employees the opportunities to apply, and thereafter opened to external candidates

Human Capital

if needed. Shortlisted candidates undergo a selection process, including structured interviews and role-specific assessments.

In keeping with the principles of fair, inclusive, and unbiased recruitment, all hiring decisions are based strictly on merit, competence, and alignment with NDB's values and culture. Additionally, comprehensive pre-employment screening is conducted for all selected candidates.

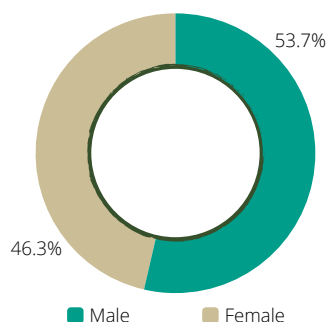
All new recruits, whether derived through the internal pool or through external sources, are appointed subject a six months probationary period, with confirmation based on a formal performance evaluation, ensuring consistency, accountability, and quality across the employee lifecycle.

INDUCTION AND ORIENTATION

It is mandatory for all new recruits to participate in the Bank's induction and orientation programme designed to seamlessly integrate new employees into the Bank's culture, values, and operational environment. The three days programme is delivered through specially curated sessions to enable new recruits to gain a clear understanding of the Bank's vision, strategic objectives, policies, and functional processes from day one. The Bank's Learning and Development (L&D) team is tasked with overseeing participation to ensure every employee completes the induction programme.

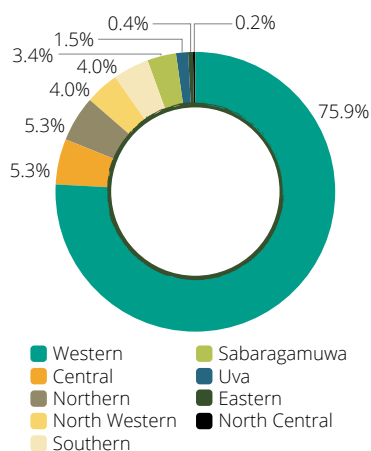
Recruitment by Gender

	Number
Male	283
Female	244



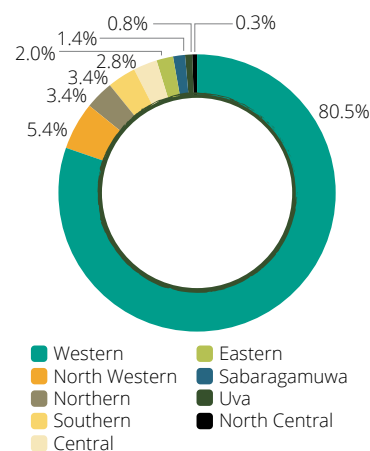
Recruitment by Region

	Number
Western	400
Central	28
Northern	28
North Western	21
Southern	21
Sabaragamuwa	18
Uva	8
Eastern	2
North Central	1



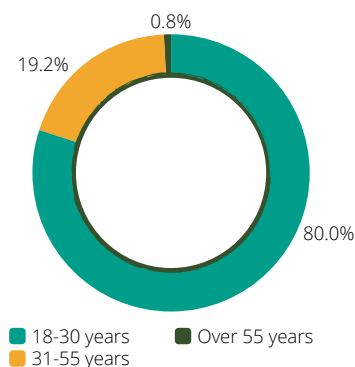
Turnover by Region

	Number
Western	285
North Western	19
Northern	12
Southern	12
Central	10
Eastern	7
Sabaragamuwa	5
Uva	3
North Central	1



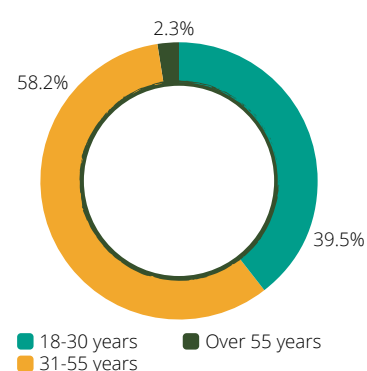
Recruitment by Age

	Number
18-30 years	422
31-55 years	101
Over 55 years	4



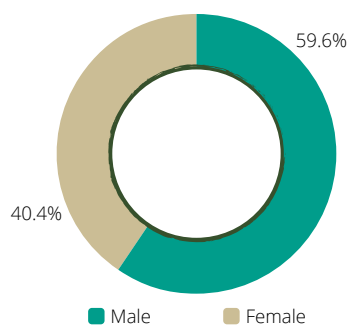
Turnover by Age

	Number
18-30 years	140
31-55 years	206
Over 55 years	8



Turnover by Gender

	Number
Male	211
Female	143



SPECIAL PROJECT TO DRIVE HR AS A KEY ENABLER OF BUSINESS GROWTH

NDB embarked on a major strategic initiative in 2025, aimed at aligning the Bank's Human Capital framework with its future growth aspirations.

Following a comprehensive diagnostic exercise with an external subject matter expert, several key strategic areas needing improvement were identified with a view to ensuring that the Bank's organisational structure is optimally configured to support strategic objectives.

As part of this initiative, work also commenced on redefining the Bank's job architecture which will see the introduction of new job banding to support the appropriate placement of roles based on scope, value, and contribution within the Bank's hierarchy. Concurrently, a review of the rewards framework is also underway to ensure

compensation reflects the updated job architecture. With the revised remuneration structure expected to be finalised by end March 2026, appropriate budget allocations will be made to support the 2026 rewards cycle.

Re-engineering the talent management framework was another key priority under this project, with work underway to strengthen the performance management mechanism by integrating 360-degree feedback for senior roles. Similarly, a range of career pathways will be rolled out to support career growth for middle management, thereby enabling the retention of high-potential employees. Collectively, these efforts are aimed at creating a competent and reliable talent pipeline that is fully aligned with the Bank's strategic priorities.

REMUNERATION AND BENEFITS

NDB's Remuneration and Benefits Policy is designed to attract, retain, and motivate talent, with salary structures benchmarked against industry standards to ensure competitiveness while maintaining pay equity across all roles. Salary structures are subject to regular review by the HR team to assess alignment with industry norms and align with regulatory requirements as well as to address gender pay gaps. All permanent cadre employees are eligible for the suite of benefits.

Rewards and benefits

Guaranteed pay and allowances

- ❑ Fuel/travelling allowance
- ❑ Leave pay/holiday allowance
- ❑ Job specific allowances
- ❑ Accommodation assistance
- ❑ Weekend/holiday banking allowance
- ❑ Fixed bonus

Reimbursable expenses

- ❑ Professional and club subscriptions
- ❑ Education assistance

Retirement benefits

- ❑ PF/ETF, Gratuity (higher contribution to PF over what is stipulated by statutes)

Variable pay

- ❑ Performance bonus
- ❑ Sales incentives and overtime

Other prerequisites

- ❑ Holiday bungalow facilities/ annual trip
- ❑ Medical insurance scheme
- ❑ Parental leave
- ❑ Toastmasters club
- ❑ Staff Recreation club (SRc)

Subsidised loan schemes

- ❑ Housing, vehicle, sundry loans

Of the above, holiday allowances, weekend/holiday banking allowances, performance bonus, subscriptions and educational assistance are not provided to contract employees whilst different schemes/ conditions are applicable for medical insurance.



Human Capital

Additional support extended to employees during the economic crisis also continued during the year, and included

- Awareness sessions on managing employees' limited finances
- Ensuring employee well-being through regular engagement

In line with the recent increase in the minimum wage to LKR 30,000/- for employees covered under the Shop and Office Act, salary scales for affected categories were reviewed and updated. Meanwhile, basic salary will be based on individual performance within a salary range, where a minimum base pay is fixed for each grade. Sales staff salaries were revised to meet the minimum wage requirement. Corresponding adjustments were also made to superannuation benefits. All changes including arrears from 1 April 2025, were reflected in the August 2025 salary payout.

Changes to the benefits structure introduced in FY 2025



Professional Assistance

Incorporated a time-bound clause for reimbursements



Variable Travel Allowance

Increased the variable travel allowance



Out Patient Benefits (OPD)

Increased the annual OPD allowance



Spectacle Cover

Increased the spectacle cover



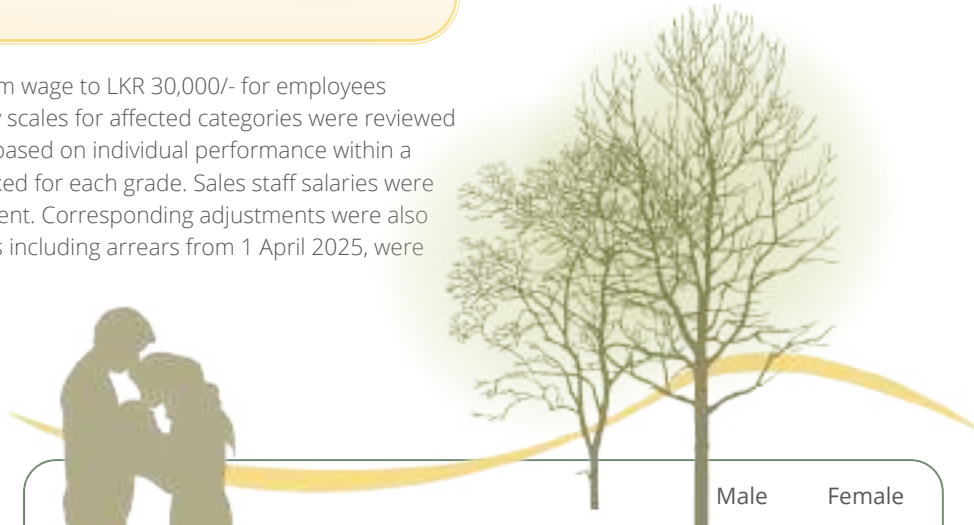
Critical Illness Cover

Increased of the critical illness cover



Paternity Leave

Enhanced the paternity leave benefit from 3 working days to 5 working days



	Male	Female
Employees entitled to parental leave	1,569	1,295
Employees who took parental leave	42	37
Number of employees that returned to work in the reporting period after parental leave ended	42	22
The total number of employees that returned to work after parental leave ended who were still employed 12 months after their return to work	42	21
Return to work rate	100%	59.5%
Retention rate	100%	95.5%

Parental leave

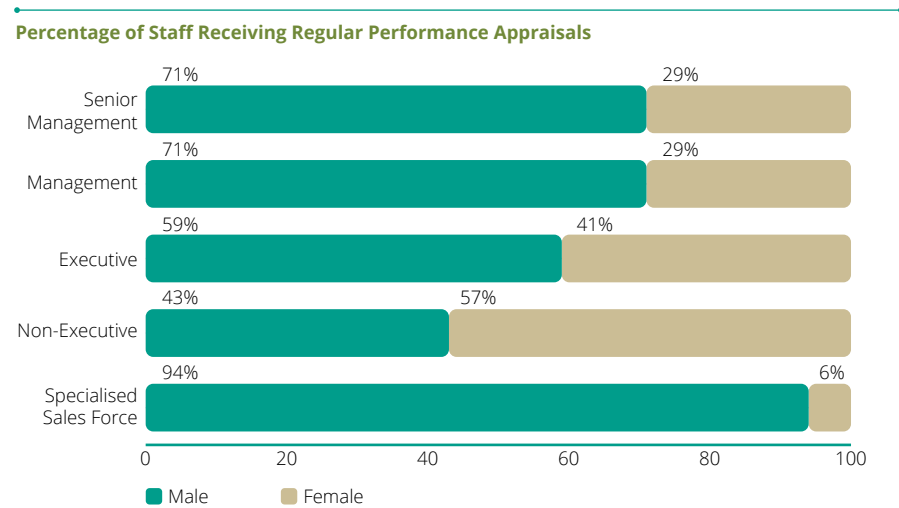
In compliance with the Shop and Office Employees Act of 1954 and the Wages Board Ordinance Amendment Act, female employees are entitled to 84 days paid maternity leave, post-delivery as well as two hours of nursing time for a period of one year after returning to work.

In addition to the statutory requirement, further 16 working days of paid maternity leave is extended to our female employees to make it 100 days of maternity leave. Five days of paternity leave is granted for male employees.

PERFORMANCE MANAGEMENT

NDB leverages performance management as a strategic tool to deepen a performance-driven culture, while empowering employees to grow, excel, and thrive by aligning individual objectives with the Bank's strategic priorities. The Bank's disciplined approach to performance management begins with the establishment of Key Performance Indicators (KPIs) at the start of the year where clear, measurable targets are set for all employees across the Bank. Performance evaluations are conducted bi-annually, beginning with a

mid-year review, followed by an annual appraisal that combines self-assessment with structured feedback from supervisors. Outcomes from the annual review process serves as the basis for salary revisions, and annual bonuses.



CULTURE ALIGNMENT EXERCISE FOR INTERNAL TEAMS

A broad-based culture alignment initiative was launched in 2025 to strengthen productivity and performance among internal teams. This initiative which was anchored on three core principles; Transactions, Asset Quality, and Margins was designed to common purpose across the organisation. Building on the momentum generated by the 2024 rollout of the GROW Smart programme for frontline teams, the 2025 initiative was implemented as a Bank-wide initiative to enhance accountability and promote cross functional collaboration among operational and support functions in achieving the Bank's objectives.

A series of interactive workshops were conducted to help employees clearly understand the rationale behind NDB's emphasis on Transactions, Asset Quality, and Margins, while fostering the mindset required to embed these principles within their respective roles and functional responsibilities.

LEARNING AND DEVELOPMENT (L&D)

Learning and development is central to building a skilled, agile, and future-ready workforce that will empower NDB to remain competitive and stay ahead in the highly competitive local banking industry. The

Bank's L&D strategy represents an iterative model informed through comprehensive training need analysis to address both immediate operational requirements and long-term business objectives.

Technical training interventions represent the largest share of NDB's L&D strategy. Targeted technical training follows a blended learning approach and is delivered through the 70:20:10 model, combining on-the-job learning (70%), coaching and mentoring (20%), and formal classroom or digital training (10%). In recent years, strong emphasis has also been placed on soft skills and behavioural training, reflecting NDB's holistic approach to empowering employees to navigate the complex business environment and achieve excellence in all facets of business and operations.



Human Capital

Training focus in 2025

Training theme	No. of participants	No. of programmes
Conferences/Forums	101	18
Data and Digital	115	10
Diploma and certifications	198	12
Induction/Orientation	571	18
Management/Leadership	1,036	32
Operations	10,676	148
Outdoor team building	327	4
Regulatory	4,083	12
Service	384	8
Soft skills	850	30
Total	18,341	292

Training delivery in 2025

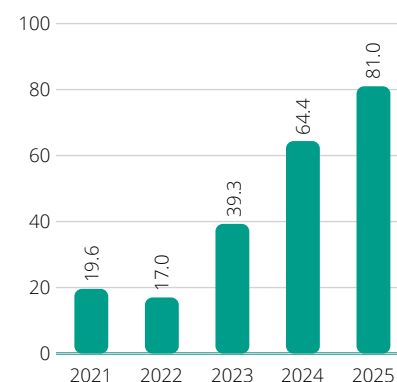
Learning platform used	No. of hours	No. of staff	No. of hours (%)	No. of staff (%)
E-learning	12,265	11,136	6.26	60.72
Physical	183,467	7,107	93.61	38.75
Virtual	264	98	0.13	0.53

Employee promotions

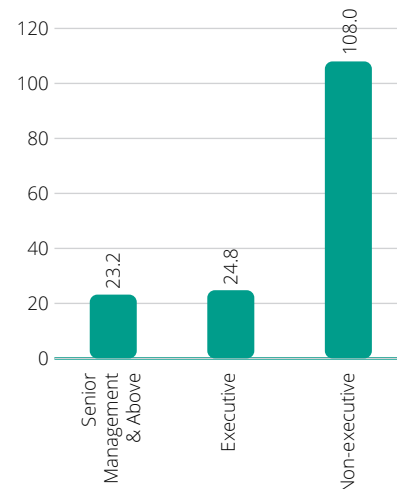
Category	2025			2024		
	M	F	Total	M	F	Total
Vice President	-	2	2	2	-	2
Assistant Vice President	2	3	5	3	1	4
Chief Manager	3	4	7	4	2	6
Senior Manager	11	9	20	11	6	17
Manager	17	5	22	22	8	30
Senior Deputy Manager	22	16	38	11	4	15
Deputy Manager	32	16	48	31	18	49
Associate Manager	38	39	77	49	36	85
Executive	76	53	129	49	51	100
Junior Executive	17	21	38	58	66	124
Senior Banking Associate	-	-	-	-	1	1
Total	218	168	386	240	193	433

Investment in Training

LKR Mn.



Average Training Hours per Category



CAREER ADVANCEMENT

NDB strives to create an environment where employees are empowered to build sustainable careers while contributing meaningfully to the Bank's long-term growth and success. To that end, the Bank's four-pronged approach to employee career advancement focuses on learning and development, performance management, talent identification, and succession planning, which together provide a solid foundation to empower employees to pursue their career aspirations. Within this cohesive framework, employees are supported through clear career pathways, targeted technical and behavioural training, mentoring and coaching, and regular performance assessments that enable informed development conversations.

EMPLOYEE RELATIONS AND COMMUNICATION

Acknowledging that effective communication with employees is vital for cultivating an engaged workforce, NDB maintains a range of formal and informal communication platforms to foster two-way dialog with employees.

The Reach HR feature on the Bank's Human Capital Management (HCM) system facilitates real-time connectivity between employees and the HR team. All operational changes are communicated in a timely manner, with the notice period for changes varying based on the nature and impact of the change.

At the same time, managers are encouraged to use staff meetings and "Fireside Chats" to engage meaningfully with their teams. NDB also advocates the open-door policy through initiatives such as Coffee with CEO sessions and quarterly all-staff Town Hall meetings that provide employees with direct access to senior leadership. The open-door philosophy is further reinforced through the HR Business Partners (HRBPs), a dedicated HRBP appointed to each department is tasked with addressing employee concerns, resolving people-related matters, bridging capability gaps, and supporting the overall progress and effectiveness of business teams. The Bank does not have any collective bargaining agreements in place. During the year under review, there were no material employee-related or industrial relations issues that required disclosure.

Moreover, the Bank's Whistleblowing Policy and the appointment of an Ombudsperson serve as confidential and independent channels for employees to raise concerns, report misconduct, or seek redress without fear of retaliation.

SAFETY AND WELFARE

While the nature of NDB's operations does not expose employees to significant occupational health risks, strict compliance with applicable national safety regulations remains a key priority for the Bank. For the safety of employees, customers and any

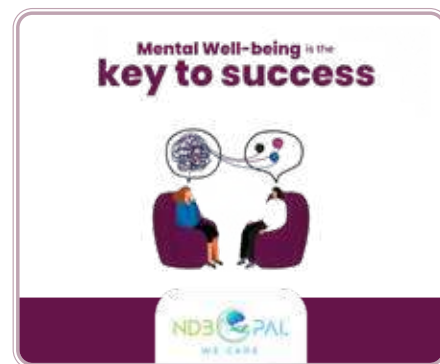
other stakeholders present at any given time, mandatory safety measures have been implemented at all NDB premises which are subject to regular inspection to identify hazards and deploy appropriate corrective action to ensure continued operational effectiveness. Meanwhile, any breakdowns were reported to the Administration Department, and prompt action was taken accordingly.

In addition, trained fire wardens are assigned at the Head Office and branch network, enabling prompt and coordinated responses in the event of an emergency. Safety training forms an important part of the Bank's overall approach to managing location-wise safety. No workplace injuries or incidents of ill-health were reported in 2025.

The Bank's Health and Safety Policy comprehensively addresses all essential areas required to maintain a safe and secure working environment. The policy is designed to proactively safeguard employees' well-being by outlining clear procedures, preventive measures, and continuous improvement practices aimed at ensuring the health and safety of all employees within NDB's work premises.

Additionally, full-time employees are entitled to insurance and healthcare benefits including surgical and hospitalisation expenses, while regular wellness sessions are also conducted to promote physical wellbeing of employees.

Beyond physical wellbeing, NDB's holistic employee wellness proposition NDBPAL implemented in partnership with professional service providers, offers support to employees, while ensuring confidentiality. NDBPAL, which is an element under the bigger umbrella of NDB Cares, is designed as a safe space for employees to discuss issues they are currently facing, improve coping skills and develop effective solutions to address their problems. The programme offers counselling services to safeguard the emotional well-being of employees, including guidance on maintaining healthy relationships in their personal and work lives.



NDB APPLAUDS DEDICATION AND EXCELLENCE AT THE 2024 RETAIL BANKING AWARDS

NDB Bank hosted its annual Retail Banking Awards to honour the exceptional achievements and unwavering commitment of its employees across the island, which stands as a proud tradition by the Bank to applaud the passion, performance, and dedication of staff who continue to push boundaries and drive NDB forward.

The event was held on June 2025 under the theme "Quantum 2024: A Leap in Banking Excellence", reflecting the Bank's renewed commitment to transformation, growth, and purpose-driven leadership. Bringing together teams from across the country from frontline officers to support staff to celebrate milestones reached and new standards set across NDB's retail network with every award highlighted the collective effort behind the Bank's mission to deliver impactful, customer-focused financial solutions to Sri Lankans from all walks of life.



Human Capital

SUPPORTING OUR EMPLOYEES DURING THE ADVERSITIES OF CYCLONE DITWAH

When Cyclone Ditwah struck, the Bank responded swiftly to ensure the safety and well-being of our employees, maintaining continuous contact with those in affected areas. Over 130 NDB team members were directly impacted by the disaster. To support their recovery, the Bank provided a one-off relief payment of LKR 25,000/- to each affected employee. In addition, an interest-free loan facility of up to LKR 500,000/-, repayable over 36 months, was extended to help them rebuild and restore stability.

MEASURING EMPLOYEE SATISFACTION

Employee surveys provide valuable insight into employee work environments, engagement levels and work-life balance, while enabling the Bank to assess employee satisfaction levels. NDB has collaborated with Great Place to Work (GPTW) to conduct the 2025 employee experience survey ensuring the delivery of accurate insights to support continuous improvement in the workplace.

NDB was certified as a Great Place to Work for the period of July 2025 to July 2026 affirming its status as a leading employer and the only local bank named as a Great Place to Work for three times.

RECOGNITION AND ENGAGEMENT

Employee recognition initiatives at NDB celebrate individual and team achievements and promote a sense of pride and belonging, while creating opportunities for greater employee engagement.

Likewise, NDB's robust annual activity calendar creates ample opportunities for employee engagement through a balanced mix of professional and social initiatives, ranging from team-building activities to cultural celebrations, all aimed at keeping employees motivated and connected.



FUTURE OUTLOOK



Opportunities

- Up-skill and re-skill employees in areas such as digital banking, data analytics, automation, and customer experience to strengthening productivity and long-term competitiveness
- Focus on talent identification, career pathways, and structured development programmes to build an internal leadership bench to ensure continuity in critical roles



Challenges

- Increased risk of employee attrition owing to intensifying competition within the local banking sector
- Lack of specialised skills in areas such as digital, analytics, risk, and banking technology



Strategic Priorities



STRENGTHEN

- Integrating key business verticals to promote collaboration between teams and improve alignment with strategic objectives
- Upskilling managers to drive strategic initiatives



SIMPLIFY

- Streamline supervisory oversight structure across front line teams and branches



SCALE-UP

- Measuring outcomes of training interventions to assess impact on achieving long-term objectives



Intellectual Capital



“Intellectual Capital comprises a collection of intangibles encompassing the NDB brand and other internal systems and processes that together safeguard the Bank’s competitive positioning in the local banking sector.”



MANAGEMENT APPROACH

- Investment in brand building to enhance brand equity and build trust and loyalty among our customers
- Driving integrity, accountability, and responsible decision-making across all levels of the Bank
- Leveraging partnerships to enhance customer value, operational efficiency, and ESG impact

MATERIAL MATTERS



Customer
Inclusion and
Experience



Business
Ethics and
Compliance



Secure & Innovative
Digital
Transformation



Partnerships
and
Collaboration

VALUE TRANSFORMATION TRACKER

Stakeholder
outcomes
and link to SDGs

NDB brand featured in top
brand rankings of the country



OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS



Social and
Relationship Capital

- Improvement in customer engagement on social media
- Significant year-on-year loan growth driven by new strategic alliances

Intellectual Capital

BRAND REPUTATION

NDB's brand reputation is anchored to 45+ years of trust, reliability, and consistent performance within Sri Lanka's banking sector. Evolving from its origins as a development bank, NDB's transition towards becoming a commercial bank began over 20 years ago. Today, NDB stands as the fourth largest listed commercial bank in Sri Lanka (based on total assets value) servicing a wide range of clientele through personal and corporate sectors.

In recent years, NDB has further advanced its brand identity by embracing a forward-looking positioning embodied in the tagline "The Future is Banking on Us." underscoring the Bank's commitment to building a future focused banking ecosystem that prioritises customer needs, anticipates emerging trends, and embeds a long-term, forward-looking mindset into every decision.



BRAND FOCUS 2025

Against a backdrop of heightened competition, NDB continued to reinforce brand resilience across priority customer segments through a refreshed and more strategically aligned brand-building agenda. The Bank's initiatives in 2025 were geared toward strengthening product leadership, elevating brand relevance, and ensuring greater visibility across all key customer touchpoints.

NDB's strong brand presence is further reaffirmed through its performance in national rankings. The Bank consistently stands among the top 25 brands in Sri Lanka, and in 2025 was named among the top 20 corporates in Sri Lanka in Brand Finance's Sri Lanka's Top 100 Most Valuable Brands 2025, highlighting the Bank's significance and influence within the country's financial system.

BRAND VISIBILITY INDICATORS

National Brand Rankings

- Ranked 20th in Brand Finance's Sri Lanka 100 Most Valuable Brands 2025, reaffirming NDB's stature among the country's most valued financial institutions.
- Ranked 14th in the Business Today Top 40 2024–2025, demonstrating strong corporate performance and national recognition

A targeted multi-channel content strategy strengthened NDB's social-media presence and enhanced overall brand engagement and visibility.

The Bank recorded a 16.1% share of voice on digital, supported by strong performance on META platforms, placing NDB among the top three fastest growing banks in the digital ecosystem for 2025.

Brand Visibility Indicators



Facebook followers

503,748



YouTube followers

124,000



LinkedIn followers

105,470



TikTok followers

71,259



Instagram followers

17,200

BRAND BUILDING AND IMPROVING BRAND RELEVANCE

Retail Segment

In 2025, NDB strengthened its presence and relevance within the retail banking space through a series of coordinated, insight driven brand building initiatives:

- With a footprint of 113 branches, complemented by an omnichannel network of ATMs and CRMs, the Bank continued to expand accessible customer touchpoints. Visibility across these locations was further uplifted through the branch visibility restructuring programme, which included refreshed branding elements and an enhanced presentation of the signature NDB swoosh to deliver a more contemporary and unified brand experience.
- Strategic placement of outdoor inventories in high impact locations, along with selective digital outdoor advertising, ensured consistent visibility throughout the year and reinforced NDB's mainstream presence.
- A series of curated engagement events for NDB Privilege clients were carried out, including collaborations with leading medical professionals for health advisory sessions, partnerships with reputable universities and education institutes to facilitate overseas educational pathways, and Homelands tie ups to support lifestyle and wealth building aspirations.
- NDB Leasing had a phenomenal year, amplifying its brand presence through active participation in major auto carnivals and partnerships with reputed automotive brands including Toyota, Prime EV, Browns EV, Ideal, United Motors, DIMO, ULM, and others.
- Seasonal brand visibility was strengthened through activations such as the Santa Promo with Shilpa, which garnered high engagement and improved festive season recall.
- The Bank continued to refine its credit card positioning through targeted engagement activities, including Oktoberfest partnerships, seasonal offers, affinity cards, and lifestyle driven promotional campaigns to enhance relevance among high value cardholders.
- The NDB Pixel Teen banking proposition was introduced across multiple schools, promoting financial independence, digital literacy, and responsible money management, while strengthening parent controlled financial behaviour among the youth.
- The Araliya women's banking proposition, together with the Bank's Banking on Women platform (BOW), was reinforced as a holistic financial solution, not just a product. This shift was supported through selective Above the Line (ATL) initiatives, community engagement, and on ground activation programmes that championed women's empowerment and economic participation.
- The Bank also rolled out high visibility Avurudu campaigns that blended digital activations and lifestyle oriented offers to drive engagement during the festive season and strengthen engagement with Gen Z and Millennials.
- Continued NDB's longstanding sponsorship of the School Rugby season, including the Bradby Shield Encounter, to further amplify mainstream brand visibility.

SME Segment

- In alignment with national priorities to strengthen exports and entrepreneurship, NDB scaled its SME presence through a series of NEOSBIZ regional forums conducted across the country, delivered in collaboration with key ecosystem stakeholders. These sessions supported SME

capability-building, digital onboarding, and direct advisory engagement with entrepreneurs.

- Brand visibility for NEOSBIZ was further strengthened, with emphasis on the digitised efficiencies offered to SMEs, including streamlined workflows, improved transaction capabilities, and enhanced operational convenience.
- Revamped the Sri Lanka Vanithabhimana programme with the introduction of a new five-year model to transform local women entrepreneurs into export-ready businesses. The new programme targets the creation of 30 women exporters by 2030, reflecting the Bank's commitment to inclusion and forward-thinking national development.

Corporate Segment

- The Bank enhanced visibility of NEOS Corporate, demonstrating its potential to transform corporate banking operations through digitised efficiencies and seamless transaction management.
- NDB Tradelinc - an industry first proposition that positions NDB as a key enabler of SME and export competitiveness by offering tailored financing, market access, and advisory services. The product launch was coupled with a multi-channel promotional campaign.

Brand Success

- SLIM Digs 2.5 – Gold Award for NEOS Avurudu Dupatha.

Intellectual Capital

CONDUCT AND ETHICS

At NDB, conducting business with the highest standards of integrity, transparency, and accountability is regarded not merely as a regulatory requirement, but as a core value and a fundamental responsibility in honouring the trust placed in the Bank by all stakeholders.

The Board of Directors sets a strong tone at the top by promoting ethical leadership, accountability, and responsible decision-making across all levels of the organisation. A comprehensive policy framework is in place, which clearly outlines the expected standards of conduct for all employees. This framework is further strengthened through continuous oversight, regular training, and robust assurance mechanisms to ensure that ethical principles are consistently upheld throughout the Bank's day-to-day operations.

STRATEGIC ALLIANCES

Recognising that collaboration accelerates value creation beyond what can be achieved organically, NDB forms strategic alliances to enhance customer value propositions, by integrating specialised products, platforms, and services that improve convenience, choice, and experience across digital and physical touch-points. Strategic alliances also play a critical role in growing the Bank's reach, facilitating process re-engineering and improving institutional knowledge, ultimately contributing towards enhancing operational efficiency and scalability, as well as achieving cost efficiency objectives.

Beyond business, NDB forges partnerships with development institutions, community organisations, and sustainability-focused entities to enhance its ability to drive positive social and environmental outcomes that address national development priorities.

POLICIES AND FRAMEWORKS

The Bank maintains a comprehensive suite of policies and frameworks spanning key performance and governance areas, including human resource management, technology and digital enablement, investments, ethics and integrity, risk management, and corporate communications. These policies and frameworks serve as formal mechanisms for capturing, codifying, and institutionalising organisational knowledge, ensuring consistency in decision-making and adherence to best practices across the Bank.

By embedding accumulated expertise, regulatory insight, and strategic intent into structured policies and frameworks, the Bank safeguards continuity, supports scalability, and strengthens its ability to adapt to evolving operating and regulatory environments. Collectively, these elements form a critical component of the Bank's Intellectual Capital, enabling sustainable value creation and resilience over the long term.

STANDARDS AND CERTIFICATIONS

Adoption of recognised standards and certifications that enable NDB to adopt global best practices across governance, risk management, technology, and service delivery, have been instrumental in strengthening NDB's institutional credibility, and thereby enhancing stakeholder trust and confidence. These frameworks also drive consistency, resilience, and continuous improvement across operations, enabling the Bank to scale efficiently while meeting evolving regulatory and customer expectations.

In addition, adherence to internationally recognised reporting standards ensures transparency, accountability, and comparability of financial and non-financial

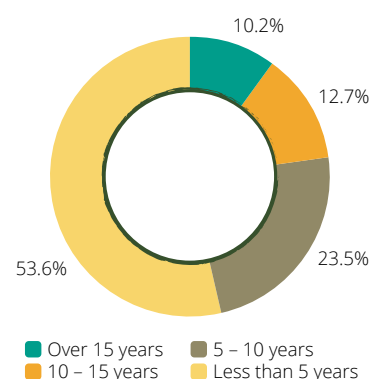
INSTITUTIONAL KNOWLEDGE

NDB's institutional knowledge repository is represented by the Bank's Corporate Management team along with long standing employees who have played a key role in the Bank's evolution across multiple economic and industry cycles. Their accumulated knowledge brings together strategic insight, sector expertise, and a deep understanding of regulatory, customer, and market dynamics to enhance the quality of long-term planning and allows the Bank to calibrate its risk appetite, respond decisively to external shocks and improve efficiency while pursuing innovation. Notably, experienced leaders and long-serving professionals act as custodians of organisational values and standards, reinforcing a strong performance and risk culture aligned with the Bank's conduct and governance frameworks.

Moreover, the ability to draw on historical experience has proven to be particularly valuable in navigating periods of economic volatility, regulatory change, and digital transformation.

Equally importantly, a strong knowledge bank is instrumental in mentoring and facilitating structured knowledge transfer to ensure a reliable and readily accessible talent pool to support the Bank's future growth trajectory.

Employee Tenure Analysis



disclosures, further reinforcing NDB's reputation as a trusted and forward-looking financial institution.

NDB remains committed to maintaining and progressively expanding ISO/IEC 27001:2022 and ISO 27035 certifications, ensuring that its information security policy framework remains aligned with global standards. Also, the Bank continues to enhance its Information Security Incident Management Framework in line with ISO/IEC 27035, which provides specific framework supporting ISO/IEC 27001 in the effective management of information security incidents, thereby further strengthening the Bank's capabilities to prevent, detect, and respond to cyber threats as well as ISO /IEC 20000 IT Service Management Systems (ITSMS) ensures

IT services are delivered effectively, consistently, and aligned with business needs.

ISO 22301 Business Continuity Management Systems (BCMS) ensures the Bank can continue operating during and after a disruption (e.g. cyberattacks, natural disasters, system failures, pandemics).

MEMBERSHIPS AND AFFILIATIONS

Memberships and affiliations provide NDB with access to industry insights, best practices, and emerging trends, enabling the Bank to benchmark performance and stay ahead in a dynamic financial landscape. They also facilitate networking and collaboration opportunities that

support strategic growth and innovation. Existing memberships and affiliations include:

- Sri Lanka Banks' Association (SLBA)
- Sri Lanka Banks' Association Sustainable Banking Initiative (SLBASBI)
- The Association of Professional Bankers - Sri Lanka (APB)
- Sri Lanka Forex Association
- Payment Cards Industry Association of Sri Lanka
- Association of Banking Sector Risk Professionals
- Biodiversity Sri Lanka (BSL)
- United Nations Global Compact Network Sri Lanka



Intellectual Capital

FUTURE OUTLOOK



Opportunities

- Leveraging the shift to digital marketing to engage customers more effectively and build a stronger, tech-savvy brand presence
- Expanding the Elevate customer base by refining the Elevate value proposition and strengthening professional networks to build a more loyal, solutions-driven platform
- Reinforcing the Privilege proposition and strengthening its marketing visibility to deepen relevance among priority customer groups
- Advancing the women empowerment agenda through the Sri Lanka Vanithabhimana recognition programme and associated upskilling initiatives that support export-oriented, women-led enterprises
- Supporting the national digital agenda by promoting digital adoption and leveraging platforms such as NEOSBIZ to uplift SMEs
- Enhancing customer satisfaction through improved onboarding journeys, greater omnichannel convenience, and expanded cross-selling opportunities enabled by better synergy between Retail and Business Banking



Challenges

- Adapting to a rapidly evolving digital landscape while ensuring brand relevance and differentiation in a highly competitive environment
- Managing intensified competition and brand activation efforts targeting the High Net worth Individuals (HNWI) segment
- Navigating the fragmentation of social media communications and fluctuating social sentiment
- Improving marketing Return on Investment (ROI) by shifting from pure awareness-based campaigns to end-to-end lead-funnel management supported by AI



Strategic Priorities



STRENGTHEN

- Leverage AI for campaign optimisation and customer segmentation to ensure customised communications in a timely and efficient manner
- Elevate Banking and Privilege Banking experience to position NDB as the #1 choice for the affluent segment
- Customer Relationship Management System (CRM) integration to improve conversions and deepen customer relationships through segment-driven communications
- Strengthening brand power by leveraging increasing brand equity and affinity among High Net worth Individuals and younger customer segments
- Enhancing internal marketing capabilities to accelerate go-to-market execution and improve cost efficiency



SIMPLIFY

- Platform-wise content strategy to optimise delivery of content across customer segments
- Improve the consistency of brand identity across all physical touchpoints, branches, and digital channels



SCALE-UP

- Build SME-focused content on social media covering legal, taxation, and advisory topics
- Develop content highlighting sustainability initiatives, project finance impact, and broader social value
- Expand reach and engagement through predictive and social intelligence to create a meaningful and far-reaching brand presence
- Proactively neutralise negative social sentiment and strengthen digital PR to safeguard brand reputation
- Proactively neutralise negative social sentiment and strengthen digital PR to safeguard brand reputation



Social and Relationship Capital



NDB's Social and Relationship Capital reflects the strong relationships the Bank has over the years, nurtured with customers, suppliers and other value chain partners as well as the community. By continuing to cultivate these relationships, we aim to create mutual value, empowering our stakeholders while enhancing our operations and elevating our brand reputation.

MANAGEMENT APPROACH

- Empowering customers by ensuring their needs are met through targeted banking solutions, meaningful engagement and increased digital enablement
- Leveraging eco-system partnerships to drive greater synergies and find innovative solutions throughout the value chain
- Collaborations with industry stakeholders to address challenges faced by the banking industry and create a conducive industry environment
- Building resilient communities through ongoing investments in corporate sustainability initiatives and playing a catalytic role in the economic revival of the country

MATERIAL MATTERS



VALUE TRANSFORMATION TRACKER

Stakeholder outcomes and link to SDGs

4.7/5.0 Overall average Customer Satisfaction Rating



LKR 7.9 Bn paid to suppliers



LKR 70.0 Mn* spend on sustainability initiatives



PRODUCT MAPPING

NDB leverages the product mapping approach to create tailored banking solutions to serve its diverse customer segments. Beginning with a deep understanding of the customer's financial requirements, NDB's product mapping exercise is designed to ensure each segment benefits from value propositions that are relevant, timely, and aligned to specific needs.

Another key component of the product mapping process is the regulatory approvals confirming alignment with prudential guidelines, customer protection principles,

*Inclusive of LKR 50.0 Mn donation made to the Government of Sri Lanka's 'Rebuilding Sri Lanka' Fund, established to provide relief to those affected by Cyclone Ditwah.

Social and Relationship Capital

OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS



Manufactured Capital

- Effective use of physical and digital infrastructure to meet customer needs



Digital Capital



Intellectual Capital

- Improved brand loyalty and trust



Social and Relationship Capital

- Healthy increase in customer base

and risk management expectations, while remaining fit for purpose across target segments. No incidents relating to non-compliance concerning the health and safety impacts of products and services, were reported in the year 2025.

Beyond product mapping, NDB undertakes product lifecycle management to enable

the Bank to drive continuous improvement, innovate, scale or rationalise its offerings in line with changing customer expectations. Findings from the product lifecycle management process over the years have been crucial in developing integrated banking propositions that complement its standalone product portfolio. More recently the product lifecycle management process

has been instrumental in accelerating NDB's digital product suite.

Please refer Management Discussion and Analysis on pages 82, 87, 94 and 97 for a full list of products and propositions offered by each of the Bank's Business Lines.

PRODUCT DEVELOPMENT HIGHLIGHTS FOR 2025



- Tailor-made leasing facilities for passenger and commercial vehicles in partnership with leasing automotive agents. Offering fast approvals, minimal documentation, flexible repayment terms, and no guarantor requirements to enable retail customers to access globally renowned brands under United Motor Lanka PLC passenger vehicle portfolio. The partnership also extends to UML's commercial vehicle range, to empower businesses with reliable transport solutions.
- Tourism Sector Auto Loan Scheme for tour operators, hotel shuttle services, and other transport providers within the tourism value chain to expand and modernise their fleets. With loans of up to LKR 25 million, a highly competitive interest rate of 7% per annum, and repayment periods extending up to seven years, the facility offers long-term, structured support to businesses driving tourism in Sri Lanka.
- SME Re-energizer Loan to enable priority sectors such as manufacturing, agriculture, tourism, exports, apparel, construction and agro-based industries and women-led businesses to access

funding of up to LKR 25 million at a highly competitive interest rate of just 7% per annum. With flexible repayment terms, the facility aims to encourage investments in machinery, equipment, solar installations, and productivity enhancements, vehicles for the tourism sector, factory expansions, and technology upgrades.

- Launch of the Mastercard™ Debit Card to elevate everyday banking for NDB customers. A key highlight of the new debit card is its innovative and inclusive notch design, specially introduced to ensure accessibility for visually impaired customers, further reinforcing NDB's commitment to creating products that serve every segment of society.
- Empowering Coconut Farmers with 'Kapruka Ayojana' Investment Credit Scheme. Under this scheme, eligible farmers can access loan facilities of up to LKR 10.0 Mn at a highly concessional annual interest rate of just 8.0%, with a repayment period of up to 5 years, including a grace period of up to 12 months. The scheme is available for investments in new coconut planting and replanting

with intercropping, soil conservation, fertiliser application, and crop protection, establishment of irrigation systems, nursery development, animal husbandry, etc.

- Special financing facilities to support students pursuing overseas education. The range of specially curated financial solutions include education loans, student file facilities, and foreign remittance services.
- Exclusive Home Financing Solutions providing up to 120% financing, with 100% allocated for the property purchase and an additional 20% for ancillary expenses such as furnishing, remodeling, or other home-related requirements. The scheme also includes flexible repayment structures such as bullet payments for lump-sum settlements, step-up payments that begin with smaller instalments and grow as income increases, or step-down payments ideal for parent-child joint loans where higher instalments are paid initially and gradually reduced over time.





BEST IN-CLASS CUSTOMER EXPERIENCE

NDB's conviction to deliver a best-in-class banking experience is anchored to the Bank's extensive island-wide physical footprint, comprising 113 branches and a network of 54 ATM and 111 CRM terminals, collectively serving as trusted, easily accessible touchpoints that bring banking services closer to customers across the country.

Likewise, our digital front-end ecosystem, encompassing mobile and internet banking platforms provide 24/7, 365-day access to a comprehensive suite of banking services, enabling customers to transact, manage their finances, and engage with the Bank anytime from anywhere.

ENHANCING CUSTOMER EXPERIENCE | KEY HIGHLIGHTS FOR 2025



Front-end Enhancements

NEOS 2.0 Digital Platform

Launch of NEOS 2.0, a next-generation digital banking platform with state-of-the-art features and enhanced functionality for retail customers.

NEOS Corporate Enhancements

The functionality of NEOS Corporate, launched in 2024, was further enhanced in 2025. Key upgrades included the introduction of host-to-host integration, enabling corporate customers to connect seamlessly and directly with the Bank's core systems for real-time transaction processing and improved cash management.

Automated Bill Settlement

Automated bill settlement capabilities were introduced alongside the NEOS Corporate upgrades to improve operational efficiency and reduce manual intervention for corporate clients.

TradeLinc Platform

TradeLinc, a fully digital, 24/7, end-to-end platform that provides businesses with unparalleled access to real-time funding, empowering them to navigate liquidity challenges with confidence and agility.

Relocation of the Akkaraipattu Branch

The Akkaraipattu Branch was relocated to a modern facility, offering enhanced banking amenities and a more customer-friendly experience, including expansion of regional services through the establishment of a dedicated Islamic Banking Unit under NDB Shareek.

Opening of the 2nd NDB Privilege Banking Centre

NDB unveiled its 2nd Privilege Banking Centre at Havelock Town, representing a key milestone in the Bank's efforts to elevate service standards and enhance the personalised banking convenience for high-net-worth customers.

NDB Privilege Banking Hosts Global Education Expo 2025

An exclusive event curated for NDB's Privilege customers and their families. The Expo was held in collaboration with ACH Education and provided participants with access to over 30 leading international universities, represented by their officials, who shared insights on academic programmes, admission processes, scholarships, and pathways for higher education across destinations such as Australia, New Zealand, the UK, Canada, Singapore, Malaysia, and popular European countries.

Auto Carnival Experience in Negombo

Held in partnership with a host of leading vehicle dealers, the NDB Auto Carnival in Negombo brought together a diverse range of commercial and personal vehicles under one roof, creating a one-stop destination for aspiring vehicle owners. Customers attending the carnival benefited from a variety of exclusive leasing advantages such as tailor-made repayment plans, special interest rates, and access to refinancing facilities along with zero guarantor requirements and minimal down payments.

Support System/Process Improvements

Implementation of the Loan Origination System (LOS) at branches

The Bank's Loan Origination System enables efficient and consistent processing of loan applications across its entire branch network. The system streamlines credit assessment, approval workflows, and disbursement, enhancing operational efficiency, reducing turnaround times, and supporting a seamless customer experience.

ATM and CRM System Upgrade

In response to customer feedback and service-related issues, the Bank upgraded the ATM and CRM software platforms to improve system stability, service responsiveness, and customer experience.

Service Audits

Conducted service audits across all 113 branches, 8 regional offices nationwide, and all departments to identify service level gaps, branding, and infrastructure issues.

Cheque Deposit Automation

Automation of cheque deposit processes was implemented at Havelock Branch to enhance processing speed, accuracy, and convenience, further streamlining corporate banking operations.

Social and Relationship Capital

Customer Service Week 2025

Customer Service (CS) Week 2025 was celebrated with a strong emphasis on recognising employees who exemplified the Bank's "SURPRISING" service culture. A series of internal communications were rolled out to deepen staff understanding of the "SURPRISING" service principles and further strengthen their ability to deliver exceptional experiences to our valued clients.

To foster collaboration and a unified approach to service excellence, cross functional feedback gathered from employees across the Bank was shared, reinforcing a collective commitment to delivering the best possible customer experience.

In addition, a collection of inspiring service stories shared by customers was published, highlighting and celebrating the superior service delivered by NDB staff. A special award ceremony was also held to recognise employees who received "SURPRISING" service commendations directly from customers. In appreciation of their dedication and contributions, all staff members were presented with tokens of appreciation in recognition of their ongoing commitment to exceptional customer service.



RESPONSIBLE MARKETING AND COMMUNICATION

Transparency, accuracy, and ethical standards serve as the guiding principles underpinning NDB's customer-facing communications. Accordingly, the Bank's marketing and promotional activities are conducted in strict compliance with regulatory requirements, including mandatory disclosures on product terms, conditions, fees, and risks as prescribed by the Central Bank of Sri Lanka and other relevant authorities. Additionally, all marketing and communication practices are fully aligned with the Bank's FCPR (Financial Consumer Protection Regulation) compliance framework, ensuring fairness, clarity, and responsible customer engagement. Likewise, frontline staff engaged in direct customer interactions are subject to regular training sessions to enhance their product knowledge and help them to clearly communicate all relevant product information to customers. Tri-lingual communication implemented across key products and campaigns has resulted in increased customer engagement and reinforced brand positioning.

All marketing content across print, digital, social media, and electronic channels are also developed in strict compliance with regulatory standards and industry best practices. Additionally, in line with the Bank's marketing policy, all promotional

materials undergo thorough internal vetting to ensure they are accurate, transparent, and free from misleading or anti-competitive content.

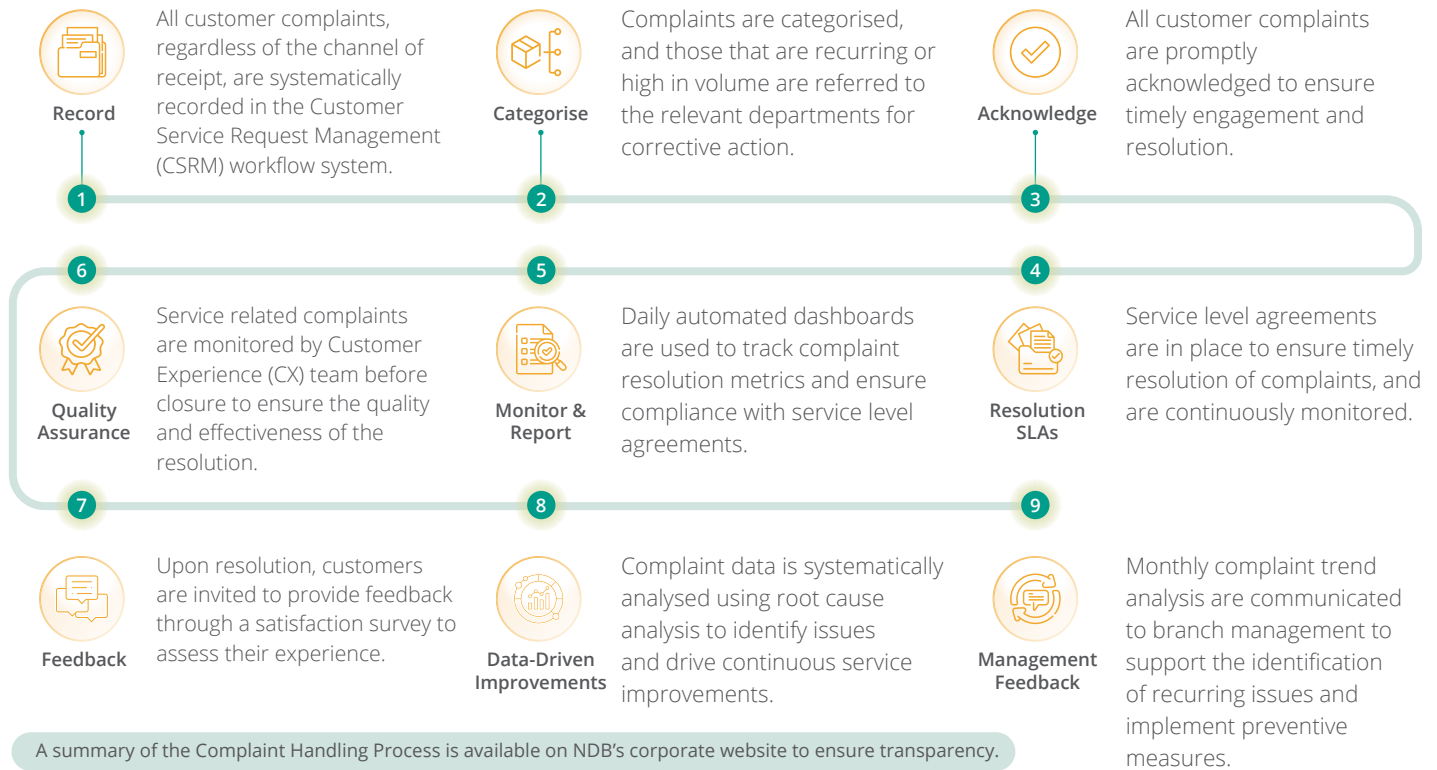
No incidents relating to non-compliance concerning product and service information and labeling or non-compliance concerning marketing communications, were reported in the 2025.

Proactive Complaint Resolution

As a responsible banking institution, NDB recognises that the timely identification, and resolution of customer issues are essential to sustaining trust and enhancing the overall customer experience. Customers are able to lodge complaints through multiple channels, with the 24-hour Contact Centre serving as the most convenient and widely accessible option nationwide.

To further streamline the complaint submission process, web based complaint forms were introduced on the Bank's corporate website in 2025. In addition, real-time social media monitoring was implemented to proactively identify and respond to customer concerns raised on platforms such as Facebook, Twitter, and Instagram.

Complaint Handling Process

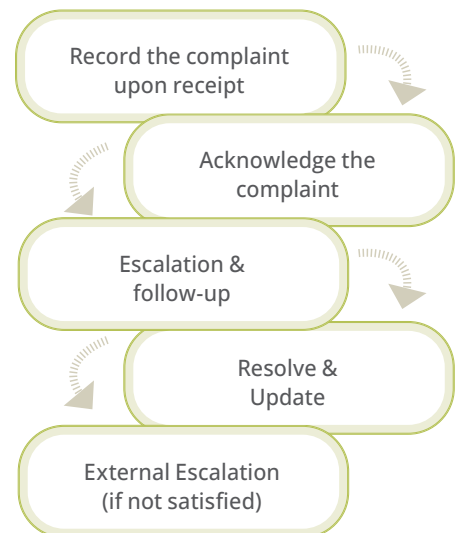


KEY IMPROVEMENTS IN 2025

- Escalation guidelines were enhanced to facilitate the timely management of fraud-related recurring complaints.
- Automated reminders and daily dashboards were introduced to support branches and departments in monitoring complaint resolution timelines.
- Deployed management dashboards to enable proactive monitoring of unresolved complaints.
- Introduced additional validation through the CSRM system to strengthen complaint categorisation and enable region-wise reporting of unresolved customer complaints.
- Conducted monthly analysis of concerns and poor-feedback analysis, with findings shared across the branch network to address recurring issues and prevent recurrence.
- A new e-learning module on the Complaint Handling Procedure was introduced to strengthen staff capability in complaint handling and support the delivery of prompt and effective customer solutions.
- Conducted periodic regional and branch-level review meetings to share insights, key learnings, and actionable recommendations delivered from recurring customer issues.



Customer satisfaction on complaint resolution improved from 23% in 2024 to 39% in 2025

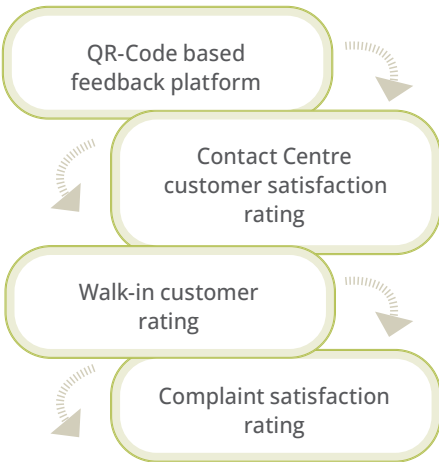


The Bank maintains clear customer complaints data, which are subject to detailed analysis for enhanced service levels.

Social and Relationship Capital

MONITORING CUSTOMER SATISFACTION

The Bank has established a comprehensive framework for monitoring customer satisfaction across multiple channels. Customer satisfaction scores recorded under each of these channels remained strong, reaffirming the effectiveness of the Bank's processes and productivity of our teams in consistently delivering an exceptional customer experience.



Channels via which queries/ complaints are received	Percentage of queries/complaints resolved within the Service Level Agreement (SLA)
Online - General Email inbox	93%
NEOS Mobile/Online Mail inbox	96%
Contact Centre (% of calls answered within SLA)	81%

Performance in Turnaround times	Percentage of requests/complaints that met the Service Level Agreement (SLA) Turnaround times
Requests turnaround time	89%
Complaints turnaround time	88%

Customer feedback percentage	
Customer feedback "Very Good" and "Good"	Via QR – 99.7%
	Via Account opening - 96.8%
	Via Walk in customer feedback - 89.6%

COMMITMENT TO DATA PRIVACY

Given the large volumes of customer data handled on a daily basis, NDB has established a comprehensive framework of systems, protocols, and governance practices to safeguard customer information. Internally, the Bank has commissioned advanced security measures, including access controls, firewalls and 24/7 monitoring to detect and prevent unauthorised access, cyber threats, and potential data breaches.

Additionally, all front-end digital platforms are equipped with multiple layers of security to protect customer accounts and transactions. Security features include one-time password (OTP) verification for both transactions and logins from new or unrecognised devices, biometric authentication for NEOS Retail users, and transaction SMS alerts to provide real-time notifications and reinforce transparency.

Taking steps to further strengthen its data privacy framework, a formal Data Protection Policy was introduced in 2025 in line with the Personal Data Protection Act 2022.

In 2025, NDB strengthened its Customer Experience framework through a series of targeted initiatives aimed at enhancing compliance with the Financial Consumer Protection Regulation (FCPR). These actions focused on improving staff capability, reinforcing governance, and ensuring consistent protection of customer rights.

Structured FCPR awareness sessions were delivered to all new employees, supported by the launch of a specialised e learning module on regulatory aligned complaint handling. To further embed compliance at operational levels, Service Champions were appointed across departments to

provide oversight and promote adherence to privacy and regulatory standards.

The induction programme was enhanced with dedicated FCPR training components, ensuring that new recruits develop a strong understanding of consumer protection expectations from the outset. Additionally, the service audit programme was expanded to include assessments related to data privacy, strengthening internal controls and assurance mechanisms.

As a result of these collective efforts, no breaches of customer privacy and losses of customer data were reported during FY 2025, underscoring NDB's continued commitment to responsible data stewardship, regulatory compliance, and the protection of customer interests.



SUPPLIERS AND BUSINESS PARTNERS

An efficient supply chain plays a critical role in supporting NDB's core banking operations, digital transformation initiatives, branch infrastructure, and brand presence.

The Bank's supply chain is represented by a diverse network of entities providing both essential and non-essential services across four primary categories - IT, Marketing, Administration, and Engineering & Maintenance. Of these, local suppliers account for approximately 88% of the total annual procurement spend.

PROCUREMENT BEST PRACTICES

The Bank's Procurement Division operates in accordance with the Board-approved Procurement Policy Manual, which establishes the overarching objective of securing the right quality at the right price, at the right time, while ensuring fairness, accountability, and compliance with internal controls and regulatory expectations.

The disciplined and transparent procurement process is underpinned by a structured supplier registration framework set out under the Procurement Manual. As per the established procedure, supplier registration is conducted once every two years with prospective suppliers invited to submit a formal request for registration together with a set of mandatory documentation, including Business Registration Certificate (BRC), Audited financial statements, or in their absence, a declaration signed by the Director or Owner, alongside a detailed company profile outlining capabilities and experience.

Further expanding the supplier evaluation criteria in line with global best practices, environmental and social screening was introduced in 2025, via a comprehensive supplier questionnaire at the point of registration. Steps were also taken to implement a quarterly sanction screening process to assess supplier performance on an ongoing basis. Suppliers identified as non-compliant through this process are subject to corrective actions, including blacklisting where warranted, to safeguard the Bank from reputational, legal, and operational risks.

As stipulated in the Procurement Manual, all successful suppliers are required to formally agree to and sign the Supplier Code of Conduct confirming their commitment to adhere to NDB's standards on Occupational Health and Safety (OHS), Environmental

responsibility, Ethical business conduct, Community considerations and Governance and risk management standards.

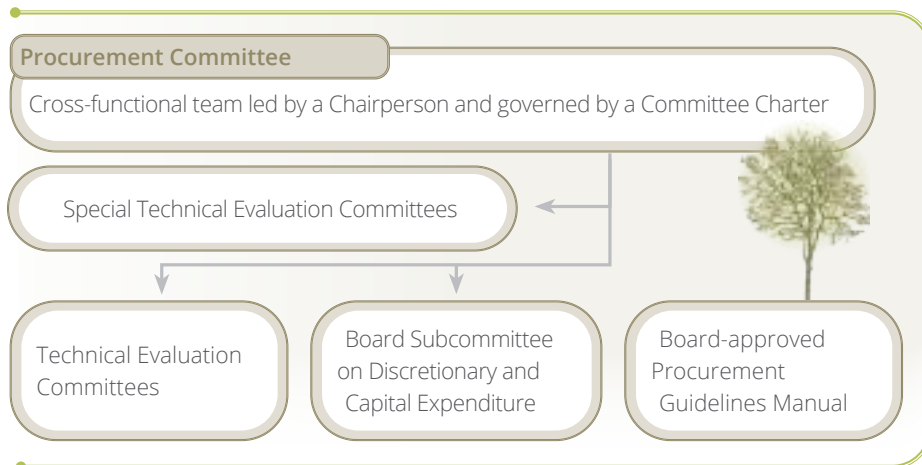
At the time of procurement, quotations are called from registered suppliers with selections based on both technical and financial evaluations. Quotations are assessed to determine the supplier's capability to meet the Bank's technical specifications, service standards, and delivery requirements, followed by a price-based evaluation to ensure cost efficiency.

For large-value procurements exceeding defined thresholds, proposals are evaluated

by Special Technical Evaluation Committees (STECs) comprising cross-functional subject matter experts. To ensure procedural integrity, a member of the Procurement Committee mandatorily serves as the Secretary to each STEC.

Recommendations of the STECs are submitted to the Procurement Committee for final approval. In respect of expenses exceeding specified thresholds within defined expenditure categories, proposals are first reviewed by the Board Subcommittee on Discretionary and Capital Expenditure, prior to Procurement Committee approval.

PROCUREMENT GOVERNANCE



COMMUNITY

PROMOTING FINANCIAL INCLUSION

NDB defines its role in the community through a sustainability agenda that is strategically aligned with the Bank's value proposition and brand focus of being a futuristic bank. Guided by this vision, the Bank prioritises financial inclusion to empower unbanked and underbanked communities through access to financial resources. To this end, NDB leverages dedicated credit lines obtained through strategic partnerships with institutions such as the International Finance Corporation (IFC), National Enterprise Development Authority (NEDA), Asian Development Bank (ADB), as well as the Government of Sri Lanka, to support the growth of SMEs, exporters and entrepreneurs across diverse sectors of the economy.

There were/are no significant actual and potential negative impacts on local communities.

Social and Relationship Capital

WOMEN'S EMPOWERMENT

Banking on Women (BoW) Initiative

NDB's BoW initiative is driven under the Araliya brand, which provides targeted financial solutions for women from various walks of life, including working women, homemakers, women-led enterprises, and female entrepreneurs. The BoW goes beyond offering affordable financing, NDB in partnership with IFC conducts special capacity building and skills development programmes, while partnering with the Asian Development Bank (ADB) via the Government of Sri Lanka to extend advisory services and training to women-led SMEs.



SRI LANKA VANITHABHIMANA SEASON 5



NDB, in collaboration with News 1st, continued its proud tradition of honouring the achievements of Sri Lankan women through the Sri Lanka Vanithabhimana (SLV) programme, a platform that recognises and celebrates outstanding contributions made by women to the nation's society, economy, and culture.

Building on the success of the Provincial Sector initiatives held to-date, the 2025 edition saw the introduction of a

groundbreaking new Corporate Sector Competition to honour all elite women professionals, entrepreneurs, and leaders, without restriction.

The 2025 edition which marks Season 5 was held on August 20, 2025, where winners across provincial and corporate categories were revealed with the event concluding with the crowning of the Most Popular Woman of the Year 2025 determined by public vote.

SRI LANKA VANITHABHIMANA – REVAMPED FOR GREATER IMPACT FROM 2026 ONWARDS

Sri Lanka Vanithabhimana (SLV) has embarked on a renewed journey of impact, with a bold commitment to create and empower 30 women-led export businesses by 2030. This pledge, together with the strategic roadmap to achieve it, was formally announced and launched at the 2025 SLV Grand Finale.

This revitalised direction builds on NDB's long-standing commitment to supporting

export-led enterprises and its strategic focus on women's empowerment. The initiative brings together the Bank's expertise in both financial solutions and technical advisory services, delivered in collaboration with key stakeholders from the public and private sectors.

Under this programme, selected export-oriented female entrepreneurs will be supported over several years through

a structured framework that includes tailored financing, advisory services, market access facilitation, and capacity-building initiatives. This holistic approach aims to nurture them into fully-fledged exporters, enabling them to make a sustainable and meaningful contribution to the Sri Lankan economy.

Sri Lanka Vanithabhimana cumulative impact over five years



Total investment

LKR 212.3 Mn



Total applications received

>11,397



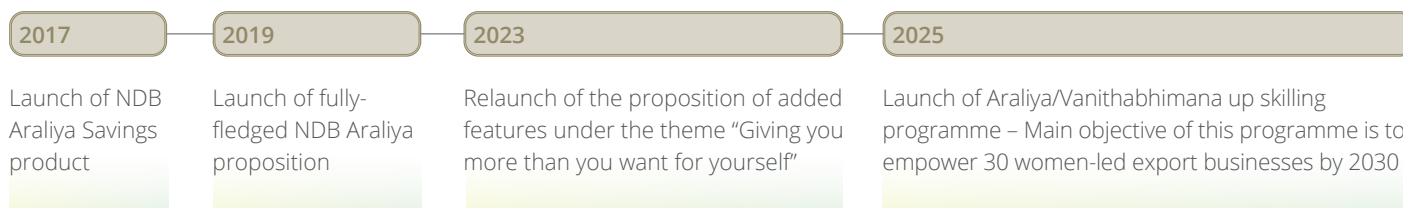
Total number of awards

recipients at the Grand Finales

129 Awards



NDB Araliya Journey



NDB ARALIYA – KEY SOLUTIONS

Financial services

- Savings and Current accounts
- Business Loans
- Credit/debit cards
- Working capital facilities
- Benefits linked
- Free life protection cover, free hospitalisation cover for the Account Holder and immediate family
- Free medical checkups periodically for the account holder,
- Free children's savings account with a maximum deposit of LKR 25,000
- Bonus interest on continued monthly committed savings

Non-financial services

- Araliya knowledge sharing for a, mentoring and networking sessions and third party advisory service among others, covering areas
- Business planning and management
- Branding and Marketing
- Going digital and online marketing
- How to manage finances wisely
- How to become bankable & women entrepreneurship
- Financial Management/Business re-structuring/Over trading/Business management
- Business excellence through digitalisation and export orientation
- Benefits transacting through formal banking channels
- Vanithabhimana award recognition programme

KEY HIGHLIGHTS

NDB ARALIYA – 2025



- Surpassed the LKR 3 billion milestone, recording 50% growth in the Araliya Savings Portfolio.
- Achieved overall BW proposition growth of 9% in liabilities, alongside a notable 44% increase in assets.
- Hosted a fully-fledged Araliya Medical Camp on International Women's Day, bringing together approximately 200 Araliya Women's Account holders with over five years of account tenure.
- Special credit card offers linked to women-centric events round the year such as International women's day, Breast cancer awareness month.
- Launched the Araliya/ Vanithabhimana Upskilling Journey, aimed at empowering 30 women-led export businesses by 2030.
- Fifth Edition of Sri Lanka Vanithabhimana award recognition programme successfully held.

BANKING ON WOMEN – CONTRIBUTION TO THE BANK'S OVERALL PORTFOLIOS

Gross loans	2024	2025	Customer deposits	2024	2025
BoW	9%	9.2%	BoW	22%	20%
Other	91%	19.8%	Other	78%	80%

Social and Relationship Capital

CORPORATE SUSTAINABILITY

NDB's Corporate Sustainability (CS) initiatives reflect the Bank's deep-rooted commitment to invest in creating a solid future for Sri Lanka, its people, and its natural ecosystems. Anchored in the Bank's long-term strategic vision and guided by the broader thematic focus set out under the United Nations Sustainable Development Goals (SDGs), NDB's CS agenda is designed to go beyond short-term interventions, focusing instead on impact initiatives that create enduring social, economic, and environmental value.

To further amplify the impact of these efforts, NDB often collaborates with public institutions, development agencies, community organisations, and other stakeholders to channel resources, expertise, and networks to extend its reach through scalable initiatives to support the country's sustainable development journey.

Education

NDB champions Sri Lankan ingenuity as official banking partner of "Sahasak Nimavum"

NDB reaffirmed its commitment to nurturing home-grown innovation by partnering with the Sri Lanka Inventors Commission (SLIC) as the official banking partner of "Sahasak Nimavum", Sri Lanka's flagship national inventions and innovations exhibition. The initiative promotes innovation with real-world applications across key sectors such as healthcare, education, agriculture, and industry, while creating pathways for investment, commercialisation, and long-term socio-economic impact. "Sahasak Nimavum" is now a recognised symbol of creativity and inclusive progress thanks to its consistent endeavour to promote ingenuity and entrepreneurship across all provinces in Sri Lanka.

The national phase of the competition, which was held in April 2025 at the BMICH, Colombo, brought together over 1,000 inventions selected through regional and provincial competitions that attracted participants from schools, universities, professional bodies, the tri-forces, and independent inventors, alongside

international innovators from Romania, Brunei, and Iran.

Education for Conservation

Continuing its long-standing partnership with the Wildlife and Nature Protection Society (WNPS) of Sri Lanka, NDB implemented the Education for Conservation – Kurunegala project, aimed at fostering environmental stewardship among schoolchildren. The initiative focuses on biodiversity, climate change, and sustainability, tailored to the unique ecological context of the Kurunegala District, with the objective of nurturing environmentally conscious youth from an early age.

The programme commenced with the selection and training of District Ambassadors, followed by a series of interactive awareness sessions conducted across 10 schools under the WNPS Youth Wing's Education for Conservation programme. These sessions were complemented by hands-on learning through small-scale sustainability and research projects, culminating in a district-level felicitation and experiential learning visits to nearby national parks or nature reserves for high-performing students.

During the year, 26 youth applied for the District Ambassador role, with the top three selected and trained in communication, facilitation, and programme delivery. With approval from the North Western Provincial Education Department, awareness sessions were delivered in Sinhala medium using visually engaging and interactive content. To date, 488 students and 24 teachers participated in the first awareness session across all 10 schools, while the second session reached 397 students and 11 teachers in 10 schools, with the remaining sessions underway. Students have since initiated their sustainability and research projects, marking a strong progression from awareness to action.

Entrepreneurship

Empowering Women-led Households to Achieve Sustainable Livelihoods

NDB partnered with World Vision Lanka to support ten women-led households in the

Kilinochchi District to strengthen livelihoods, food security, and financial inclusion among families facing economic vulnerability. Under the partnership, World Vision Lanka provides agri-based technical assistance and input support, including seeds, plants, livestock, and tools, alongside practical training in home-based cultivation and animal husbandry. Complementing this, NDB prioritises financial literacy awareness, equipping them with the knowledge to navigate the formal banking system and the tools to manage their finances effectively for long-term stability.

NDB employee volunteerism: 03 NDB employees conducted Financial Literacy Programmes.

06 NDB employees visited beneficiary households to observe project progress and engage directly with the community.

As the programme progresses, NDB and World Vision Lanka will jointly monitor outcomes and explore opportunities to scale the model to reach broader communities across the country.

NDB Hosts Exporter Forum in Kandy

The forum, part of NDB's ongoing series of regional engagements, was designed to support SMEs and established exporters with financial solutions, advisory services, and practical knowledge to expand their reach into global markets. The event also underscored NDB's role as a trusted financial partner for exporters in navigating challenges and seizing emerging opportunities.

NDB Champions SME Digitisation with NEOSBIZ Forum

The forum spotlighted NEOSBIZ, NDB's pioneering mobile banking platform developed specifically for SMEs, and demonstrated its powerful capabilities in driving financial efficiency, transaction security, and seamless business operations. The event provided attendees with hands-on exposure to the app, showing how it empowers business owners to manage everything from bulk payments to employee salaries, QR transactions, and real-time fund tracking, all through a single intuitive platform.

SPECIAL PROJECTS

Cyclone Ditwah Relief Initiative 1 - Siyatha Lengathukama National Relief Campaign

Cyclone Ditwah caused catastrophic and widespread damage across all 25 districts of Sri Lanka, resulting in significant loss of life, large-scale displacement, and substantial economic disruption. In response to the severity of the situation, the Government of Sri Lanka declared a state of emergency.

In line with its commitment to supporting communities during times of national crisis, NDB Bank actively participated in multiple relief initiatives in collaboration with key partners.

Project partners

Siyatha TV and Siyatha FM

The Bank's intervention and impact

NDB contributed LKR 3 Mn towards the initiative. In addition, NDB Bank served as the official banking partner for the campaign, facilitating transparent and efficient fund management.

NDB employee volunteerism

26 NDB employees volunteering during working hours and 10 employees contributing after office hours to sort and pack dry rations at the Gangaramaya Temple collection centre.

Project partners

Biodiversity Sri Lanka (BSL)

The Bank's intervention and impact

NDB Bank extended support to the BSL by funding the purchase of essential dry rations and other requirements needed as part of the immediate relief effort.

Project partners

World Vision Lanka (WVL)

The Bank's intervention and impact

NDB Bank extended support to the WVL by funding the purchase of essential dry rations and other requirements needed as part of the immediate relief effort. Additionally, funds initially allocated for the repair of 45 fishing boats were reallocated to procure fishing nets, to support the restoration of income-generating activities.

Project Scope

The main of the "Siyatha Lengathukama" campaign was to mobilise donations and provide humanitarian assistance to communities across the country affected by Cyclone Ditch. A public collection centre was established near the Gangaramaya Temple in Colombo 02, with relief items distributed to the worst-affected areas through the support of the Sri Lanka Army.

Key activities

- Purchase and distribution of 200 mattresses and 800 pillows for 200 families.
- 500 schoolchildren were supported with their required book lists and school bags.

Cyclone Ditwah Relief Initiative 2 - Supporting communities in Anawilundawa

NDB's connection to the Anawilundawa community stems from the Bank's commitment to the Life to Our Mangroves project, a multi-year initiative dedicated to restoring and protecting critical mangrove ecosystems. In the aftermath of Cyclone Ditwah, communities living around the project area were severely impacted.

Project Scope

To support the relief effort for Ditwah-affected communities in Anawilundawa

Key activities

- Purchase and distribution of 105 dry ration packs to families in Muthupanthiya village.

Cyclone Ditwah Relief Initiative 3 - Supporting communities in Kilinochchi

NDB has always maintained close engagement with the Kilinochchi community through its support for the Integrated Farming Project implemented in Santhapuram Village within the Ampal Nagar GN Division (discussed in this section of the Report). With 165 out of the 930 families in the village relying directly on fishing and fishing-related livelihoods, the impact of Cyclone Ditwah severely disrupted income sources and access to food, leaving affected households facing acute food insecurity and livelihood challenges.

Project Scope

To assist in the relief and recovery effort for Ditwah-affected communities in Kilinochchi.

Key activities

- Purchased and distributed 147 dry ration packs.
- Provided 150 water cans (20 litres each) to affected households.
- Provided 336 fishing nets to 113 fishermen.

NDB employee volunteerism

01 NDB employee participated in the WVL flood relief distribution programme in Kilinochchi.

Social and Relationship Capital

Support to the differently-abled

As a part of CSR initiatives in supporting needy patients, NDB supported the purchase of four wheelchairs on the request made by Rotary Club of Colombo Mid Town.

The Bank received a request from a person with disability via the National Secretariat for Persons with Disabilities, Ministry of Rural Development, Social Security and Community Empowerment. NDB Bank funded supporting the individual to obtain a bike, enabling him to sustain his livelihood.

FUTURE OUTLOOK



Opportunities

- Transition to an omni-channel environment, enabling customers to interact seamlessly with the Bank across physical and digital touchpoints
- Leverage predictive analytics enable proactive service delivery, faster credit decisions, improved complaint resolution, and stronger credit risk management
- The LOS platform incorporating AI-enabled credit scoring to support faster, more accurate credit assessments and expedite approval processes in order to improve turn-around times for branch level customers



Challenges

- Advancing digital services while ensuring inclusivity, data security, and customer confidence



Strategic Priorities



STRENGTHEN

Customer

- Integrate AI and machine learning into the loan origination system, including probability-of-default scoring
- Expand executive-level dashboards for customer complaints and service performance monitoring

Supply Chain

- Reform procurement governance by repositioning the function as a strategic unit under Finance
- Introduce supplier performance monitoring frameworks to enhance accountability and long-term supplier development



SIMPLIFY

Customer

- Reduce approval layers within the loan approval process to enable faster decision-making

Supply Chain

- Implement category-based procurement planning to simplify demand aggregation and sourcing decisions
- Enhance budgeting and procurement planning processes to support bulk purchasing and long-term contracting
- Standardise procurement processes through a revised Procurement Manual



SCALE-UP

Customer

- Roll out end-to-end digital onboarding covering the full account lifecycle, from account opening to archiving
- Deploy predictive analytics for complaint trend forecasting and proactive resolution
- Expand predictive analytics capabilities across customer engagement and service delivery functions

Supply Chain

- Invest in a fully integrated digital procurement system covering the entire procurement lifecycle



Natural Capital

As a Bank, the direct environmental impact from NDB's operation is limited. Notably, however, there are significant environmental implications that stem from the Bank's value chain from upstream activities to downstream impacts associated with lending projects.

MANAGEMENT APPROACH

- Prioritising responsible lending to manage financed emissions through the Bank's lending portfolio
- Championing responsible operations by embedding sustainable practices within the Bank's own activities
- Investing in impact-driven initiatives that build long-term climate resilience

MATERIAL MATTERS



Climate Action



Business Ethics and Compliance



Secure & Innovative Digital Transformation



Partnerships and Collaboration



Community Development and Engagement

VALUE TRANSFORMATION TRACKER

Stakeholder outcomes and link to SDGs

LKR 19,415 Mn lending to renewable energy generation since 2010

362,021.2 Mt CO₂e worth of carbon emissions eliminated through such lending

36,380 kg paper recycled, preventing it from being sent to landfills

8,890 kg of waste, including polythene, plastics, PET bottles, glass, rubber, and metal cans, collected through the "Adopt a Beach" project

7,311 kgs of pollutants removed from the lagoon and mangrove ecosystems under the "Adopt a Lagoon" project

1,371 Kgs of ghost nets and fishing gear, plastic and polythene, metal debris, glass material collected through the "Underwater Coral Bed Cleanup and Conservation" project



Natural Capital

OUTPUTS FOR THE BANK AND IMPACT ON OTHER CAPITALS



Financial Capital

- 13.1% YoY growth in lending to renewable energy projects



Intellectual Capital

- Enhanced reputation as a responsible environmental steward



Social and Relationship Capital

- Close engagement with communities through projects

NURTURING NATURAL CAPITAL

NDB recognises that the preservation and responsible use of Natural Capital are fundamental to long-term value creation for the Bank, its stakeholders and the wider economy. Our approach to managing environmental impacts and dependencies is guided by a clearly defined ESG agenda, supported by a robust governance structure and a comprehensive Environmental and Social Management System (ESMS).

Oversight of environmental and climate-related matters is provided through the Bank's ESG Board subcommittee, ESG Management Committee, Corporate Sustainability Committee and the Environmental and Social Risk Management Integrated Committee, ensuring that environmental considerations are embedded into strategy, risk management and decision-making processes across the organisation.

MANAGING IMPACTS AND ENABLING POSITIVE OUTCOMES

Over the years, NDB has taken deliberate steps to minimise its direct environmental footprint while contributing to the preservation of ecosystems through responsible operational practices. Beyond managing internal impacts, the Bank's environmental agenda extends across its value chain, with a strong emphasis on promoting sustainable environmental practices through its lending and financing activities, with emphasis in lending to renewable energy generation.

CLIMATE RISK AND SUSTAINABILITY REPORTING

In line with the adoption of SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards, the Bank has strengthened its focus on identifying, assessing and managing climate-related risks and opportunities (CROs) taking a climate-first approach. These considerations are increasingly integrated into governance, strategy and risk management processes, enhancing the Bank's ability to respond to both physical and transition climate risks. Detailed disclosures on climate-related matters are provided on pages 167-194 of this Report.

FOCUS AREAS FOR NURTURING NATURAL CAPITAL



The Bank's approach to nurturing Natural Capital is structured around four key focus areas:

1. Responsible lending, integrating environmental and social risk considerations into credit decision-making
2. Integrated energy and emissions management, aimed at reducing the Bank's operational environmental footprint
3. Material and waste management, promoting resource efficiency and responsible consumption
4. Impact-driven special climate initiatives, supporting projects and programmes with measurable environmental benefits

COLLABORATIONS AND PARTNERSHIPS

Recognising that environmental challenges require collective action, NDB actively collaborates with industry and international initiatives to strengthen its sustainability practices and align with global best standards. Key engagements during the year included:

- Participant of United Nations Global Compact Network Sri Lanka
- Signatory to the Carbon Accounting Financials (PCAF)
- Core member - Sri Lanka Banks' Association – Sustainable Banking Initiatives (SLBA SBI)



These collaborations support knowledge sharing, capacity building and the advancement of sustainable finance practices within the financial sector.

There were no incidents of non-compliance with environmental laws and regulations during the year.

RESPONSIBLE LENDING

NDB has championed lending to the renewable energy generation sector in Sri Lanka, supporting the country's transition to a greener economy. Since 2010, NDB has financed approximately 20% of the total renewable energy capacity in Sri Lanka, reflecting the Bank's long-standing commitment to sustainable development. Today, NDB's renewable energy investments spans solar, mini-hydro/hydro and wind projects, representing a total installed capacity of 364 MW, since 2010 together contributing towards reducing an estimated 362,021.2 Mt CO₂e of greenhouse gas emissions, while also lowering other harmful pollutants such as sulphur dioxide (SO₂) and nitrogen oxides (NO_x).

STRENGTH OF LOAN APPRAISALS ON ENVIRONMENTAL AND SOCIAL RISKS

NDB has always worked with a deep understanding of its ability to meaningfully influence environmental outcomes. Hence the Bank continues to lead by example in demonstrating its commitment to responsible lending underpinned by a comprehensive Environment and Social Risk Management System (ESRM). The ESRM has been developed in line with the Banking Act Direction No. 05 of 2022, the Sustainable Finance Roadmap, and the Sri Lanka Green Finance Taxonomy issued by the Central Bank of Sri Lanka, as well as the Sri Lanka Banks' Association Sustainable Banking Initiative and the International Finance Corporation (IFC) Performance Standards. Approved by the Board, the ESRM provides the foundational architecture for embedding climate-related and social risk criteria into the credit appraisal process to ensure lending decisions are aligned with national priorities and global best practices.

NDB Empowers Sri Lankan Industry to Go Green with E-Friends II Refinance Loan Scheme

NDB collaborated with the Ministry of Industries to introduce the "E-Friends II" Refinance Loan Scheme, a purpose-driven facility designed to support industrialists in transforming their operations through sustainable and environmentally responsible practices.

The scheme offers affordable financial assistance at an attractive annual interest rate of just 6.5%, enabling eligible entrepreneurs to access loan amounts of up to Rs. 30 million, with a generous repayment period of up to 10 years, giving businesses the flexibility and time required to implement impactful, eco-friendly changes.

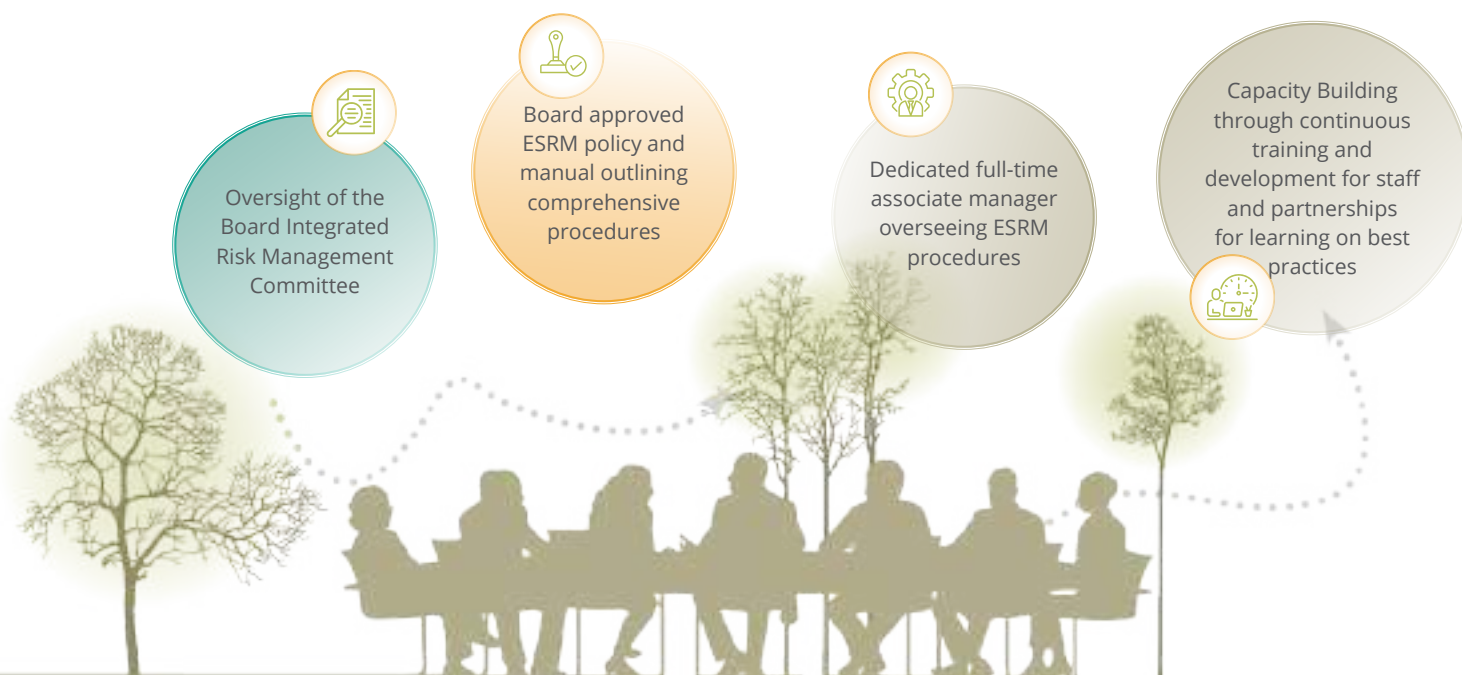
The E-Friends II Refinance Loan Scheme supports a wide range of environmentally focused initiatives, including:

- Reducing industrial pollution and harmful emissions
- Introducing cleaner production technologies and processes
- Managing waste more effectively and promoting resource efficiency
- Saving energy and adopting renewable energy solutions
- Encouraging circular economy principles and sustainable production

Overall cumulative lending supporting renewable energy generation since 2010 - As of 31 December 2025

Renewable energy generation source	(LKR Mn)	(MW)	GHG emissions and other harmful gases avoided (Mt CO ₂ e)
Solar - ground mounted	1,828	13	14,439.7
Solar - roof mounted	4,660	47	44,653.1
Mini hydro/hydro	5,354	103	177,207.1
Wind	7,573	64	125,721.3
Total	19,415	228	362,021.2

Natural Capital



Employee knowledge enhancing and capacity building

- Over 496 employees underwent 254 hours of training
- A wide range of topics including sustainable financing, environmental and social safeguard policies and regulations and global industry trends, climate risk and related topics

INTEGRATED ENERGY AND EMISSION MANAGEMENT STRATEGY

NDB adopts multiple initiatives that focus on improving energy efficiency and managing and reducing its emission footprint. This also translates to reduced operational costs.

The Bank's energy management initiatives encompass their core sources, namely purchased electricity and fuel used for the Bank's vehicle fleet. NDB contributes to a greener energy mix by exporting solar power to the national grid. Other ongoing initiatives include maximising the use of natural light across all premises alongside the adoption of LED lighting.

In recent years, the Bank has also started investing in energy-efficient equipment to replace ageing and inefficient assets, thereby improving overall energy performance and reducing energy loss across its operations. In this regard, energy efficient chiller systems in Head Office building, inverter air conditioners and other HVAC energy-saving measures have been introduced to optimise cooling efficiency across the branch network. These systems consume significantly less power while offering improved temperature control, contributing to the Bank's broader sustainability goals.

	Unit	2025	2024
Purchased electricity	GJ	21,971.3	21,948.8
Fuel consumption (Owned vehicles and fuel paid by the Company)			
Petrol	GJ	2,107.3	1,834.5
Diesel	GJ	856.1	1,109.6
Diesel consumption in generators	GJ	774.4	356.9

The base year has been established as 2022, as it represents the first reporting year in which complete, accurate, and higher-quality activity data were available across the defined organisational and operational boundaries.

EMISSIONS

During the reporting period, the Bank recorded emissions of 83.6 kg of HCFC-22 (R22) resulting from refrigerant leakage associated with air-conditioning systems.

In accordance with internationally recognised ozone depletion assessment methodology, emissions are expressed in terms of CFC-11 equivalent, using the Ozone Depletion Potential (ODP) factor assigned to the substance. The ODP value for HCFC-22 is 0.055.

Therefore, NDB reports 4.598 kg CFC-11 equivalent as its ozone-depleting substance (ODS) emissions for the reporting year.

The inventory accounts for emissions of four greenhouse gases, namely carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). All other gases are excluded as they do not arise from the Bank's operational activities.

For GHG emissions on Scope 1 and Scope 2, please refer page 191.



Carbon Footprint

3,775 Mt CO₂e



Emission Intensity Ratio

0.04 (Mt CO₂e/LKR Mn)

Carbon intensity based on Gross Income (Mt CO₂e/LKR Mn)

In 2025 the organisational boundary for GHG emissions was expanded to cover National Development Bank PLC, NDB Capital Holdings Limited and its subsidiaries and Development Holdings (Pvt) Limited. Furthermore, the emissions reported are of Scope 1 (Direct emissions) and Scope 2 (Indirect energy emissions).

Accordingly, 2025 will be used as the base year, in calculating reduction in emissions in the future.

MATERIAL AND WASTE MANAGEMENT

Waste generated within the Bank through operations predominantly comprise paper and e-waste. Additionally, food waste and polythene is being also segregated and measured. During the year, we had an e-waste collection drive for the staff members as well, affording them the opportunity to responsibly dispose of, their domestic e-waste.

Paper consumption

A number of efforts continue to drive the reduction of paper usage within the Bank. These encompass internal processes, customer interaction points and procurement related processes, among others.

Internal processes for employees

- Flexible work arrangements
- Comprehensive E-learning platform
- Using digital signatures for approvals
- Automation of processes through Robotic Process Automation (RPA) and Workflow Solutions

Customer-facing processes

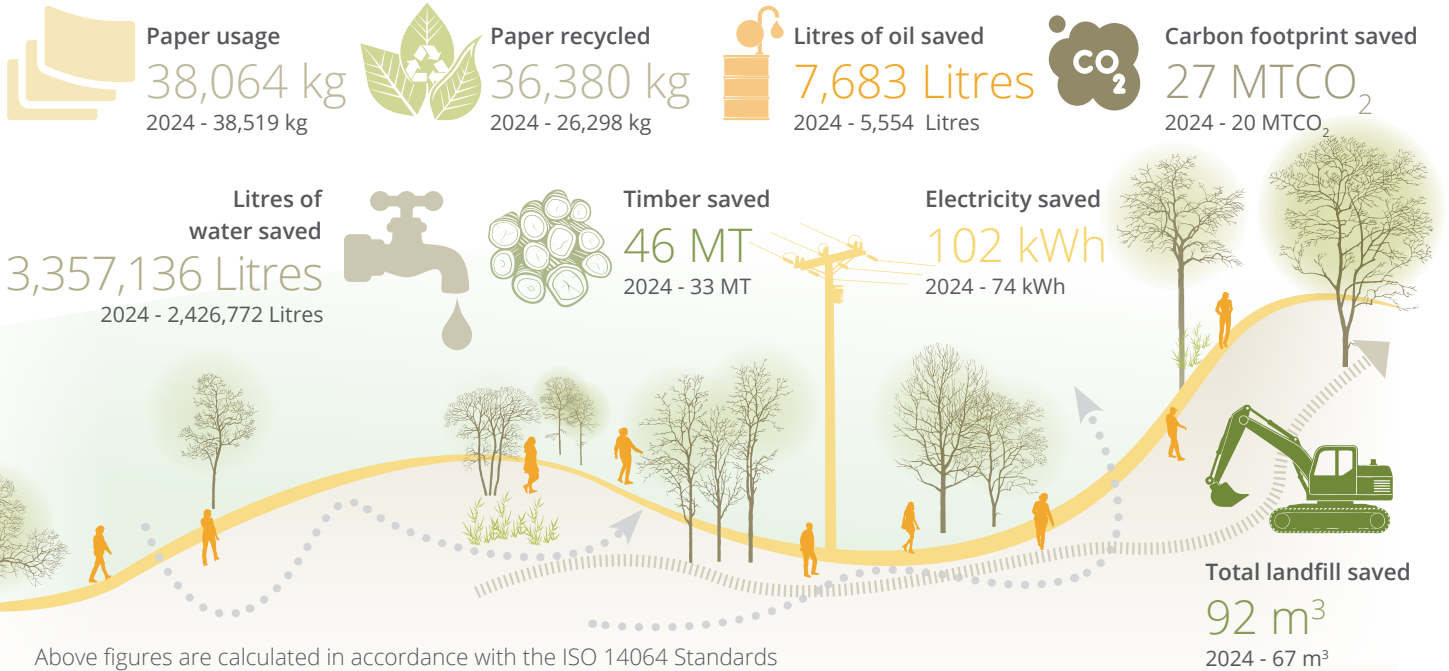
- Switching to e-sms
- Encouraging digital payments
- 13% YoY increase in digital transacted users
- 19 % YoY increase in digital transaction volumes

Supplier-related processes

- Online supplier registration
- Floating tenders/ requests for proposals and receipt of proposals via email



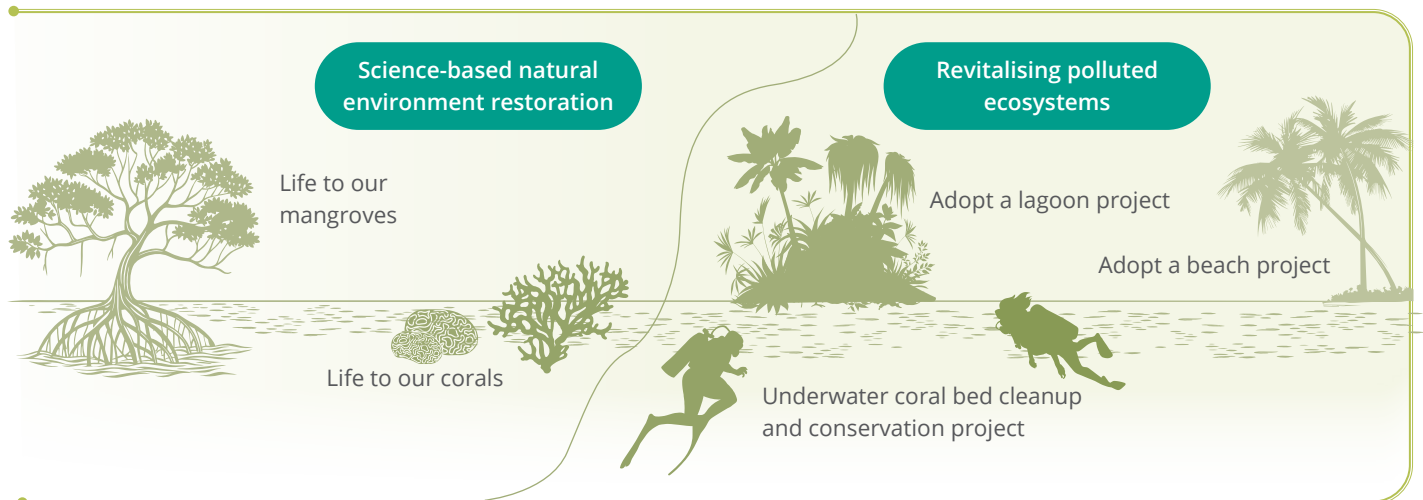
Natural Capital



IMPACT-DRIVEN SPECIAL CLIMATE INITIATIVES

NDB's Corporate Sustainability (CS) agenda places strong emphasis on advancing climate action through impact-driven special climate initiatives focused on ecosystem restoration and preservation. Aligned with the thematic priorities set out under the United Nations Sustainable Development Goals (SDGs), NDB undertakes projects that have the potential to deliver long-term and measurable outcomes that can support Sri Lanka's transition towards a more climate-resilient future

Our climate initiatives can be structured under two predominant themes.



SCIENCE-BASED NATURAL ENVIRONMENT RESTORATION

Life to Our Mangroves



Launch date and current status:
2022, and now in its fourth year

Project partners

Implementation by Biodiversity Sri Lanka (BSL)

Partnerships - A range of strategic stakeholders, including the Department of Wildlife Conservation (DWC), Wayamba University of Sri Lanka (WUSL), and several private sector organisations, including NDB.

Project specialty

Guided by the DWC and WUSL, restoration activities are carried out using a science-based approach to enhance ecological functions, habitat quality, and species diversity, with the ultimate objective of restoring ecosystem services to levels close to their original state. This evidence-driven methodology has enabled the project to overcome site-specific challenges and achieve improved plant survival and growth rates, demonstrating the effectiveness of long-term, research-led ecosystem restoration.

The Bank's intervention

The Life to Our Mangroves project is a collaborative Public-Private-Community Partnership and a multi-partner Nature-based Solution (NbS) designed to generate lasting environmental and socio-economic benefits.

Global recognition for the project

The broader mangrove restoration programme at Anawilundawa received global recognition as a UN World Restoration Flagship Project in 2024, highlighting the initiative as one of the world's leading examples of large-scale, long-term ecosystem restoration, aligned with the 10 principles of the UN Decade on Ecosystem Restoration

Local communities collaboration

- Active participation in nursery establishment and maintenance, seed and hypocotyl collection, watering, replanting, and gap-filling activities
- Community-based organisations established to support these efforts, ensuring local ownership and sustainability of the restoration process

NDB employee volunteerism

- Actively contributed in both planting and monitoring activities
- 24 NDB employees volunteered to conduct a systematic vegetation survey, document invasive species such as *Ipil Ipil*, and plant 150 true mangrove seedlings, directly contributing to habitat restoration

Project impact

Restoration of 10 ha of degraded mangrove forest within the Anawilundawa Ramsar Wetland Sanctuary over a five-year period.

The Bank's commitment/impact

Restoration of 1 ha of degraded mangroves.

Natural Capital

SCIENCE-BASED NATURAL ENVIRONMENT RESTORATION

Life to Our Corals



In 2025 NDB committed to support the Life to Our Coral Reefs initiative, another impact-driven project.

Project partners

Led by Biodiversity Sri Lanka (BSL)

Partnerships - A range of strategic stakeholders, including the Department of Wildlife Conservation (DWC), Wayamba University of Sri Lanka (WUSL), and several private sector organisations including NDB.

The Bank's intervention

Collaboration with private sector partners and other stakeholders over the next five years to ensure that the Kayankerni Reef is protected and revitalised as a living symbol of resilience, regeneration, and long-term environmental stewardship.

Global level guidance

All interventions guided by the International Union for Conservation of Nature (IUCN) Nature-based Solutions (NbS) Standard, ensuring that environmental and socio-economic outcomes are sustainable and long-lasting.

Key activities

- Strengthening reef resilience through coral reef monitoring
- Solid waste management
- Community-based eco-tourism development
- Promotion of sustainable fishing practices

Project impact

Restoration and protection of the Kayankerni Coral Reef in Batticaloa over the next five years. Designated a Marine Sanctuary in 2019, the Kayankerni Reef plays a vital role in supporting Sri Lanka's fisheries and tourism sectors while serving as a natural coastal defence system. However, the reef faces growing pressures from climate change, coral bleaching, unsustainable fishing practices, and pollution.

REVITALISING POLLUTED ECOSYSTEMS

Adopt a Beach Project



Engagement since - 2024

Project partners

Clean Ocean Force

Responsible handling of waste

- Systematically sorted, weighed, and categorised, with recyclable materials handed over to authorised recyclers,
- Non-recyclable waste responsibly disposed of through the Municipal Council
- Waste disposal/plastic bottle collection bins installed along the shoreline

The Bank's intervention

The Bank took responsibility for maintaining a 500-metre stretch of beach at Kepungoda, Pamunugama. Key activities include a daily beach clean-up mechanism that involves hiring women from the local community, thereby providing them with a stable and sustainable source of income.

Empowering local community

Enables participants in the cleaning process to earn additional income

Project impact

- Supporting circular economy principles.
- Total waste* collected in 2025: 8,890 kg
- Cumulative waste* collected: 16,719 kg

*Includes polythene, plastics, PET bottles, glass, rubber, and metal cans

Adopt a Lagoon



Implemented in - 2025

Project partners

Clean Ocean Force

Responsible handling of waste

- Carefully sorted, with recyclable materials handed over to authorised recyclers
- Non-recyclables waste responsibly disposed of through the Municipal Council

The Bank's intervention

Dedicated to protect the Negombo Lagoon and its surrounding mangrove ecosystems from plastic pollution, debris and other man-made pollutants with organised boat-based clean-ups conducted at regular intervals.

Project impact

7,311kg of pollutants removed from the lagoon and mangrove ecosystems

Project approach

Given lagoons being a major pollution hotspot where inland waste ultimately flows into the ocean, the Adopt a Lagoon project adopts an upstream intervention approach, focusing on preventing waste from reaching the marine environment while restoring and safeguarding critical lagoon and mangrove habitats. Promotes continuous clean-up operations.

Local communities collaboration

- Local fishing communities, youth, and women involved
- Fisherfolk operating traditional catamarans encouraged to collect floating plastics during routine fishing activities

Underwater Coral Bed Cleanup and Conservation project



Engagement since - 2025

Project partners

Clean Ocean Force

Responsible handling of waste

- Systematically sorted, weighed, and categorised, with recyclable materials handed over to authorised recyclers,
- Non-recyclable waste responsibly disposed of through the municipal council

The Bank's intervention

Aims to reduce seabed pollution and restore coral reef ecosystems through systematic underwater clean-ups focused on removing abandoned fishing nets ("ghost nets"), discarded fishing gear, single-use plastics, and other marine debris from ecologically critical reef areas.

Stakeholder empowerment

- Twenty youth divers empowered
- Hands-on training provided for undergraduates from Colombo and Tangalle, nurturing future professionals in marine conservation

Project impact

Enabled 14 dives across several marine locations, including Barbarian Island (Beruwala), Bar Reef Marine Protected Area (Kalpitiya), Dutch Bay (Trincomalee – World Oceans Day), and Sangamankanda Point (Arugam Bay) 1,371kg of debris removed from ocean depths of 10 to 20 meters

Natural Capital



Opportunities

- Deeper collaboration with stakeholders on ongoing and future environment-related projects, including project sponsors, development partners and local communities, to enhance long-term environmental and social impact
- Advisory engagement with the International Finance Corporation (IFC) on conducting a climate risk diagnostic and physical risk materiality assessment which will enhance the Bank's capacity in the related area
- Further greening of the lending portfolio by expanding financing to renewable energy, energy efficiency, sustainable agriculture and other environmentally responsible initiatives, supporting clients in their transition to greener and more resilient operations
- Issuance of thematic funding instruments, such as green or sustainability-linked bonds, to mobilise capital for on-lending to environmentally sustainable sectors and climate-transition projects
- Strengthening NDB's positioning as a green and responsible lender, aligned with its development banking mandate and growing investor and stakeholder expectations on sustainability
- Development of innovative green finance solutions, including transition finance and blended finance structures, to address emerging environmental challenges while supporting inclusive economic growth
- Enhanced access to international climate and sustainability-linked funding, leveraging NDB's sustainability credentials and alignment with global environmental standards



Challenges

- Increasing exposure to climate-related physical risks, such as floods, droughts and extreme weather events, which may affect borrowers' operations, asset values and repayment capacity, particularly in climate-sensitive sectors
- Data limitations and measurement challenges, including the availability and reliability of environmental and climate-related data from clients, which may constrain risk assessment, portfolio monitoring and disclosures
- Balancing development objectives with environmental considerations, especially when financing sectors critical to national economic growth that may have higher environmental footprints
- Rising regulatory and disclosure expectations relating to climate and environmental risk management, requiring continuous enhancement of governance frameworks, systems and internal capabilities
- Transition risks for clients, arising from policy shifts, technological changes and evolving market preferences toward low-carbon and environmentally sustainable practices
- Cost and resource implications associated with strengthening environmental risk management, data systems and internal expertise to support sustainable finance initiatives

Shape the future
with confidence

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 Singapore 08 Singapore

Scope

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

In preparing the Subject Matter, National Development Bank PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures (“Criteria”);

National Development Bank PLC's responsibilities

National Development Bank PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with National Development Bank PLC on 15 December 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of

governance related disclosures

- Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of National Development Bank PLC for the year ended 31 December 2025, in order for it to be in accordance with the Criteria.

This report is intended solely for the information and use of National Development Bank PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.

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27 February 2026
Colombo

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

	Pages
PART 1 - BASIS OF PREPARATION	168 - 170
PART 2 - GOVERNANCE	171 - 172
PART 3 - STRATEGY	173 - 183
PART 4 - RISK MANAGEMENT	184 - 189
PART 5 - METRICS AND TARGETS	190 - 194

PART 1 - BASIS OF PREPARATION

1 REPORTING ENTITY, ORGANISATION BOUNDARY AND VALUE CHAIN

This Report sets out the National Development Bank PLC's (the Group) sustainability-related financial disclosures as set out in the SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2: Climate-related Disclosures (herein referred to as the Standards). The sustainability-related financial disclosures relate to the Group and is consistent with the reporting boundary for the Audited Financial Statements. The Group's business model and value chain have been closely reviewed in the identification of sustainability related financial disclosures.

Basis of Materiality

In reporting the sustainability-related financial disclosures related to the Group, stemming from the identified sustainability related risks and opportunities (SRROs) of the Group, the Group will report only those that are material, that could reasonably be expected to affect the Group's prospects. The Group has been guided by the provisions of the Standards, wherein we have considered information as material, if any omission, misstatement or obscuring of information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of this report. Sustainability-related financial disclosures of this Report are intended to meet the common information needs of primary users of the Group's annual report.

The Group has used material judgements specific to the Group, both qualitative and quantitative with equal weight placed on the both dimensions.

Quantitative Judgements

In arriving at quantitative judgements towards setting materiality thresholds, we have considered the impact on the financial position and the financial performance. Any financial impact on the Bank's Balance Sheet exceeding 0.03% of the total assets as of 31 December 2025 of the NDB Group will be considered as material and will be reported on. Any financial impact on the Group's profitability exceeding 1.4% of the three year average pre-tax profitability of the Group over 2023 - 2025 period will also be considered as material and will be reported on.

If the impact arising from the identified SRROs meet either one of the thresholds above, it will be considered material and reported on.

More details on material thresholds applicable in this regard are found in Part 4 - Risk Management of this SLFRS Sustainability-related Financial Disclosure report.

Qualitative Judgements

Qualitative materiality focuses on the nature of the SRRO and its potential impact on the Group's reputation, operations, and long-term prospects, regardless of immediate financial magnitude. The Group considers information qualitatively material when the nature of a sustainability-related risk or opportunity could reasonably be expected to influence stakeholder decisions, regardless of its immediate financial magnitude. Such considerations include reputational risk, social licence to operate, regulatory compliance, strategic impact, stakeholder sensitivity, operational resilience, and low-probability high-impact events. These factors are assessed alongside quantitative thresholds to ensure a comprehensive materiality determination.

2 FUNCTIONAL CURRENCY

All disclosures are made in Sri Lankan Rupees (LKR).

3 SOURCES OF GUIDANCE

The following sources provided the analytical and conceptual foundation for the Group's climate-related financial disclosures under SLFRS S2, ensuring that the Bank's approach remains evidence-based, locally grounded, and globally consistent.

- Sri Lanka Sustainability Disclosure Standards – SLFRS S1 and SLFRS S2
SLFRS S1 and SLFRS S2 issued by the Institute of Chartered Accountants of Sri Lanka, based on the IFRS S1 and IFRS S2 standards developed by the International Sustainability Standards Board (ISSB). These standards served as the foundation for determining material information relating to climate-related risks and opportunities, guiding the disclosure structure, and ensuring consistency with global sustainability reporting principles.
- Sustainability Accounting Standards Board (SASB) Standards: Commercial Banks – Sustainability Accounting Standard – Industry Standard Version: 2023-12. These standards informed the Bank's identification of sector-specific sustainability topics and metrics most relevant to enterprise value and investor decision-making across financial services activities.
- Sri Lanka's Nationally Determined Contributions (NDC): The Bank referenced Sri Lanka's Nationally Determined Contributions 3.0 (2026 – 2035) released in September 2025, which outline national climate mitigation and adaptation priorities, aligned to the Paris Agreement. These informed the Bank's understanding of country-level transition pathways and guided the identification of sectors most exposed to climate-related risks and opportunities within the lending portfolio.

- World Bank – Sri Lanka Country Climate and Development Report (2021)

This report provided analytical insights into climate vulnerabilities, transition pressures, and sectoral sensitivities within the national economy, serving as a key input for assessing the potential impacts of climate change on the Bank's credit exposures and client segments

- Sustainable Finance Roadmap 2.0 issued by CBSL

Sri Lanka's financial-sector regulator has set clear expectations for climate-risk management and green-finance mobilisation. The CBSL's Sustainable Finance Roadmap 2.0 stipulates that “financial institutions are expected to identify, assess and manage environmental and climate-related risks in their lending and investment portfolios” and that “banks should integrate climate and environmental risk considerations into their overall risk-management frameworks”. The Roadmap further encourages institutions “to gradually re-align their portfolios towards low-carbon, resource-efficient and climate-resilient sectors” and recognises that “mobilising private capital for sustainable and green finance is critical to achieving Sri Lanka's climate and development goals”. These directives create transition and physical-risk considerations for existing portfolios and open new growth opportunities for the Bank through green-finance products aligned with national climate priorities and Sri Lanka's NDC 3.0 targets.

- NDB's portfolio dispersion and Environmental and Social Risk Management System (ESMS)

In defining its climate-related risks and opportunities (CRROs), the Bank also evaluated its portfolio composition across key economic sectors and the corresponding Environmental and Social (E&S) risk classifications under its internal ESMS framework. This framework categorises exposures into High, Medium, and Low E&S risk levels,

enabling a structured assessment of potential climate-related and sustainability impacts within each sector and informing NDB's prioritisation of risk mitigation and opportunity enhancement measures.

4 REPORTING PERIOD

This Report covers the period from January, 1, 2025 to December 31, 2025.

5 TIME HORIZON

The Bank defines the time horizons as follows, which is also the same time horizon adopted in the Bank's strategy formulation and implementation.

Time horizon	Definition	Financial Years
Short-term	Immediate up to 12 months	2026
Medium-term	2 – 3 years	2027-2028
Long-term	Beyond 3 years	Beyond 2028

6 CONNECTED INFORMATION

The climate-related disclosures presented in this report are designed to present connected information showing how the Bank's identified CRROs relate to its governance, strategy, risk management framework, and performance management processes, as well as their potential linkages to the financial statements and other core disclosures in this Annual Report.

Connectivity to Financial Statements

Each of the CRROs financial connectivity/s are shown under the Strategy section of the respective CRROs.

Connectivity to Governance

The governance structures described in the Corporate Governance Report (pages 201 - 235) and also under the section Governance in this Report (pages 171 - 172) provide the oversight mechanisms through which climate-related matters are managed.

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

The Board-level ESG subcommittee reviews CRROs, while ESG Management Committee ensure integration into business linked actions and decision-making.

Connectivity to Strategy

The CRROs identified are directly connected to the Our Strategy section on pages 53 - 59. Transition risks, such as policy shifts, sectoral decarbonisation, and technology changes intersect with NDB's corporate and SME lending strategies, while physical risks inform the Bank's geographic and sectoral portfolio management. Opportunities arising from climate-aligned financing, renewable-energy projects, and green products support NDB's growth and differentiation agenda, consistent with the strategic themes underlined in the Our Strategy section (pages 53 - 59) of the Report.

Connectivity to Risk Management

The CRROs are embedded within the Bank's Integrated Risk Management Framework, described in the Risk Management Report. Climate-related drivers will be considered under the Environmental and Social Risk Management System (ESMS) and linked to the credit risk assessment process through sectoral risk categorisation (High, Medium, Low).

Connectivity to Metrics and Targets

While quantitative climate metrics are still being developed, the ESG Performance section (on pages 76 - 79) outlines preliminary indicators including emissions, etc. Future iterations will establish measurable climate-related targets and progress indicators to strengthen the linkage between CRROs, performance evaluation, and executive accountability.

Other connectivity and best-practice linkages

- The CRROs relate closely to the Material Matters discussion, reflecting issues deemed material under SLFRS S1.
- They also connect to the Bank's Stakeholder Engagement section, as stakeholder expectations and

regulatory trends inform both transition-risk assessment and sustainable-finance opportunities.

- The Bank's commitment to the UN Sustainable Development Goals (SDGs) - particularly Goals 7, 8, 9, 13, and 17 links CRRO management to global sustainability objectives and national development priorities.
- Internally, cross-functional coordination between the Risk, Finance, Treasury, and ESG units ensures that insights from climate-risk analysis inform business planning and resource allocation.

7 TRANSITIONAL RELIEF

As the Standards are being implemented in Sri Lanka for the first time, and in keeping with the transitional provisions permitted of both standards, the Bank has elected to apply all available transitional reliefs during the first year of adoption.

Accordingly, the following reliefs have been applied:

- a) SLFRS S1 - Disclosure of information on only climate-related risks and opportunities: In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities.
- b) SLFRS S1 - Disclosure of comparative information: In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.

- c) SLFRS S2 - Disclosure of Scope 3 greenhouse gas emissions: Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date.
- d) SLFRS S2 - Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities: Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard
- e) SLFRS S2 - Disclosures on Climate resilience: Relief period of two years are granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

8 SIGNIFICANT JUDGEMENTS AND UNCERTAINTIES

Given the evolving nature of sustainability and climate related risks and opportunities, emerging knowledge levels on the subject within the Group, and limitations on availability and quality of related data both at a national level and an organisational level, there are significant judgements used in assessing anticipated effects on business model and value chain and plans to respond to in Strategy, Risk Management, and Climate-related Targets with regards to the identified climate related risks and opportunities.

9 STATEMENT OF COMPLIANCE

This report represents a complete set of sustainability-related financial disclosures for National Development Bank PLC and its subsidiaries (collectively, the Group) for the year ended 31 December 2025. The Group's sustainability-related financial disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

PART 2 - GOVERNANCE

BOARD OVERSIGHT ROLE

Consistent with the requirements of SLFRS S1 and SLFRS S2, the Board of Directors of NDB Bank provides overall oversight of sustainability-related risks and opportunities (SRROs) that could reasonably be expected to affect the Bank's prospects.

Oversight is exercised primarily through the ESG Board Committee, a dedicated Subcommittee of the Board chaired by an Independent Non-Executive Director. The Committee operates under a formal Terms of Reference (ToR) approved by the Board, defining its authority, responsibilities, and reporting structure.

The Committee reports its observations, recommendations, and progress updates to the full Board post the meetings, via minutes of the subcommittee meetings, enabling sustainability and climate considerations integration into the Bank's strategic decision-making, capital allocation, and risk-governance framework where needed.

More information is found in the ESG Board Subcommittee Report on page 262, which describe in detail the oversight processes and deliberations.



RESPONSIBILITY

The Board Subcommittee is responsible for ensuring that the Bank's sustainability strategy and SRRO management are aligned with NDB's overall purpose and risk appetite. Specifically, the Board Subcommittee:

- Ensures that the identification of SRROs is integrated into the Enterprise Risk Management (ERM) and Environmental and Social Risk Management System (ESMS) frameworks.
- Oversees compliance with relevant standards, including SLFRS S1 and S2, and monitors emerging global best practices.
- Will approve the Bank's ESG Policy Framework and associated implementation roadmaps, once compiled in the ESG improvement journey.
- Will review progress against ESG and climate objectives as part of regular strategic reviews, once such objectives are set.

SKILLS AND COMPETENCIES

To strengthen competency and awareness a knowledge-building session was conducted for Directors, facilitated by internal and external resource persons. The session focused on the implications of SLFRS S1 and S2, the Bank's climate-risk profile, and global banking practices in sustainable finance.

INFORM, ADDRESS AND MONITOR

The Bank has identified two climate related risks and one climate related opportunity (CRROs). These were duly deliberated

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

at the ESG Board subcommittee and approved by them. The Committee will continue to be informed on these CRROs, on a minimum of quarterly basis. The Bank will continue to proceed on managing the two identified risks and one opportunity. The Board of Directors is also informed of the CRROs and other related discussion at the ESG Board subcommittee by way of minutes of the subcommittee submitted to the Board.

The Board and its ESG Committee are informed through management submissions that include updates on:

- Developments in CRRO identification and assessment
- Emerging regulatory and market trends affecting ESG and climate disclosures

Through these updates, the Board addresses any material sustainability-related risks or opportunities and provides direction for management responses. The Committee will monitor progress against defined ESG objectives, risk-mitigation measures, and disclosure readiness at least quarterly, ensuring timely escalation of material issues to the Board.

MANAGEMENT ROLE

At the executive level, sustainability and climate oversight are driven by the ESG Management Committee, chaired

by a member of the Bank's Leadership Committee and comprising heads of key business and support functions.

This committee operationalises the directives of the Board ESG Committee by:

- Coordinating cross-functional implementation of ESG initiatives;
- Ensuring compliance with the Bank's ESG Policy and ESMS requirements;
- Overseeing data collection and disclosure processes aligned with SLFRS S1 and S2.

The ESG Management Committee reports to the Board ESG Committee on key developments and outcomes. This governance cascade ensures clear accountability and alignment between Board oversight and management execution.

DELEGATION

The operationalisation of the Bank's ESG agenda has been vested with the ESG Management Committee, appointed with due approval of the Board of Directors. The ESG Management Committee functions as per a Board approved Terms of Reference. The ESG Management Committee comprises cross-functional representation from ESG, Finance, Risk Management, Strategy departments and all business lines as standing members.

Given the scope of matters that being taken up for discussion/ actioning, the Committee invites relevant ESG champions appointed across all other departments/ units of the Bank.

The delegation structure supports effective two-way communication, enabling the escalation of key sustainability and climate issues to the Board in a timely manner.

POLICIES AND PROCEDURES

The Bank's governance over sustainability matters is underpinned by a suite of policies and procedures, including the:

- ESG Policy Framework
- Environmental and Social Risk Management System (ESMS)
- More details on the ESMS is discussed on page 159 under Natural Capital

These instruments formalise the principles, accountability, and internal controls applied to ESG and climate-related management, ensuring that all relevant risks and opportunities are systematically identified, assessed, managed, and reported.



PART 3 – STRATEGY

Given below are the Bank's CRROs identified.

Climate-related risk 1 (CRRO 1)

Transition risk, stemming from re-pricing and re-allocation risk across the lending portfolio as the economy and regulation move to climate-resilient outcomes

Climate-related risk 2 (CRRO 2)

Physical risk, stemming from damage and performance-risk to loan collateral and borrower cash-flows from acute and chronic climate hazards

Climate-related opportunity 1 (CRRO 3)

Growth in green financing and on-lending to climate-resilient projects, for both current and new

The Strategy related discussion in relation to the above listed CRROs are as follows.

CRRO 1

Transition risk, stemming from re-pricing and re-allocation of risk across the lending portfolio as the economy and regulation move to climate-resilient outcomes

CRROs impact on Prospects	Description	Transition risk arising from policy, market, legal and technological changes as Sri Lanka and client jurisdictions decarbonise. This risk may cause increased credit risk (borrower cashflow stress), market risk (re-pricing of assets) and reputational risk (financing high-emitting activities). It principally affects sectors with high greenhouse gas intensity, fossil-fuel-exposed assets, and borrowers with low capacity to transition to lower-carbon business models.
	Physical risk or transition risk	Transition Risk
	Time horizon	S, M, L
	Define time horizon	Refer Note 5 on page 169.
Business Model and Value Chain	Current effects on business model and value chain	No material impact to current business model and value chain.
	Anticipated effects on business model and value chain	1. Revenue mix and pricing Repricing pressure: Potential introduction or tightening of regulatory expectations (e.g., climate risk in Internal Capital Adequacy Plan (ICAAP), sectoral lending limits, capital add-ons) and internal risk appetite shifts will trigger differentiated pricing across borrowers with higher transition exposure (e.g., carbon-intensive industries, lagging transition plans). Spread dispersion: Expect wider spreads between high- and low-emitting sectors/ borrowers, and more granular price tiers incorporating emissions intensity, transition plans, and taxonomy alignment. Fee income opportunities: Growth in advisory fees for borrowers seeking sustainability-linked financing and transition planning support. Risk-adjusted margins: Net interest margin (NIM) may stabilises at a higher risk-adjusted baseline in exposed sectors; downside risk if competitive dynamics push “green” pricing down faster than funding costs decline.



SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

CRRO 1		Transition risk, stemming from re-pricing and re-allocation of risk across the lending portfolio as the economy and regulation move to climate-resilient outcomes
		2. Underwriting standards and risk appetite Screening criteria: Potential mandatory transition plan assessment in underwriting (targets, capex, governance, disclosure quality). Covenant evolution: Wider use of sustainability-linked covenants, emissions triggers, and information covenants. Sector roadmaps: Explicit sectoral risk limits and glide paths integrating taxonomy alignment thresholds. Hard exclusions and sunset policies: Codified exclusions for non-aligned activities; standardised low-carbon eligibility across the bank (in addition to the already existing exclusion lists adhered to by the Group).
	Where is it concentrated?	The transition risk arising from re-pricing and re-allocation of risk across the lending portfolio as the economy and regulation move towards climate-resilient outcomes affects multiple dimensions of the Bank's risk profile. Credit risk - Lending exposures to carbon-intensive sectors such as energy, transport, and heavy manufacturing. Reputational Risk - Public and stakeholder perception of the Bank's climate strategy. Negative media coverage or stakeholder backlash if lending practices are seen as inconsistent with climate commitments; potential loss of business from ESG-sensitive clients.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	- Introduce sustainability-linked covenants and transition plan reviews to clients who are allocated funds from sustainability bonds. - Expand green and transition finance products to support clients. - Increase allocation to green bonds and sustainability-linked instruments. - Enhance transparency through annual climate risk disclosures. - Establish escalation protocols for reputational incidents linked to climate issues, which is already available under the Bank's Environmental and Social Risk Management process.



How the Bank is
Resourcing and
Plan to Resource
Activities

Financial investment

The Bank is allocating dedicated capital to support the development and scaling of climate-aligned products, such as green loans, sustainability-linked financing, and transition advisory services. The planned GSS+ Bond issuance of LKR 16.0 Bn will be entirely dedicated for this purpose for the two years period commencing from the date of allotment (or refinancing of eligible projects already funded with a look back period of three years from the date of allotment).

Human capital development

Recognising that climate risk management requires specialised expertise, the Bank is investing in workforce development through targeted training programmes for credit, risk, and portfolio management teams. These programmes focus on climate risk assessment, taxonomy alignment, and transition finance structuring. Please refer page 160 for more information on related trainings. We also have drawn plans to recruit a sustainability specialist to the Bank to strengthen our internal capabilities in climate operations, analytics and disclosure compliance.

Strategic partnerships

To accelerate progress, the Bank is forging partnerships with climate data providers and industry consortia to access high-quality data and best practices. We are also engaging with regulators and industry bodies to shape emerging standards and ensure alignment with mandatory disclosure frameworks such as SLFRS Sustainability Standards. Examples include the Sri Lanka Banking Association – Sustainable Banking Initiative (SLBA-SBI), United Nation's Global Compact (UNGC) and the Partnership for Carbon Accounting (PCAF).

Progress
(qualitative and
quantitative)

Financial investment

The Bank has announced plans to raise LKR 16.0 Bn via GSS+ Bonds which will be channelled in part to finance client transition to greener practices.

Human capital development

Please refer pages 160 under Natural Capital for related training data.

Strategic partnerships

Industry engagement: The Bank is a core member of the Sri Lanka Banks' Association Sustainable Banking Initiative and often collaborate with industry peers in enhancing sector knowledge, and preparedness in climate risk mitigation and transition.

Stakeholder engagement

Customer Feedback: We conducted a stakeholder survey where we gathered information on what our stakeholders think are critical to the Bank from a sustainability matters perspective.

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

CRRO 1 Transition risk, stemming from re-pricing and re-allocation of risk across the lending portfolio as the economy and regulation move to climate-resilient outcomes		
Financial Effects	Current year financial effects to the Income Statement (IS), Balance Sheet (BS) and Cash Flows (CF)	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	LKR 16.0 Bn is expected to be raised as GSS+ Bonds/borrowings, thereby increasing the liabilities of the Bank, which will be deployed in managing transition risk.
	Anticipated financial effect over short, medium and long term to IS, BS and CF	Refer Note 7 Transitional Relief on page 170.
Climate resilience	Resilience Assessment	Refer Note 7 Transitional Relief on page 170.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 7 Transitional Relief on page 170.
Judgements and Uncertainties	Judgements and Uncertainties	Refer Note 8 Significant Judgements and Uncertainties.

CRRO 2

Physical risk, stemming from damage and performance-risk to loan collateral and borrower cash-flows from acute and chronic climate hazards

CRROs impact on Prospects	Description	The Bank is exposed to potential climate-related physical risks arising from both acute and chronic climate hazards, which have the potential to adversely affect the value of loan collateral and the cashflow generating capacity of borrowers. Acute physical risks include extreme weather events such as floods, storms and droughts, while chronic physical risks arise from longer-term changes in climate patterns, including rising temperatures, shifting rainfall patterns and increased water stress. These climate hazards can cause direct physical damage to collateral assets, such as residential, commercial, agricultural and industrial properties, leading to reductions in asset value, increased impairment risk and higher recovery losses. In parallel, climate-related disruptions can impair borrower operations, disrupt supply chains, reduce productivity and increase operating costs, thereby weakening borrower cash flows and debt-servicing capacity.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	S, M, L
	Define time horizon	Refer Note 5 on page 169.
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain. The impact of the Cyclone Ditwah that hit the country in November 2025 did not cause any material impact on the Group's business model or value chain.
	Anticipated Effects on Business Model and Value Chain	Climate-related physical risks are anticipated to have a material influence on the Bank's business model and value chain, given the Bank's exposure to sectors and regions that are sensitive to acute and chronic climate hazards, including flooding, drought, heat stress and changing rainfall patterns. Cyclone Ditwah is the best example which was experienced in the financial year under review. Impacts on credit quality and collateral values: Damage to residential, commercial, agricultural and industrial assets arising from extreme weather events may reduce collateral values and recovery potential, increasing loss-given-default in affected portfolios. Chronic climate stresses may cause gradual but sustained deterioration in asset usefulness and marketability. Borrower performance and cashflow volatility, specifically borrowers operating in sectors such as agriculture, manufacturing, tourism, infrastructure, logistics and export-oriented industries that are exposed to climate variability. Physical climate risks may disrupt operations, supply chains and labour productivity, weakening borrower cash flows and repayment capacity. Implications for growth and capital deployment: Heightened physical risk exposure may influence the Bank's long-term growth trajectory by affecting the pricing, structure and volume of lending in vulnerable segments, as well as the allocation of capital toward more resilient or climate-adaptive economic activities. Borrowers and development partners: Climate-related disruptions to clients' assets and operations may reduce demand for credit in certain regions or temporarily impair the effectiveness of development finance initiatives, particularly those linked to agriculture, Micro, Small and Medium Enterprises (MSMEs) and regional enterprise development. Funding and investor interface: Climate-related deterioration in portfolio performance or asset resilience may, over time, influence perceptions of risk among funding partners and investors, affecting the cost and availability of capital that supports NDB's development and commercial activities.



SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

CRRO 2

Physical risk, stemming from damage and performance-risk to loan collateral and borrower cash-flows from acute and chronic climate hazards

Where is it
Concentrated?

Geographic concentration - Physical climate risk is concentrated in climate-vulnerable regions of Sri Lanka, where the frequency and severity of floods, droughts, heat stress and coastal impacts are higher. For example, flood-prone river basins and urban centres, including low-lying areas affected by monsoon rainfall and river overflows, where residential, commercial and SME collateral is exposed to acute physical damage.

Portfolio and sector concentration - Physical climate risk is primarily concentrated within climate-sensitive sectors that form an important part of the Bank's development-oriented lending portfolio.

Agriculture and agribusiness

SME and mid-corporate lending, particularly entities with limited financial buffers and high dependence on localised assets, labour and supply chains.

Tourism and hospitality, where operations and asset values are sensitive to extreme weather events, temperature changes and coastal impacts.

Infrastructure, construction and real estate-linked projects, where asset durability and project timelines can be affected by flooding, extreme rainfall and heat-related stress.

Manufacturing and export-oriented industries, where climate-related disruptions can affect production continuity, logistics and access to ports or transport networks.

Strategy and
Decision
Making

Plans to respond
to in Strategy, Risk
Management,
Transition Plans
and Climate-
related Targets

Branch continuity plans for extreme events; upgrades to critical buildings and IT infrastructure (backup power, flood protection); staff safety protocols and flexible servicing post-event.

Indirect (through borrowers and partners): Technical assistance for MSMEs and farmers, supplier and insurer engagement to improve valuation consistency and recovery logistics; cofinancing with government/development agencies for community-level defenses.

How the Bank is
Resourcing and
Plan to Resource
Activities

Financial resources

The Bank will allocate dedicated budgets and credit capacity to support climate-resilient lending and borrower adaptation measures, – the LKR 16.0 Bn GSS+ Bond will be deployed for these purposes, in addition to other funds.

Human resources and governance

Responsibilities for managing physical climate risk to be embedded within existing governance and management structures, spanning business, credit, risk, recovery and sustainability functions.

Relationship managers and credit officers to be supported through targeted training to strengthen the assessment of borrower vulnerability, collateral resilience and climate-related disruption to cash flows.

Climate-risk indicators to be progressively integrated into credit appraisal, portfolio monitoring and management reporting, enabling informed decision-making across the lending lifecycle.

The Bank leverages development finance institutions, multilateral agencies and public and private sector programmes to access concessional funding, guarantees and technical assistance that support adaptation-focused lending – examples International Finance Corporation (IFC), Asian Development Bank (ADB), Sri Lanka's Bank's Association Sustainable Banking Initiative (SLBA-SBI).

CRRO 2
Physical risk, stemming from damage and performance-risk to loan collateral and borrower cash-flows from acute and chronic climate hazards

Progress
(qualitative and quantitative)

In early 2026 NDB entered into an Agreement with the International Finance Corporation (IFC) under which (among other aspects), with support from the Government of Japan, the IFC will assist the Bank in conducting a climate risk diagnostic and physical risk materiality assessment, forming the foundation for establishing a comprehensive climate risk management framework. This engagement will enable the Bank to formally identify climate risk as a key risk category and integrate it into the bank's overall risk management framework and strategy.

Financial Effects	Current year financial effects to IS, BS and CF	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to IS, BS and CF	Refer Note 7 Transitional Relief on page 170.
Climate resilience	Resilience Assessment	Refer Note 7 Transitional Relief on page 170.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 7 Transitional Relief on page 170.
Judgements and Uncertainties	Judgements and Uncertainties	Refer Note 8 Significant Judgements and Uncertainties on page 170.



SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

CRRO 3 Climate related opportunity 1 - Growth in green financing and on-lending to climate-resilient projects, for both current and new clients/projects

CRROs impact on Prospects	Description	The transition towards a low-carbon and climate-resilient economy presents a significant opportunity for growth in green financing and on-lending to climate-resilient projects for both existing and new clients. Increasing regulatory focus, investor expectations, and national commitments on climate adaptation and mitigation are driving demand for financing solutions aligned with renewable energy, energy efficiency, sustainable infrastructure, climate-resilient agriculture, water management, and disaster-resilient development. By expanding green lending products and on-lending facilities, the Bank can support clients in strengthening their resilience to physical and transition climate risks while unlocking new revenue streams and deepening customer relationships. This opportunity enables portfolio diversification, improved long-term asset quality, and alignment with sustainable finance frameworks, while positioning the institution as a key financier of Sri Lanka's climate adaptation and decarbonisation agenda. It also supports improved access to concessional funding, development finance, and partnerships linked to climate-aligned investments.
	Physical Risk or Transition Risk	Not applicable.
	Time Horizon	S, M, L
	Define time horizon	Refer Note 5 on page 169.
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	NDB's planned issuance of LKR 16.0 Bn in GSS+ (Green, Blue, Social, Sustainability and Sustainability-linked) bonds is expected to positively influence NDB's business model and value chain by strengthening its role as a provider of climate-aligned financing and facilitating increased capital deployment towards environmentally and socially sustainable activities. The GSS+ bond is anticipated to support a gradual shift in the Bank's business model towards greater integration of sustainable finance within its core lending and on-lending activities. Proceeds are expected to be allocated to eligible green, blue, social, sustainability and sustainability-linked loan projects, including renewable energy, energy efficiency, sustainable water and wastewater management, climate-resilient infrastructure, affordable housing, SME financing, and projects supporting climate adaptation. This is expected to: ■ Enhance the Bank's ability to originate and scale climate-resilient and impact-linked lending products for both existing and new clients. ■ Improve access to longer-tenure and diversified funding sources aligned with sustainability objectives, supporting balance-sheet resilience. ■ Strengthen alignment between funding strategy and climate-related opportunities, reinforcing the Bank's positioning as a responsible and sustainability-focused financial intermediary.
	Where is it concentrated?	The opportunities are concentrated on aforementioned sectors to which the Bank can lend

CRRO 3

Climate related opportunity 1 - Growth in green financing and on-lending to climate-resilient projects, for both current and new clients/projects

Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	NDB intends to scale green and climate-resilient financing by issuing LKR 16.0 Bn GSS+ bonds and deploying proceeds to eligible green, blue, social, sustainability and sustainability-linked projects (e.g., renewable energy, energy efficiency, resilient infrastructure, sustainable water/wastewater, climate-smart agriculture, and inclusive SME finance) as per the Bank's GSS+ Bond Framework. This aligns our funding strategy with climate-related opportunities and supports clients' adaptation and decarbonisation needs.

Key actions (current and anticipated)

- **Eligibility, use-of-proceeds and impact:** Adopt an internal GSS+ Bond Framework to define eligibility, exclusion lists, impact metrics, and post-issuance reporting consistent with market practice and the GSS+ Bond Framework.
- **Resourcing and capabilities:** Enhance skills within Wholesale banking, Project financing and SME lending; enhance credit appraisal with climate risk lens.
- **Partnerships and market engagement:** Engage sustainability-focused investors, Development Finance Institutions (DFIs), technical partners, and verifiers to strengthen pipeline development, impact measurement, and access to concessional funding.

Governance and reporting

- **Oversight:** ESG Board Subcommittee oversight of GSS+ Bond progress, ESG Management Committee in managing tasks related to the GSS+ Bond.
- **Internal controls:** Controls over eligibility, use-of-proceeds, impact and KPI verification; consistency in sustainability disclosures.

How the Bank is Resourcing and Plan to Resource Activities

Current Resourcing Approach

The Bank is progressively strengthening its internal resources to support the identification, origination, assessment and monitoring of green and climate-resilient financing opportunities. These activities are currently resourced through a combination of dedicated functions and embedded responsibilities across core ESG team, Finance and business.

Key elements of in place resourcing include:

- Dedicated ESG coordinators from all business lines represented at the ESG Management Committee.
- Risk management integration, where environmental and social risk considerations are embedded within credit appraisal, due diligence and approval processes, supported by internal policies and procedures.
- Treasury and capital markets resources dedicated to structuring, issuing and managing the planned LKR 16 Bn GSS+ bond issuance, including allocation tracking and reporting of use-of-proceeds.
- Compliance and governance oversight, ensuring alignment with applicable regulatory requirements, sustainable finance frameworks and internal risk appetite.

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

CRRO 3 **Climate related opportunity 1 - Growth in green financing and on-lending to climate-resilient projects, for both current and new clients/projects**

Planned enhancements to resourcing

To support the scaling of climate-aligned financing and effective deployment of GSS+ bond proceeds, the Bank plans to further enhance its resourcing model over the short to medium term.

Planned initiatives include:

1. Strengthening dedicated sustainable finance capability

Further strengthening a cross functional team responsible for:

- Project eligibility assessment and screening under the GSS+ framework
- Coordination across business lines for origination and pipeline development
- Impact measurement, monitoring and reporting

2. Skills development and capacity building

Targeted training programmes for relationship managers, credit officers and risk professionals on:

Climate-related risks and opportunities

Sustainable finance products (green loans, sustainability-linked loans, on-lending facilities)

Interpretation of climate-related data and client transition plans

Use of external technical advisors and specialists, where appropriate, to build internal capabilities in areas such as climate risk assessment, sector-specific transition pathways and impact metrics.

3. Governance and oversight resourcing

Expansion of management-level and committee oversight, with clearer allocation of roles for supervising:

- Capital deployment towards climate-related opportunities
- Progress against climate-related targets
- Alignment between strategy, risk management and funding activities



Progress
(qualitative and
quantitative)

Initial approvals on the GSS+ Bond issuance obtained and progress on track to meet intended timelines.

CRRO 3**Climate related opportunity 1 - Growth in green financing and on-lending to climate-resilient projects, for both current and new clients/projects**

Financial Effects	Current year financial effects to IS, BS and CF	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	With the proposed GSS+ Bond of LKR 16.0 Bn, the Bank will on-lend the funds to eligible projects over the time horizon of 24 months, or use the funds for refinancing of eligible projects with a lookback period of 36 months, from the date of allotment of Bond proceeds.
	Anticipated financial effect over short, medium and long term to IS, BS and CF	Refer Note 7 Transitional Relief on page 170.
Climate resilience	Resilience Assessment	Refer Note 7 Transitional Relief on page 170.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 7 Transitional Relief on page 170.
Judgements and Uncertainties	Judgements and Uncertainties	Refer Note 8 on Significant Judgements and Uncertainties in page 170.



SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

PART 4 – RISK MANAGEMENT

OVERVIEW

This disclosure reflects the Bank's first-year climate-related risk and opportunity (CRRO) management articulation. The Bank has identified transition and physical risks, and green financing opportunities, as material themes for the Bank's lending portfolio. Processes are being embedded progressively within the Bank; therefore, the focus of this disclosure is qualitative and roadmap-oriented.

PROCESSES AND POLICIES RELATING TO CLIMATE-RELATED RISKS

Identification

Proactive identification and disclosure of Climate-Related Risks and Opportunities (CRROs) remained a key priority as the Bank continued to strengthen its Risk Management Framework. In line with emerging global and domestic expectations, and in compliance with SLFRS S2: Climate-Related Disclosures, the Bank further advanced its efforts to integrate climate considerations into core risk assessment and strategic decision-making processes. These initiatives contributed to enhancing the Bank's ESG profile and reinforced its commitment to supporting Sri Lanka's transition towards a low-carbon and climate-resilient economy.

As part of this ongoing enhancement of the Risk Management Framework, the Bank recognised the critical importance of systematically identifying CRROs. Embedding climate factors into risk evaluation processes is essential to strengthening portfolio resilience and enabling effective mitigation and adaptation strategies. This focus ensures that the Bank remains responsive to emerging environmental risks while maintaining alignment with evolving regulatory requirements and market expectations.

STRENGTHENING THE RISK MANAGEMENT FRAMEWORK

As the risk landscape evolves, the Bank is positioning itself to navigate a future shaped by intensifying climate dynamics and accelerating policy transitions. During the year, we advanced our Risk Management Framework by embedding Climate-Related Risks and Opportunities into the core of our assessment and decision-making processes. Climate-induced factors such as floods, droughts, extreme heat, and shifting regulatory pathways are expected to become increasingly influential across credit, market, and operational risk dimensions. By integrating these emerging signals early, the Bank is strengthening its ability to anticipate impacts on borrower resilience, collateral quality, and sectoral exposures, enabling more informed underwriting and forward-looking capital planning.

These enhancements lay the foundation for a more resilient and adaptive institution. By incorporating climate considerations into our models and governance structures, the Bank is building the capabilities needed to safeguard asset quality, ensure operational continuity amid future climate disruptions, and cultivate a proactive, future-ready risk culture. This forward-looking approach ensures that the Bank remains aligned with evolving regulatory expectations and well-positioned to respond to the accelerating transition towards a low-carbon economy.

ALIGNMENT WITH NATIONAL AND GLOBAL COMMITMENTS

The Bank's climate-risk initiatives remain strongly aligned with Sri Lanka's national and international sustainability commitments. The integration of Climate-Related Risks and Opportunities (CRROs) supports the country's obligations under the Paris Agreement and its Nationally Determined Contributions (NDC 3.0), which call for greater private-sector engagement in climate-finance mobilisation. These efforts are further reinforced by alignment with the National Climate Finance Strategy (Ministry of Finance, October 2025), which emphasises the financial sector's role in mobilising capital for climate-adaptation and mitigation investments.

In addition, the Bank's work complements the Sustainable Finance Roadmap 2.0 launched by the Central Bank of Sri Lanka in May 2025, which expands national sustainable finance priorities to include climate resilience, social inclusion, enhanced ESG integration, and improved risk-informed decision-making across the financial sector. By progressing its CRRO identification and climate-risk integration efforts, the Bank contributes to these system-wide objectives and supports the broader transition towards a sustainable, inclusive financial ecosystem.

While the Bank has not yet commenced climate scenario analysis, it acknowledges its growing importance as a strategic tool for assessing future climate-related impacts on portfolio resilience. Accordingly, the Bank plans to adopt climate scenario analysis in the coming years, in line with global best practices and emerging regulatory expectations.

In this light, the Bank has identified the following CRROs:

- **Climate related risk 1** - Transition risk, stemming from re-pricing and re-allocation risk across the lending portfolio as the economy and regulation move to climate-resilient outcomes.
- **Climate related risk 2** - Physical risk, stemming from damage and performance-risk to loan collateral and borrower cash-flows from acute and chronic climate hazards.
- **Climate related opportunity 1** - Growth in green financing and on-lending to climate-resilient projects, for both current and new.

By identifying and managing its climate-related risks and opportunities, the Bank will:

- Anticipate and mitigate future credit and market shocks driven by climate and policy factors;
- Build readiness for sustainability-linked capital markets and concessional funding;
- Strengthen stakeholder trust and regulatory alignment; and
- Position itself at the forefront of Sri Lanka's transition towards a climate-resilient financial system.

ASSESSMENT

Nature of Risks

- **Climate-related risk 1** - Transition risk: Lending portfolio re-pricing and stranded asset exposure
 - Also be referred to as Transition risk - portfolio alignment and re-pricing
 - Transition risk arising from policy, market, legal and technological changes as Sri Lanka and client jurisdictions decarbonise. This

risk may cause increased credit risk (borrower cashflow stress), market risk (re-pricing of assets) and reputational risk (financing high-emitting activities). It principally affects sectors with high greenhouse gas intensity, fossil-fuel-exposed assets, and borrowers with low capacity to transition to lower-carbon business models.

- Time horizon: Medium-to-long term (2 – 3 and over 3 years) - policy and market shifts to accelerate over this period.

- **Climate-related risk 2** - Physical risk: Loan portfolio and collateral exposure to acute and chronic climate hazards
 - Also be referred to as Physical risk - portfolio vulnerability and collateral impairment
 - Physical risk arising from increasing frequency/severity of acute events (floods, storms) and chronic shifts (sea-level rise, changing precipitation). These events can directly damage borrower assets or collateral, disrupt supply chains and reduce borrower revenues - increasing probability and severity of credit losses and impairing the value of secured collateral.
 - Time horizon: Short-to-medium term for acute events (1 - 3 years); medium-to-long term (2 – 3 and over 3 years) for chronic shifts.

Nature of Opportunities

- **Climate-related opportunity 1** - Green finance and on-lending to climate-resilient projects
 - Also be referred to as Green lending opportunity - financing the transition and resilience.
 - Opportunity to grow fee income, interest income and market share by originating and on-lending to green or climate-resilient assets and projects (renewable energy, energy efficiency, climate-resilient infrastructure, green buildings, sustainable agribusiness). The Bank can deploy capital, develop green products and mobilise concessional

finance to capture demand and support national climate targets.

- Time horizon: Short-to-medium term (1–3 years) for product rollout; medium-to-long for scaling (2 – 3 and over 3 years).

Climate Risk Likelihood and Impact Assessment

As the operating landscape becomes increasingly shaped by climate-driven uncertainties, the Bank has taken foundational steps to build a forward-looking view of its exposure to climate-related risks. For this initial disclosure, the Bank applied a qualitative assessment framework designed to provide an early indication of how emerging climate dynamics could influence portfolio resilience and business stability in the years ahead. The assessment evaluates each Climate-related Risk along two dimensions: Likelihood, reflecting the probability of occurrence under evolving climate pathways, and Severity, reflecting the potential financial and regulatory impact should the risk materialise.

These early-stage assessments lay the groundwork for the Bank's transition toward more sophisticated methodologies, including future adoption of climate scenario analysis, an essential capability the Bank intends to develop as climate risk modeling matures across the financial sector.

Assessment Framework

Likelihood Dimensions

The likelihood of climate-related risks was rated across a progressively escalating scale, reflecting the Bank's anticipation of increasing climate variability in the medium to long term.

Likelihood	Probability of Occurrence Scale
Rare	< 5%
Unlikely	5% to 25%
Possible	25% to 75%
Likely	75% to 90%
Almost Certain	> 90%

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

Impact Dimensions

Financial Impact - Financial consequences were assessed based on the potential scale of loss, recognising that climate-related events may intensify in frequency and severity over time.

Financial Impact Value (in LKR)

Severe	Can result in a loss > LKR 1 Bn
Major	Can result in a loss > LKR 250 Mn up to LKR 1 Bn
Moderate	Can result in a loss > LKR 50 Mn up to LKR 250 Mn
Minor	Can result in a loss > LKR 10 Mn up to LKR 50 Mn
Insignificant	Can result in a loss ≤ LKR 10 Mn

Regulatory Impact - Regulatory implications were assessed to reflect increasing expectations for climate governance and disclosure.

Regulatory Impact Criteria

Severe	Regulatory fines and sanctions. Potential threat to license.
Major	Formal reprimand due to continuous or systemic regulatory breaches. Repeated compliance issues. Receipt or possible receipt of warning letter from the regulator. Regulatory fines or fees.
Moderate	Isolated compliance issues. Receipt or possible receipt of letter of recommendation from the regulator without reprehension or recrimination.
Minor	Isolated compliance issues. Some minor recommendations.
Insignificant	Minimal or negligible impact.

RISK HEAT MAP

To support the qualitative climate-risk assessment, the Bank uses a numerical scoring matrix that combines the Likelihood and Impact ratings to determine an overall risk score. Each likelihood category (Rare to Almost Certain) is assigned a numeric value from 1 to 5, and each impact category (Insignificant

to Severe) is similarly assigned a value from 1 to 5. The overall climate-risk score is derived by multiplying the two values (Likelihood × Impact). Higher resulting scores indicate higher risk severity.

The first heat map below visualises these numeric scores (ranging from 1 to 25), showing how the combination of probability and impact results in

different risk levels. This supports internal prioritisation and enables consistent comparison across risk types.

The second heat map translates these numeric scores into qualitative risk levels (Very Low, Low, Moderate, High, and Very High) for reporting purposes. This ensures that users of the disclosure can easily interpret the overall climate-risk rating.

	Probability				
	Rare	Unlikely	Possible	Likely	Almost Certain
Severe	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5

	Probability				
	Rare	Unlikely	Possible	Likely	Almost Certain
Severe	Low	Medium	Moderate	High	High
Major	Low	Medium	Moderate	Moderate	High
Moderate	Very Low	Low	Medium	Moderate	Moderate
Minor	Very Low	Low	Low	Medium	Medium
Insignificant	Very Low	Very Low	Very Low	Low	Low

High	The current risk exposure is much beyond risk appetite and must be subject to an urgent risk mitigation action plan
Moderate	The current risk exposure is above acceptable levels and it must be the object of an action plan to reduce residual exposure in likelihood or impact, or escalation and risk acceptance by management
Medium	The current risk exposure level is within risk appetite, but is approaching excess levels; active monitoring is in progress and further mitigation is possibly required
Low	The current risk exposure level is within risk appetite and no further actions are needed beside regulatory monitoring to ensure activities and controls take place as intended
Very Low	The current risk exposure level is well below risk appetite and no further actions are needed beside regulatory monitoring to ensure activities and controls take place as intended

ASSESSMENT TABLE

CRRO Type	Nature	Likelihood (1-5)	Impact (1-5)	Overall Risk Rating	Remarks
Transition risk:	Lending portfolio re-pricing and stranded asset exposure	4 Likely	3 Moderate	12 Moderate	Likelihood is assessed as Likely due to evolving national climate policies and global market shifts. Impact remains Moderate, as affected sector exposures can be managed through proactive portfolio re-balancing and transition-aligned credit strategies.
Physical risk:	Loan portfolio and collateral exposure to acute and chronic climate hazards	3 Possible	3 Moderate	9 Medium	Possible likelihood and Moderate impact reflecting Sri Lanka's vulnerability to floods and extreme weather events. Geographical dispersion of the portfolio helps mitigate concentrated severity.

Overall, the initial assessment indicates that the Bank's most material climate-related exposures arise from transition risks and physical risks. Based on the Bank's qualitative likelihood and impact framework, transition risk carries an overall risk rating of 12 (Moderate), reflecting the influence of evolving climate policies and global market dynamics on sectoral creditworthiness. Physical risk carries an overall risk rating of 9 (Medium), consistent with Sri Lanka's exposure to floods and extreme weather events, partially mitigated by the geographical diversification of the Bank's portfolio.

These initial ratings provide a baseline understanding of the Bank's climate-risk profile and will guide further enhancement of methodologies in subsequent years, including development of climate scenario analysis and improved climate-risk data inputs.

PRIORITISATION

Within the Bank's Risk Library, ESG-related risks, including climate-related considerations, are currently categorised as Medium-level risks. This reflects the Bank's present exposure to climate-driven factors and the fact that, while material, these risks do not yet present the same immediate impact potential as the Bank's High-rated risks such as Technology Risk and Financial Crime Risk.

While climate-related risks are not assigned a standalone category at this stage, the Bank recognises that they increasingly operate as cross-cutting influences on several key risk types. Climate-related drivers have the potential to affect credit behaviour, collateral valuations, operational resilience, regulatory obligations, and longer-term strategic positioning. As such, climate

considerations are progressively being integrated into the Bank's broader risk evaluation processes rather than treated as an isolated risk.

The Bank's approach to prioritisation is therefore evolving, ensuring that climate-related risk factors are embedded within relevant risk assessments, risk governance discussions, and forward-looking planning. Enhancements in climate-related data, disclosures, and risk processes are helping the Bank strengthen visibility over emerging exposures, even as climate risks remain classified within the Medium-risk tier.

Over the coming years, the Bank expects climate-related considerations to become more influential in shaping portfolio and risk-management decisions, particularly as regulatory expectations develop and climate-risk management practices

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

mature across the financial sector. The Bank remains committed to progressively building its capabilities, such as future adoption of climate scenario analysis, to ensure climate-related risks continue to be prioritised appropriately within the Bank's overall risk framework.

MONITORING

The Bank maintains active oversight of climate related risks through a combination of established risk management frameworks, portfolio level monitoring, governance structures and event-driven assessments aimed at strengthening operational and financial resilience.

ESRM AS A CORE MONITORING MECHANISM

The Bank's Environmental & Social Risk Management (ESRM) framework serves as a key mechanism for the ongoing monitoring of environmental and social risks associated with lending, investments, and strategic transactions. The ESRM process ensures that environmental, social, and climate-related considerations are reviewed throughout the lifecycle of customer engagements. ESRM Risk is classified as a Medium-level risk within the Bank's Risk Map, emphasising the need for sustained oversight.

The ESRM framework is supported by:

- A dedicated coordinator responsible for monitoring ESRM operations,
- Continuous staff training and capacity building,
- An ESRM Integrated Committee comprising cross-functional expertise, and
- Policies and processes aligned with international best practices.

These mechanisms allow the Bank to monitor emerging climate-related and environmental signals across its portfolio on an ongoing basis.

ESG RISK SCORECARD AND ICAAP MONITORING ENHANCEMENTS

To further strengthen monitoring capabilities, the Bank has introduced a foundational ESG Risk Scorecard built on a qualitative framework that evaluates key environmental, social, and governance parameters. Initial ICAAP assessments rate the Bank's overall ESG risk exposure as Medium, highlighting areas requiring further monitoring, particularly governance structure development, ESG data collection, and integration of ESG into products and risk analytics.

Through the ICAAP, ESG has now been formally identified as an emerging risk. The Bank is progressively enhancing its monitoring capabilities through:

- Establishment of Board-level and Management-level ESG committees,
- Development of an entity-wide ESG Policy,
- Plans to expand ESG data and reporting processes, and
- Mapping of sectoral ESG exposures for future capital planning.

These initiatives strengthen how ESG-related and climate-related risks are observed, reviewed, and escalated across the Bank's governance architecture.

MONITORING THROUGH REAL-WORLD CLIMATE EVENTS – CYCLONE DITWAH

The Bank's monitoring capabilities were tested during Cyclone Ditwah in November 2025. While the Bank's financial exposure remained limited, the event triggered enhanced monitoring across credit, operational, and business continuity functions. The Bank conducted targeted assessments of customers in affected regions, applied enhanced due diligence, and reviewed maturing exposures for potential support measures. Branch operations were temporarily disrupted; however, service continuity was maintained through digital channels, centralised processing, and proactive communication protocols.

The incident has informed future improvements in monitoring and resilience, including infrastructure upgrades in high-risk locations, expanded remote-banking capabilities, and enhanced climate-risk considerations within strategic planning. Refer the Risk Management section on page 473 for a detailed update on the impact of Cyclone Ditwah.

STRENGTHENING THE MONITORING FRAMEWORK

Together, the ESRM framework, ESG Risk Scorecard, ICAAP-driven governance enhancements, and insights from real-world climate events form a comprehensive monitoring approach that enables the Bank to track, escalate, and respond to climate-related and ESG-linked risks. These mechanisms support the Bank's commitment to progressively strengthening climate and ESG risk oversight as regulatory expectations evolve and the operating environment becomes more complex.

PROCESSES AND POLICIES RELATING TO CLIMATE-RELATED OPPORTUNITIES

The Bank has identified Green Financing as its primary climate-related opportunity, aligned with Sri Lanka's transition toward a low-carbon and climate-resilient economy. Key areas of opportunity include renewable energy, energy-efficiency improvements, climate-resilient infrastructure, and sustainable agriculture.

In evaluating and developing these opportunities, the Bank considers:

- Alignment with national climate and development priorities, including Sri Lanka's NDC commitments and sector-level policy frameworks;
- Borrower readiness and project viability, ensuring sound technical, financial, and environmental credentials; and
- Sectoral growth potential, particularly for industries expected to expand under evolving climate-policy and sustainability transitions.

In addition to qualitative assessments, the Bank is taking steps to expand its green-finance capabilities through strategic capital market instruments. Notably, the Bank is exploring the issuance of GSS+ (Green, Social, Sustainability, and Sustainability-Linked) bonds, which will support the mobilisation of funding for green lending and strengthen the Bank's ability to finance climate-resilient projects at scale. This represents a significant forward-looking initiative that complements existing qualitative opportunity identification.

While formal scenario analysis is not yet used to assess climate-related opportunities, opportunity evaluation is informed by national policy signals, market developments, regulatory trends, and the Bank's growing sustainable finance ambitions. As capabilities mature, the Bank intends to strengthen its analytical approach and move towards more structured and forward-looking opportunity identification methods.

CHANGES TO RISK MANAGEMENT PROCESS COMPARED TO LAST YEAR

During 2025, the Bank strengthened its climate-risk management practices as part of broader updates to the Risk Management Framework. Key climate-specific enhancements include:

- Enhancements to the Environmental & Social Risk Management (ESRM) Framework, aligning ESG screening and escalation processes with international best practices to improve early identification of climate-linked exposures.

- Introduction of a qualitative ESG Risk Scorecard, enabling more structured evaluation of environmental and climate-related risks.
- Improved Business Continuity and operational resilience measures following Cyclone Ditwah, particularly for climate-driven disruptions.
- Establishment of Board-level and Management-level ESG committees, increasing governance oversight of emerging sustainability and climate-related risks.

These developments mark a clear shift toward embedding climate risk more systematically within the Bank's risk-management architecture.

INTEGRATION OF CRROS TO OVERALL RISK MANAGEMENT PROCESS

Climate-Related Risks and Opportunities are now embedded across the Bank's overall Risk Management process through the following mechanisms:

- **Identification** - Climate-related risks, transition and physical, have been incorporated into the Bank's risk taxonomy under the ESG/ESRM risk category. ESRM screening supports systematic identification of climate-sensitive sectors and customers.

- **Assessment** - CRROs are assessed using the Bank's qualitative Likelihood and Impact Framework, aligned with existing risk assessment methodologies across credit, market, operational, and strategic risks. Climate risk drivers (e.g., policy shifts, extreme weather, collateral vulnerability) are mapped into existing risk parameters.
- **Prioritisation** - ESG/Climate Risk is classified as a Medium-level risk, signalling its cross-cutting relevance across other material risk categories.
- **Monitoring** - Continuous monitoring is conducted through the ESRM Framework, ESG Risk Scorecard and ICAAP emerging risk processes. Real-world events, such as Cyclone Ditwah, are incorporated into resilience planning and portfolio monitoring.

These elements ensure that CRROs are embedded into the Bank's core risk-management processes rather than treated as standalone risks, enabling a progressively stronger climate risk management capability. Refer the Risk Management section on page 500.

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

PART 5 - METRICS AND TARGETS

CROSS INDUSTRY METRICS

1 Greenhouse Gas (GHG) Emissions Report

BASIS OF DETERMINATION OF ORGANISATIONAL BOUNDARY AND OPERATIONAL BOUNDARY

Organisational Boundary

National Development Bank PLC has established its organisational boundary based on the financial control approach, in accordance with the requirements of the GHG Protocol. Under this approach, entities over which the Bank exercises control are included within the reporting boundary.

Entities included in the organisational boundary

Entity 1: National Development Bank PLC, including the Head Office at No. 40, Nawam Mawatha, Colombo 2, the Office Complex at Dharmapala Mawatha, Colombo 7, 113 branches islandwide, and other operationally controlled properties

Entity 2: NDB Capital Holdings (Pvt) Ltd, including its subsidiaries: NDB Capital Holdings Limited, NDB Investment Bank Limited, NDB Securities (Private) Limited, NDB Wealth Management Limited, and NDB Zephyr Partners Lanka (Private) Limited

Entity 3: Development Holding (Pvt) Ltd, which includes the operations of the DHPL Building (NDB-EDB Tower)

This boundary definition ensures that all entities and operations under the Bank's financial control are consistently accounted for within the greenhouse gas (GHG) inventory. Above three entities will be referred to as the NDB Group within this GHG Emissions Report.

Operational Boundary

The operational boundary encompasses all relevant direct and indirect emissions arising from activities within the established organisational boundary. Emissions are categorised as Scope 1, Scope 2, and selected Scope 3 emissions.

Scope 1 (Direct Emissions)

Direct emissions from sources owned or controlled by the Bank, including:

- Fuel combustion in standby generators (diesel);
- Fuel consumption reimbursed or paid for by the Bank;
- Company-owned vehicles;
- Use and refilling of CO₂ fire extinguishers; and
- Refrigerant leakages.

Scope 2 (Indirect Energy Emissions)

- Indirect emissions from the consumption of purchased electricity.

Scope 3 (Other Indirect Emissions)

This GHG Emissions reports will report only Scope 1 and Scope 2 emissions. Scope 3 emissions will be reported starting from the financial year ending 31 December 2027 (Refer Note 7: Transitional Relief on page 170).

Methodology used for the measurement and disclosure of GHG Emissions

The Bank quantifies its greenhouse gas (GHG) emissions in accordance with the requirements provided in ISO 14064-1: 2018 – Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals and the GHG Protocol Corporate Accounting and Reporting Standard - to ensure consistency, transparency, and comparability. Emissions are calculated based on guidelines

and emission factors published by the Intergovernmental Panel on Climate Change (IPCC), applying activity-based calculations that multiply relevant activity data (e.g., fuel consumption, electricity usage, travel data) by appropriate emission factors. Where country-specific emission factors are available, these are applied; otherwise, default emission factors provided in the IPCC Guidelines are used.

The measurement approach follows the principles of completeness, consistency, accuracy, relevance, and transparency.

Activity data are collected from primary sources such as utility bills, fuel records, travel logs, and supplier information, and are consolidated at the organisational level in line with the defined reporting boundary. Emissions are categorised into Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity), to ensure structured and comprehensive disclosure.

GHG emissions are reported in compliance with the disclosure requirements of SLFRS S2: Climate Related Disclosures.

Summary of GHG Emissions (Gross)

Scope	2025 (Mt CO2e)
Scope 1	498.12
Scope 2	3,276.45
Scope 3 (Refer Note 7: Transitional Relief on page 170)	-
Total	3,774.57

GHG Scope 1 and Scope 2 Emissions (Gross)

Description	Greenhouse gas emissions (Mt CO2e) 2025		
	Scope 1	Scope 2	Total
Consolidated accounting group	498.12	3,276.45	3,774.57
Other investee*(investment in associate, joint ventures)			
Total (Operational control approach)	498.12	3,276.45	3,774.57

* The NDB Group does not have any investments in Joint Ventures or Associates, save and except for Ayojana Fund (Pvt) Limited for which full impairment allowance has been made as the company is under liquidation.

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor (Source)	Source of GWP Values
Scope 1	Stationary combustion	Activities includes the fossil fuel combustion in on-site diesel generator.	The fuel top up records maintained by the Bank and the subsidiaries.	Tier 1 emission factors obtained from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.	IPCC Sixth Assessment Report
Scope 1	Mobile combustion	The activities include the combustion of fossil fuels (petrol and diesel) in company-owned vehicles, as well as the fuel allowances provided by the Bank and its subsidiaries to employees.	Supplier invoices and internal fuel expense records.	Tier 1 emission factors obtained from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.	IPCC Sixth Assessment Report
Scope 1	Fugitive Emissions	The bank operates central and split type air conditioners to maintain thermal comfort in the facilities owned and operated by the bank. The refrigerant leakages of these systems are considered as activity data. In addition, the CO2 leakages from the fire extinguishers are includes as activities in the fugitive emission inventory.	Supplier invoices and payment records maintained by the Bank.	No emission factors applied in the calculation.	IPCC Sixth Assessment Report
Scope 2	Electricity Consumption	Electricity consumption of the Bank and other facilities falling under its operational control.	Utility bills issued by Ceylon Electricity Board (CEB)/ Lanka Electricity Company (LECO).	Average grid Emission factor obtained from Sri Lanka Energy Balance Report -2022.	IPCC Sixth Assessment Report

2 Climate-related Physical Risks

The Group has not assessed the amount and percentage of assets or business activities vulnerable to climate-related risks as at 31 December 2025.

3 Climate-related Transition Risks

The Group has not assessed the amount and percentage of assets or business activities vulnerable to climate-related risks as at 31 December 2025.

4 Climate-related Opportunities

The Group has not yet quantified the amount and percentage of assets or business activities aligned with climate related opportunities, as of 31 December 2025.

5 Capital Expenditure

There is no specific capital expenditure incurred or planned for the future as of 31 December 2025.

6 Internal Carbon Pricing

The Group has not adopted internal carbon pricing yet.

7 Remuneration

The Group has not yet linked remuneration of key management persons to climate risk related performance.

INDUSTRY SPECIFIC METRICS

Sustainability Accounting Standards Board (SASB) Index

Commercial Bank Sustainability Accounting Standard (Version 2023-12)

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure Reference And/Or Response
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CB-230a.1	There were no data breaches, any involving personally identifiable information (PII), nor were there any account holders affected.
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	Not applicable	FN-CB-230a.2	Digital capital - Pages 118-123.
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	Number, Reporting currency	FN-CB-240a.1	Not disclosed due to confidentiality concerns on the loan portfolio of the Bank. However, the Province-wise composition and sector-wise composition of the SME book is found under Business Lines Performance Review - Business Banking on page 88.
	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	Quantitative	Number, Reporting currency	FN-CB-240a.2	Not disclosed due to confidentiality concerns on the loan portfolio of the Bank.
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240a.3	Not disclosed due to non-availability of information. Previously unbanked or underbanked status is not tracked.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	Business Lines Performance Review - Business Banking - Page 90.
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	Not applicable	FN-CB-410a.2	Detailed description given under Natural Capital - Responsible Lending - Page 159.

SLFRS Sustainability-related Financial Disclosures (SLFRS S1 and SLFRS S2)

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure Reference And/Or Response
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tons (t) CO ₂ -e	FN-CB-410b.1	We will be using the two year transitional relief granted by SLFRS S2 - Climate Related disclosures in reporting on Financed Emissions.
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-CB-410b.2	We will be using the two year transitional relief granted by SLFRS S2 - Climate Related disclosures in reporting on Financed Emissions.
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-CB-410b.3	We will be using the two year transitional relief granted by SLFRS S2 - Climate Related disclosures in reporting on Financed Emissions.
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	Not applicable	FN-CB-410b.4	We will be using the two year transitional relief granted by SLFRS S2 - Climate Related disclosures in reporting on Financed Emissions.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting currency	FN-CB-510a.1	Not disclosed due to concerns on the confidentiality of the information.
	Description of whistleblower policies and procedures	Discussion and Analysis	Not applicable	FN-CB-510a.2	Corporate Governance Report - Page 201.
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basis points (bps)	FN-CB-550a.1	The Bank is not a Global Systemically Important Bank (G-SIB).
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	Not applicable	FN-CB-550a.2	Risk Management - Page 473.

Table 2: Activity Metrics

Accounting Metric	Category	Unit Of Measure	Code	Disclosure Reference And/Or Response
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Presentation currency	FN-CB-000.A	Capital Management Review: Financial Capital - Page 116.
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, Presentation currency	FN-CB-000.B	Capital Management Review: Financial Capital - Page 115.

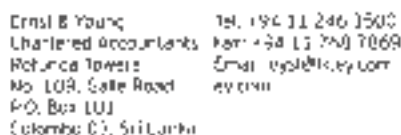
CLIMATE-RELATED TARGETS

The Bank will set its climate-related targets and make related disclosures from financial year 2026 onwards.

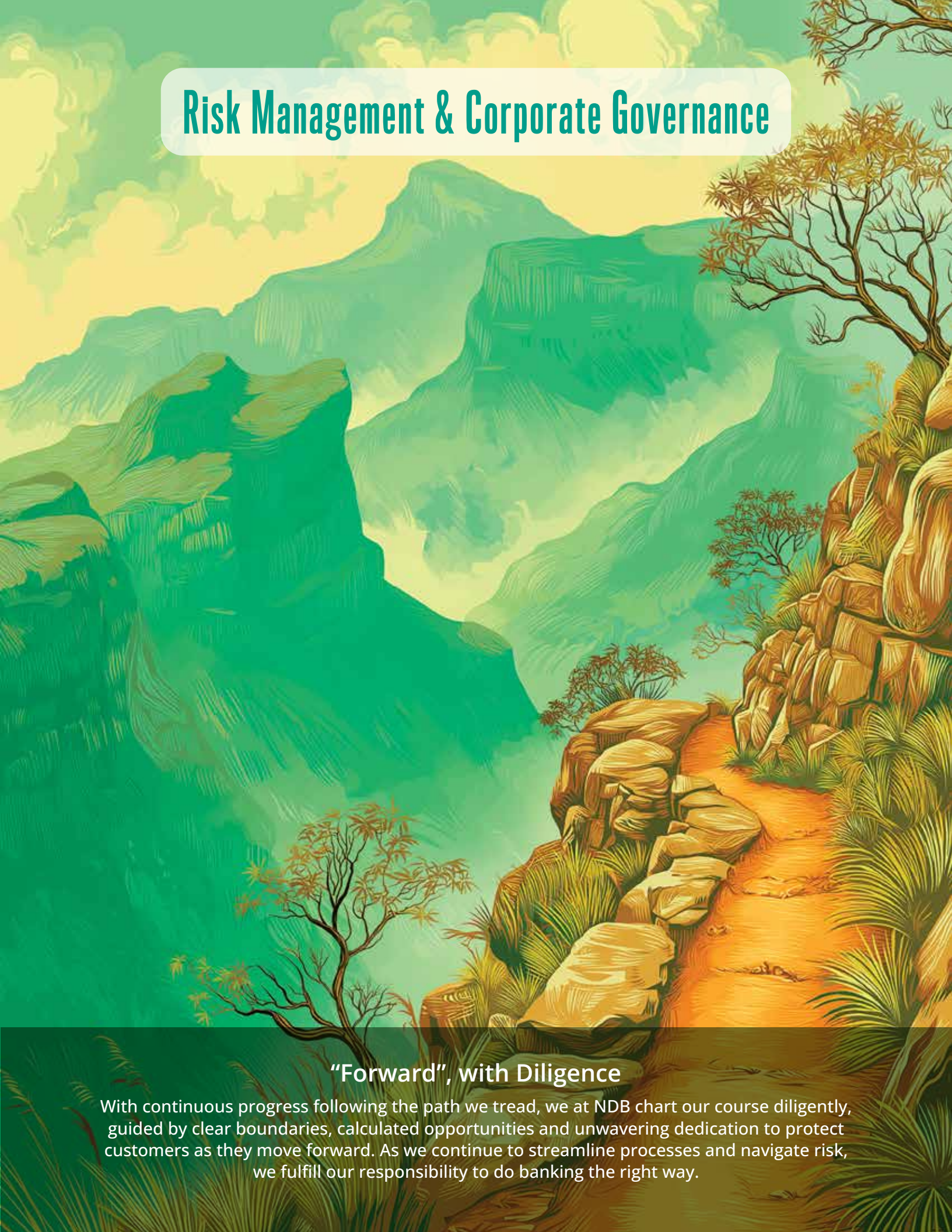
Shape the future
with confidence

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Risk Management & Corporate Governance

“Forward”, with Diligence

With continuous progress following the path we tread, we at NDB chart our course diligently, guided by clear boundaries, calculated opportunities and unwavering dedication to protect customers as they move forward. As we continue to streamline processes and navigate risk, we fulfill our responsibility to do banking the right way.

Risk Management Overview

APPROACH TO RISK MANAGEMENT

The Bank adopts an enterprise-wide approach to risk management and has implemented an Integrated Risk Management Framework (IRMF), clearly setting out the governance structures, policies, processes, and procedures for managing risks in a manner that balances profitability and financial stability. This framework has continued to serve the Bank well amidst the unprecedented challenges of recent years, supporting strategic foresight and agility.

The Bank's Board of Directors holds apex responsibility for risk management and is supported by the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC) in discharging of its risk-related duties. Risk management is underpinned by the Three Lines of Defence Governance model, which drives accountability and ownership while facilitating an appropriate level of independence and segregation of duties.

RISK LANDSCAPE IN 2025

In 2025, Sri Lanka's risk landscape improved significantly due to better macroeconomic conditions and a stabilising operating environment. The economy rebounded strongly with steady growth across key sectors, supported by political stability. Inflation moved from deflation to low positive levels, allowing interest rates to fall and stimulating private sector credit growth. At the same time, strong foreign exchange inflows and effective reserve management helped keep the Sri Lankan rupee relatively stable. Sri Lanka's progress on debt restructuring and reforms secured the IMF's fifth EFF tranche, strengthening economic confidence. Banks expanded lending as credit demand rose, supported by improved stability across asset quality, profitability, and liquidity. Within this environment, NDB Bank maintained vigilance while strategically taking on more risk to support economic growth,

Principles of our IRMF

Risk Appetite and Strategy

Formulated in line with the nature, type and level of risk the Board is willing to take in achieving its strategic aspirations

Capital Management

Driven by the Group's strategic agenda, regulatory requirements and stresses in the operating landscape

Governance and Oversight

Clear and effective governance structures promoting judicious empowerment

Risk Culture

Risk conscious culture that nurtures professional, responsible and ethical behaviour

Risk Policies and Processes

Effective, robust and stringent framework of policies

Infrastructure

Adequate resources and systems infrastructure

strengthening its resilience and aligning its risk management practices with the improved business landscape. In the backdrop of cyclone Ditwah, the Bank recognised the increasing significance of climate-related risks, and outlined initiatives to further strengthen resilience.

KEY DEVELOPMENTS IN 2025

- Strengthened the risk appetite framework aligning to recent market developments
- Proactive management and optimisation of foreign currency liquidity
- Enhanced stress testing to reflect economic developments
- Organisation-wide focus on preserving credit quality through strengthening credit policies and PPGs to align with market and regulatory needs
- Cash flow projections to mitigate liquidity risk
- Enhanced underwriting standards for the challenging economic environment
- Upgraded risk assessment with advanced analytics and risk models



Key Risk category	Developments	Response and mitigating action in 2025
Macro-economic risk	- Fluctuating tariff regimes and geopolitical uncertainties leading to export sector stress and global demand slowdown - Currency volatility due to high external debt repayments and reliance on foreign inflows - Continued interest rate fluctuations posing challenges to manage asset liability profiles and maintain profitability	- Proactive monitoring of emerging developments in the socio-economic and political landscape - Continued assessment of impacted portfolios and stress testing - Managing foreign currency liquidity to optimise the returns in foreign currency assets
Credit risk	- Relatively high Stage 2 and Stage 3 loans at the beginning, requiring increased provisions and tightened credit underwriting standards - Elevated stress in climate-affected and export-linked portfolios - Sectoral and concentration risk sensitivity	- Strengthened credit policies and under-writing standards to reflect changing market conditions and regulatory requirements - Proactive management of Stage 2 portfolio - Enhanced risk assessment framework through the implementation of advanced analytics, credit risk models and conducting of regular stress tests - Strengthening of banks' asset quality evident from the reduction in Stage 3 and Stage 2 portfolios over the year
Market risk	- Managing pressure on Net Interest Margins (NIMs) due to falling rates - Increased import demand and external debt payments create demand for foreign currency, stressing forex liquidity - Interest rate risk due to liability-sensitive balance sheet - Volatility in foreign exchange due to heightened global uncertainties impacting external flows - Managing post debt restructuring impacts and future liabilities	- Prudent management of the net open position - Strengthened stress tests and scenario analysis - Timely re-pricing strategies and deposit campaigns - Explored alternative investment opportunities based on careful risk and return analysis

Risk Management Overview

Key Risk category	Developments	Response and mitigating action in 2025
Liquidity risk	- Modest decline in liquidity ratios (LCR/NSFR) to support economic recovery with credit expansion - Managing maturity mismatches - Liquidity pressure built upon deposit concentrations - Significant exposure to government securities in LCY and FCY - Growing dollar-denominated balance sheet triggering liquidity stress during adverse foreign exchange shocks	- Structural Balance Sheet management with close monitoring of maturity mismatches - Frequent monitoring of exposure to market liquidity, deposit mix, portfolio of marketable securities, and movements in loans and advances
Operational risk	- Operational losses were within Banks' Risk Appetite - Majority of losses during the year categorised as high frequency/low impact events	- Strengthening the Risk and Control Self-Assessment (RCSAs) - Staff awareness programs to enhance risk management culture
IT and cyber security risk	Zero instances of significant data breaches and disruptions to the system	- Stringent cyber-security measures to avoid cyber-attacks/security threats - Continuous vulnerability assessments and penetration testing - Frequent awareness programmes on social engineering and other ongoing scams for customers and employees
Climate risk	- Extreme weather events intensified physical climate risk across the economy - Transition risks increased with the implementation of SLFRS S1 & S2 and enhanced regulatory expectations on sustainable finance - The Bank identified material transition and physical risks, alongside opportunities in green and climate-resilient financing	The Bank strengthened its climate risk framework and advanced key preparatory actions to enhance readiness for future climate-related risk management

Corporate Governance



A substantial part of the Board's attention in 2025 was directed towards overseeing NDB's Strategic transformation. This was led from the top, with the Board providing direction and guidance, while execution was driven in collaboration with international subject matter experts.

Mr. Sriyan Cooray
Chair, Board of Directors
Non-Executive Independent Director

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

We are now at a stage where Sri Lanka's banking sector is evolving at a faster pace than ever before, influenced by developments in ethics, sustainability and technological advancements alongside the advent of Artificial Intelligence all culminating in heightened regulatory expectations. Against this backdrop the NDB Board continues to remain unwavering in its commitment to upholding the highest standards of governance.

In 2025, we continued our pursuit of governance excellence as a key enabler in building a stronger, more agile, and purpose-driven Bank.

OVERSEEING NDB'S STRATEGIC TRANSFORMATION

A substantial part of the Board's attention in 2025 was directed towards overseeing NDB's Strategic transformation. This was led from the top, with the Board providing direction and guidance, while execution was driven in collaboration with international subject matter experts. From the outset, the Board was instrumental in defining the Bank's strategic vision and guiding the subject matter experts on strengthening internal processes and enhancing competitive capabilities to position NDB on par with larger market players in the years ahead.

To support the Board in this ambitious exercise, oversight responsibilities were delegated to relevant Subcommittees, while the Management team was tasked

with the systematic implementation of the roadmap with critical work streams receiving focused attention and close monitoring to maintain alignment with the Bank's strategic objectives. The Board continues to receive regular progress updates from the Subcommittees, the Management as well as the subject matter experts to facilitate necessary guidance and corrective action where needed to ensure the strategic plan remains on track to deliver the anticipated outcomes over the next 3 - 5 years.

STRENGTHENING BOARD BALANCE

In line with NDB's ongoing commitment to maintaining a well-balanced, skilled, and forward-looking Board, two key director appointments were made following a rigorous evaluation process conducted by the Nominations and Governance Committee. Each appointment was subsequently confirmed by the Central Bank of Sri Lanka (CBSL) and the Securities and Exchange Commission of Sri Lanka (SEC), ensuring full alignment with all fit and proper requirements.

In May 2025, Mr. Sanjaya Mohottala joined the Board as the nominee director representing NORFUND (one of NDB's largest institutional shareholders with a 9.94% stake) following the resignation of Ms. Fay Piyachatr Chetnakarnkul. Mr. Mohottala, currently a Senior Advisor to Boston Consulting Group (BCG), contributes extensive multi-disciplinary expertise across engineering, management, marketing, accounting, and investment advisory.

The appointment of Mr. Shanil Fernando to the Board in January 2026 as an Independent Non-Executive Director, represents a significant enhancement to the Bank's technology and innovation oversight. With more than 25 years of global IT industry experience and a proven track record in founding and scaling technology-driven ventures, Mr. Fernando brings deep insight into digital transformation.

Collectively, these appointments enhance the Board's balance of skills, improve its capacity to navigate emerging technological trends, and empower the Board to effectively drive NDB's strategic transformation and its automation and digitalisation initiatives.

ENHANCING GOVERNANCE ARCHITECTURE

As always, steadfast in its commitment to governance excellence, the Board undertook a comprehensive review of its governance architecture and subcommittee structures to ensure continued alignment with evolving regulatory expectations.

The establishment of the Board ESG Committee and the ESG Management Committee in October 2025 marks yet another landmark step in reorienting the Bank's governance architecture to embed sustainability governance and promote environmental, social, and ethical accountability.

Corporate Governance

NURTURING INTELLECTUAL CAPITAL

In 2025, the Board dedicated focused attention to strengthening the Bank's human capital. This led to the launch of several initiatives during the year, such as enhanced talent identification, leadership development, coaching programmes, and targeted training and knowledge-building activities aimed at improving staff capability.

REINFORCING NDB'S INFORMATION SECURITY POSTURE

As cyber threats grow increasingly more complex, the Board continues to prioritise digital resilience and data protection, with the Information Security Committee (ISC) being granted authority to formally assume the role of the Personal Data Protection (Privacy) Committee with effect from February 2025. The Bank also appointed a dedicated Data Protection Officer (DPO) with effect from May 2025, aligning with emerging Data Protection regulations.

In parallel, the Board undertook a comprehensive gap assessment to determine NDB's alignment with Central Bank's Regulatory Framework on Technology, Risk Management and Resilience for Licensed Banks. We have already acted upon the initial findings of this assessment with policy updates underway and introducing governance reforms as needed. Simultaneously we also initiated steps to adopt the ISO 27035 – Information Security Incident Management to further elevate NDB's defence posture on par with global standards.

ADVANCING NDB'S ESG TRANSITION

With NDB's strategic journey on course towards rapid acceleration over the next 3-5 years, we took deliberate action to rethink our Environmental, Social, and Governance (ESG) agenda.

The newly established ESG Board Subcommittee leads the development and oversight of NDB's ESG strategy to ensure ESG-related risks are integrated into the

Bank's risk management framework. Under the direct supervision of the ESG Board Subcommittee, the ESG Management Committee will be responsible for operational execution of the ESG agenda.

I also envisage the ESG Management Committee to take the lead in steering the Bank's full transition towards adopting the SLFRS S1 and S2 sustainability reporting standards from 2025, marking a decisive step toward global transparency and accountability in NDB's sustainability related financial disclosures.

DECLARATION

The subsequent discussion provides a high level overview of how the Board created value to the Bank during the year, including its key areas of focus, operations and deliverables during the year. Detailed information regarding the Bank's compliance with the Banking Act Directions No. 5 of 2024 on Corporate Governance for Licensed Commercial Banks (Corporate Governance Directions), Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (Code of Best Practices on Corporate Governance 2023) are available from pages 428 to 472 of this Report. Further, as stipulated by the Code of Best Practices on Corporate Governance 2023, I affirm that I am not aware of any significant violations of any provisions of the internal Policy on Corporate Governance and the Corporate Governance Process Manual and the Bank's Code of Conduct for Employees. I also hereby confirm that the Bank's current state of affairs is not harmful to the business of the Bank in any form.



Mr. Sriyan Cooray
Chair, Board of Directors

25 February 2026
Colombo

NDB CORPORATE GOVERNANCE REPORT 2025



1. NDB'S APPROACH TO CORPORATE GOVERNANCE

NDB's approach to Corporate Governance is based on 8 key tenets that reflect the Bank's commitment to enhance or at the very minimum preserve value created for the Sri Lankan economy, the environment and all citizens of the country. Simply put, Corporate Governance plays an anchoring role in enabling NDB to contribute positively to national development while safeguarding the interests of all stakeholders.



Strategic Alignment

Implement robust governance structures that enable the delegation of authority to support the achievement of NDB's strategic aspirations

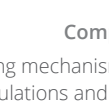
Effective Leadership

Organisational leaders lead by example to promote accountability and ownership for performance outcomes



Policy Development

Establish a comprehensive policy framework to institutionalise governance practices across the Bank.



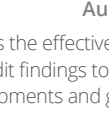
Compliance and Ethics

Regular compliance monitoring mechanisms to ensure 100% compliance with relevant laws, regulations and industry standards



Transparency and Accountability

Promote a culture of transparency, where information is readily accessible to stakeholders and establish clear lines of accountability to ensure individuals and teams are responsible for their actions



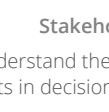
Audit and Assurance

Conduct regular internal and external audits to assess the effectiveness of governance practices and drive continuous improvement based on audit findings to adapt and enhance the governance ecosystem in line with regulatory developments and global best practices



Risk Management

Implement robust risk management processes to identify, assess and mitigate potential threats to value creation



Stakeholder Engagement

Engage with key stakeholders to understand their perspectives and integrate stakeholder interests in decision-making processes



Corporate Governance

Regulatory Mandates

- Banking Act, No. 30 of 1988 (as amended)
- Companies Act No. 7 of 2007 (as amended)
- Banking Act Directions No. 5 of 2024 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka
- The Listing Rules of the Colombo Stock Exchange
- Securities and Exchange Commission Act No. 19 of 2021 (as amended)
- The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act No. 6 of 2006 and its amendments
- The Inland Revenue Act No. 24 of 2017 and its amendments
- The Shop and Office Employees Act No. 19 of 1954 and its amendments
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- The Foreign Exchange Act No. 12 of 2017 and its regulations
- Personal Data Protection Act No. 9 of 2022
- CBSL Roadmap for Sustainable Finance
- All other applicable regulations

Voluntary Best Practices

- The Code of best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)
- The Sri Lankan Sustainable Banking Principles (SBP)
- Gender Parity Reporting Framework (2019) of ICASL
- Integrated Reporting Framework published by the IIRC
- Global Reporting Initiative (GRI) Standards (2023)
- Sustainability Accounting Standards Board (SASB) - Commercial Banks Sustainability Accounting Standard, Industry Standard, Version 2023-12

Internal Codes

- Articles of Association
- Policy on Corporate Governance and the Corporate Governance Process Manual
- Policy on Matters relating to the Board of Directors
- Policy on Conflicts of Interest
- Policy on Internal Code of Business conduct and Ethics for Directors
- Policy on Board Committees
- Policy on Nominations and Re-election
- Procedure for Selection and Appointment of Directors
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for Employees
- Policy on Relations with Shareholders and Investors
- Policy on Control and Management of Company Assets and Shareholder investments
- Policy on Environmental, Social and Governance Sustainability
- Securities Trading Policy
- Communication Policy
- Disclosure Policy
- Whistleblowing Policy
- Policy on Risk management and internal controls
- Related Party Transactions Policy and Related Party Transactions Procedure Manual
- Policy on Anti-Bribery and Corruption
- Information Security Policies



The Bank has established the following Policies in line with Section 9 of the Listing Rules of the Colombo Stock Exchange. (Please refer <https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure>)

1. Policy on matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance
4. Policy on Nominations and Reelection
5. Policy on Remuneration
6. Policy on internal Code of Business Conduct and Ethics for Directors
7. Policy on Internal Code of Business Conduct and Ethics for Employees
8. Securities Trading Policy
9. Policy on Risk management and Internal controls
10. Policy on Relations with Shareholders and Investors
11. Policy on Environmental, Social and Governance Sustainability
12. Policy on Control and Management of Company Assets and Shareholder Investments
13. Policy on Corporate Disclosures
14. Policy on Whistle blowing
15. Policy on Anti-Bribery and Corruption

The above policies have been reviewed and revised to ensure that same are in line with applicable changes to laws and regulations. Shareholders may request to access the above policies by contacting the Company Secretarial Department

Ms. Shehani Ranasinghe

Company Secretary/ Vice President

National Development Bank PLC

No. 40, Nawam Mawatha, Colombo 2

Email: shehani.ranasinghe@ndbbank.com

Tele: + 94 11 2448448 (Ext: 35013)

For the process by which major issues and concerns raised by Shareholders are addressed, please refer to the Policy on Relations with Shareholders and Investors

1.2 A Fit For Purpose Structure

Shareholders

Meets to review performance annually and for other matters reserved for Shareholders

The Board

The Board determines the strategic objectives and policies of NDB to deliver long-term value to stakeholders

Board Audit Committee (BAC)

Number of Meetings - 07

General oversight of financial reporting, internal controls and functions relating to internal and external audit.

 Report on page 248

Nominations & Governance Committee (NGC)

Number of Meetings - 06

Define the Governance framework of the Bank and identify individuals qualified to become Board members and Key Management Personnel (KMPs) and ensures succession

 Report on page 238

Human Resources and Remuneration Committee (HRRC)

Number of Meetings - 03

Determine and review the Human Resources and Remuneration policies and set goals and targets relating to Directors, Chief Executive Officer (CEO) and KMPs of the Bank.

 Report on page 242

Related Party Transactions Review Committee (RPTRC)

Number of Meetings - 04

Evaluate all transactions with related parties of the Bank in order to ensure that related parties are not extended more favourable treatment in terms of the Corporate Governance Directions, LKAS 24 and Listing Rules of the CSE and that conflicts of interest are avoided

 Report on page 252

Board Integrated Risk Management Committee (BIRMC)

Number of Meetings - 04

Assess all risks and sets the risk appetite of the Bank. through appropriate risk indicators, dash boards and management information

 Report on page 245

Strategic Issues Committee (SIC)

Number of Meetings - 05

Evaluate and recommend strategic investments, divestments, Strategic, Business and capital plans and strategic issues of a regular as well as of an ad hoc nature and recommend any action the Board.

 Report on page 255

Board Credit Committee (BCC)

Number of Meetings - 12

Review/Approve the Credit Proposals submitted by the Business Line, its risks and adequacy of pricing or covenants to mitigate the identified risks.

 Report on page 257

Bank Digital Subcommittee (BDSC)

Number of Meetings - 07

Drive the Bank's digital initiatives towards delivering better client experience and bring operational efficiency across all business lines

 Report on page 259

Discretionary and Capital Expenditure Committee (DCEC)

Number of Meetings - 10

Evaluate nonessential expenditure and capital expenditure of the Bank

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ESG Board Subcommittee

Number of Meetings - 02

The ESG Board Subcommittee is responsible for shaping and overseeing the Bank's ESG strategy, guiding environmental and social risk appetite, and ensuring that material ESG risks and related governance, processes and outcomes are effectively managed.

 Report on page 262

Corporate Governance

Management Committees bring together cross departmental expertise and facilitates clear communication of policies, strategy and progress while reinforcing corporate values and shaping organisational culture. These Management Committees are critical to the delegation of authority by the Board and play a vital role in the governance structure of the Bank.

Management Committee	Areas of Responsibility	Meetings held
Asset and Liability Management Committee	Balance sheet planning, Asset and Liability Management, Liquidity, Product Pricing/FTP, Funding, Net Interest Margin, Interest rate Risk, Investment and Other Matters	13
Human Resource Committee	Considers/reviews Human Resources (HR) strategies and policies and recommend solutions to improve effectiveness of the HR Policies and function at the Bank	5
Credit Committee	Corporate & Branch Credit Committees	Corporate Credit Committee - 62
	Review and approve facilities within delegated limits and monitor portfolio	Branch Network Credit Committee - 34
Outsourcing Committee	Assess, approve, monitor and review all outsourced activities aligned with the bank's outsourcing policy.	5
Procurement Committee	Facilitate procurement of goods and services ensuring fairness, transparency and consistency when assessing suppliers	100
Operational Risk Policy Committee	The ORMC ensures that the organisation effectively manages operational risks by setting policies, reviewing risk exposures, and providing recommendations to the first line of defense to reduce or prevent losses. It also ensures that significant or high-level risks are promptly escalated to the relevant Board Subcommittee.	4 regular meetings 2 Special meetings
IT Steering Committee	Provide guidance and direction on IT strategy to ensure business objectives are achieved	4
Credit & Market Risk Policy Committee	Regularly assess the Credit / Market / Liquidity risk policies and Compliance related matters of the Bank	8
ESRM Committee	To implement environmental and social governance risk aspects in relation to responsible lending as per the environmental and social risk management framework and the environmental and social management system.	3
Information Security Committee	The apex management level body responsible for information security and technology resilience of the bank for both strategic and operational aspects of information security and technology risk management. Established in line with CBSL Direction No. 16 of 2021 on Regulatory Framework on Technology Risk Management and Resilience for Licensed Banks.	6
ESG Management Committee	The ESG Management Committee reports to the ESG Board Committee of the Bank (herein referred to as the Board subcommittee), focusing on driving the ESG initiatives of the National Development Bank PLC (the Bank) towards. The Committee also works to enhance the Bank's ESG disclosures, ensuring transparent communication of the Bank's sustainability commitment to stakeholders.	2



2025 GOVERNANCE HIGHLIGHT - UPGRADING OUR GOVERNANCE STRUCTURE

RPTRC	BAC & BIRMC	DCEC	ESG Board Subcommittee
Clearer processes to carry out the Committee's mandate	Charters Upgraded to Meet New Standards	Beyond Regulatory Minimums	Newly Established for Sustainability Oversight
Approved a revamped Related Party Transactions Review Policy, supported by a comprehensive Procedure Manual that gives staff clear guidance on identifying, reviewing, approving, monitoring, and disclosing related party transactions	Updated both Charters to align with the Corporate Governance Directions	Retained as a Board Subcommittee, even though the CBSL Direction No. 1 of 2023 mandating same has lapsed in 2024, considering the pivotal role fulfilled by the Committee	Formed in October 2025 alongside the ESG Management Committee, following formal approval of their Terms of Reference, strengthening the Bank's governance of environmental and social risks and ESG strategic implementation.

2. THE BOARD

2.1 The Board of Directors of NDB

NDB's Board of Directors serves as the apex governing body entrusted with the stewardship of the Bank. The Board provides strategic oversight and forward-looking leadership that aligns with NDB's purpose and long-term vision. In carrying out its duties, the Board is required to exercise sound judgment and operate in line with the highest standards of integrity, accountability and ethical conduct to safeguard NDB's reputation as a trusted, responsible and purpose-driven financial institution.



Mr. Sriyan Cooray
Chair, Board of Directors/
Non-Executive Independent Director
Appointed in August 2018
Value added to Board:
Expertise in Banking, Finance,
Risk management and Management



Mr. Kelum Edirisinghe
Chief Executive Officer/
Executive Non-Independent Director
Appointed in February 2024
Value added to Board:
Strategic Leadership in Banking, Finance
and Management, Risk Management,
Wholesale Credit, Credit and
Recoveries, Commercial Banking, Fund
Management and Custodial Services



Mr. Bernard Sinniah
Non-Executive
Non-Independent Director
Appointed in March 2019
Value added to Board:
Banking, Sales/Retail, Management,
Treasury, Payment systems,
Fintech, Entrepreneurship and IT



Mr. Sujeewa Mudalige
Non-Executive
Independent Director
Appointed in January 2020
Value added to Board:
Accounting, Auditing,
Financial Analysis and
Management



Mr. Kushan D'Alwis, PC
Non-Executive
Independent Director
Appointed in July 2020
Value added to Board:
Law (Litigation/Banking, Corporate,
Commercial and Administrative Law)



Ms. Kasturi Chellaraja
Non-Executive
Independent Director
Appointed in October 2022
Value added to Board:
Retail/Consumer sector experience,
Accounting, Financial Analysis,
Management and Audit



Mr. Hasitha Premaratne
Non-Executive
Independent Director
Appointed in June 2023
Value added to Board:
Accounting, Finance, Management,
Textile/Apparel, Retail and Consumer
sector experience



Ms. Shweta Pandey
Non-Executive
Independent Director
Appointed in April 2023
Value added to Board:
Information Technology,
Economics and Business
Administration, Entrepreneurship.
Fintech, Payment Systems



Mr. Sanjaya Mohottala
Non-Executive
Non-Independent Director
Appointed in May 2025
Value added to Board:
Engineering, Management, Marketing,
Accounting and extensive experience
in Investment/Corporate Advisory



Mr. Shanil Fernando
Non-Executive
Independent Director
Appointed in January 2026
Value added to Board:
Information Technology/Technology
knowledge and experience, and
entrepreneurial outlook and
experience



Ms. (Fay) Piyachatr Chetnakarnkul
Non-Executive
Non-Independent Director
Resigned w.e.f. 16 May 2025

- Board Audit Committee
- Nominations & Governance Committee
- Human Resources and Remuneration Committee
- Related Party Transactions Review Committee
- Strategic Issues Committee
- Board Integrated Risk Management Committee
- Board Credit Committee
- Bank Digital Subcommittee
- Discretionary and Capital Expenditure Committee
- ESG Board Subcommittee

Corporate Governance

2.2 Matters expressly reserved for the attention of the NDB Board

Vision, Mission and Values

- Reviewing and updating the vision, mission and values of the Bank

Directing/Supervising the Management

- Management of the affairs of the Bank in the conduct of the business
- Annual review and approval of the Delegation of Authority (DOA)

Strategy

- Approval of the Bank's strategy, medium-term and short-term plans and associated budgets
- Reviewing delivery of the strategy and measure performance against plan
- Approval of major capital projects, investments, acquisitions, mergers or disposals

Risk, Capital and Liquidity Planning

- Changes relating to the Bank's capital structure

- Approval of the annual capital plan
- Approval of risk appetite and liquidity risk appetite
- Financial Results and Dividends
- Approval of interim and final financial statements, dividends and any significant change in accounting policies or practices
- Maintaining a prudent risk management mechanism

Remuneration Structures

- Approval of executive compensation structures, succession planning, and senior appointments
- Approval of non-executive director remuneration
- Major changes in employee share schemes

Corporate Governance

- Ensuring the safety and soundness of the Bank by ensuring the implementation of its core responsibilities under the Direction 1.1 of the Corporate Governance Directions
- Approval of the Terms of Reference (TOR) and membership of Board Subcommittees
- Approval of Board and Board Subcommittees performance evaluation process
- Reviewing and updating the Corporate Governance framework Process

Stakeholder Communications

- Approval of communications with shareholders and other stakeholders, including annual reports

The Corporate Governance Directions and the Code of Best Practices on Corporate Governance sets out specific areas of responsibilities for the Board of Directors. In keeping with our responsible disclosure standards, a more detailed statement of how the Board fulfilled these responsibilities are available on pages 428 - 448 (Corporate Governance Directions responsibilities) and pages 449 - 467 (Code of Best Practices responsibilities).

2.2 Duties and Responsibilities of Individual Directors

To discharge their fiduciary duties effectively, all members of the NDB Board are expected to devote adequate time and attention, including through active participation in Board and Subcommittee deliberations. Directors are encouraged to apply their expertise, experience, and bring diverse perspectives to support well-informed decision-making at Board level. As part of their responsibilities, all Directors also participate in an annual self-assessment process, which is designed to assess performance, identify development opportunities for individual Directors, as well as enhance the overall effectiveness and accountability of the Board.

2.3 Conflicts of Interest

Directors of NDB are expected to act in good faith and uphold the highest standards of honesty, integrity, and ethical conduct in all their dealings on



2025 GOVERNANCE HIGHLIGHT - SETTING THE "TONE AT THE TOP"

With a view to setting the "tone at the top" the Bank revamped its overarching Policy on Corporate Governance in 2025. Accordingly, The Board adopted the Corporate Governance Policy and the Corporate Governance Process Manual in January 2025 which clearly set out the Board's Duty of Care, Duty of Loyalty, Professional and Ethical conduct etc. among other things.

In addition to documented compliance, in order to ensure that the Board understands its new, heightened responsibilities, the Management submitted an explanatory note to the Board outlining the ways in which the Board's responsibility has increased under the new Corporate Governance Direction.

behalf of the Bank. They are required to always serve in the best interests of the Bank, its shareholders, and other stakeholders by ensuring that personal interests do not influence or appear to influence their decisions. In fulfilling this responsibility, Directors are required to disclose any actual, potential, or perceived conflicts of interest that may arise in the course of their duties, including any direct, indirect, beneficial, or non-beneficial interest in a contract or proposed contract

with the Bank. Directors are expected to promptly disclose any interests and are required to declare such disclosures in writing at the time of appointment and thereafter every quarter. All such disclosures are formally documented in the Register for Directors Interests.

The RPTRC, operating in accordance with NDB's Board-approved Related Party Transactions Policy and relevant regulatory requirements, is responsible for reviewing

and ensuring that transactions connected to Directors are conducted on an arm's-length basis, and in the best interest of the Bank. By mandate, NDB's RPTRC reviews transactions which may not strictly be defined as related under applicable laws but may have significant influence or connections that could pose a conflict of interest. This practice is a testament to the higher standards of governance adopted by the Bank.

Directors who have declared an interest in any matter under discussion refrain from participating in deliberations and decisions related to that matter and do not have access to any such papers physically or electronically.

The Bank confirms it has ensured full compliance with the Policy on Matters relating to the Board of Directors, in line with Section 9.5.2 of the CSE Listing Rules. Furthermore, based on the disclosures made, none of the directors have immediate family and/or any other material business relationships with other directors of the Bank.

3. BOARD EFFECTIVENESS

3.1 Board Composition

A high quality and effective Board remains a key tenet of NDB's corporate governance framework. The composition and balance of NDB's Board is guided by the Bank's Articles of Association, as well as relevant regulatory requirements, including the Corporate Governance Directions and the CSE Listing Rules.

3.2 Board Diversity

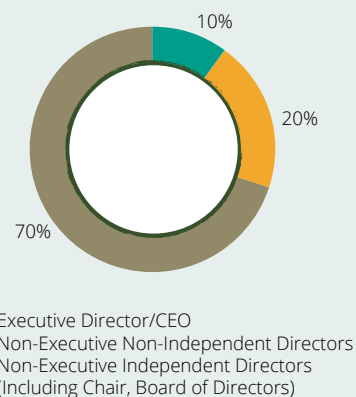
As at 31 December 2025, the NDB Board comprised 09 Directors, including 01 Executive Director and 08 Non-Executive Directors, of which 06 were Independent Non-Executive Directors, ensuring an appropriate distribution of authority that is considered appropriate for the scale of NDB's operations. Further strengthening the Board's independence, Mr. Shanil Fernando was appointed to the Board of Directors on 13 January 2026.

The Board reflects diversity across several dimensions, including age, which brings multi-generational perspectives to Board discussions, and tenure, where the combination of long-serving Directors and more recently appointed members balances institutional knowledge with fresh viewpoints. This breadth of experience enhances the depth and quality of Board deliberations.

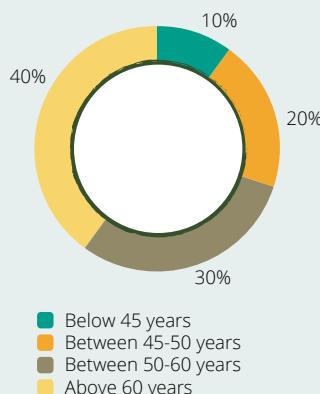
Board Skills & Experience



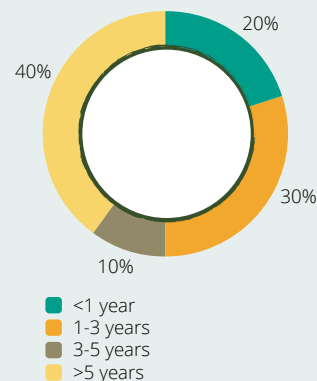
Board Balance



Age Diversity



Tenure on Board



Corporate Governance

3.3 Board Skills

The collective skills and expertise of the NDB Board is critical to ensuring continuity, and organisational stability. The current NDB Board brings together a wealth of experience across banking, finance, risk management, technology, and regulatory compliance, together serving as the basis of the Bank's institutional knowledge.

Over the years, the Board has developed strong institutional knowledge of the Bank and a shared rhythm of oversight that has supported the formulation and driving of NDB's strategic aspirations.



2025 GOVERNANCE HIGHLIGHT

The depth of NDB Board's experience is further strengthened by recent Board appointments, which introduce enhanced digital, technology, and strategic expertise, thereby equipping the Board with an even stronger capability to guide NDB's strategic transformation, automation, and digitalisation initiatives.



Appointed in
May 2025

Mr. Sanjaya Mohottala

Value added to Board:
Engineering, Management, Marketing,
Accounting and extensive experience in
Investment/Corporate Advisory



Appointed in
January 2026

Mr. Shanil Fernando

Value added to Board:
Information Technology/Technology
knowledge and experience, and
entrepreneurial outlook and experience

3.4 Selection and Appointment of New Directors

The Board approved Procedure for Selection and Appointment of Directors is a detailed procedure, which falls under the purview of the NGC. As part of this process, the NGC conducts a comprehensive annual assessment of the current Board to the need for new appointments due to potential skill / diversity gaps or to fill casual vacancies that could arise as a consequence of impending resignations and retirements.

Needs Identification

The NGC identifies the need to appoint a new Director based on skill / diversity gaps, succession planning, or business strategy requirements.

Candidate Sourcing

Prospective candidates are sourced through industry forums, recommendations, professional networks, or external advisory firms.

Evaluation and Shortlisting

The NGC evaluates prospective candidates to assess how their competencies, qualifications will complement the overall balance and composition of the NDB Board as defined in the applicable rules and regulations. The evaluation also includes an assessment of the candidate's independence/connections and other directorships and substantial interests held (previously and currently) to determine conflicts of interest. Time availability and understanding of the role and legal obligations of a director are a few of the other key considerations that form part of the assessment process.

Recommendation to the Board

The NGC presents shortlisted candidates to the Board with recommendation, outlining how each candidate's strengths will complement the NDB Board.

Board Approval

The Board deliberates and formally approves the appointment of the selected candidate

CBSL and SEC Clearance

CBSL and SEC clearances are sought to confirm that the candidate meets the regulatory fit and proper criteria

Market Disclosure

All new appointments are promptly disclosed via the CSE in compliance with regulatory requirements.

Re-appointment by Shareholders

Newly appointed Directors shall, where applicable, stand for re-appointment at the immediately succeeding Annual General Meeting (AGM) in line with the Bank's Articles of Association.

The above process was followed by the Bank in the appointment of Mr. Sanjaya Mohottala and Mr. Shanil Fernando as appropriate to the Board of Directors of the Bank and the two Directors will stand for re-appointment at the upcoming AGM to be held on 27 March 2026.

3.5 Retirement, Resignation and Re-election of Directors

In line with the Corporate Governance Directions and the CSE Listing Rules, Non-Executive Directors (NEDs) who have completed a maximum tenure of nine (9) years on the NDB Board or reached the age of seventy (70) years, whichever occurs first, are deemed not eligible to continue.

Further, the Bank's Articles of Association stipulates that 1/3 of the Non-Executive Directors must retire by rotation at each AGM and may offer themselves for re-election by shareholders, subject to confirmation by the NGC regarding the respective Director's eligibility for re-election based on past participation, engagement, contribution to Board deliberations, and compliance with the fit and proper criteria for directors. Accordingly, Ms. Kasturi Chellaraja and Mr. Sujeewa Mudalige will stand for re-election at the upcoming AGM to be held on 27 March 2026. Additionally, any Director appointed by the Board to fill a casual vacancy arising since the previous AGM is entitled to stand for re-appointment at the next AGM. Accordingly, Mr. Sanjaya Mohottala and Mr. Shanil Fernando will stand for re-appointment at the upcoming AGM.

Please refer the Report of the NGC on page 238 for a detailed overview of the two candidates who are subject to re-election at the upcoming AGM.

3.6 Board Succession Planning

Board succession planning serves as a mechanism for maintaining the integrity, effectiveness, and continuity of leadership principles at Board level. When the Nominations & Governance Committee (NGC) or the Board identifies the need to appoint a new Director, be it to fill an existing vacancy or plan for the timely succession of retiring/resigning Directors, the Procedure for Selection

and Appointment of Directors is applied. Meanwhile, the NGC also remains cognisant of the need that may arise to allocate Board seats for strategic investors.

3.7 Director Remuneration

The Bank's Remuneration Policy serves as the overarching mandate for ensuring fair, and equitable compensation across Directors, and KMP.

In reviewing the remuneration payable to Non-Executive Directors, the HRRC ensures that non-discriminatory pay practices are adopted so as not to impair their independence. In determining remuneration, the HRRC and/or the Board considers the Bank's size and complexity, strategic and risk profile, performance, regulatory requirements, market practices, and the responsibilities and time commitment of each role. Typically, NEDs receive fees for service on the Board and its Subcommittees. The Executive Director is an ex officio Director on account of being the CEO of the Bank and as such is not paid any additional remuneration or benefits by virtue of him being an Executive Director.

In a notable development aimed at further strengthening the link between remuneration, responsible conduct and sustainable performance outcomes, the HRRC and the Board amended the Bank's Remuneration Policy to incorporate clawback provisions applicable to Executive Directors and KMP, in compliance with Corporate Governance Direction No. 5 of 2024.

Remuneration disclosures are shown under Note 15 to the financial statements on page 309.

3.8 Training for Directors

All Board Directors of NDB are provided the opportunity to receive training that will ensure they remain well-informed, competent, and effective in fulfilling their fiduciary responsibilities. Directors have undergone the following training/awareness sessions where all expenses have been borne by the Bank.



2025 GOVERNANCE HIGHLIGHT

Training Programmes Attended by the Board

- Macro Economic Update by Murtaza Jafferjee
- "Mobilising Together" Sustainable Finance Conference - organised by SLBA in partnership with FMO the Dutch Development Finance Institution
- Webinar on Taxation & Directors' Liability, organised by KPMG Sri Lanka Academy
- Annual Structured Security Training & Information Security Awareness Session conducted by an Industry Expert
- "ESG in Banking" awareness session conducted by KPMG Sri Lanka

3.9 Director Induction

Newly appointed Board members are provided with access to a comprehensive induction document/information pack including the Articles of Association, key Corporate Governance policies and the primary laws and regulations applicable to the Bank. As part of their orientation as a NDB Board Director, all newly appointed Directors also go through an orientation process through one-on-one meetings with the Board Chair and/or the Director/CEO followed by an introduction to the Senior Leadership of the Bank, as required.

Corporate Governance

3.10 Board and Board Subcommittee Evaluation

The purpose of the Board and Board Subcommittee evaluation is to assess the effectiveness, performance, and overall functioning of the Board and its Committees in fulfilling their respective mandates. The process commences with the annual self-evaluation carried out by each Director to assess his or her individual contribution to the NDB Board, as well as to assess the collective effectiveness of the Board. A similar process is followed by members of all Board Subcommittees as well. In 2025, the self-evaluations for the year 2024 were collected and summarised by the Company Secretary and submitted to the Board Chair for his review. This process has commenced for the year 2025. The Board Chair then discusses areas of weaknesses and recommends changes where necessary at a Board meeting in order to ensure that governance practices are continuously improved throughout the year. Where necessary, the Board Chair engages Directors on a one-on-one basis to discuss their feedback/address any concerns as necessitated.

The results of the most recent evaluation reaffirm that the NDB Board and its Subcommittees remain well-structured, competent, and fully equipped to discharge their respective responsibilities effectively, in line with their Terms of Reference (TORs) and the applicable regulatory and governance frameworks. The Board remains committed to improving this process on an ongoing basis.

3.11 Evaluating the performance of the Director/ CEO

The performance of the Director/CEO is evaluated annually by the Board (including HRRC) to assess the progress achieved against the Bank's short, medium, and long-term objectives established in place at the beginning of the financial year through mutual agreement between the Board and the Director/CEO. The outcome

of this evaluation, together with the Board Chair observations are subsequently presented to the Board for review and for determining adjustments to the Director/ CEO's remuneration, if any.

4. SEGREGATION OF DUTIES

4.1 Board Chair

The Chair, Board of Directors, Mr. Sriyan Cooray, serves as a Non-Executive Independent Director and is entrusted with providing leadership to the Board. In this capacity, the key responsibilities of the Chair includes;

- Providing effective leadership to the Board, ensuring it functions efficiently and in a timely manner in accordance with its mandate and applicable regulations.
- Facilitating open and constructive discussions by encouraging all Directors to contribute effectively, leveraging their expertise and maintaining independence of judgment and facilitating informed and balanced decision-making ensuring that a particular director does not dominate the proceedings.
- Ensuring the highest standards of integrity and transparency in all Board proceedings.
- Approving and overseeing the preparation of Board and relevant Committee meeting agendas in consultation with the Company Secretary/respective secretaries.
- Overseeing the annual performance evaluation of the Board, its Committees, and individual Directors.
- Representing the Board in engagements with shareholders, regulators, and key stakeholders to uphold the Bank's reputation and stakeholder confidence.

4.2 Director/Chief Executive Officer (CEO)

The Director/CEO - Mr. Kelum Edirisinghe, who as Chief Executive Officer and the only Executive Director on the NDB Board, is responsible for;

- Implementing the Board-approved strategy, business plan, and risk appetite framework effectively and responsibly.
- Driving day-to-day management and performance of the Bank as the apex executive-in-charge of the day-today management of the bank's operations and business, to achieve sustainable growth and profitability.
- Fostering a performance-driven culture that reflects NDB's values, ethics, and commitment to stakeholder value creation.
- Ensuring adherence to internal policies, governance standards, and regulatory requirements across all operations.
- Optimising the use of financial, human, and technological resources for maximum efficiency and competitiveness.
- Establishing and monitoring whether performance indicators are aligned with strategic priorities and reporting regularly to the Board.
- Leading the management team in developing and retaining skilled employees, ensuring effective succession pipelines.
- Maintaining constructive relationships with regulators, investors, customers, and partners to reinforce NDB's strategic position.

4.3 Non-Executive Directors (NEDs)

The presence of Non-Executive Directors (NEDs) on the NDB Board plays a vital role in maintaining strong Board balance and independence. The nine (09) NEDs currently serving on the Board bring a wealth of expertise, diverse experiences, and independent perspective, contributing meaningfully to strategic deliberations and the strengthening of the Bank's risk management framework. Through their objective oversight and constructive feedback, they help ensure that Board decisions are well-informed, transparent, and aligned with NDB's long-term strategic goals and stakeholder interests.

The Executive Director/Chief Executive Officer is excused/not invited to Board deliberations where the NEDs discuss matters concerning the CEO such as his own performance etc. and such a deliberation took place in 2025.

Criteria
- Corporate Governance Directions - CSE Listing Rules - Code of Best Practices on Corporate Governance 2023
Assessment
- Directors submit quarterly declarations - Subsequent changes are disclosed as and when they occur - NGC reviews independence on a quarterly basis or as and when needed
Results
7 out of 10 deemed independent on Corporate Governance Directions 9 out of 10 deemed independent based on CSE Listing Rules 8 out of 10 deemed independent based on Code of Best Practices on Corporate Governance 2023

Name of Director	Independent/Non Independent under Corporate Governance Directions (CBSL)	Independent/Non Independent under Code of Best Practices 2023 (ICASL)	Independent/Non Independent under Listing Rules (CSE)
Mr. Sriyan Cooray	Independent	Independent	Independent
Mr. Bernard Sinniah	Non-Independent	Independent	Independent
Mr. Sujeewa Mudalige	Independent	Independent	Independent
Mr. Kushan D'Alwis, PC	Independent	Independent	Independent
Ms. Kasturi Chellaraja	Independent	Independent	Independent
Ms. Shweta Pandey	Independent	Independent	Independent
Mr. Hasitha Premaratne	Independent	Independent	Independent
Mr. Sanjaya Mohottala	Non-Independent	Non-Independent	Independent
Mr. Shanil Fernando	Independent	Independent	Independent
Mr. Kelum Edirisinghe	Executive/ Non-Independent	Executive/ Non-Independent	Executive/ Non-Independent

4.4 Company Secretary

The Company Secretary serves as a key advisor assisting the Board in discharging its duties and responsibilities. Key responsibilities of the company Secretary include;

- Acting as a key link between the Board, shareholders, regulators, and external stakeholders on governance matters.
- Scheduling Board/Subcommittee meetings and preparing meeting agendas, providing documents and information to directors in a

timely manner, circulating minutes of proceedings and communicating decisions/feedback and following up as relevant.

- Facilitating timely communication and information flow between the Board, its Committees, and Management.
- Supporting the development and continuous improvement of NDB's corporate governance framework and related policies.
- Facilitating the induction process for new Directors and coordinate ongoing

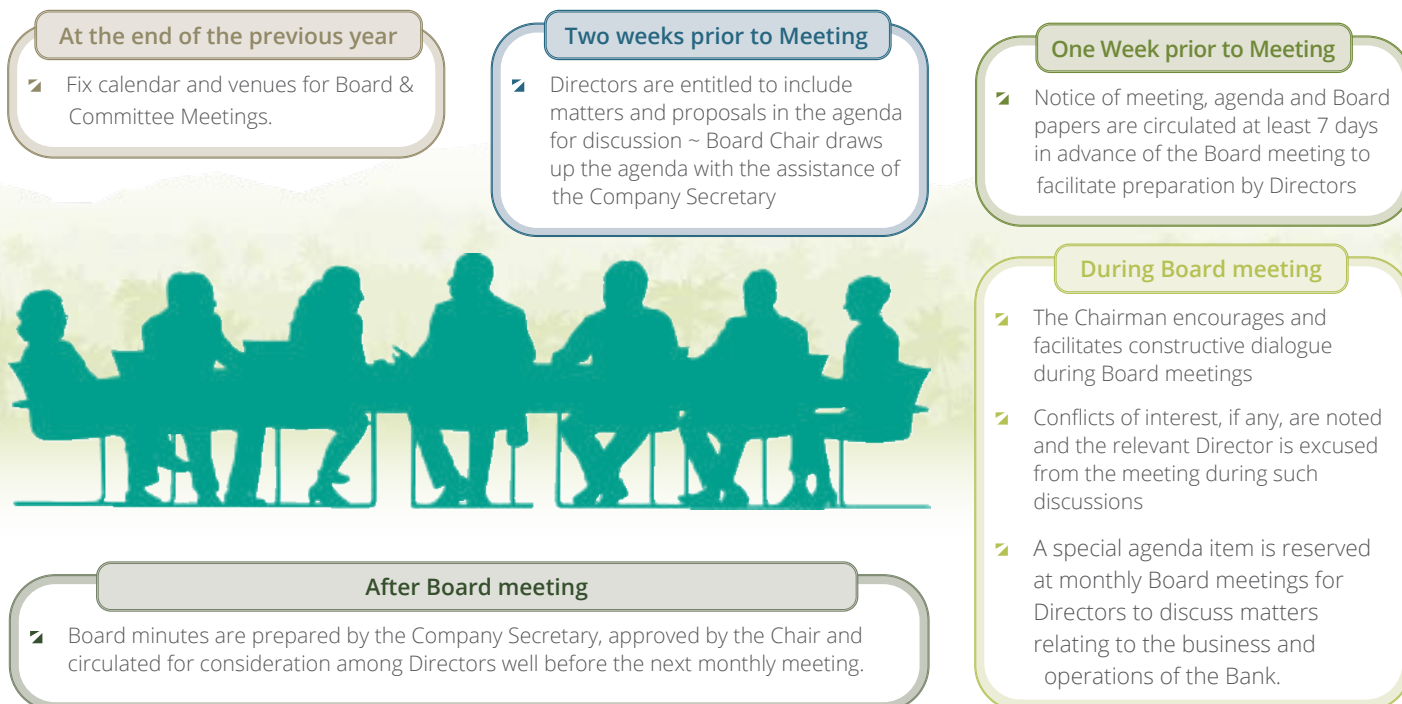
training/awareness opportunities for Directors to enhance Board effectiveness as advised by the Board/ NGC.

- Maintaining statutory records, disclosures, and filings in compliance with applicable laws.

Corporate Governance

5. BOARD MEETINGS

Board meetings at NDB are convened on a monthly basis, or more frequently if needed. A structured approach governs the planning and conducting of all Board meetings.



5.1 Access to Information

All Board Directors have the right to access all necessary information to enable them to effectively prepare for Board meetings. Directors are allowed to request information relating to operations, including financial statements and business plans, among others. As a responsible organisation with strong information-security practices at the core of its governance culture, all submissions of information to Directors are channeled exclusively through secure platforms such as BoardPAC and the organisational, encrypted email addresses assigned to each Director.

Directors are also permitted to engage with KMPs or the Company Secretary to seek clarifications as required. They can also seek independent professional advice from external specialists if needed with all such expenses being borne by the Bank. The Board has sought such advice in 2025.

Attendance at Board & Board Subcommittee Meetings

Name of Director	Board	Nominations and Governance Committee	Human Resources and Remuneration Committee	Related Party Transactions Review Committee	Strategic Issues Committee	Board Audit Committee	Board Integrated Risk Management Committee	Bank Digital Subcommittee	Board Credit Committee	Discretionary and Capital Expenditure Committee	ESG Board Subcommittee
(Eligible to attend/Attended)											
Mr. Sriyan Cooray	14/14	6/6	3/3	4/4	5/5	-	2/4	-	-	-	-
Mr. Kelum Edirisinghe	14/14	-	-	-	5/5	-	-	5/7	12/12	-	-
Mr. Bernard Sinniah	13/14	6/6	3/3	-	4/5	-	-	3/7	11/12	-	-
Mr. Sujeewa Mudalige	14/14	5/6	3/3	-	5/5	7/7	4/4	-	-	-	-
Mr. Kushan D'Alwis, PC	13/14	5/6	-	4/4	-	6/7	-	-	12/12	-	-
Ms. Kasturi Chellaraja	13/14	-	3/3	-	-	3/5	2/2	-	10/11	10/10	2/2
Ms. Shweta Pandey	13/14	-	-	-	-	-	-	7/7	-	-	-
Mr. Hasitha Premaratne	13/14	-	3/3	4/4	-	-	4/4	-	-	-	-
Mr. Sanjaya Mohottala (Appointed w.e.f. 16.05.2025)	9/9	-	-	-	3/3	-	2/2	2/4	-	-	-
Mr. Shanil Fernando (Appointed w.e.f. 13.01.2026)	-	-	-	-	-	-	-	-	-	-	-
Ms. (Fay) Piyachatr Chetnakarnkul (Resigned w.e.f. 16.05.2025)	4/5	-	-	-	2/2	-	-	-	-	-	-

Time Spent by the Board in 2025



2025 GOVERNANCE HIGHLIGHT - ENABLING STRATEGIC TRANSFORMATION

Led by the Board

In 2025, much of the Board focus was on leading the strategic transformation initiative that aims to propel NDB's growth.

In support of this vision, the Board, together with the support of a subject matter expert undertook the formulation of NDB's medium-term strategic plan, taking cognisance of the evolving economic, regulatory, and technology landscape influencing the local banking sector. The Board also made use of existing governance structures by cascading strategic priorities through Board Subcommittees and Management Committees, assigning clear ownership, milestones, and performance metrics to ensure disciplined execution, timely decision-making, and effective translation of strategy into day-to-day operational actions across the Bank.

Strategic Issues Committee

Challenged and refined strategic diagnostics and recommendations.

Bank Digital Subcommittee

Guided the digital roadmap and monitored execution of key technology and transformation initiatives

Special Technical Evaluation Committees (STEC)

Advised the Board on selecting fit-for-purpose technology and infrastructure solutions

Related Party Transactions Review Committee & Procurement Committee

Enabled fast-tracked review and approvals for strategic projects while safeguarding governance and due process

Corporate Governance

6. BOARD OVERSIGHT RESPONSIBILITIES

6.1 Regulatory Compliance

The NDB Board of Directors accepts full responsibility and exercises comprehensive oversight for ensuring the Bank complies with all applicable laws, regulations, and statutory requirements. The Board works in close collaboration with all Subcommittees and the corporate management team to enforce a zero tolerance policy for non-compliance of regulations.

Operating within the complex and rapidly evolving regulatory landscape impacting the local banking industry, the NDB Board actively engages with regulatory authorities and seeks the counsel of subject matter experts to anticipate, interpret, and implement emerging requirements in a timely and effective manner, underscoring its reputation as a trusted and responsible financial institution.

To embed a culture of transparency and accountability, the Board has also established secure and confidential communication channels that empower employees to report potential compliance concerns or violations, without fear of retaliation.

6.2 Financial Control and Reporting

The Board of Directors, as the ultimate authority entrusted with NDB's financial stewardship, undertakes to uphold the highest standards of integrity, transparency, and accountability in financial reporting.

To fulfill its fiduciary responsibility, the Board has instituted a comprehensive system of internal controls designed to safeguard the Bank's assets, prevent fraud and misstatements, and ensure strict adherence to accounting standards, regulatory requirements, and internal governance frameworks.

The Board is further responsible for assuring all financial statements are prepared in accordance with Sri Lanka

Accounting Standards (SLFRS/LKAS) to provide a true and fair view of the Bank's financial position, performance, and cash flows. In this regard, the Board together with the Board Audit Committee carefully scrutinises quarterly and annual financial statements prior to disclosure, thereby ensuring financial reporting remains accurate, reliable, and credible in line with applicable regulatory requirements, and global best practices.

6.3 Risk Management and Internal Control

The NDB Board works with a clear understanding of the Bank's risk universe and sets the Bank's overall risk appetite to facilitate the achievement of the Bank's strategic objectives while safeguarding capital adequacy and sustainability

The Board together with the BIRMC oversee the implementation of the Integrated Risk Management Framework and internal control system to ensure policies and procedures for identifying, assessing, and mitigating risks are applied accurately and consistently across the Bank.

Acting under the delegated authority of the Board, the BIRMC regularly reviews enterprise-wide risk assessments, monitors key risk indicators, and ensures that appropriate mitigation measures are implemented to manage both emerging and existing risks.

The BIRMC also seeks independent assurance from internal and external auditors on the integrity of the Bank's risk and control frameworks and advice on improvements.

The Risk Department and several management level committees support the BIRMC in the implementation of the Integrated Risk Management Framework. The Board Audit Committee is charged with the responsibility of monitoring internal controls and reporting on findings to the Board.

6.4 Ethics and Conduct

The Board of Directors is explicitly tasked with inculcating a sound corporate culture that promotes ethical, professional, and prudent behaviour across all levels of the Bank. Additionally, the Board has established a comprehensive conduct framework to guide decision-making and behaviour that promotes Bank-wide accountability, fairness, and transparency.

The Policy on Code of Business Conduct and Ethics for Employees

The Policy on Code of Business Conduct and Ethics for Employees is intended to establish a standard of conduct across all levels of staff. It embeds the Bank's core values-Integrity, Excellence, Creativity, Accountability, Sincerity, and Dependability- to ensure that they are reflected in all business activities and interactions.

The Code addresses areas such as compliance, confidentiality, avoidance of conflicts of interest, fair competition, reporting misconduct, and adherence to ethical behaviour, supported by training and enforcement mechanisms to foster a positive workplace culture.

Treasury Codes of Conduct

The principal objectives of this Treasury Codes of Conduct is to provide detailed requirements of the level of professional and ethical conduct expected from employees who are engaged in Treasury Front Office, Treasury Operations and the Treasury Middle Office. Every employee under these Treasury functions is required to submit a declaration to the Compliance department confirming compliance with the Treasury Codes of Conduct thereby reaffirming their commitment to exercise the highest standard of skill, care and diligence and act in good faith in the best interest of the Bank. All new employees joining the Treasury functions are required to submit a declaration, while existing employees are required to furnish fresh declarations every two years when the Treasury Codes of Conduct is reviewed.

The Policy on Code of Business Conduct and Ethics for Directors

The Policy on Code of Business Conduct and Ethics for Directors promotes a strong corporate culture based on professionalism, ethics, and prudent governance. It aligns with key legal and regulatory frameworks including the Companies Act, Banking Act, SEC Act, CSE Listing Rules, and Corporate Governance Directions. Directors are expected to act with integrity, exercise independent judgment, and fulfil their fiduciary and statutory duties with care, skill, and diligence, in the best interest of the Bank and its stakeholders.

It includes key areas such as conflicts of interest, arm's length dealings, confidentiality, fair dealing, anti-bribery and corruption, use of corporate opportunities and assets, related party transactions, compliance with laws and insider trading regulations, integrity in reporting, fair treatment of customers, and promotion of sustainability through environmental, social, and governance considerations.

Directors, in particular, have distinct fiduciary duties and governance responsibilities which they discharge independently and with due diligence. As such, their awareness of conduct policies is reinforced through board-level discussions on matters flagged by the Management/Regulators, governance training, and access to expert advice where necessary.

Anti-Bribery Corruption Policy

NDB's Anti-Bribery and Corruption Policy ("ABC Policy"), details the Bank's stance on anti-bribery and corruption and the minimum standards of behaviour expected from all Directors, Employees, and other stakeholders of the Bank. ABC Policy identifies Bribery as a criminal offence, punishable with imprisonment and fines, in terms of provisions provided in Anti-Corruption Act No. 9 of 2023. Accordingly, NDB has zero tolerance for bribery and corruption and is firmly committed to act with integrity, professionalism and fairness in all its business dealings and relationships.

The policy forbids Directors, Employees, and third parties who operate on behalf of the Bank from making any form of facilitation payments and no political contributions may be given to political action committees, political parties, elected officials, or candidates for public office etc, underscoring the Bank's zero stance towards Political Donations.

The Bank's ABC Policy is reviewed every two years with the latest update in 2024 taking into account covenants of the Anti-Corruption Act No.9 of 2023 as well as other recent global best practices in relation to ABC. The updated Board approved ABC policy is accessible to all employees via the Bank's intranet.

No incidents of bribery or corruption were reported in FY 2025

Anti-Bribery and Anti-Corruption Training for FY 2025	Training sessions	No. of Training Hours	No of participants
Induction	16	32	509
DRIFT	17	42.5	562

Whistle Blowing Policy

The Bank has in place a Board-approved Whistle Blowing Policy (which is reviewed annually), to facilitate members of staff to report irregularities in good faith, without having to fear that their actions may have adverse consequences on themselves. As per the established procedure whistleblower complaints can be directed in writing to the Contact persons identified in the Policy or to the "NDB Ombudsman", an impartial external party.

Whistle blower reporting channels are further strengthened by permitting staff to file a report through the intranet together with a dedicated tracking mechanism to follow up and expedite investigations of such matters. All reports received through the whistleblowing channels are handled in a strictly confidential manner, with access limited only to authorised personnel directly involved in the investigation. On a quarterly basis the trackers maintained by the NDB Ombudsman and Whistle Blowing contact persons are presented to the Board Audit Committee for their information.

During the course of an investigation, every effort is made to protect the identity of the whistleblower and any other individuals who may be implicated or involved, unless disclosure is required by law or necessary for the effective conduct of the inquiry. Information shared by the whistleblower is used solely for the purpose of assessing and resolving the reported concern. Strong emphasis is also placed on maintaining transparent communication with the whistleblower where appropriate with periodic updates shared on the progress or resolution of the matter, while ensuring confidentiality is not compromised.

During the year 2025, eight (08) incidents were reported through Whistleblowing channels established in the Bank, while one (01) incident reported as a customer complaint.

Detailed investigations were carried out with regard to the reported incidents and investigation reports were issued to the management, for rectifications in the process and to carry out disciplinary actions against the staff who were involved.

Corporate Governance

6.5 IT and Information Security Systems

The NDB Board assumes overall accountability for approving the Bank's IT and digital strategy, objectives, and related budgets to ensure alignment with NDB's business model and long-term growth aspirations. Further, the Board has instituted a well-defined policy framework and governance structure to manage its digital and technology agenda effectively. In 2025, significant changes were made to the policy framework to address regulatory requirements, to incorporate improvements identified during ISO certifications and to cover a broader scope. Accordingly, the Communications and Operations Management Policy, Access Control Policy, Access Control Policy for ISAM, and the Acquisition, Development and Maintenance Policy were updated.

Operating under the delegated authority of the Board, the Bank Digital Subcommittee (BDSC), provides strategic direction and oversees the work of the IT Steering Committee (ITSC) - management-level committee tasked with the implementation of digital transformation initiatives.

The Bank's Information Security Committee (ISC), also a management-level committee,

is responsible for protecting digital assets and managing information security risks across the Bank. In 2025, the scope of the ISC's Terms of Reference (TOR) was expanded to encompass the role of the Bank's Data Protection Committee. Under this revised mandate, the Chairman ISC may delegate responsibilities to the Chief Information Security Officer (CISO) under his direct guidance, with the support of The Leadership Team (TLT) as needed for resource mobilisation. The ISC's ex-officio membership was also broadened to include members of the IT leadership team to strengthen management engagement and accountability. Additionally, ISO Management Review Meeting escalations are now formally routed to the ISC to ensure timely decision-making on critical issues.

The Chief Information Security Officer (CISO) leads NDB's information security programme in line with the Technology Risk Management and Resilience for Licensed Banks issued by the Central Bank of Sri Lanka (CBSL) and other global best practices. Underlining its commitment to world-class data protection, NDB is the first Bank in Sri Lanka to achieve three concurrent certifications, namely the ISO/IEC 27001:2022 (Information Security Management) standard, the ISO

22301 (Business Continuity Management) standards and the ISO 20000 (IT Service Management) standard. Further reaffirming its dedication to operational resilience and IT service excellence, NDB operates a state-of-the-art Security Operations Center (SOC) in partnership with a Managed Security Services Provider (MSSP), leveraging advanced AI-enabled Security Information and Event Management (SIEM) technology for real-time monitoring, threat detection, and incident response.

To bolster its cybersecurity posture, NDB has undertaken a gap assessment against the latest CBSL compliance requirements on technology risk and cybersecurity. The outcomes of this assessment are expected to guide several enhancements to the Bank's existing security governance framework, including new policy adoptions, process improvements, and system reforms. One of the key upcoming developments will be the adoption of ISO 27035 (Information Security Incident Management) standard, as an extension to the existing ISO 27001 framework, ensuring compliance with regulatory expectations on information security incident management which was recently incorporated within CBSL's Baseline Security Guidelines.

CBSL Regulatory Framework on Technology Risk Management and Resilience - Aligning with regulatory requirements specific to the financial sector in Sri Lanka, focused on fraud prevention, cyber governance, and operational continuity

ISO/IEC 27001:2022

(Information Security Standard)
- Enables systematic risk identification, mitigation, and continuous improvement through regular audits

ISO 22301

(Business Continuity Management) - Strengthens organisational resilience by preparing for, responding to, and recovering from disruptive incidents, thereby safeguarding critical operations and minimising downtime

ISO 20000

(IT Service Management)
- Enables management of IT services, emphasising service quality, customer satisfaction, and continuous service improvement through effective process control and performance monitoring

ISO 27035

(Incident Management) - Ongoing project strengthen the management of and responding to information security incidents, covering detection, reporting, assessment, response, and post-incident learning to strengthen overall cybersecurity resilience

6.6 Sustainability

The Bank's sustainability efforts are driven through the ESG function, the Corporate Sustainability Team, the Environmental and Social Management System (ESMS) and the business lines and other support services as needed. The Board approved ESG Board Subcommittee provides Board level guidance to the ESG function. The subcommittee is chaired by a non-executive independent director. At the Management level, the Bank has formed a ESG Management Committee and the Management Committee is extended to the level of a Working Committee with related internal stakeholders on a project/ needs basis. Both the Board Subcommittee and Management Committee function on clearly defined and Board approved Terms of Reference, and is guided by the Bank's ESG Policy.

During the year, the ESG Board Subcommittee approved the Climate Related Risks and Opportunities (CRROs) identified for the Bank. The Subcommittee also reviewed reporting under SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2), which became mandatory for adoption for NDB as a top 100 listed company in the CSE from January 2025.

6.7 Stakeholder Engagement

The NDB Board remains firmly committed to maintaining open, transparent, and meaningful engagement with all stakeholders. Recognising that stakeholder trust and confidence are fundamental to the Bank's long-term success, the Board has established a range of engagement channels, including regular disclosures, consultations, and feedback mechanisms to build strong relationships with all stakeholders. As part of the overall commitment to stakeholder engagement, the Board remains committed to ensure

that stakeholder perspectives are considered in strategic decision-making and governance processes.

For further details, please refer to Stakeholder Engagement on page 60.

6.8 Shareholder Relations

The Board seeks to uphold the rights of our Shareholders and ensure that all ordinary Shareholders of the same class of shares issued by the Bank are treated equitably. The Bank applies the principle of one share, one vote and one dividend and currently there are no non-voting shares in issue.

The Bank has in place a comprehensive Policy on Relations with Shareholders and Investors which sets out the Bank's policy on communication with the shareholders and investors. In line with this policy, the Bank adopts an array of measures to ensure that shareholder views are heard and considered, as appropriate.

Shareholder Meetings: The Board of Directors of the Bank use the AGMs and EGMs to communicate with Shareholders. The AGM provides shareholders the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of Subcommittees and members of senior management. The Bank's AGMs are generally well attended, and we encourage shareholders to participate in fostering a constructive dialogue. Resolutions requiring shareholder approval are tabled separately for adoption at the AGM/EGMs. The Bank held its 20th AGM physically on 28 March 2025 with over 50% of the shareholding represented. The Bank's 21st AGM is scheduled to be held on 27 March 2026.

The Bank also held a virtual EGM on 05 January 2026 to take up the Special Resolution for the issue of up to a maximum of One Hundred and Sixty Million (160,000,000) Basel III compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable GSS+ Bonds with a non-viability conversion option to ordinary shares with voting rights

Dissemination of information: The Bank's website (<https://www.ndbbank.com/>) is one of the primary communication and information sharing channels with Shareholders where there is a dedicated section for investor relations. The Bank also provides shareholders with timely information on performance and other material developments through announcements published on the CSE. Numerous platforms are in place to disseminate information amongst Shareholders and analysts; these include investor presentations, press releases, email notifications, online investor webinar and road shows. Shareholders also have a right to public information and other information specified in the Articles of Association of the Bank, the Listing Rules of the CSE and the Companies Act, No. 7 of 2007 (as amended).

Investor Relations: A dedicated Investor Relations function ensures that Shareholders are kept aware of emerging developments.

Communicating concerns: Shareholders may contact the Company Secretary to bring critical concerns to the attention of the Board.

Compliance Disclosures

Further to the Annual Report of Board of Directors presented on pages 18 to 19, and as required by Section 168 of the Companies Act No. 7 of 2007, the following information is disclosed in this Annual Report prepared for the year ended 31 December 2025.

No.	Information required to be mandatorily disclosed as per Section 168 of the Companies Act No. 07 of 2007	Reference to the Companies Act	Disclosure details and reference	Pages						
1.	The nature of the business of the Bank and the Group together with any change thereof during the accounting period.	Section 168 (1) (a)	Note 01 to the Financial Statements - Corporate Information. Nature of businesses of the Bank and its subsidiaries / the classes of business in which the Bank has an interest. Confirmation that the state of affairs of the Bank will not be harmful to the business of the Bank.	286 286 202						
2.	Signed Financial Statements of the Bank and the Group for the accounting period completed.	Section 168 (1) (b)	The Financial Statements of the Bank and the Group for the year ended 31 December 2025.	276 - 420						
3.	Auditor's Report on Financial Statements of the Bank and the Group.	Section 168 (1) (c)	Independent Auditor's Report.	276						
4.	Accounting Policies and any changes therein (Group also included).	Section 168 (1) (d)	Notes to the Financial Statements: Significant Accounting Policies adopted in the preparation of the Financial Statements of the Bank and the Group.	286 - 420						
5.	Particulars of the entries made in the Interest Registers of the Bank and its Subsidiaries during the accounting period.	Section 168 (1) (e)	The Bank and all its Subsidiaries maintain Interests Registers, unless same is waived off in line with the Companies Act. All Directors of the Bank have made declarations as required by Section 192 (1) and (2) of the Companies Act aforesaid and all related entries were made in the Interest Register during the year under review. The Interest Register is available for inspection by shareholders or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007. Directors' Dealing in shares and Debentures. Note 53 to the Financial Statements: Related Party Disclosures. Directors' Interests in contracts with the Bank: Directors' interests in contracts relating to banking transactions, which do not fall within the definition of related party transactions under LKAS 24, are disclosed separately on page 447 of this Annual Report. A summary of Directors' interests in contracts relating to non banking transactions is set out below:	N/A 516, 523 374 236 - 237						
			<table><tr><th>Director</th><th>Company/Relationship</th><th>Nature of Transaction</th></tr><tr><td>Mr. Sujeewa Mudalige</td><td>MillenniumIT ESP (Chairperson/Director)</td><td>Several technical support services, product purchases and licences obtained over the course of year 2025</td></tr></table>	Director	Company/Relationship	Nature of Transaction	Mr. Sujeewa Mudalige	MillenniumIT ESP (Chairperson/Director)	Several technical support services, product purchases and licences obtained over the course of year 2025	
Director	Company/Relationship	Nature of Transaction								
Mr. Sujeewa Mudalige	MillenniumIT ESP (Chairperson/Director)	Several technical support services, product purchases and licences obtained over the course of year 2025								

No.	Information required to be mandatorily disclosed as per Section 168 of the Companies Act No. 07 of 2007	Reference to the Companies Act	Disclosure details and reference	Pages
6.	Remuneration and other benefits paid to Directors of the Bank and its Subsidiaries during the accounting period.	Section 168 (1) (f)	Note 15 to the Financial Statements - Other Expenses.	309
7.	Total amount of donations made by the Bank and its Subsidiaries during the accounting period.	Section 168 (1) (g)	Note 15 to the Financial Statements - Other Expenses.	309
8.	Names of persons holding office as directors as at the end of accounting period and names of persons who ceased to hold office.	Section 168 (1) (h)	List of Board of Directors of the Bank.	207
			New Appointments and Resignations.	207
			List of Directors of Subsidiaries of the Bank.	551
9.	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Bank and its Subsidiaries.	Section 168 (1) (i)	Note 15 to the Financial Statements - Other Expenses.	309
10.	Auditor's relationship or any interest with the Bank and its Subsidiaries.	Section 168 (1) (j)	The Financial Statements of the Bank for the year ended 31 December 2025 have been audited by Messrs Ernst & Young, Chartered Accountants. They also function as the auditors of the Bank's subsidiary companies namely, NDB Capital Holdings Limited, NDB Wealth Management Limited, NDB Securities (Private) Limited, NDB Investment Bank Limited, Development Holdings (Private) Limited, and NDB Zephyr Partners Lanka (Private) Limited. Based on the declaration provided by Messrs Ernst & Young, Chartered Accountants, and as far as the Directors are aware, the Auditors do not have any relationship with or interest in the Bank that in our judgment may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, applicable on the date of this report. In line with the requirements of the Banking (Amendment) Act No. 24 of 2024 and the Corporate Governance Directions, the Bank initiated a Request for Proposal (RFP) due process to appoint a new External Auditor for the financial year ending 31 December 2026. The selected firm will be approved at the upcoming AGM.	248 - 251
11.	Acknowledgement of the Contents of this Report / Signatures on behalf of the Board.	Section 168 (1) (k)	The Board has acknowledged the contents of the Annual Report as disclosed.	18

Compliance Disclosures

Other Disclosures as required by the Corporate Governance Directions, Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance 2023 (ICASL Code) issued by the Institute of Chartered Accountants of Sri Lanka, Other Laws and Regulations and Good Governance Disclosures as followed by the Bank.

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
Corporate Governance Direction				
1.	Disclosures required to be made by the Board in terms of the Corporate Governance Direction	2.5 (c)	The classification of Directors as Executive, Non-Executive, Independent and Non-Independent and the composition of the Board as at 31 December 2025 is provided.	207
2.	Annual Corporate Governance Report	1.11	An annual Corporate Governance report setting out the compliance with these Directions.	201 - 263
3.	Senior Independent Director (SID)	5.2 (a)	The Articles of Association of the Bank mandates that the Board Chair of the Bank must be an Independent Director. As such, a Non-Independent Director cannot be appointed as the Board Chair and hence the need to appoint a Senior Independent Director does not arise.	N/A
4.	A statement to the effect that the Annual Audited Financial Statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures	9.2 (a)	Compliance with applicable accounting standards and regulatory requirements have been reported under - the Statement of Directors' Responsibility for Financial Reporting - the Responsibility Statement of Chief Executive Officer and Vice President-Finance - Note 2.1 (Statement of Compliance) to the Financial Statements	264 - 265 268 - 269 287
5.	Report by the Board on the Bank's internal control mechanism	9.2 (b)	The Directors' Report on the effectiveness of the internal control system over Financial Reporting is given under the "Statement of Internal Control". This report confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	266 - 267
6.	External Auditors Certification on the Effectiveness of the Internal Control Mechanism	9.2 (c)	The Assurance Report issued by the External Auditor on the internal control over Financial Reporting based on the auditing framework issued by the Auditors under "Sri Lanka Standard on Assurance Engagements SLSAE 3050 – Assurance Reports for Banks on Directors' Statements on Internal Control".	270

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages																														
7.	Details of Directors, including names, transactions with the Bank and the total of fees/ remuneration paid by the Bank	9.2 (d)	Please refer Director details on page 207, “Directors’ Interest in Contracts with the Bank” on pages 236 to 237 and Note No. 15 on page 309 for Directors’ remuneration. The Executive Director is the CEO of the Bank and as such is not paid any additional remuneration or benefits by virtue of him being an Executive Director. Details of Directors’ transactions with the Bank are given below: <table><tr><th>Transactions</th><th>Outstanding balance as at 31.12.2025 LKR’000</th></tr><tr><td>Accommodation</td><td>10,748</td></tr><tr><td>Deposits</td><td>86,976</td></tr><tr><td>Investments</td><td>-</td></tr></table>	Transactions	Outstanding balance as at 31.12.2025 LKR’000	Accommodation	10,748	Deposits	86,976	Investments	-	207, 236 - 237, 309																						
Transactions	Outstanding balance as at 31.12.2025 LKR’000																																	
Accommodation	10,748																																	
Deposits	86,976																																	
Investments	-																																	
8.	Total accommodation granted to each category of related party and as a percentage of the Bank’s regulatory capital	9.2 (e)	Total Net Accommodation granted to related parties as a percentage of the Bank’s regulatory capital are given below: <table><tr><th>Category of Related Parties</th><th>Net Accommodation as at 31.12.2025</th><th>% of Regulatory Capital</th></tr><tr><td>Directors of the bank/ Close relations of directors of the bank/Concerns in which director or close relation of the director has substantial interest</td><td>11,248</td><td>0.01%</td></tr><tr><td>Key Management Personnel/Close relations of KMPs / Concerns in which KMP has substantial interest</td><td>111,511</td><td>0.13%</td></tr><tr><td>Concern, whose director or partner is a director of the bank (Common Directorships)</td><td>8,835,052</td><td>10.14%</td></tr><tr><td>Subsidiary or associate company of the bank</td><td>-</td><td>0.00%</td></tr><tr><td>Directors of Subsidiary or associate company of the bank</td><td>10,339</td><td>0.01%</td></tr><tr><td>Holding Company of the bank (N/A)</td><td>N/A</td><td>N/A</td></tr><tr><td>Directors of the Holding Company of the bank (N/A)</td><td>N/A</td><td>N/A</td></tr><tr><td>Shareholders having material interest (N/A)</td><td>N/A</td><td>N/A</td></tr><tr><td>Concern in which material SH of the bank or close relation of material SH has Substantial interest (N/A)</td><td>N/A</td><td>N/A</td></tr></table>	Category of Related Parties	Net Accommodation as at 31.12.2025	% of Regulatory Capital	Directors of the bank/ Close relations of directors of the bank/Concerns in which director or close relation of the director has substantial interest	11,248	0.01%	Key Management Personnel/Close relations of KMPs / Concerns in which KMP has substantial interest	111,511	0.13%	Concern, whose director or partner is a director of the bank (Common Directorships)	8,835,052	10.14%	Subsidiary or associate company of the bank	-	0.00%	Directors of Subsidiary or associate company of the bank	10,339	0.01%	Holding Company of the bank (N/A)	N/A	N/A	Directors of the Holding Company of the bank (N/A)	N/A	N/A	Shareholders having material interest (N/A)	N/A	N/A	Concern in which material SH of the bank or close relation of material SH has Substantial interest (N/A)	N/A	N/A	N/A
Category of Related Parties	Net Accommodation as at 31.12.2025	% of Regulatory Capital																																
Directors of the bank/ Close relations of directors of the bank/Concerns in which director or close relation of the director has substantial interest	11,248	0.01%																																
Key Management Personnel/Close relations of KMPs / Concerns in which KMP has substantial interest	111,511	0.13%																																
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Directors of the Holding Company of the bank (N/A)	N/A	N/A																																
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Compliance Disclosures

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages										
9.	Aggregate values of remuneration to and transactions with KMPs	9.2 (f)	Aggregate values of remuneration paid by the Bank and transactions of the Bank with its KMPs <table><thead><tr><th>Transactions</th><th>Aggregate values as at 31.12.2025 in LKR</th></tr></thead><tbody><tr><td>Remuneration Paid</td><td>441,254</td></tr><tr><td>Accommodation Granted</td><td>116,359</td></tr><tr><td>Deposits</td><td>245,784</td></tr><tr><td>Investments</td><td>10,000</td></tr></tbody></table>	Transactions	Aggregate values as at 31.12.2025 in LKR	Remuneration Paid	441,254	Accommodation Granted	116,359	Deposits	245,784	Investments	10,000	N/A
Transactions	Aggregate values as at 31.12.2025 in LKR													
Remuneration Paid	441,254													
Accommodation Granted	116,359													
Deposits	245,784													
Investments	10,000													
10.	Details of Board committees including (i) details of the key activities of each Board committee during the year; (ii) the number of meetings of each committee held in the year; and (iii) attendance of each individual director at such	9.2 (g)	See pages 238 to 263 for the reports of the Board subcommittees.	238 - 263										
11.	The external auditor's certification of the compliance with these Directions, clearly demonstrating the compliance status of the licensed bank with each sub-direction	9.2 (h) (i)	The External Auditors have conducted a detailed review of the Bank's compliance with the Corporate Governance Directions and have issued a certificate to the Bank confirming its compliance with each sub-direction with qualifications where applicable. Please refer the Statement of Compliance with the Corporate Governance Directions from pages 428 to 448 for a detailed statement on the Bank's compliance.	N/A										
12.	The composition of the Board, by category of directors,including the names of the Chairperson, executive directors, non-executive directors and independent non-executive directors	9.2 (h) (ii)	See page 207 for an overview of the Board of Directors	207										
13.	The identity of the Chairperson and CEO and the nature of any relationship including financial, business, family or other material/ relevant relationship(s), if any, among the Chairperson, CEO and the members of the Board.	9.2 (h) (iii)	Please see pages 30 to 33 for the profiles of the Board Chair and the CEO. Based on the disclosures made, none of the directors have immediate family and/or any other material business relationships with other directors of the Bank.	30 - 33										
14.	Report confirming compliance with prudential requirements, regulations, laws, and internal controls	9.2 (i)	The "Statement of Directors' Responsibilities for Financial Reporting" on pages 264 to 265, the Responsibility Statement of the Chief Executive Officer and Vice President - Finance" on pages 268 to 269 and the "Directors' statement on Internal Control over Financial Reporting" on pages 266 to 267 clearly set out details regarding compliance with prudential requirements, regulations, laws, and internal controls. Please also refer page 496 for the section on Regulatory Compliance and Financial Crime Risk of the Risk Management Report.	N/A										

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
15.	Non-compliance report	9.2 (j)	The CBSL has not directed the Bank to make any disclosures under this item.	N/A
16.	The aggregate value of total non-statutory special payments/ financial or non-financial benefits made to directors, CEOs and key management personnel at the termination of employment or at the retirement during the respective financial year	9.2 (k)	The Bank has not made any non-statutory special payments to directors/Chief Executive Officer and Key Management Personnel upon their termination of employment or at the retirement during the year 2025.	N/A
Listing Rules of the Colombo Stock Exchange				
17.	Statement of Compliance	9.1	Bank has published a statement confirming the extent of compliance with the CSE Corporate Governance Rules, in the Annual Report of the Entity.	468 - 472
18.	Waivers from compliance with the Internal Code of business conduct and ethics for Directors and Employees	9.2.2	No waivers granted in 2025.	N/A
19.	List of Policies required by the Listing Rules and details	9.2.3	The Bank has disclosed the existence of the following policies, details of implementation, and details of changes made thereto, in this Report : ■ Policy on the matters relating to the Board of Directors ■ Policy on Board Committees ■ Policy on Corporate Governance, Nominations and Re-election ■ Policy on Remuneration ■ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities ■ Policy on Risk management and Internal controls ■ Policy on Relations with Shareholders and Investors ■ Policy on Environmental, Social and Governance Sustainability ■ Policy on Control and Management of Company Assets and Shareholder Investments ■ Policy on Corporate Disclosures ■ Policy on Whistle blowing ■ Policy on Anti-Bribery and Corruption The shareholders can peruse the above policies upon request. Details are available on the Bank's website https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure	204

Compliance Disclosures

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
20.	Shareholder communications and relations policy	9.4.2	The Board approved Policy on Relations with Shareholders and Investors is available for perusal upon request to shareholders. Details are available in the Annual Report and on the Bank's website https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure The Annual report contains more information on the Bank's Shareholder Engagement. Details of the contact personnel are provided in the "Corporate Information" section of this Report. In addition, shareholders are encouraged to provide their feedback to the Board Chair and/or the Company Secretary. The Bank's website's Investor Relations page also carries contact details of the Company Secretary and a dedicated e-mail for investor relations is also provided.	219 219 551
21.	Policy governing matters relating to the Board of Directors	9.5.2	The Bank has in place a Policy on matters relating to Board of Directors. A confirmation on compliance therewith is included in this Annual Report.	204
22.	Director fitness and propriety	9.7.5	Following statements on director fitness and propriety have been included in the Annual Report. a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	210 N/A
23.	Number of independent directors	9.8.5	The Non-Executive Independent Directors are detailed in this report.	207
24.	Director disclosures	9.10.4	Bank has made the requisite disclosures regarding Directors in the Annual Report a) name, qualifications and brief profile; b) the nature of his/her expertise in relevant functional areas; c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Bank; d) whether Executive, Non-Executive and/or independent Director; e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel;	28 - 33 28 - 33 209 207 28 - 33

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
			f) number of Board meetings of the Listed Entity attended during the year;	214
			g) names of Board Committees in which the Director serves as Chairperson or a member;	207, 238 - 263
			h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,	238 - 244, 248 - 254
			i) The terms of reference and powers of the SID (where applicable).	N/A
25.	Nominations and Governance Committee report	9.11.6	The following disclosures have been made in the Nominations and Governance Committee report. (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members) (b) the date of appointment to the Committee; (c) whether a documented policy and processes are in place when nominating Directors; (d) whether all directors should be required to submit themselves for re- election at regular intervals and at least once in every three (3) years; e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors. (g) The following information regarding directors who are re-elected or being proposed for re-election during the year: ■ Board Committees served on (as a member or Chairperson), ■ Date of first appointment and last re-appointment ■ Directorships and other principal commitments both present and over past 3 years in other Listed Entities; and, ■ Other relationships with directors material shareholders etc. (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Bank as specified in Rule 9.11.5	238 - 241

Compliance Disclosures

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
			(i) Processes adopted by the Bank to inform the Independent Directors of major issues relating to the Bank; (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement; (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement. (l) A statement that the Directors of the Bank meet the criteria for determining independence. (m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Bank's fail to comply with any provisions of such Rules, a statement explaining the reason for such noncompliance and the proposed remedial action taken for the rectification of such noncompliance.	238 - 241
26.	Remuneration Committee disclosures/ report	9.12.8	The following have been disclosed in this Annual Report, as required. (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (b) A statement regarding the remuneration policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	242 - 244

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
27.	Audit Committee Report	9.13.5	The following have been disclosed in this Annual Report, as required. (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company) (b) The status of risk management and internal control of the Bank and as a Group (where applicable) (c) A statement that it has received assurance from the CEO and the CFO of the Bank's operations and finances (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (e) whether the Bank has a formal Audit Charter; (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Bank (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination and such other details specified in 9.13.5	248 - 251 See IRMC Report on pages 245 - 247 for item (b)

Compliance Disclosures

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
28.	Related Party Transactions	9.14.8	Disclosures in the Annual Report on recurrent and non- recurrent related party transactions as stipulated in this section	N/A
29.	Related Party Transactions Committee Report	9.14.8	The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: 1. The names of the Directors comprising the Committee; 2. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/ observations to the Board of Directors. 3. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	252 - 254
30.	Affirmative Declaration on compliance with Related Party Transaction rules	9.14.8	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	253
31.	Additional Disclosures	9.16	The Directors declare that- (i) they have declared all material interests in contracts involving in the Bank and whether they have refrained from voting on matters in which they were materially interested; (ii) they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith; ((iii)) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) in 2024 there were no material non-compliances with law or regulation or any fines, which are material, imposed by any government or regulatory authority.	N/A

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
Code of Best Practices 2024				
32.	Statement of Compliance with the Code of best Practice on Corporate Governance 2023	D.7.1	All required disclosures have been made below and status of compliance has been detailed.	449 - 467
33.	Senior Independent Director/ Board Chair and CEO	A.2.1 and A.5.7	The Bank is not required to appoint a Senior Independent Director, hence this requirement is not applicable.	N/A
34.	Board Balance	A.5.5	Non-Executive Independent directors are identified and disclosed.	207
			The Bank has not declared any Directors as “nevertheless independent”.	N/A
35.	Appraisal of Board Performance	A.9.4	The Bank has disclosed how performance evaluations have been conducted.	212
36.	Board related disclosures	A. 10.1	The Bank has disclosed the required Director details in this Annual Report.	See item 24
37.	Disclosure of Remuneration	B.3 and B.3.1	A statement of remuneration policy;	243
			Details of remuneration of the board as a whole;	309
			Names of directors comprising the remuneration committee, scope and number of meetings held.	242 - 244
38.	Major and Material Transactions	C.3, C.3.1 and C.3.3	Bank has no major transactions to disclose in 2024.	N/A
39.	Code of Business Conduct and Ethics	D.6.1 and D.6.7	The Bank has disclosed the existence of this policy in the Annual Report.	204
40.	Whistleblowing Policy	D.6.4	The Bank has implemented a comprehensive procedure to address concerns raised by the Whistleblower Policy. More details are disclosed in the Annual Report.	217
41.	Communication with shareholders	C.2.2- C.2.7	The Bank has disclosed details of the Policy on Relations with Shareholders and Investors in this Annual Report.	219
			Contact person for shareholder communication.	551
			The process to make all directors aware of major issues and concerns of shareholders.	219
42.	Cyber Security	G. 5	Process to identify and manage cyber security risks.	218
43.	Sustainability: ESG Disclosures	H.5, H.5.2 H.5.3	Information on the Bank's commitment to sustainability and integrating ESG consciousness.	76 - 79, 171 - 192, 218
44.	Financial Statements	D. 1.5	Statement of responsibility by the Board of Directors for the preparation and presentation of financial statements.	268

Compliance Disclosures

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
45.	Risk Management and Internal Control	D.1.5 D.2.1.7	Statement on risk management and internal control.	266 - 473, 511
		D.2.2.1 D.4.5	Report of the Integrated Risk Management Committee.	245 - 247
46.	Related Party Transactions	D.1.8	The Board has disclosed the related parties and related party transactions as specified by SEC/ Sri Lanka Accounting Standards/Sri Lanka Auditing Standards and similar regulations.	252 - 254, 374 - 378
47.	Management Report	D.1.6	Management Discussion and Analysis Report.	80 - 108
48.	Related Party Transactions Review Committee Report	D.5.3	Report of the Related Party Transactions Review Committee.	252 - 254
49.	Audit Committee Report	D.4.5	Report of the Audit Committee.	248 - 251
50.	Remuneration Committee Report	B.3.1	Report of the Human Resources and Remuneration Committee.	242 - 244
51.	Report of the Board of Directors	D.1.4	The Directors declare that- The Bank has not engaged in any activity, which contravenes laws and regulations, ■ The directors have declared all material interests in contracts involving the Bank and refrained from voting on matters in which they were materially interested, The Bank has made all endeavours to ensure the equitable treatment of shareholders, ■ The Directors have complied with best practices of corporate governance ■ Property, plant and equipment are reflected at fair value, where it is different from fair value, and adequate disclosures are made, ■ The business is a going concern, with supporting assumptions or qualifications as necessary	N/A

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
Other Laws and Regulations				
52.	Duty of the Board of Directors to prepare the Financial Statements of the Bank and the Group	S 150 - 153 of the Companies Act (CA) No. 7 of 2007	Board of Directors acknowledges its responsibility to prepare the Financial Statements of the Bank and the Group, which reflect a true and fair view of the financial position and performance of the Bank and the Group. In this regard, the Board of Directors wishes to confirm that the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Significant Accounting Policies and Notes thereto have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007 and amendments thereto.	264 - 265
53.	Dividends on Ordinary Shares	S 56 of the CA No. 7 of 2007	Note 20 to the Financial Statements – Dividends and Events after the Reporting period.	314
54.	Appointment of Auditor, Auditor's fees, duty to avoid conflict of interest etc	S 154, 155, 162 & 163 of the CA No. 7 of 2007	The Bank's External Auditors, Messrs Ernst & Young, who were appointed in accordance with a resolution passed at the 16th Annual General Meeting held on 9th April 2021 have expressed their opinion in this Annual Report. The details on the remuneration of External Auditors have been disclosed in this Annual Report. As far as the Directors are aware, the Auditors do not have any other relationship with the Bank, or any of its subsidiaries and its associate. The External Auditors do not have any interest in contracts with the Bank, or any of its subsidiaries and its associates.	309, 248 - 251
55.	Insurance and Indemnity	S 218 of the CA No. 7 of 2007	Pursuant to a decision of the Board, the Bank obtained an Insurance Policy to cover Directors' liability. The Bank has accordingly paid an insurance premium in respect of the said insurance policy for the benefit of the Bank and the Directors and certain employees of the Bank and related body corporates as defined in the insurance policy.	N/A
56.	Own share purchases	CA s.64	The Bank has not purchased its own shares.	N/A
57.	Taxation	Laws related to taxation	Note 16 and 18 to the Financial Statements.	310, 311
58.	Statutory payments	Laws and regulations related to all statutory payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government of Sri Lanka and the employees have been made up to date.	268 - 269

Compliance Disclosures

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
Good Governance Disclosures as followed by the Bank (GGD)				
59.	Vision, Mission and Corporate Conduct	GGD	The Bank and the Group practices high ethical standards in carrying out their business activities in line with the vision of the Bank. All employees of the Bank abide by the Bank's Code of Conduct and the Directors and the Key Management Personnel of the Bank additionally abide by the Policy on Corporate Governance and the Corporate Governance Process Manual of the Bank.	202 216 - 217
60.	Review on Operations of the Bank and the Bank and future developments	GGD	A review of the operations of the Bank and the Group are discussed in the Message from the Board Chair, Chief Executive Officer's Review and the Management Discussion and Analysis. Note 52 to the Financial Statements: Segmental Analysis - Group	20 - 23, 24 - 27, 80 - 108 372
61.	Changes to the Group structure	GGD	There were no changes to the group structure during the year.	N/A
62.	Gross Income	GGD	Note 4 to the Financial Statements - Gross Income.	294
63.	Performance of the Bank and the Group	GGD	Statement of Profit and Loss.	279
64.	Reserves & appropriations	GGD	Statement of Changes in Equity. Note 45, 46 and 47 of the Financial Statements – Statutory Reserves, Retained Earnings and Other Reserves.	282 363 - 366
65.	Investment Property	GGD	Note 32 to the Financial Statements - Investment Property.	338 - 339
66.	Capital commitments	GGD	Note 49.2 to the Financial Statements.	369
67.	Issue of Shares and Debentures by the Subsidiaries and Associates during the year	GGD	Note 30 and 31 to the Financial Statements.	336 - 339
68.	Disclosure of Director's Dealing in shares and Debentures	GGD	Section 6 and Section 14 of the Section on "Investor Relations".	516, 523
69.	Environmental Protection	GGD	The Bank and the Group have not engaged in any activity that is detrimental to the environment, and have complied with the environmental laws and regulations at all times. Specific activities carried out during the year to protect the environment are detailed in the Management Discussion and Analysis.	76 - 79

No.	Information required to be mandatorily disclosed	Reference	Disclosure details and reference	Pages
70.	Events Occurring after the Date of the Statement of Financial Position	GGD	There have been no 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. Note 54 to the Financial Statements.	378
71.	Human Resources	GGD	The Human Resources activities carried out during the year to focus on the strategic objectives are detailed in the Human Resources and Remuneration Committee report and Management Discussion and Analysis.	128 - 138
72.	Operational Excellence	GGD	Operational Excellence is also a key Strategic Objective of the Bank and focuses on increasing efficiency and managing operational costs. The Bank has on going initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms.	47 - 51
73.	Outstanding Litigations	GGD	In the opinion of the Directors and the Bank's lawyers, pending litigations against the Bank disclosed in the Financial Statements will not have a material impact on the financial position of the Bank or its future operations. Note 49.3 to the Financial Statements.	369
74.	Corporate Social Responsibility (CSR)	GGD	CSR Initiatives in 2025 are highlighted in the Annual Report.	76 - 79
75.	Sustainability	GGD	All Business strategies are formulated considering the sustainability aspects of the Bank including Sustainability practices and reporting.	76 - 79
76.	Technology	GGD	All processes of the Bank are improved focusing superior customer services through embedding state-of-the-art technology to all its processes and products.	147

Directors' Interests in Contracts with National Development Bank PLC

Related party disclosures as per the Sri Lanka Accounting Standard – LKAS 24 on “Related Party Disclosures” is disclosed in Note No. 53 to the Financial Statements on pages 374 to 378 of this Annual Report. In addition, the Bank carries out banking transactions in the ordinary course of business on an arm's length basis with entities where the Chairman or any Director of the Bank maintain a relationship with such entities as listed below.

Relationship	Company	Accommodation Granted, Deposits & Investments	Balance Outstanding as at 31.12.2025 LKR '000	Balance Outstanding as at 31.12.2024 LKR '000
Mr. Sriyan Cooray				
Director	Janashakthi Finance PLC (Previously Orient Finance PLC)	Deposits & Investments	739,503	116,354
		Loans & Receivables	887,455	598,087
Mr. Kelum Edirisinghe				
Director	NDB Capital Holdings Limited	Deposits & Investments	34,894	21,648
		Off -Balance Sheet Accomodations	19,868	299,999
Chairman/Director	Development Holdings (Pvt) Limited	Deposits & Investments	226,631	161,081
Mr. Bernard Sinniah				
Director	Codevus (Pvt) Limited	Deposits & Investments	141	678
Director	Mintpay (Pvt) Limited	Loans & Receivables	3	-
Chairman/Director	NDB Capital Holdings Limited	Deposits & Investments	34,894	21,648
		Off -Balance Sheet Accomodations	19,868	299,999
Director	NDB Wealth Management Limited	Deposits & Investments	9,720	9,074
Director	NDB Securities (Pvt) Limited	Deposits & Investments	647,963	322,833
		Loans & Receivables	-	15
		Off -Balance Sheet Accomodations	-	100,000
Director	NDB Investment Bank Limited	Deposits & Investments	56,675	42,265
		Loans & Receivables	0	1
		Off -Balance Sheet Accomodations	4,787	4,787
Director	NDB Zephyr Partners Lanka (Pvt) Limited	Deposits & Investments	1,803	2,081
Mr. Sujeewa Mudalige				
Director	Link Natural Product (Pvt) Limited	Deposits & Investments	333	333
Director	National School of Business Management. (Gurantee) Limited	Deposits & Investments	100	100
Director	CIC Holdings PLC	Deposits & Investments	120,898	107,986
		Loans & Receivables	192,000	1,040,176
		Off -Balance Sheet Accomodations	10,306	1,122,934
Chairman	Sherwood Capital (Pvt) Limited	Deposits & Investments	31	31

Relationship	Company	Accommodation Granted, Deposits & Investments	Balance Outstanding as at 31.12.2025 LKR '000	Balance Outstanding as at 31.12.2024 LKR '000
Director	Mahindra Ideal Finance Limited	Deposits & Investments	1,951	194
		Loans & Receivables	1	-
Chairman of the Committee	Mercantile Services Provident Society (MSPS)	Deposits & Investments	3,005,416	2,690,304
Committee Member	The Ceylon Chamber of Commerce	Deposits & Investments	124,701	2,221,122
Chairman	Millennium IT ESP	Deposits & Investments	637	565
Chairman	Ambeon Capital PLC	Deposits & Investments	546	454
		Loans & Receivables	-	162,036
Chairman	Ambeon Holdings PLC	Deposits & Investments	181	181
Director	Cargo Boat Development PLC	Deposits & Investments	5,273	2,962
Director	Maliban Biscuit Manufactories (Pvt) Limited	Deposits & Investments	465	525
Director	Allianz Insurance Lanka Limited	Deposits & Investments	4,868	408,428
		Loans & Receivables	0	0
Ms. Kasturi Chellaraja				
Management Committee Member	Mercantile Society Provident Fund	Deposits & Investments	3,005,416	2,690,304
Board Member	The Ceylon Chamber of Commerce	Deposits & Investments	124,701	2,221,122
Committee Member				
Trustee	Hemas Wellness Trust	Deposits & Investments	39,519	43,808
Director	Capital Alliance Holdings Limited	Deposits & Investments	100	99
Director	Senkadagala Finance PLC	Deposits & Investments	2,463,691	2,567
		Loans & Receivables	-	1,150,000
Mr. Hasitha Premaratne				
Director	Brandix Apparel (Pvt) Limited	Deposits & Investments	545	-
		Off -Balance Sheet Accomodations	921,540	-
Director	Ocean Lanka (Pvt) Limited	Deposits & Investments	4,138,511	3,071,731
		Off -Balance Sheet Accomodations	1,913,490	1,623,053
Director	Teejay Lanka PLC	Deposits & Investments	549,216	83,754
Mr. Sanjaya Mohottala				
Director	Softlogic Life Insurance PLC	Deposits & Investments	611,895	760,799
Director	Softlogic Life Insurance Lanka Limited	Deposits & Investments	1,808	1,241

Nominations and Governance Committee Report



Mr. Kushan D'Alwis, PC
Chairperson
Non-Executive Independent Director

COMPOSITION OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Board appointed Nominations and Governance Committee comprised four Non-Executive Directors including the Chairperson who is an Independent Director who is not the Chair, Board of Directors.

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Mr. Kushan D'Alwis, PC (Chairperson) Non-Executive Independent Director	21 June 2022	5/6
Mr. Sriyan Cooray Non-Executive Independent Director	20 August 2021	6/6
Mr. Sujeewa Mudalige Non-Executive Independent Director	21 June 2022	5/6
Mr. Bernard Sinniah Non-Executive Director	19 February 2020	6/6
Secretary to the Committee Ms. Shehani Ranasinghe - Vice President - Company Secretary		

CHARTER OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee was initially formed in compliance with the Section 3 (6) of Direction No. 11 of 2007, "Corporate Governance for Licensed Commercial Banks in Sri Lanka", issued by the Monetary Board of the Central Bank of Sri Lanka (CBSL) under the powers vested in the Monetary Board, in terms of the Banking Act No 30 of 1988. In 2023, the scope of the Committee was revised and expanded to include oversight on governance to be in compliance with the new Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE), and the Committee was renamed from Nominations Committee

to the Nominations and Governance Committee. The Committee's duties and functions were further expanded in 2024 considering the Corporate Governance Directions No. 05 of 2024 (the "Corporate Governance Directions"), well ahead of the stipulated timelines for compliance.

The composition and the scope of work of the Committee are in conformity with the provisions of the Corporate Governance Direction and the Listing Rules. The Charter of the Nominations and Governance Committee was approved by the Board of Directors and is reviewed annually. As part of the annual review process, the Committee reviewed the Charter in 2025.

The Committee carries out the following duties and responsibilities.

- Reviews the structure, size, qualifications and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities. The Committee ensures that the Board composition has a healthy mix of knowledge, qualifications, skills, experience in relevant disciplines, gender and have varied backgrounds to promote diversity of views commensurate with the size, scale, diversity and complexity of operations of the Bank.
- Considers and recommends the re-election of current Directors, taking into account the performance and contribution made by the Director/s concerned towards the overall discharge of the Board's responsibilities and strategic demands of the Bank, combined knowledge, experience, the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- Sets out and maintains the criteria such as academic and professional qualifications, skills, experience and key attributes required for eligibility to be considered for appointment as Director to a Bank or to the post of Chief Executive Officer (CEO) and Key Management Personnel (KMPs).
- Ensures that Directors, CEO and KMPs are fit and proper persons to hold office as specified in the

criteria given in applicable laws. In selecting the Chief Risk Officer and the Compliance Officer the Committee obtains the views of the Board Integrated Risk Management Committee and in selecting the Internal Auditor of the Bank the Committee consults views of the Board Audit Committee.

- The Committee evaluates on a quarterly basis the status of independence of the independent non-executive directors in terms of the applicable laws and whether such directors have any conflicts of interest that may impede the ability to perform duties independently and notify the changes to the independent status (if any) to the Director of Bank Supervision of the CBSL or make the relevant market disclosures.
- The Committee ensures that through Board Subcommittees or Board meeting proceedings, directors are continuously updated on relevant laws, regulations, policies, and industry developments. Additionally, the Committee will identify directors' training needs and recommend regular training and professional development programs.
- Establishes, maintains and implements formal and transparent procedures to evaluate, select and appoint/re-appoint the CEO, KMPs and new Directors to the Board and the Board Subcommittees
- Consider and recommend from time to time the requirements of additional/new expertise to the Board and the succession arrangements for retiring directors.
- Sets the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to select/appoint fit and proper persons as the Nominee Directors to the Boards of the Bank's group companies.
- The Committee ensures the Bank has a clear and effective succession plan for the CEO and KMP, including identifying and grooming successors and reviewing the plan annually.
- Reviews and recommends the overall Corporate Governance Framework of the Bank taking into account the Corporate Governance Directions, the CSE Listing Rules, other applicable regulatory requirements and industry/ international best practices, as applicable
- Periodically reviews and updates the corporate governance policies/ framework of the Bank in line with the regulatory and legal developments relating to same, and internal/ industry best practices.

COMMITTEE MEETINGS

The Committee held six (06) meetings during the year under review. The quorum for a meeting shall be at least half of the members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

The CEO and other Directors have been present at meetings only if invited by the Committee.

DISCLOSURES BY THE COMMITTEE IN TERMS OF THE LISTING RULES

A formal documented procedure is in place for the selection and appointment of directors to the Board, and one new director appointment was made in 2025 in line with this procedure. A further director appointment was made in January 2026.

Directors are required to retire by rotation and submit themselves for re-election at regular intervals in accordance with the Articles of Association of the Bank and the Policy on Nominations and Re-Elections whereby (except for Directors appointed in terms of Articles 35 (ii), 37 and 44), 1/3rd of the Directors for the time being, shall retire from office at each annual general meeting. As such, eligible Directors submit themselves for re-election at least once in every 3 years.



Nominations and Governance Committee Report

Directors to be re-elected at the Annual General Meeting to be held in 2026

	Ms. Kasturi Chellaraja	Mr. Sujeewa Mudalige
Board Committees served on (member/ chairperson)	- Human Resources and Remuneration Committee (Chairperson) - Board Audit Committee (Member) - Board Credit Committee (Member) - Discretionary and Capital Expenditure Committee (Chairperson) - ESG Committee (Chairperson)	- Board Audit Committee (Chairperson) - Board Integrated Risk Management Committee (Member) - Nominations and Governance Committee (Member) - Human Resources and Remuneration Committee (Member) - Strategic Issues Committee (Member)
Date of first appointment	03 October 2022	06 January 2020
Date of last re-appointment/re-election	30 March 2023	28 March 2024
Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Please refer the Director's profile on pages 31 - 32	Please refer the Director's profile on page 31
Any relationships including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity	None	None

Board diversity is an integral consideration to ensure Board performance is at the highest level. Please refer page 209 for information on the Directors range of experience, skills, age and gender.

Periodic evaluations have been conducted in 2025 on the performance of the Board of Directors and the Chief Executive Officer as agreed by the Board in line with the process

in place, the Chair, Board of Directors informs the Board and where necessary, the Independent Directors/Non-Executive Directors as and when major issues arise. A procedure is in place to induct and carry out orientation for newly appointed Directors primarily led by the Chair, Board of Directors in order to ensure a sound understanding of the corporate governance requirements, the applicable laws and

regulations and such other matters deemed to be of importance at the point of on-boarding and as needed thereafter

Directors are updated on new laws and regulations and changes to existing laws and regulations including those relating to governance, in general every quarter and where such changes are deemed to be significant, directors are updated and deliberations take place as and when such changes occur.

The Committee quarterly assesses the independence of directors against the Corporate Governance Direction, the Code of Best Practices on Corporate Governance and the Listing Rules of the Colombo Stock Exchange and is satisfied that the Independent Directors of the Bank meet the applicable criteria and that there are no impairments to their independence.

KEY ACTIVITIES IN 2025

The Committee, being cognisant of its widening scope and duties in line with prevailing Rules and Regulations, has taken steps to ensure that it is equipped with all necessary mechanisms and information to carry out effective oversight on the Bank's governance pillar.

During the year, the Committee carried out the following activities –

- The Committee assessed the fitness and propriety of the continuing Directors of the Bank whilst being cognisant of the Corporate Governance Direction which stipulates particular disciplines in which experience is required and that boards must have at least one female representative by 31 December 2025, and that Boards with more than ten members must have at least two female representatives by 31 December 2026. In this context, we are pleased to note that our bank is well ahead of these requirements, with two female directors on our Board.
- In this process, the Committee not only assessed the diversity in experiences, qualifications, competencies etc. and the contribution and commitment made towards the Bank vis-a-vis the economic

landscape and backdrop in which the Bank functioned, but also whether conflicts of interest exist with the Bank.

- It recommended to the Board the re-election of Directors retiring by rotation and offering themselves for re-election at the Annual General Meeting in line with the Articles of Association of the Bank and applicable regulations, having assessed the fitness and propriety of the Directors.
- Noting its enhanced oversight role on governance, the Committee prioritised raising awareness among Board members about the importance of avoiding conflicts of interest and disclosing any interests in transactions/entities. In this exercise, the Committee approved an automated method which facilitated directors to disclose interests in a comprehensive manner which has facilitated timely disclosure and robust monitoring of related party transactions at the Bank.
- The Committee conducted quarterly assessment of director independence to ensure that there were no impairments to the independence of the identified independent directors of the Bank.
- In its governance role, the Committee reviewed and approved the Corporate Governance Process Manual which facilitates the operationalisation of the Policy on Corporate Governance of the Bank ensuring a sound corporate governance framework in place at the Bank, aligned to the applicable laws and regulations.
- The Committee was proactively apprised of and reviewed the impact of recent legal and regulatory changes and the resultant interpretations on key governance aspects such as material shareholding, related parties, the reporting of beneficial ownership, public shareholding etc. From a governance perspective, the Committee also reviewed the Bank's Trademarks and Logos and its usage within the NDB Group and advised the management.
- The Committee proactively reviewed and recommended changes to the compositions of the subcommittees of the Bank in view of the composition requirements set out in the Listing

Rules and the Corporate Governance Direction and further recommended suitable directors to steer new Board level subcommittees such as the ESG Board Subcommittee of the Bank.

- The Committee deliberated and approved changes to the policies mandated for disclosure to shareholders under the Listing Rules, as required and appropriate.
- The Committee considered the fitness and recommended suitable candidates to hold existing KMP positions when vacancies were created after a thorough evaluation of internal talent as well as external expertise and talent available in the market, considering the specific roles and expectations of the Bank and also noting its role to proactively ensure talent identification, retention and grooming for smooth succession in these critical roles. Following same, fresh talent has been infused whilst also recognising existing talent at the senior management level at the Bank. It is significant to note that the Committee ventured to consider appropriate talent from overseas too to strengthen the KMPs of the Bank to support specific needs and focus areas of the Bank, aligned to the Banks Strategy and Business Plan.
- In this connection, the Committee reviewed the Succession Plan of the Bank and provided further guidance to improve same.
- The Committee further reviewed and recommended the appointment and continuation of Directors to the Boards of subsidiary companies of the Bank focusing on bringing in more independent discourse to these boards through the appointment of independent directors. In these processes, the Committee assessed the qualifications, experience, skills and competencies of the Directors vis à vis the gaps and needs of the boards in line with the current gaps, challenges faced and any applicable regulatory requirements. The Committee was conscious of the overall composition of the Boards and striking the ideal balance in terms of expertise, experience, age, gender etc. on the boards. The Committee has also regularly deliberated upon any

regulatory/supervisory concerns raised by its regulators pertaining to the areas of oversight and coming within the purview of the Committee, advising on and ensuring that the required corrective actions are taken well within the agreed timelines.

- Noting the value of continuous learning and awareness of the complexities and changes taking place in the macro environment in which the Bank navigates, several informative awareness sessions were held/opportunities were provided to the directors and KMPs in 2025 to educate themselves, deliberate and challenge the macro level challenges vis a vis its impact to the Bank and steer and formulate short to long term business decisions and strategies to achieve its aspirations and meet stakeholder satisfaction (Please refer page 211 for further details on director training/awareness).
- A self-assessment on the performance of the Committee was carried out and any weaknesses, improvements etc. identified by the members were deliberated in detail and required changes/corrections were implemented in 2025.

The Committee believes that it has met the corporate governance requirements stipulated in the Corporate Governance Direction and the Listing Rules of the CSE.

APPRECIATION

The Committee places on record its appreciation of its members for the contribution and commitment throughout 2025.



Mr. Kushan D'Alwis PC
Chairperson

Nominations and Governance Committee

25 February 2026
Colombo

Human Resources and Remuneration Committee Report



Ms. Kasturi Chellaraja
Chairperson
Non-Executive Independent Director

COMPOSITION OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Board appointed Human Resources & Remuneration Committee comprised five Non-Executive Directors inclusive of the Chairperson who is an Independent Director and a majority of Independent Directors as set out below.

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Ms. Kasturi Chellaraja (Chairperson) Non-Executive Independent Director	20 June 2023	3/3
Mr. Sriyan Cooray Non-Executive Independent Director	20 August 2021	3/3
Mr. Sujeewa Mudalige Non-Executive Independent Director	22 March 2022	3/3
Mr. Bernard Sinniah Non-Executive Director	20 August 2021	3/3
Mr. Hasitha Premaratne Non-Executive Independent Director	18 July 2023	3/3
Secretary to the Committee Ms. Shehani Ranasinghe - Vice President - Company Secretary		

CHARTER OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources & Remuneration Committee was formed in compliance with Section 3 (6) of Direction No. 11 of 2007, on Corporate Governance for Licensed Commercial Banks in Sri Lanka, issued by the Monetary Board of the Central Bank of Sri Lanka.

The Charter of the Human Resources & Remuneration Committee was approved by the Board of Directors and is reviewed annually with the most recent review completed in October 2025.

The composition and the scope of work of the Committee are in conformity with the provisions of the Corporate Governance Directions No. 05 of 2024 (the "Corporate Governance Directions") and the Listing Rules of the Colombo Stock Exchange (CSE). As per the Charter, the scope of work includes the following:

1. Establishing, maintaining and periodically reviewing the Remuneration Policy (salaries, allowances, special payments/ benefits made at termination or retirement, and other financial and non- financial benefits) and recommend remuneration payable to the Directors,

the Chief Executive Officer (CEO) and Key Management Personnel (KMP/s) of the Bank in terms of the Remuneration Policy/ Bank's Articles etc. for the approval of the Board.

2. Ensuring that the Bank's approach to remuneration including monitoring and reviewing remuneration is in alignment with the Bank's risk culture and risk appetite.
3. Recommending to the Board the apportionment of the remuneration perquisites and benefits of the Non- Executive Directors including the Chairman out of the total sum determined for the purpose by the shareholders in terms of the Bank's Articles.
4. Considering and recommending to the Board any deviations to the Remuneration policies/special terms of employment as and when needed when the Nominations and Governance Committee, considers the fitness and propriety of persons to be appointed/ promoted as KMPs of the Bank.
5. The responsibility of setting goals and targets for Directors, CEO and KMPs.
6. Evaluating the performance of the CEO and KMPs against the set goals and targets periodically and determining the basis for revising remuneration, benefits and other payments of performance based incentives.
7. Discussing and analysing with the Management the overall remuneration expenditure on all staff and their distribution among different categories and obtaining information on the

remuneration and benefits paid/given to consultants engaged by the Bank.

9. Receiving information on the role and activities of the Human Resources Department and making recommendations for the strengthening of the role of the said department if necessary.
10. Reviewing the recommendations made by the Senior Management on appropriate incentives/awards to achieve objectives such as rewarding performance and retaining KMPs, including the review/ recommendation of share option schemes for employees of the Bank.
11. Reviewing and recommending to the Board any termination payments that are proposed to be paid to Directors, the CEO and/or KMPs in the event the same are deemed necessary and ensuring that such payments are in terms of the Remuneration Policy of the Bank and are approved in accordance with applicable statutes, rules and regulations.
12. Reviewing and approving the scope and any changes proposed to the Terms of Reference of the Management Human Resources Committee as may be recommended by the Management from time to time.
13. Ensuring that prior written approval from the shareholders is obtained for any special payments, financial and non-financial benefits to be made to the Directors, CEO, and KMP's upon termination of employment or retirement.
14. Coordinating with the Board Integrated Risk Management Committee to ensure that the compensation made to Directors, CEO and KMP's is within the risk appetite limits of the Bank.
15. Establishing a policy on claw-back arrangements for performance-based payments made to the CEO and KMPs of the Bank as mandated and in line with applicable laws and regulations.

COMMITTEE MEETINGS

The Committee held three (03) meetings during the year under review. The attendance of committee members are stated in page 242 of this Report. The quorum for a meeting is at least half of its members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

The CEO has been present at meetings subsequent to being invited by the Committee, other than in instances where matters relating to the CEO have been discussed.

STATEMENT REGARDING REMUNERATION STRATEGY/POLICY DISCLOSURES BY THE COMMITTEE

The Committee acknowledges total rewards as one of the essential components in influencing employee performance to deliver business outcomes. Therefore, the reward programmes are designed to attract, retain and to motivate employees to deliver results by linking performance to demonstrable performance based criteria. In this regard, the Committee evaluates the performance of the CEO and KMPs against the pre-agreed outcomes and goals that balance short and long term financial and strategic objectives of the Bank.

The Bank's variable (bonus) pay plan is determined according to the overall achievements of the Bank and pre-agreed individual targets, which are based on various performance parameters. The level of variable pay is set to ensure that individual rewards reflect the overall performance of the Bank, the particular business unit and individual performance. The Committee makes appropriate adjustments to the bonus pool in the event of over or under achievement against predetermined targets. In this regard and as and when needed, the Committee is aware that it can seek external independent professional advice on matters falling within its purview.

The Committee has as a practice ensured that the Bank organises and takes part in compensation surveys as and when required and at a minimum, every two to three years and has utilised such feedback to ascertain that compensation practices are benchmarked to the "best practices" and are relevant and current as far as possible.

The comprehensive Remuneration Policy in place sets the principles and a formal and transparent procedure to set and review remuneration which includes cash and non-cash benefits payable to Directors, the CEO and the KMPs of the Bank. The Policy ensures that remuneration is aligned with the Bank's risk culture and risk appetite. This policy also ensures that non-discriminatory pay practices are followed in setting remuneration payable to Non-Executive Directors to ensure that their independence is not impaired.

The Committee notes that the Bank has in place a Remuneration Policy as stated above and further that the aggregate remuneration of the Executive and Non-Executive Directors is stated in page 309 of this Report.

KEY ACTIVITIES AND RECOGNITION IN 2025

- The Committee reviewed the Bank's Total Rewards Strategy amid the challenging economic landscape, escalating costs and high attrition rates in 2024/5. A comprehensive salary and benefits survey/review was conducted by external experts to align compensation with market standards keeping in mind the size/scale/strategy etc of the Bank where trends in rewards offered by comparable institutions were analysed. This data enabled informed decisions on revised benefits, salary increments and performance-linked pay to be taken.
- The Bank has been recognised as a Best Women-Friendly Workplace at the prestigious Great HR Awards 2025, an accolade awarded by the Chartered Institute of Personnel Management (CIPM) Sri Lanka in collaboration with Mercer, a global leader in HR consulting.

Human Resources and Remuneration Committee Report

- The Bank was certified as a “Great Place to Work”, affirming its status as a leading employer and the only local bank in Sri Lanka to receive this esteemed recognition 3 times. The certification is based on extensive independent evaluations by Great Place to Work Sri Lanka, using globally benchmarked criteria that assess employee experience, workplace culture, trust, and people practices. Through confidential employee surveys and a comprehensive audit of HR initiatives, the Bank was recognised for fostering a culture that prioritises inclusion, purpose, and continuous development.
- The Committee evaluated the performance of the CEO and KMPs of the Bank (for the year 2024 in 2025 and for the year 2025, in early 2026) against the set goals and targets, using the Balanced Scorecard methodology and recommended to the Board of Directors of the Bank, the increments, performance based bonuses and promotions for the staff members in general and individually, for the KMPs in 2025, in line with current strategy and direction of the Bank. The input and feedback of the Board Integrated Risk Management Committee and the Board Audit committee/their Chairs have been obtained as applicable and relevant in evaluating the performance of the key management reporting to such committees.
- As part of its oversight especially regarding the KMPs of the Bank, the Committee advised the Management on any gaps and improvements seen in the organisation structure, in roles of KMPs, in suitability of KMPs for specific roles and also regarding grooming, skills improvements, successions/ recruitments and behavioural/ disciplinary matters pertaining to KMPs. The Committee's oversight and guidance was based on the unfolding strategic changes/direction in order to ensure that the Bank is better equipped to navigate the local and global economic landscape and challenges.
- The Committee also reviewed Directors' fees paid to Non-Executive Directors in line with the Remuneration Policy of the Bank whilst being cognisant of market dynamics, the size, scale, profile of the Bank, market survey results and related regulations.
- Staff benefits, grading and schemes were also reviewed during the year with a view of understanding what best in class companies are moving towards (whilst ensuring compliance with applicable rules and regulations), in order to support the Bank in achieving its strategic outcomes.
- The Committee reviewed and approved immediate relief to Bank staff directly impacted in the aftermath of Cyclone Ditwah.
- A Staff Incentive Policy Framework was approved to ensure procedural uniformity.
- The Committee also advised, challenged and set goals and targets for the Directors, the CEO and KMPs for 2025 in line with the Business Plan and Budget set for 2025, the overall strategic vision and direction of the Bank in 2025.
- The Committee reviewed the on-going talent development activities that were commenced in 2024 with a view to improving succession planning at the Bank.
- The Remuneration Policy was revised during the year in line with applicable laws and regulations and to make same more relevant and practical to the Bank.
- The Committee has also regularly deliberated upon any regulatory/ supervisory concerns raised by its regulators pertaining to the areas of oversight and coming within the purview of the Committee, advising on and ensuring that the required corrective actions are taken well within the agreed timelines.
- A self-assessment on the performance of the Committee was carried out and any weaknesses, improvements etc identified by the members were deliberated in detail and required changes/corrections were implemented in 2025.
- The Committee also received information on the role and activities of the Human Resources Department and made recommendations to strengthen HR governance and management practices as needed.

WAY FORWARD

The Committee will consistently improve its scope and purview in line with local and global trends in Human Resource Management with a view to providing the necessary guidance and oversight to improve and safeguard the human resources of the Bank whilst being aligned with any changes to applicable rules and regulations.

APPRECIATION

The Committee places on record its appreciation to all its members for their contributions and commitment during 2025.



Ms. Kasturi Chellaraja
Chairperson
Human Resources and Remuneration Committee

25 February 2026
Colombo

Board Integrated Risk Management Committee Report



Mr. Hasitha Premaratne
Chairperson
Non-Executive Independent Director

COMPOSITION OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

The Board appointed Integrated Risk Management Committee comprised of four Non-Executive Directors of which three are Independent Directors which includes the Chairperson of the Committee.

As at 31st December 2025 the Committee comprised of the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Mr. Hasitha Premaratne (Chairperson) Non-Executive Independent Director	20 June 2023	4/4
Mr. Sriyan Cooray Non-Executive Independent Director	01 September 2018	2/4
Mr. Sujeewa Mudalige Non-Executive Independent Director	19 February 2020	4/4
Mr. Sanjaya Mohottala Non-Executive Non-Independent Director	23 June 2025	2/2
Ms. Kasturi Chellaraja Non-Executive Independent Director (Ceased to be a Director of BIRMC w.e.f. 23.06.2025)	25 October 2022	2/2
Secretary to the Committee		
Mr. Alex Perera - Chief Risk Officer/ Vice President - Risk Management		

CHARTER OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

The Committee functions are structured and regulated in accordance with the guidelines issued in the revised Banking Act Direction No.05 of 2024 on "Corporate Governance for Licensed Commercial Banks in Sri Lanka", "Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange" and "Code of Best Practice on Corporate Governance" issued jointly by The Institute of Chartered Accountants of Sri Lanka (CASL) and the Securities and Exchange Commission of Sri Lanka (SEC). As part of the annual

review process, the Charter of the Board Integrated Risk Management Committee (BIRMC) is reviewed annually and was reviewed in February 2025 and subsequently reviewed and approved by the Board of Directors in August 2025.

The BIRMC assists the Board of Directors in fulfilling its responsibilities for overseeing the Bank's Risk Management framework and reviewing of major risk exposures and steps taken to monitor and control those exposures. As per the Charter, the scope of work includes; working closely with Key Management Personnel and making decisions on behalf

of the Board within the framework of the authority and responsibility assigned to the Committee, determining the adequacy and the effectiveness of the measures taken whilst ensuring that the actual overall risk profile of the Bank remains within the risk appetite or the desirable risk profile of the Bank, as defined by the Board. The Committee also reviews the adequacy and effectiveness of all management level committees such as Credit Committees, Executive Integrated Risk Management Committee, Operational Risk Management Committee, Information Security Committee and the Asset-Liability Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Board. All key risks such as Credit, Market & Liquidity, Operational, Technology & Information Security and Strategic etc. are assessed by BIRMC regularly through the defined risk indicators. The risk profile of the Bank and Group is communicated to the Board of Directors through a risk assessment report within a week of each BIRMC meeting seeking the Board's views, concurrence and/ or specific directions. The Committee takes prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the Committee/ Board on the basis of the Bank's policies and regulatory and supervisory requirements.

COMMITTEE MEETINGS

The Committee held four meetings during the year under review to discuss the scope of work. Key members of the staff participated at the meetings as appropriate.

Board Integrated Risk Management Committee Report

The proceedings of the Committee meetings have been reported to the Board of Directors.

KEY ACTIVITIES IN 2025

In 2025, the Sri Lankan banking sector operated in a more stabilised macroeconomic environment, supported by improving economic fundamentals, easing inflationary pressures and continued regulatory oversight. Against this backdrop, the BIRMC maintained a focused and forward looking approach to risk identification, measurement and mitigation ensuring the Bank's resilience amid evolving business and operational challenges.

During the year, the Committee concentrated on strengthening oversight of core risk areas, including credit, operational, market and liquidity risks, with particular attention to portfolio quality, recovery performance and operational resilience. The Committee also addressed emerging risks such as cyber-security threats, increased reliance on technology and heightened regulatory expectations, while continuing to ensure adequate capital and liquidity buffers. These efforts supported the Bank's ability to operate prudently and sustainably in a progressively normalising yet risk sensitive environment.

The key areas of focus in this regard are detailed under each category below:

Integrated Risk Management (IRM)

The Committee reviewed and approved the Internal Capital Adequacy Assessment Process (ICAAP) for 2025 along with the Stress Testing Policy and Framework, incorporating a detailed evaluation of material risks, mitigants, and capital implications amidst prevailing economic conditions. The Risk Appetite Framework and tolerance limits were reassessed and revised to reflect market realities. The Bank's Recovery Plan (RCP) was reviewed and approved in accordance with CBSL directions and the Bank's ICCAP. Continuous monitoring of the Bank's risk

profile was facilitated through monthly Key Risk Indicator statements and quarterly Risk Assessment Reports. The Integrated Risk Management Framework was also reviewed and approved during the year.

Credit Risk

Credit risk management remained a central focus given the evolving economic environment. The Committee strengthened credit appraisal and underwriting standards, reviewing Credit Policies and Operating Guidelines for alignment with current conditions. The Delegated Lending Authority structure was enhanced to promote a more efficient, risk-sensitive approval process. Independent evaluations undertaken by the Credit Review Department were expanded for borrower risk ratings and Business Banking Middle Market segment approvals. Portfolio quality was subject to frequent assessment across sectors and products, with heightened emphasis on Stage two exposures supported by granular KRI monitoring. Observations from the Loan Review Mechanism were reviewed, with corrective actions emphasised to reinforce credit discipline.

Operational Risk

The Committee reviewed and approved key operational risk governance documents, including delegated authority levels for manual entries and BCP-related policies, while monitoring emerging risks, significant incidents, and key risk indicator breaches. Two Bank-wide BCP tests were successfully completed during the year, demonstrating strong operational preparedness. The operational risk appetite was strengthened through tighter tolerance thresholds. Scenario analysis and targeted training programs were conducted to reinforce risk awareness and strengthen the Bank's overall risk culture.

Technology & Cyber Risk

The Committee approved the updated Technology Risk Appetite framework, incorporating clear, measurable indicators with defined tolerance levels. Periodic

updates on technology, cyber, and IT security risks were reviewed, and the Committee endorsed the 2025 IT Security Policy revisions to enhance cyber resilience.

Market & Liquidity Risk

Market and liquidity risk oversight was strengthened through a comprehensive review and streamlining of the Market Risk Management Framework, incorporating expert recommendations and eliminating redundancies, with revised policies receiving Board approval. Treasury and ALM limits were reassessed to align with evolving market dynamics and strategic objectives. Enhanced limits and stress-testing parameters were introduced for the restructured USD bond portfolio, supported by ongoing monitoring against the Bank's risk appetite. Updates to the Liquidity Risk Management Policy, Investment Policy, and Contingency Funding Plan ensured continued alignment with industry best practices. Liquidity monitoring was further improved through FCY/LCY segregation, enhancing precision amid prevailing macro-economic challenges. Quarterly stress tests provided insight into potential vulnerabilities and capital impacts. The Committee also focused on refining pricing and transfer-pricing methodologies to support balance sheet optimisation and NIM enhancement, supported by strong ALCO engagement.

Legal Affairs (Litigation)

The Committee reviewed significant legal cases filed against the Bank, cases initiated by the Bank, and other matters where the Bank was named a party. Probable outcomes and potential implications were discussed. The Committee was also briefed on emerging industry-related legal issues that could impact the Bank's recovery processes and legal exposure.

Environment & Social Risk Management (ESRM)

The Committee oversaw continued strengthening of environmental and

social scrutiny within credit appraisal and approval processes, in line with the rapidly evolving ESG landscape. Quarterly updates were provided on ESMS-related matters, with coverage extending across the Bank and Group companies. Stakeholder engagement aligned with the ESRM Policy and Manual ensured dynamic contributions towards the effectiveness of the E&S function. An ESMS audit facilitated by the Bank's largest shareholder, Norfund, provided recommendations that are being implemented to further enhance ESG governance. The Loan Origination System was upgraded to tag IFC Performance Standard-triggered transactions with appropriate E&S risk ratings.

Compliance Risk

The Committee strengthened the Bank's compliance environment by ensuring that frameworks, policies and processes effectively identified, assessed, managed and monitored compliance risks, while providing the Compliance function with full authority, independence, adequate resources and unrestricted access to information. It oversaw timely remedial actions for instances of non-compliance, evaluated new regulatory requirements and emerging risks, and ensured that all regulatory engagements met supervisory expectations and the same were assessed based on the Quarterly Compliance Report submitted by the Compliance function. The Committee reviewed and approved all relevant Compliance Policies and Frameworks, reinforcing accountability for managing risks that could lead to fines, penalties or reputational impact. It also supported the enhancement of the Bank's AML and KYC framework and provided oversight for implementing technology solutions to meet mandatory regulatory reporting thresholds. The Annual Compliance Assurance Plan was reviewed and monitored, ensuring that independent verification findings were addressed promptly and risks effectively mitigated. The Committee also ensured that necessary capacity building was provided by conducting training programs to the relevant staff members with a focus

of enhancing the knowledge on regulatory provisions/requirements and thereby minimise the regulatory breaches.

WAY FORWARD

- Strengthening the Banks' Loan Origination Process, Early Warning Systems, Risk Rating Systems and adaptation of advanced data analytical technologies for Risk Management are priority for the Bank.
- Strengthening IT infrastructure capabilities in enhancing the scope of monitoring Market & Liquidity Risk, ALM function & Treasury activities to enhance the efficiency of risk control mechanisms.
- Optimise the Operational Risk Management System by automating key workflows and reducing manual processes for greater efficiency and transparency.

APPRECIATION

The Committee wishes to convey its gratitude to former Member Ms. Kasturi Chellaraja for her valuable contribution to the Committee.



Mr. Hasitha Premaratne

Chairperson

Board Integrated Risk Management Committee

25 February 2026
Colombo

Board Audit Committee Report



Mr. Sujeewa Mudalige
Chairperson
Non-Executive Independent Director

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee comprised of three (3) Independent Non-Executive Directors, all of whom possess extensive expertise in finance, banking, and governance. The Committee is chaired by an Independent Director with professional qualifications in accounting and auditing.

As at 31 December 2025 the Committee comprised of the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Mr. Sujeewa Mudalige (Chairperson) Non-Executive Independent Director	18 February 2020	7/7
Mr. Kushan D'Alwis, PC Non-Executive Independent Director	1 February 2024	6/7
Ms. Kasturi Chellaraja Non-Executive Independent Director	23 June 2025	3/5
Secretary to the Committee		
Ms. Ruwani de Silva - Vice President - Internal Audit		

CHARTER OF THE BOARD AUDIT COMMITTEE

The Charter of the Committee approved by the Board, clearly defines the Terms of Reference of the Committee and is periodically reviewed and revised with the concurrence of the Board of Directors. This process ensures that new developments relating to the Committee's functions and concerns are adequately addressed. The Board Audit Committee Charter was last reviewed and approved in May 2025 by the Board of Directors.

Board Audit Committee assists the Board in the discharge of its responsibilities by exercising oversight over the Bank's financial reporting integrity, internal controls, risks, internal audit, and external audit practices.

AUDIT CHARTER AND AUDIT MANUAL

The Internal Audit function is governed by the Audit Charter which defines the mission, authority, responsibility, independence, reporting, commitment, and access in order to assist Audit to discharge its function independently. The Audit Charter and the Audit Manual were revised and approved in May and October 2025 respectively, by the Board.

COMMITTEE MEETINGS

The Committee held seven (7) meetings during the year under review. The quorum of meeting consists of at least half of the Committee Members in line with Corporate Governance requirements.

The proceedings of the Committee Meetings have been regularly reported to the Board of Directors.

The Chief Executive Officer, Vice President - Finance, Vice President - Internal Audit, and representatives of the external auditors attend meetings by invitation, ensuring transparency and independence. The Bank's External Auditors (Messrs. Ernst & Young) attended six (6) meetings on invitation. The Committee also invited the Deputy Chief Executive Officer (DCEO) and members of the Senior Management of the Bank to participate in the meetings from time to time on a need basis.

Although the Chair of the Board of Directors formally concluded Committee membership in May 2025, he continued to contribute to the Board Audit Committee's deliberations by attending four (4) meetings during the year upon invitation, ensuring continuity of governance insight and oversight.

METHODOLOGY USED BY THE COMMITTEE

The Committee functions are structured and regulated in accordance with the following guidelines issued:

- Banking Act Direction No.5 of 2024 on "Banking Act Directions on Corporate Governance for Licensed Commercial Banks" (hereinafter referred to as the Direction)
- Section 9 of "Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange" and;

- “Code of Best Practice on Corporate Governance 2023” issued by The Institute of Chartered Accountants of Sri Lanka (ICASL).

The Committee is empowered by the Board to:

- Review the Interim Financial Statements and the Bank's Annual Financial Statements in order to monitor the integrity of such statements prepared for disclosure, prior to submission to the Board of Directors
- Examine any matter relating to the financial and other connected affairs of the Bank
- Ensure that efficient and sound financial reporting systems are in place and are well managed in order to provide accurate, appropriate, and timely information to the Board of Directors, Regulatory Authorities, the Management, and other Stakeholders
- Ensure the Bank has adopted and adhere to policies which firmly commits the Bank to achieve the highest standards of good corporate governance practices
- Review the quality and the appropriateness of Accounting Policies and their adherence to Statutory and Regulatory Compliance requirements and applicable Accounting Standards
- Review the outcome of the Annual Risk Assessment Process and Internal Audit Plan assessing independence and performance of the Internal Audit function
- Review internal audit reports and liaising with Management in taking precautionary measures to minimise control weaknesses, procedure violations, frauds, and errors
- Review External Audit Management Letter and Statutory inspection reports in relation to matters under Board Audit Committee purview and follow-up on their findings and recommendations

- Investigate any matter deemed necessary with unrestricted access to records, data, reports, and management/ staff, to obtain relevant information considered necessary in the discharge of duties and responsibilities.

SUMMARY OF ACTIVITIES IN 2025

Key focused areas

- **Financial reporting integrity (Bank and Group)** – Reviewed Interim and Annual Financial Statements for compliance with SLFRS/LKAS, including ECL models and post model adjustments (macro overlays, staging/SICR), going concern, tax/ regulatory disclosures, and consistency of narrative reporting. Obtained assurance from CEO and Vice President - Finance on the true and fair view of the financial statements and reviewed the relevant minutes of the Related Party Transaction Review Committee to ensure the absence of transactions or conflicts of interest that could impair management integrity.
- **Internal audit and information systems audit plan** – Approved the risk based Integrated Audit Plan covering operations, credit processes, treasury, branches, finance, and technology risk.
- **External audit effectiveness and independence** – Reviewed the audit plan, key areas of focus, and the Management Letter; discussed matters in private sessions with the external auditor; monitored non-audit services against the Board policy and CBSL independence requirements
- **Whistleblowing and conduct** – Reviewed the Whistleblowing Policy and the process effectiveness; tracked investigations and outcomes, preserving confidentiality.

In 2025, the Committee continued to support the Bank's governance framework by focusing on areas aligned with its risk profile and operating environment. Attention was given to maintain the quality and transparency of financial reporting, strengthening internal audit coverage

across key functions, and upholding the independence and effectiveness of the external audit process. The Committee also reviewed the whistleblowing mechanisms and conduct related matters to help foster a culture of integrity and accountability.

Reporting and oversight of financial position and performance

The Committee assists the Board to discharge their responsibility in the preparation of Financial Statements that evidence a true and fair view on the financial position and performance in accordance with the Bank's accounting records and as per the stipulated requirements of the Sri Lanka Accounting Standards and other regulatory requirements. In fulfilling its oversight responsibilities, the Committee reviews;

- The adequacy and effectiveness of the Internal Controls, Systems and Procedures over Financial Reporting.
- The adequacy, effectiveness, and progress of the Bank's GL reconciliation process and action initiated by Management to resolve any issues through quarterly updates provided by the Vice President - Finance.
- The effectiveness of the Financial Reporting Systems in place to ensure reliability of the information provided to the Stakeholders.
- The Bank's Financial Statements, Accounting Policies and practices and reasonableness of the underlying assumptions for estimates and judgments made in preparing the Financial Statements
- The Bank's ability to continue as a going concern.
- The Tax Assessments outstanding and action initiated for resolution through regular reports submitted by Vice President – Finance.

Board Audit Committee Report

- The processes by which compliance with Sri Lanka Accounting Standards (SLFRS/ LKAS) and other regulatory provisions relating to financial reporting and disclosures are ensured.
- The adequacy of the Expected Credit Loss (ECL) provisions recognised in the Financial Statements, taking into account the refinements made to internal models during the year, management overlays based on stress testing of higher-risk sectors, and updates to key economic factors, including exchange rates, interest rates, inflation, and GDP growth to reflect current macroeconomic conditions.
- The Annual Report and Accounts, and the Interim Financial Statements prepared for publication together with the press releases prior to submission to the Board.
- The assurance statement received from the CEO and the Vice President - Finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's Operations and Finances in line with the requirement of listing rules.
- The relevant minutes of the Related Party Transaction Review Committee to ensure the absence of transactions or conflicts of interest that could impair management integrity.

Information for this review process is obtained by reports from Vice President - Finance and audit findings from both internal and external auditors.

MECHANISM OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the year, the Committee reviewed the design and operative effectiveness of the Bank's Internal Control System and the CEO's quarterly confirmation on the Internal Control Environment, derived through the Operational Risk process which supports strengthening the Second line of defense of the Bank. Additionally, the Committee assessed the effectiveness of the Bank's Internal Controls over Financial Reporting

as of 31 December 2025, as required by the Banking Act Direction No.5 of 2024, Corporate Governance for Licensed Commercial Banks in Sri Lanka, Subsection 9(2) (b), based on the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued by The Institute of Chartered Accountants of Sri Lanka. The result of the assessment is given on pages 266 to 267, in the "Directors' Statement on Internal Control" in the Annual Report. The External Auditors have also issued an Assurance Report on the Directors' Statement on Internal Controls. The report is given on page 270 of the Annual Report.

The Committee continued to review the adequacy and effectiveness of the Internal Control Procedures, ensuring that appropriate control and risk mitigating measures are in place for newly identified risks. The Committee also reviewed the Key Risk Indicator (KRI) report submitted by the IRMC for its information and oversight.

INTERNAL AUDIT FUNCTION

Internal Audit operates as the Third line of defense. The Committee ensures that the Internal Audit function is independent of the activities it audits and that the audits are performed with impartiality, proficiency, and due professional care.

The Vice President - Internal Audit reports directly to the Board Audit Committee.

The Bank has adopted a risk-based audit methodology and audit approach. The Audit Universe consists of all auditable areas/ processes of the Bank, which are audited annually based on a risk-based audit plan approved by the BAC.

A risk grading matrix has been adopted for assessing and measuring the risks identified during audit assignments carried out by the Internal Audit department.

The Board Audit Committee reviewed the audit findings together with the corresponding Management Action Plans for all audits completed during the year, including those undertaken to meet regulatory requirements, as well as the

assessment of the Bank's Internal Control Systems. The Committee also examined the audit coverage, the adequacy of action plans formulated to address identified issues, and the progress of their implementation. In addition, the Committee reviewed the Data Analytics techniques employed by the Internal Audit function and evaluated the insights derived from these analyses.

Major findings of internal investigations with recommendations of the Management were discussed by the Committee in detail.

The Committee also met with the Vice President - Internal Audit in the absence of the Management to ensure independence of the Internal Audit's operations.

The Board Audit Committee reviewed the independence, objectivity and performance of the Internal Audit function and the adequacy of its resources. The Board Audit Committee also evaluated the performance of Vice President - Internal Audit and reviewed the performance of the senior staff members of the Internal Audit function.

EXTERNAL AUDIT

The Board Audit Committee undertook the annual evaluation of the independence, objectivity, and performance of the External Auditor and the effectiveness of the audit process. Also Committee assists the Board by making recommendations on appointment; re-appointment and removal of External Auditors were deemed necessary.

During the audit, the External Auditor presented to the Committee their audit approach and procedures, including matters relating to the scope of the audit. The Committee also reviewed the Auditor's declaration on independence.

The Committee reviewed the audited Financial Statements with the External Auditor responsible for expressing an opinion on its conformity with the Sri Lanka Accounting Standards and discussed in detail the action taken by the Management with regard to the Key Audit Matters raised by the Auditors.

The Committee also reviewed the Management Letter issued by the External Auditor and the management responses thereto.

The Board Audit Committee met the External Auditors twice (2) during the year, without the presence of CEO and the Corporate Management, to ensure that the Auditors had the independence to discuss any concerns and express their opinions on any matter and also for the Committee to have the assurance that the Management provided all information and explanations requested by the Auditors.

The Committee also reviewed the audit fees payable to the External Auditor relating to the statutory audit and other services.

The Board Audit Committee was of the view that the Non-Audit Services provided by the External Auditor were not within the category of services identified as prohibited under;

1. The guidelines issued by the Central Bank of Sri Lanka for External Auditors, relating to their statutory duties in terms of Section 39 of Banking Act No.30 of 1988 and amendments thereto
2. The guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka

In carrying out the overseeing responsibilities, the Committee adopted the overview principles of the Basel Committee on Banking Supervision on External Audits of the Banks, issued in March 2014.

Appointment of external auditor

The Board Audit Committee performed an evaluation of the External Auditor based on certain defined criteria and independent evaluation done by Vice President - Finance.

In line with the requirements of the Banking (Amendment) Act No. 24 of 2024 (Section 39 (7B)) and the Corporate Governance

Direction No. 5 of 2024, the Bank initiated a Request for Proposal (RFP) due process to appoint an External Auditor for the financial year ending 31 December 2026. The selected firm will be recommended by the Committee for Board Approval and subsequently for the approval of the shareholders at the next Annual General Meeting.

OVERSIGHT ON REGULATORY COMPLIANCE

The Internal Audit department performed verifications covering mandatory banking and other statutory requirements during their process audits ensuring that systems and procedures are in place to ensure compliance with such requirements.

GOOD GOVERNANCE AND WHISTLE BLOWING

The Bank's Whistle Blowing Policy was reviewed and amended in November 2025 in order to further strengthen the Policy and to be in line with the new Corporate Governance Direction No. 5 of 2024. The Policy is intended to serve as a channel of Corporate Fraud Risk Management. The policy will educate and encourage any team member who has a legitimate concern on an existing or potential "wrong doing", done by any person within the Bank, to come forward voluntarily, and bring such concern to the notice of an independent designated authority. All appropriate procedures were in place to conduct independent investigations into incidents reported through whistle blowing. The Whistle Blowing Policy guarantees the maintenance of strict confidentiality of the identity of the whistle blowers.

The Bank also has an established external informational mechanism, known as the "NDB Ombudsman" further strengthening the whistle blowing mechanism where the Bank introduced a feature of reporting through the staff intranet for added convenience and security.

EVALUATION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee carried out a formal self-evaluation/appraisal on the effectiveness of the Committee for the year 2025 based on certain defined criteria. The Board Audit Committee Members concurred that the Committee had carried out its responsibilities in an effective and satisfactory manner.

APPRECIATION

As Mr. Sriyan Cooray stepped down from the Board Audit Committee with effect from 23 May 2025, the Committee extends sincere appreciation for his dedicated service and valuable contributions throughout his tenor as a Committee member. His commitment, insight, and collaborative spirit have been instrumental in strengthening the committee's work and advancing strategic objectives. The Committee is grateful for his continued support and exemplary professionalism.



Mr. Sujeewa Mudalige
Chairperson
Board Audit Committee

25 February 2026
Colombo

Related Party Transaction Review Committee Report



Mr. Kushan D'Alwis, PC
Chairperson
Non-Executive Independent Director

COMPOSITION OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board appointed Related Party Transactions Review Committee comprised three Non-Executive Independent Directors including the Chairperson who is not the Chair, Board of Directors.

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Mr. Kushan D'Alwis, PC (Chairperson) Non-Executive Independent Director	22 July 2020	4/4
Mr. Sriyan Cooray Non-Executive Independent Director	01 July 2022	4/4
Mr. Hasitha Premaratne Non-Executive Independent Director	20 June 2023	4/4
Secretary to the Committee Ms. Shehani Ranasinghe - Vice President - Company Secretary		

CHARTER OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Demonstrating the Bank's commitment to good governance, the Board of Directors of the Bank constituted a Related Party Transactions Review Committee voluntarily in December 2014 further to the Rules pertaining to Related Party Transactions as set out in the Listing Rules of the Colombo Stock Exchange (CSE) at that time, which required mandatory compliance from January 2016.

The Terms of Reference (TOR) of the Related Party Transactions Review Committee was approved by the Board of Directors and is reviewed annually. The Corporate Governance Directions No. 05 of 2024 (the "Corporate Governance Directions") issued by the Central Bank of Sri Lanka on 30 September 2024,

introduced significant changes to the Committee's scope of review with effect from 1 January 2025. In light of these changes, the Committee proactively revised the Board approved TOR to adopt the higher scope of review to ensure full readiness by 1st January 2025. Hence, the composition and the scope of work of the Committee are in conformity with the said Direction and Section 9.14 of the Listing Rules.

The primary objective of the Committee is to review all transactions with related parties of the Bank in line with the Listing Rules and the Corporate Governance Directions, in order to ensure that more favourable treatment is not accorded to the related parties and that conflicts of interest are avoided. The Committee ensures that interests of shareholders

as a whole are taken into account when entering into transactions with related parties and notes that the objective and the economic and commercial substance of such transactions should take precedence over the legal form and technicality.

The Committee carries out the duties and responsibilities as mandated in its TOR including the following:

1. Review, evaluate and determine the advisability of any Related Party Transactions that require consideration by the Committee under the Corporate Governance Directions, the Listing Rules and the Related Party Policy and Procedure Manual of the Bank with a view to avoiding conflicts of interest;
2. Ensure that the Bank does not engage in Related Party Transactions in a manner that would grant Related Parties "more favourable treatment" than that accorded to other constituents of the bank carrying on the same business
3. With a view to avoiding conflicts of interest, review transactions with parties who, while are not strictly defined as related under applicable laws but may have significant influence or connections that could pose a conflict of interest
4. Establish and maintain a clear policy, procedure and process in place for the identification, clarification, review, monitoring and reporting the Related Party Transactions on an end-to-end and on an ongoing basis across the Bank's operations.

5. Report quarterly to the Board, the details of related parties, related party transactions and economic consequences of the related party transactions
6. Ensure that no director shall participate in any discussion of a proposed Related Party Transaction in relation to the director or a connected party.
7. In the event a Related Party Transaction will be on-going, establish guidelines for the senior management to follow in its on-going dealings with the Related Party.
8. Review and assess on an annual basis, on-going relationships with Related Parties to determine whether they are in compliance with the Committee's guidelines and that Related Party Transaction/s remains appropriate.

COMMITTEE MEETINGS

The Committee held four (04) meetings during the year under review. The attendance of committee members at meetings is stated in the table on page 252 in this Report. The quorum for a meeting is at least half of the members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors. The Board of Directors take due consideration of the comments/observations made by the Committee and the approvals granted by the Committee for Related Party Transactions.

The Chief Executive Officer has been present at meetings only if invited by the Committee.

KEY ACTIVITIES IN 2025

- During the year the Committee reviewed/approved financial and non-financial transactions with various related parties (as required by applicable regulations) to ensure that same are carried out on an 'arm's-length' basis. This included in depth

deliberations to ensure that where transactions with related parties were approved, same did not take place on more favourable terms.

- The Committee was updated quarterly by the relevant Management on day to day transactions the Bank had with related parties and provided with confirmations that the front lines have adhered to regulations pertaining to such transactions with related parties of the Bank. The management updates the Committee of any concerns/issues identified, the measures taken etc in order to ensure that transactions with related parties are conducted at an arm's length basis at all times. The Committee notifies the Board Audit Committee quarterly on matters deliberated, to report on/ensure that management integrity has not been compromised.
- The Committee comprehensively reviewed the Related Party Transactions Policy of the Bank and also reviewed and approved the newly introduced Related Party Transactions Procedure Manual by which the internal identification, review, approval and monitoring processes of related party transactions were further streamlined for implementation in the Bank.
- Upon reviewing its experience, any shortfalls/gaps in procedures, the Committee made recommendations to improve/strengthen processes at ground level by advising on the need for additional information to be made available to the Committee in order to comprehensively review transactions and also continued to advise on ways and means to improve the current procedures through automation and system developments.
- In the spirit of reviewing ongoing relationships with the related parties of the Bank, the Committee re-evaluated the continuation, rationale etc of such relationships/transactions had and

contemplated its group companies in the spirit of maintaining that favourable treatment is not extended nor received, that conflicts of interest are avoided and the best interests of the Bank and all its stakeholders are assured.

- The Committee has also regularly deliberated upon any regulatory/supervisory concerns raised by its regulators pertaining to the areas of oversight and coming within the purview of the Committee, advising on and ensuring that the required corrective actions are taken well within the agreed timelines.
- A self-assessment on the performance of the Committee was carried out and any weaknesses, improvements etc. identified by the members were deliberated in detail and required changes/corrections were implemented in 2025.

DISCLOSURES IN LINE WITH THE LISTING RULES

The Committee has reviewed new and on-going Related Party Transactions of the Bank during the period of 1 January 2025 to 31 December 2025 and has thus complied with the rules pertaining to Related Party Transactions as set out in the Listing Rules of the CSE.

The Bank has not entered into any transactions as contemplated in Section 9.14.8 (1) & (2) of the Listing Rules of the CSE and accordingly there are no disclosures to be made in this regard in accordance with Section 9.14.8 of the Listing Rules of the CSE.

The Committee is guided by the Corporate Governance Direction and the Listing Rules of the CSE pertaining to Related Party Transactions and by/as reflected in the Terms of Reference of the Committee. It also takes into consideration the Board approved Related Party Transactions Policy when reviewing the transactions, the Related Party's relationship to the Bank and interest in the transaction, the

Related Party Transaction Review Committee Report

material facts of the proposed transaction including the aggregate value of the same, the benefits to the Bank of the proposed transaction, the availability of other sources of comparable products or services and further carries out an assessment of whether the proposed Related Party Transaction is on terms generally available to an unaffiliated third party under same or similar circumstances or to employees in general/under a Scheme applicable to employees. In carrying out the duties of the Committee, the Committee avoids 'conflicts of interest' which may arise from any transaction of the Bank with any person, particularly with related parties and ensures arm's length dealings with related parties. The Committee also ensures that the Bank does not engage in transactions with related parties in a manner that would grant such parties 'more favourable treatment' than that accorded to other comparable counterparties and that the security and other requirements as stated in the relevant Banking Act Directions have been adhered to.

WAY FORWARD

The Committee continuously guides the Bank in setting up more robust mechanisms for monitoring and identifying Related Party Transactions and in fostering awareness among the business lines/staff of the Bank on the proper procedures to be followed with regard to Related Party Transactions.

APPRECIATION

The Committee places on record its appreciation to all its members for their contributions and commitment during 2025.



Mr. Kushan D'Alwis, PC

Chairperson

Related Party Transactions Review Committee

25 February 2026

Colombo

Strategic Issues Committee Report



Mr. Sriyan Cooray
Chair, Board of Directors
Non-Executive Independent Director

COMPOSITION OF THE STRATEGIC ISSUES COMMITTEE

The Board appointed Strategic Issues Committee comprised four Non-Executive Directors including the Chairperson who is an Independent Director, and the Chief Executive Officer.

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Mr. Sriyan Cooray (Chairperson) Non-Executive Independent Director	01 May 2019	5/5
Mr. Bernard Sinniah Non-Executive Director	19 February 2020	4/5
Mr. Kelum Edirisinghe Executive Director	01 February 2024	5/5
Mr. Sujeewa Mudalige Non-Executive Independent Director	19 February 2020	5/5
Mr. Sanjaya Mohottala Non-Executive Director	23 May 2025	3/3
Ms. Fay Chetnakarnkul Non-Executive Director	22 June 2021 (Ceased to be a Member of the Committee w.e.f. 16 May 2025)	2/2
Secretary to the Committee Ms. Shehani Ranasinghe - Vice President - Company Secretary		

CHARTER OF THE STRATEGIC ISSUES COMMITTEE

With the formation of the Strategic Issues Committee as a Board subcommittee, its Charter has been approved by the Board and is reviewed annually. Accordingly, the Committee reviewed the Charter in 2025.

The Committee carries out the following duties and responsibilities:

1. Providing the strategic direction and strategic thinking of the Board to the

Management in the development and implementation of the Bank's strategic plan

2. Developing the Bank's strategy and its implementation together with the Management with measurable goals and Key Performance Indicators (KPI)
3. Reviewing and assessing the formulation and implementation of strategic plans developed by the Management and approved by the Board

4. Guiding and assisting the Management in implementing strategic decisions taken by the Board
5. Making recommendations regarding strategic capital allocation and reviewing proposals for raising of funds as submitted by the Management and making recommendations/ suggestions in that respect to the Board
6. Reviewing and evaluating strategic issues and plans of subsidiary companies of the NDB Group to ensure that the same are in line with the strategic initiatives and strategic direction of the Bank with a view to optimising the NDB Group's operational effectiveness
7. Determine and oversee the Bank's strategic objectives and corporate values in terms of the Bank's long-term goals and ensure that these are properly communicated throughout the Bank
8. Encourage the inclusion of appropriate environmental, social and governance considerations in the Bank's business strategies and ensure that policies are in place to assist businesses that are greener, climate-friendly and socially inclusive.

The Committee is responsible for determining the following decisions:
Approving of all strategic investments and divestments and recommending the same to the Board (e.g. assess new business proposals including acquisitions/ joint ventures and make appropriate recommendations)

Strategic Issues Committee Report

Approving the periodical Strategic Plan (of at least 3 years) and recommending the same to the Board.

Approving any significant amendments to the existing Strategic Plan and recommending the same to the Board.

Reviewing and recommending the annual business plan/budget and capital structure of the Bank before onward submission to the Board for approval.

Reviewing of NDB Bank's strategic investments including its investments in subsidiaries in relation to performance and returns on such investments, ideally on an annual basis with a view to recommending to the Board any necessary action related to such investments.

COMMITTEE MEETINGS

The Committee held five (05) meetings during the year under review. The attendance of committee members at meetings is stated in this report. The quorum for a meeting is at least half of the members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

Other Directors and Members of the Management Team attend meetings upon invitation by the Committee.

KEY ACTIVITIES IN 2025

The Committee directly or through the full Board, has been engaged in the deliberation of the new strategic plan and aspirations, following the engagement of a subject matter expert for an assignment which commenced in 2024, committing its time and providing extensive oversight and guidance to the Management in the finalisation of the Bank's medium to long term strategy in the evolving backdrop of opportunities and challenges. The strategic/business focus areas, the required organisational structure/changes, the resources and skill sets, the required IT/Tech investments and strategy, the

required internal policy and process changes to harness efficiencies are some areas that were extensively deliberated.

The Committee is also committed to providing the required oversight and guidance to manage and monitor its strategic investments through its subsidiaries and has engaged in in-depth deliberation regarding Business plans and budgets of the NDB Capital Holdings Group in the context of the opportunities available to the Group and the challenges posed by the market conditions. The Committee/the Board has actively engaged in the deliberation and recommendation of ways and means of improving and capitalising on overall group synergies with a view to harnessing the best interests and returns to all stakeholders of the Bank (including its shareholders, customers, employees and the wider society).

The Budget for 2026 was presented to the Committee where an active deliberation took place prior to same being presented and approved by the Board. Business lines such as Retail Banking, Business Banking, Wholesale Banking, Project Finance and Treasury presented their individual budgets which the Committee actively scrutinised. The Capital Expenditure Budget too was extensively deliberated and recommended to the Board.

The Committee also advised and recommended certain investment opportunities in 2025.

The Committee has also regularly deliberated upon any regulatory/supervisory concerns raised by its regulators pertaining to the areas of oversight and coming within the purview of the Committee, advising on and ensuring that the required corrective actions are taken well within the agreed timelines.

A self-assessment on the performance of the Committee was carried out and any weaknesses, improvements etc identified by the members were deliberated in detail and required changes/corrections were

implemented in 2025. The Committee also reviewed its Charter in 2025 to ensure relevance.

WAY FORWARD

Noting the need to navigate through volatile social, economic and political conditions locally and globally, the Committee will continue its focus on proactively engaging, challenging and advising the management on robust strategy review and recommendation to ensure the Bank's vision and aspirations are achieved. It will also continue to advise and challenge Group budgets, delivery and plans so as to capitalise on group synergies and thereby enhance stakeholder satisfaction and returns.

APPRECIATION

The Committee places on record its appreciation of its members for the contribution and commitment throughout 2025 including its outgoing member, Ms. Fay Chetnakarnkul.



Mr. Sriyan Cooray
Chairperson
Strategic Issues Committee

25 February 2026
Colombo

Board Credit Committee Report



Mr. Bernard Sinniah
Chairperson
Non-Independent Director

COMPOSITION OF THE CREDIT COMMITTEE

The Board appointed Credit Committee comprised three Non-Executive Directors and the Chief Executive Officer (CEO).

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Mr. Bernard Sinniah (Chairperson) Non-Independent Director	01 May 2019	11/12
Mr. Kushan D'Alwis, PC Non-Executive Independent Director	22 July 2020	12/12
Ms. Kasturi Chellaraja Non-Executive Independent Director	20 June 2023	10/11
Mr. Kelum Edirisinghe Non-Independent Director	1 February 2024	12/12
Secretary to the Committee Ms. Shareen Jayasuriya - Assistant Vice President - Credit		

CHARTER OF THE CREDIT COMMITTEE

The Charter of the Board Credit Committee (BCC) is reviewed annually. The BCC assists the Board in ensuring compliance with the Board approved Credit Policy which defines the credit culture of the Bank and fosters compliance with the relevant rules, directions and regulations issued by regulatory authorities. The principal purpose of the Committee is to:

- Evaluate, assess and approve credit facilities which fall within the delegated authority level of the Committee as prescribed from the Board from time to time
- Review and recommend credit facilities which fall within the purview of the Board

- Review changes proposed by the Management from time to time to the Credit Policy and recommend to Integrated Risk Management Committee
- Approve all Counterparty bank limits falling within the policy guidelines approved by the Board of Directors
- Review and discuss significantly large lending exposures with increased vulnerabilities

ACTIVITIES IN 2025

The Committee held twelve (12) meetings during the year under review. The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

The Committee diligently oversaw the Bank's lending practices, ensuring their alignment with macro-economic realities and the Bank's strategic goals and approved credit proposals above the predetermined limit, recommended credit proposals and other credit related reports intended for approval/perusal by the Board of Directors after careful scrutiny.

These tasks were carried out by the Committee in line with Bank's lending policies, strategy and credit risk appetite to ensure that the lending portfolios were managed in line with the stipulated credit risk parameters set by the Board of Directors.

Mr. Bernard Sinniah
Chairperson
Board Credit Committee

25 February 2026
Colombo

Bank Digital Subcommittee Report



Ms. Shweta Pandey
Chairperson
Non-Independent Director

COMPOSITION OF THE BANK DIGITAL SUBCOMMITTEE

The Board appointed Bank Digital Subcommittee (BDSC), comprises of four Non-Executive Directors inclusive of the Chairperson who is a Non-Independent Director and the Chief Executive Officer (CEO).

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Board Members		
Ms. Shweta Pandey (Chairperson) Non-Independent Director	19 June 2023	7/7
Mr. Bernard Sinniah Non-Independent Director	30 April 2021	3/7
Mr. Sanjaya Mohottala Non-Independent Director	23 May 2025	2/4
Mr. Kelum Edirisinghe (Chief Executive Officer) Non-Independent Director	22 February 2024	5/7
Non-Board Members		
Deputy Chief Executive Officer (Mr. K. V. Vinoj)	30 April 2021	5/7
Senior Vice President – Personal Banking and Customer Experience (Mr. Sanjaya Perera)	30 April 2021	6/7
Vice President - Information Technology/ Chief Information Officer (Mr. Indika Gunawardena)	30 April 2021	7/7
Assistant Vice President - Product Lifecycle Management (Mr. Damitha Silva)	30 April 2021	7/7
Assistant Vice President – IT (Application Support and Data Analytics) (Mr. Renuke Perera)	27 May 2024	7/7
Assistant Vice President – Transformation and Programme Management Support (Ms. Dilhani Piyasena)	27 May 2024	7/7
Secretary to the Committee		
Ms. Dulani Weerasinghe - Senior Deputy Manager – Product Lifecycle Management		

CHARTER OF THE BANK DIGITAL SUBCOMMITTEE

NDB Bank has firmly embraced technology as a core enabler in driving its next phase of growth. Through the development of advanced digital capabilities powered by modern technology and data, NDB aims to foster a culture where technology is prioritised across sales, service, and support—ensuring seamless fulfilment of customer banking needs while enabling resilience in its technical architecture.

The BDSC plays a critical role in enabling this transformation. Its primary objective is to support the Bank's strategic direction, goals, programs, and long-term initiatives, ensuring strong alignment with the overall business plan. In doing so, the BDSC acts as a catalyst for driving customer centricity, elevating customer experience, and enhancing operational efficiency across all business verticals.

Furthermore, the Committee is mandated to champion and promote FinTech-driven ideas, innovations, and suggestions that can bring additional value to the Bank. This is executed while maintaining strict adherence to regulatory requirements and ensuring robust corporate governance standards throughout all digital initiatives.

OVERALL RESPONSIBILITIES OF THE BDSC

The BDSC holds the overarching responsibility of guiding and governing the Bank's digital, technology, and data-driven transformation agenda. Its key responsibilities include:

1. Oversight of Digital, Technology, and Data Strategy
2. Provide direction and oversight on the planning, execution, and continuous refinement of the Bank's product, technology, and data strategy.
3. Ensure strong alignment between digital initiatives and the Bank's broader corporate strategy, priorities, and transformation roadmap.

4. Evaluate the effectiveness of major digital transformation programs, ensuring they deliver strategic value and customer impact.

COMMITTEE MEETINGS

The Subcommittee has a schedule to meet a minimum of 6 times in a year. The quorum for a meeting is four (04) members of which two (02) shall be Non-Executive Directors.

The Subcommittee met 7 times during the year 2025. The attendance of committee members at meetings is stated in this report.

The proceedings of the Subcommittee meetings have been regularly reported to the Board of Directors.

Representatives of other business and operational lines were invited to the meetings on a needs basis.

KEY ACTIVITIES IN 2025

During 2025, the Subcommittee concentrated on several strategically important areas to support the Bank's digital transformation agenda and ensure continuous improvement in technology, product, and data-driven capabilities. The key areas of focus included:

1. Execution of Key Strategic Projects
The Subcommittee provided guidance and oversight on the delivery of identified high-priority projects, ensuring they progressed in alignment with the Bank's digital and business strategy. Regular follow-ups were conducted to track progress, address execution challenges, and escalate critical issues where required.
2. System and Application Performance Oversight
The Subcommittee monitored system and application performance metrics throughout the year. This included tracking uptime, stability, transaction performance, and availability of critical systems. Special attention was given to identifying performance gaps and driving initiatives to enhance reliability and resilience.
3. Process Re-engineering and Operational Efficiency
Driving process re-engineering initiatives was a major focus, with the Subcommittee supporting efforts to streamline operations, remove inefficiencies, and enable greater automation. These initiatives were aligned

with the Bank's ambition to simplify processes and improve turnaround times for customers.

5. Strengthening Data-Driven Analytics
The Subcommittee supported the development of analytical capabilities across the Bank, encouraging a data-driven decision-making culture. This included reviewing analytics initiatives, dashboards, insights maturity, and data-governance-related activities to ensure accuracy and accessibility of information.
6. Oversight of AI Developments
In 2025, the Subcommittee began formally tracking the Bank's progress in adopting Artificial Intelligence. This included monitoring use cases, reviewing opportunities for automation and intelligent decisioning, and ensuring that AI-related initiatives complied with regulatory and ethical guidelines.
7. Monitoring of Critical System Issues
The Subcommittee closely reviewed critical incidents that had significant customer or financial impact. Regular updates were taken on root-cause analysis, remediation plans, and long-term fixes to minimise recurrence. This governance ensured accountability and strengthened the Bank's technology risk posture.
8. Alignment with BCG Technology Recommendations
In the last quarter of 2025, the Subcommittee became deeply involved in reviewing and operationalising the technology transformation projects recommended by BCG. Multiple working sessions and discussions were held to map the Bank's digital strategy to BCG's recommendations, identify gaps, and determine the pathway for implementation. This work laid the foundation for the 2026 digital transformation roadmap.

WAY FORWARD

In 2026, the Subcommittee will intensify its role in steering the Bank's digital transformation agenda, with emphasis on execution discipline, customer-centricity, and measurable business impact. The Subcommittee will continue to track, guide, and direct the implementation of the technology and digital initiatives recommended by BCG. This includes ensuring alignment with the Bank's long-term digital

strategy, monitoring progress against agreed milestones, and addressing risks or roadblocks that may impede execution.

A key priority for 2026 will be the ongoing supervision of the Neos 2.0 channel roadmap. The Subcommittee will monitor development progress, feature deployments, platform enhancements, and customer adoption trends, ensuring the channel delivers a superior digital banking experience that aligns with evolving market expectations.

The Subcommittee will champion initiatives aimed at capturing, analysing, and acting on customer sentiment. This includes tracking voice-of-customer insights, market trends, and competitive landscapes to support the Bank in enhancing customer value propositions and anticipating emerging needs. These insights will also inform product development and service-delivery improvements.

The Subcommittee will maintain its core responsibility of recommending, monitoring, and overseeing the Bank's key digitisation and transformation programs. This includes ensuring execution excellence, fostering cross-functional collaboration, and supporting the Bank's transition towards a more agile, technology-driven operating model.

Mr. Shanil Fernando, who was appointed to the NDB Board as a Director, was subsequently inducted into the Subcommittee in January 2026. The Subcommittee expects to benefit significantly from his extensive expertise, particularly in advancing its strategic priorities relating to security, resilience, and innovation. His contributions are anticipated to further strengthen the Subcommittee's oversight and support its ongoing initiatives in these critical focus areas.



Ms. Shweta Pandey
Chairperson
Bank Digital Subcommittee

25 February 2026
Colombo

Discretionary and Capital Expenditure Committee Report



Ms. Kasturi Chellaraja
Chairperson
Non-Executive Independent Director

COMPOSITION OF THE DISCRETIONARY AND CAPITAL EXPENDITURE COMMITTEE

The Board appointed Discretionary and Capital Expenditure Committee comprised of an Independent Director and two members from the Senior Management of the Bank.

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Board Members		
Ms. Kasturi Chellaraja (Chairperson) Non-Executive Independent Director	27 March 2023	10/10
Non-Board Members		
Deputy Chief Executive Officer (Mr. K. V. Vinoj)	01 January 2025	10/10
Vice President - Compliance (Ms. Vidisha Jayawardena)	01 January 2025	10/10
Secretary to the Committee Ms. Aloka Ekanayake - Chief Manager – Transformation Unit		

CHARTER OF THE DISCRETIONARY AND CAPITAL EXPENDITURE COMMITTEE

The Committee was formed in March 2023 in compliance with Direction No. 1 of 2023 issued by the Monetary Board of the Central Bank of Sri Lanka under the Banking Act No. 30 of 1988. As per the direction, the Committee was a mandatory requirement during 2023 and 2024. The Board of Directors decided to continue with the operations of the Committee beyond 2024, taking into consideration the value added in achieving performance standards by inculcating a framework for accountability on agreed deliverables.

The Chairperson and members of the Committee were approved by the Board of Directors.

As per the Charter, the Committee carries out the following duties and responsibilities:

- Evaluating and approving the discretionary expenses to be incurred by the Bank above a certain threshold.
- Evaluating and approving discretionary capital expenditure to be incurred by the Bank above a certain threshold.

COMMITTEE MEETINGS

The Committee held 10 meetings during the year under review. The attendance of Committee members at meetings is stated in the table on this page. All key members of staff participated at meetings, as required and relevant. The quorum for a meeting is 2 members of which at least one shall be the Director/Chair.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

METHODOLOGY USED BY THE COMMITTEE

The Committee meets as and when necessary in order to evaluate and review discretionary expenses and capital expenditure above a certain threshold, and takes measures to strengthen the post-monitoring process on agreed deliverables in accordance with the Charter of the Committee.

In approving expenditure/investment, the Committee evaluates strategic alignment, Return on Investment, and the impact to the Bank's business continuity. In the evaluation process, the Committee reviews the outcomes and key milestones committed by management in justifying ROI. A review of such outcomes/targets is also done upon completion of discretionary expense projects.

KEY ACTIVITIES IN 2025

During the year, the Committee considered the necessity and urgency of several discretionary and capital expenditure projects and approved expenditure which fell in line with the Bank's strategic objectives. In the evaluation process, the Committee considered the outcomes/targets and key milestones committed by management in justifying ROI. Where progressive milestones were committed by the Management, the Committee has continued evaluations to ensure that outcomes are monitored.

When relevant, the Committee advised the Management to further negotiate terms and conditions with third party service providers in order to get the best possible outcome for the Bank and gave suggestions to strengthen the post-monitoring process in order to ensure delivery on target.

EVALUATION OF THE DISCRETIONARY AND CAPITAL EXPENDITURE COMMITTEE

The Committee carried out a formal self-evaluation/appraisal on its effectiveness in the year 2025 and took corrective, improvements steps etc as needed.

WAY FORWARD

The Committee will continue to add value by focusing on strategic alignment, ROI, and cost efficiencies etc with respect to all discretionary expenses and discretionary capital expenditure.

APPRECIATION

The Committee places on record its appreciation of its members for their contributions and commitment throughout 2025.



Kasturi Chellaraja

Chairperson

Discretionary and Capital Expenditure
Committee

25 February 2026
Colombo

ESG Board Subcommittee Report



Ms. Kasturi Chellaraja
 Chairperson
 Non-Executive Independent Director

COMPOSITION OF THE ESG BOARD SUBCOMMITTEE

The Board appointed ESG Board Subcommittee comprises one Non-Executive Director, and representing the Management comprises the Vice President - Finance, Vice President - Risk/ Chief Risk Officer, Vice President – Strategy and Business Intelligence and the Chairperson of the Bank's Corporate Sustainability Committee, currently held by the Vice President – Human Resources.

As at 31 December 2025 the Committee comprised the following:

Board Members	Date of Appointment to the Committee	Committee Meetings - Attended/Eligible to Attend
Board Members		
Ms. Kasturi Chellaraja (Chairperson) Non-Executive Independent Director	14 August 2025	2/2
Non-Board Members		
Vice President - Finance (Mr. Azzam A Ahamat)	21 October 2025	1/1
Vice President - Risk/ Chief Risk Officer (Mr. Alex Perera)	21 October 2025	1/1
Vice President – Strategy and Business Intelligence (Ms. Nadika Ranasinghe)	21 October 2025	1/1
Chairperson of the Bank's Corporate Sustainability Committee (Mr. Lasantha Dasanayaka)	21 October 2025	1/1
Secretary to the Committee Ms. Kumudari Peiris - Senior Manager - Finance		

CHARTER OF THE ESG BOARD SUBCOMMITTEE

With the formation of the ESG Board Subcommittee during the year, its Charter was approved by the Board and will be reviewed annually.

Accordingly, the Committee Charter as contained in the Terms of Reference of the Committee for 2025 is as follows.

ESG strategy and oversight

Overseeing the development and execution of the Bank's ESG strategy, ensuring alignment with regulatory expectations, national priorities, good practice, and the Bank's business objectives. Reviewing governance structures, implementation progress, and ESG-related risks and opportunities impacting operations and reputation.

ESG reporting and assurance

Reviewing the integrity, completeness and quality of ESG-related disclosures, including sustainability and annual report content. Evaluating the need for internal and external assurance and overseeing the appointment and performance of independent assurance providers where applicable.

Horizon scanning and regulatory awareness

Identify current and emerging ESG-related issues, standards, good practices, and regulatory or legislative developments, at the sectoral, national and international level, and also evaluate which issues and developments are likely to impact the Bank's strategic operations and portfolio.

Policies, standards and conduct

Reviewing the adequacy and effectiveness of ESG-related policies, codes of conduct and procedures, ensuring alignment with national and international standards. Overseeing the management of material ESG-related incidents and policy breaches.

Stakeholder and social responsibility oversight

Overseeing the Bank's approach to stakeholder engagement, employee wellbeing, customer and community responsibilities, and supply chain standards, including human rights and modern slavery risk considerations.

Board and Committee collaboration

Working closely with other Board Committees to ensure ESG considerations are embedded across governance,

including executive performance and remuneration, audit and assurance processes, risk management, and Board diversity and succession planning.

Resourcing and funding of ESG initiatives

Recommending appropriate resourcing and funding for ESG programmes and overseeing the effective deployment of approved resources to support delivery of the Bank's sustainability objectives.

Goals, targets and performance monitoring

Recommending ESG goals, targets and key performance indicators to the Board, and monitoring progress against approved commitments. Overseeing the measurement and tracking of ESG performance to support transparency and continuous improvement.

Membership

Members should have the appropriate knowledge, skills and expertise to understand ESG-related strategy, targets and implementation, and shall undertake appropriate development of their skills as necessary.

COMMITTEE MEETINGS

The Committee held two (2) meetings during the year under review. The attendance of committee members at meetings is stated in this report. The quorum for a meeting is at least half of its members, present in person or by electronic communication.

The proceedings of the Committee meetings are reported to the Board of Directors, by way of submitting Committee meeting minutes.

Other Directors/ Members of the Management Team attend meetings upon invitation by the Committee.

METHODOLOGY USED BY THE COMMITTEE

The Committee is required to meet at least four times a year, at appropriate intervals and otherwise as required. Since its formation in August 2025, the Committee has guided the on-going streamlining of ESG function of the Bank.

KEY ACTIVITIES IN 2025

- Guidance on and reviewing of the ESG integration/ streamlining of the Bank
- Completion of a stakeholder review and materiality assessment
- Approval of the climate related risks and opportunities identified for the Bank

ESG-RELATED IMPACT CREATED BY THE BANK

The Bank focuses on ESG-related impact both through its core business operations and through dedicated corporate sustainability initiatives. This impact, which has benefited multiple stakeholder groups, has been progressively strengthened and refined over the years.

ESG-related value creation and outcomes are presented throughout the 2025 Annual Report, which has been prepared in compliance with SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2: Climate-related Disclosures, and in alignment with the voluntary reporting frameworks of the International Integrated Reporting Council's Integrated Reporting Framework, Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB) - Commercial Banks Industry Standard (Version 2023-12). Relevant initiatives and the impact created are detailed on pages 76 - 79.

WAY FORWARD

The ESG Board Subcommittee will continue to act in accordance with its Charter to strengthen the integration of ESG considerations across the Bank's core operations, strategy, governance and risk management framework, in line with the evolving regulatory landscape and best practices.

The Committee will work closely with related Board Committees, including the Board Integrated Risk Management Committee, to enhance the identification and management of sustainability-related risks and opportunities, guide the expansion of sustainable and sustainability-linked financing, and oversee the measurement of financed emissions and the development of a phased decarbonisation pathway.

These efforts will be aligned with the Central Bank of Sri Lanka's Sustainable Finance Roadmap 2.0, reinforcing the Bank's role in supporting a resilient and sustainable economy.

APPRECIATION

The Committee places on record its appreciation of its members for the contribution and commitment throughout 2025.



Ms. Kasturi Chellaraja
Chairperson
ESG Board Subcommittee

25 February 2026
Colombo

Statement of Directors' Responsibilities for Financial Reporting

This statement sets out the responsibility of the Directors in relation to the Financial Statements of National Development Bank PLC (the Bank) and the Consolidated Financial Statements of the Bank and its subsidiaries (the Group). The Directors are required by relevant statutory provisions to prepare and table at the Annual General Meeting of the Bank, such Financial Statements as may be necessary, which give a true and fair view of the state of affairs of the Bank and the Group.

It is also the responsibility of the Directors to ensure that the Bank maintains proper accounting records and to take reasonable steps as far as practical to ensure the accuracy and reliability of accounting records and to prepare Financial Statements using appropriate Accounting Policies applied consistently and supported by reasonable and prudent judgment and estimates in compliance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Banking Act No. 30 of 1988 (as amended), the Companies Act No. 07 of 2007 (as amended) and the Listing Rules of the Colombo Stock Exchange. Changes in the Accounting Policies where applicable and the rationale for the changes have been disclosed in the 'Notes to the Financial Statements'.

Accordingly, the Directors confirm that the Financial Statements of the Bank and the Group give a true and fair view of:

- the financial position of the Bank and the Group as at the reporting date; and
- the financial performance of the Bank and the Group for the financial year ended on the reporting date.

The Financial Statements of the Bank and the Group have been certified by the Vice President - Finance of the Bank, the officer responsible for their preparation, as required by the Companies Act. In addition, the Financial Statements of the Bank and the Group have been signed by two Directors and the Company Secretary of the Bank on 25 February 2026 as required by the Companies Act and other regulatory requirements. The Directors are also responsible for ensuring that proper

accounting records which correctly record and explain the Bank's transactions are maintained and that the Bank's financial position, with reasonable accuracy, at any point of time is determined by the Bank, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements.

The Financial Statements for the year 2025, prepared and presented in this Annual Report have been prepared in compliance with the requirements of the Sri Lanka Accounting Standards (SLFRS/ LKAS), Companies Act No. 07 of 2007 (as amended), Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, Banking Act No. 30 of 1988 and amendments thereto, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (ICASL). The Bank and Group has also complied with the Directions/Guidelines issued by the Central Bank of Sri Lanka in the preparation of the Financial Statements including the Circular No. 05 of 2024 effective from 31 December 2024 and the Direction No. 13 of 2021 and Direction No. 14 of 2021 on Classification, Recognition and measurement of credit facilities and financial assets other than credit facilities which were effective from 01 January 2022.

The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Board Audit Committee and External Auditors.

In addition, these Financial Statements comply with the prescribed formats issued by the Central Bank of Sri Lanka, Circular No. 05 of 2024 for Publication of Annual and Quarterly Financial Statements and Other Disclosures by the Licensed Banks.

The Directors have been responsible for taking reasonable measures and care to safeguard the assets of the Bank and the Group and to prevent and detect frauds

and other irregularities. The Directors have instituted an effective and comprehensive system of internal controls and an effective system of monitoring its effectiveness, internal audit being one of them.

The Directors' Statement on Internal Control over Financial Reporting is given on pages 266 and 267 of this Annual Report. The Board has been provided additional assurance on the reliability of the Financial Statements through a process of independent and objective review performed by the Board Audit Committee. Please refer the Board Audit Committee Report on pages 248 to 251 of this Report.

Messrs Ernst & Young, Chartered Accountants, who were appointed in terms of the Companies Act No. 07 of 2007 (as amended) Banking Act No. 30 of 1988 (as amended) in accordance with a resolution passed at the last Annual General Meeting, have been made available with all records of the Bank including the Financial Statements by the Board of Directors and provided every opportunity to undertake the inspections they considered appropriate, all of which they have examined and have expressed their opinion which appears as reported by them on pages 276 to 278 of this Report.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing the Financial Statements exhibited on pages 271 to 424 including, appropriate Accounting policies have been applied on a consistent basis, and where necessary changes to accounting policies have been made with adequate disclosures while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

The Board of Directors wishes to confirm that, as required by the Section 56 (2) of the Companies Act No. 07 of 2007 (as amended), they have authorised

distribution of the dividends paid during the financial year 2025 being satisfied that the Bank would satisfy the solvency test after such distributions are made in accordance with the Section 57 of the Companies Act No. 07 of 2007 and have obtained in respect of dividends paid, necessary certificates of solvency from the External Auditors.

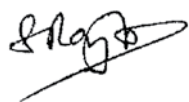
The Board of Directors also wishes to confirm that, as required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every Shareholder and Debenture holder of the Bank, who have expressed desire to receive a printed copy or to other Shareholders and Debenture holders a soft copy each shared by way of a link containing the Annual Report within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) of Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. The Directors also wish to confirm that all Shareholders have been treated equitably in accordance with the original terms of issue.

Further, the Board of Directors wishes to confirm that the Bank has met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange and other regulations, laws and internal controls and there were no material non-compliances.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Bank and the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Bank and the Group, and all other known statutory dues as were due and payable by the Bank and the Group as at the reporting date have been paid or, where relevant, provided for, except as specified in Note 49.3 to the Financial Statements on 'Litigation Against the Bank' on page 369. The Directors further confirm that after considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the 'Code of best practice on Corporate Governance' issued by the ICASL, the Directors have a reasonable expectation that the Bank and the Group possess adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the Financial Statements. The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board



Ms. Shehani Ranasinghe
Company Secretary

25 February 2026
Colombo

Directors' Statement on Internal Control Over Financial Reporting

RESPONSIBILITY

The Board of Directors of NDB Bank PLC ("the Bank") is pleased to present its Statement on Internal Control over Financial Reporting (ICOFR) for the year ended 31 December 2025. This Statement has been prepared in accordance with the Section 9.2(b) of Banking Act Direction No. 5 of 2024 on Corporate Governance for Licensed Banks and the principle D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors ('Board') acknowledges its overall responsibility for establishing and maintaining a sound system of internal controls that supports reliable financial reporting, prudent decision-making, and sustainable long-term value creation at National Development Bank PLC ('the Bank'). In considering adequacy and effectiveness, the Board recognises that the business of banking requires reward to be balanced with risk on a managed basis and as such the internal control systems are primarily designed with a view of highlighting any deviations from the limits and indicators which comprise the risk appetite of the Bank. In this light, the system of internal controls can only provide reasonable, but not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.

INTERNAL CONTROL FRAMEWORK

The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Bank and this process includes enhancing the system of internal controls over financial reporting as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board in line with the 'Guidance for Directors of Banks on the Directors' Statement on Internal Control' issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control over financial reporting taking in to account principles for the assessment of the internal control system as given in that guidance.

The Board is of the view that the system of internal controls over financial reporting

in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced and in the design, operation, and monitoring of suitable internal controls to mitigate and control these risks.

KEY FEATURES OF THE PROCESS ADOPTED IN APPLYING AND REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- Ten (10) Subcommittees are established by the Board including those mandatory committees as required by the Banking Act Direction No. 5 of 2024 and the Listing Rules of the Colombo Stock Exchange to assist the Board in ensuring the effectiveness of the Bank's daily operations and that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- Policies and Procedures are developed covering all areas, which are approved by the relevant Board Subcommittees and the Board. These Policies and Procedures are reviewed periodically by Board and the Compliance department follows up on the review of Policies to ensure that they are reviewed timely.
- The Board Audit Committee is responsible for overseeing the Bank's internal control, risk management, and audit functions. The Committee approves the annual audit plan and reviews internal control issues identified by the Internal Audit department,

Regulatory Authorities, External Auditors, and the Management. In fulfilling this oversight responsibility, the Committee evaluates the adequacy and effectiveness of the Bank's internal control and risk management frameworks.

- The Internal Audit department carries out ongoing assessments of compliance with policies and procedures and the effectiveness of internal control systems, including information system controls, through process audits. A top-down, risk-based auditing methodology is used, strengthening the overall risk-based auditing framework of the Bank. The entire audit universe is covered annually with varying audit intensities based on risk assessments, extending across all business units, branches, and departments.
- In addition, tools and techniques have been used based on Power BI and SQL on databases in core banking system to perform more independent and unbiased audit procedures to bring out value adding outcome for process improvements and to monitor control gaps.
- The Board Audit Committee reviews the findings of internal audits and the evaluation of the Bank's internal control systems at its periodic meetings. The Committee also reviews audit progress, the adequacy of coverage under the approved audit plan, and any enhancements proposed during the year. Detailed discussions are held on audits rated below "Satisfactory", including corrective action plans and implementation progress. All internal audit reports are shared with the Operational Risk Management function for necessary follow-up, while regulatory related observations are referred to the Compliance department.
- The Committee further reviews the internal audit function with particular emphasis on risk assessment methodologies, audit scope, quality of audits, and adequacy of resources. Minutes of the Board Audit Committee meetings are periodically presented

to the Board of Directors for their information. Additional details of the Committee's activities during the year are provided in the Board Audit Committee Report on pages 248 to 251 of this Report.

- In addition to internal audit matters, the Committee reviews internal control issues raised by the External Auditors, Regulatory Authorities, and Management, and assesses the adequacy and effectiveness of the Bank's overall internal control and risk management systems. On a quarterly basis, an internal control confirmation is presented to the Committee by the Chief Risk Officer/ Vice President - Risk Management. The Committee also reviews the KRI report shared by Risk Management department for Committees' information.
- In assessing the internal control system over financial reporting, identified officers of the Bank collate all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Bank. These in turn are observed and checked by the Internal Audit department for suitability of design and effectiveness on an ongoing basis. The comments/recommendations made by the External Auditors in connection with the internal control system over financial reporting during the year were taken into consideration to further strengthen the internal control system over the financial reporting process.
- The Board Integrated Risk Management Committee (BIRMC) is established to assist the Board to oversee the overall management of principal areas of risk of the Bank. The Committee reviews the adequacy and effectiveness of all management level committees such as the Credit Committees, Executive Integrated Risk Management Committee etc. Further BIRMC works closely with Key Management Personnel (as defined by the Management from time to time) and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.
- Since the adoption of SLFRS 9 – "Financial Instruments", Bank took necessary steps to further improve the statistical models used for Impairment computations under Expected Credit Loss method in consultation with the External Auditors. The required processes and controls have been designed to be in line with SLFRS 9 and regulatory requirements. Also adequate training and awareness sessions have been conducted for all stakeholders on changes and improvements applied on the process. The Credit Review department independently reviews the Individually Significant Loan impairment process at each reporting date. The Internal Audit department conducts tests on the processes as part of the audit plan and also reviews the Individual Impairment during the quarterly financial audits and relevant credit audits. The Board will continuously strengthen the processes and controls around management information systems and reports required for validation and compliance in line with SLFRS 9; and financial statement disclosures related to risk management.
- Bank has also implemented a refined automated solution commencing from Q2 2025 to evaluate objective evidences and compute impairment provision for Individually Significant Loans to expedite the financial reporting process. Also, Bank uses reports generated through Power BI for impairment computation to minimise the manual intervention. The Bank engaged an external party to conduct validation on the statistical models used in impairment computation and findings and recommendations were considered to further refine the models where necessary.
- Feedback of internal and external auditors and regulatory auditors in connection with the internal control system in previous years were reviewed during the year and appropriate steps have been taken to implement those.

CONFIRMATION

The Board of Directors and the Management re-evaluated Financial and other operational risks and assessed the impact of any noted changes on internal controls.

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Messrs. Ernst & Young have reviewed the above Directors' Statement on Internal Control over Financial Reporting included in the Annual Report of the Bank for the year ended 31 December 2025 in accordance with the Banking Act Direction No. 5 of 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control over financial reporting of the Bank.

Their independent assurance report on the Directors' Statement on Internal Control is given on the page 270 of this Annual Report.

By order of the Board,



Mr. Sriyan Cooray
Chairperson



Mr. Sujeewa Mudalige
Chairperson Board Audit Committee



Mr. Kelum Edirisinghe
Chief Executive Officer

25 February 2026
Colombo

Responsibility Statement of the Chief Executive Officer and Vice President - Finance

The Financial Statements of the National Development Bank PLC (the Bank) and the Consolidated Financial Statements of the Bank and its Group Companies (the Group) as at 31 December 2025 are prepared and presented in compliance with the following regulatory requirements:

- i. Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- ii. Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- iii. Statements of Alternative Treatments (SoAT) on Accounting issued by The Institute of Chartered Accountants of Sri Lanka
- iv. Companies Act No. 07 of 2007 (as amended)
- v. Banking Act No. 30 of 1988 and amendments thereto
- vi. Directions, circulars and guidelines issued to licensed commercial banks by the Central Bank of Sri Lanka (CBSL) including but not limited to Banking Act Direction No. 05 of 2024 on Corporate Governance
- vii. Listing Rules of the Colombo Stock Exchange (as amended)
- viii. The Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka
- ix. SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards Issued by the Institute of Chartered Accountants of Sri Lanka

These Financial Statements comply with the prescribed formats issued by the Central Bank of Sri Lanka, Circular No 05 of 2024 on "Publication of Annual and quarterly Financial Statements and Other disclosures by Licensed Banks".

The Accounting Policies of the Bank and the Group are in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka. Further Bank complied with the Banking Act Direction No. 13 of 2021 for the Classification, Recognition and Measurement of Credit Facilities in Licensed Banks and Banking Act Direction No. 14 of 2021 for the Classification, Recognition and Measurement of Financial Assets Other Than Credit Facilities in Licensed Bank. During the year, the Bank adopted SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards Issued by the Institute of Chartered Accountants of Sri Lanka.

Significant Accounting Policies and estimates that involve a high degree of judgment and complexity were discussed with the Board Audit Committee and the External Auditors. Comparative information has been reclassified wherever necessary to comply with the current year's presentation. All significant items have been disclosed and explained by way of Notes to the Financial Statements. We confirm to the best of our knowledge, that the Financial Statements presented herewith give a true and fair view of the financial position, Statement of Profit or Loss and the cash flows of the Bank and the Group for the year. We also believe that the Bank and the Group have adequate resources to continue its operations in the foreseeable future and accordingly adopt the going concern basis for the preparation of the Financial Statements.

The Board of Directors and the Management of the Bank and the Group accept responsibility for the integrity and the objectivity of the Financial Statements. The estimates and judgments relating to the Financial Statements were made on a reasonable and prudent basis; in

order that the Financial Statements reflect a true and fair view; the form and the substance of transactions and that the state of affairs of the Bank and the Group is reasonably presented. To ensure this, the Bank has taken proper and sufficient care in implementing internal control systems, with the use of a comprehensive core banking system, for safeguarding assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. The Internal Auditor of the Bank has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank are consistently followed. However, there are inherent limitations that should be recognised in weighing the assurance provided by any system of internal control and accounting.

The Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its Group Companies were audited by Messrs Ernst & Young, Chartered Accountants. The Report issued by them is available on page 276 of Annual Report. The audit and non-audit services provided by Messrs Ernst & Young are approved by the Board Audit Committee in line with the relevant audit policy, to ensure that the provision of such services does not contravene with the guidelines issued by the Central Bank of Sri Lanka or impair Messrs Ernst & Young's independence. The Board Audit Committee reviews the adequacy and the effectiveness of the Internal Control Systems including the effectiveness of the internal controls over financial reporting to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account and the processes by which compliance with Sri Lanka Accounting Standards (SLFRS/ LKAS) and other regulatory provisions relating

to financial reporting and disclosures are ensured. The Board Audit Committee Report is available on pages 248 to 251. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

We confirm to the best of our knowledge that

- The Bank and the Group have complied with all applicable laws, rules, regulations and guidelines; there is no material non-compliance;
- There is no material litigation against the Bank and the Group other than those disclosed in Note 49.3 on page 369 of the Financial Statements section of Annual Report;
- All taxes, duties, levies and all statutory payments by the Bank and the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Bank and the Group as at the reporting date have been paid, or where relevant provided for.

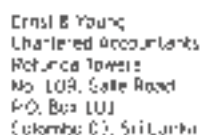


Mr. Kelum Edirisinghe
Director/ Chief Executive Officer



Mr. Azzam A Ahamat
Vice President - Finance

25 February 2026
Colombo

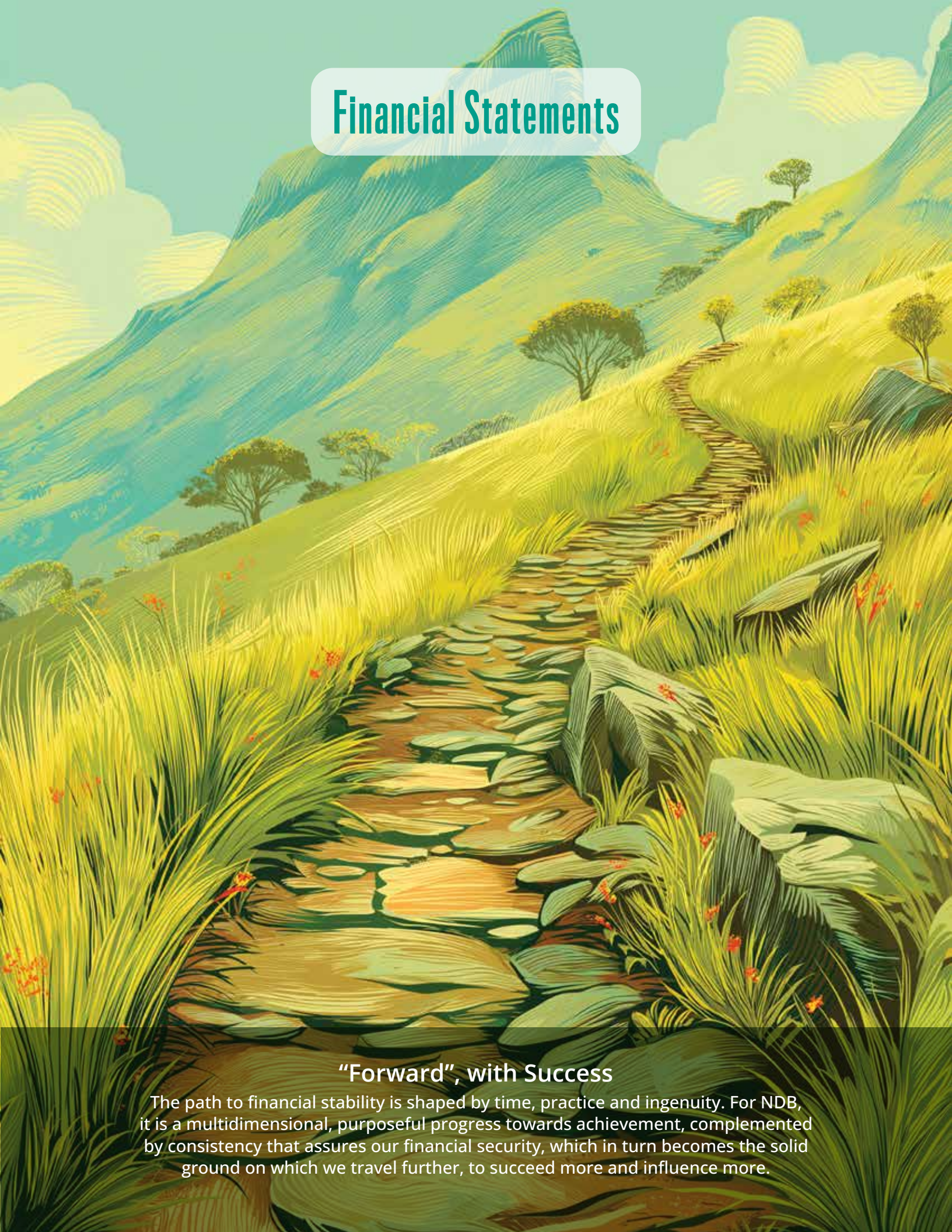


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Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of Internal Control over Financial Reporting of the Bank.

Comp of 4 way

25 February 2026
Colombo



Financial Statements

“Forward”, with Success

The path to financial stability is shaped by time, practice and ingenuity. For NDB, it is a multidimensional, purposeful progress towards achievement, complemented by consistency that assures our financial security, which in turn becomes the solid ground on which we travel further, to succeed more and influence more.

Financial Calendar 2025/2026

Annual General Meetings	Date
21st Annual General Meeting	27 March 2026
20th Annual General Meeting	28 March 2025

Dividends	Amounts - LKR	Date dividends announced	Date dividends paid/ to be paid
Dividend for 2024	5.00 (Cash)	03 March 2025	02 April 2025
	3.00 (Scrip)	03 March 2025	24 March 2025 (Listed on CSE)

Interim Financial Statements	Submission to CSE	Date published in newspapers		
		English	Sinhala	Tamil
Q4/For the twelve months ended 31.12.2025	25 February 2026	10 March 2026	10 March 2026	10 March 2026
Q3/For the nine months ended 30.09.2025	04 November 2025	14 November 2025	14 November 2025	14 November 2025
Q2/ For the six months ended 30.06.2025	14 August 2025	27 August 2025	29 August 2025	29 August 2025
Q1/ For the three months ended 31.03.2025	14 May 2025	30 May 2025	30 May 2025	30 May 2025
Q4/ For the twelve months ended 31.12.2024	20 February 2025	17 March 2025	17 March 2025	17 March 2025

Annual Financial Statements	Submission to CSE	Date published in newspapers		
		English	Sinhala	Tamil
Annual Financial Statements for 2025	04 March 2026	10 March 2026	10 March 2026	10 March 2026
Annual Financial Statements for 2024	05 March 2025	19 March 2025	19 March 2025	19 March 2025

Investor engagements on quarterly financial results	Online Webinar
Q4 2025	17 March 2026
Q3 2025	12 November 2025
Q2 2025	19 August 2025
Q1 2025	Not held for this quarter
Q4 2024	12 March 2025

PROPOSED FINANCIAL CALENDAR 2026 (TENTATIVE)

Interim Financial Statements

Interim Financial Statements will be released to the Colombo Stock Exchange (CSE) and published in newspapers in all three languages of Sinhala, Tamil and English within the regulator stipulated deadlines. Investor Webinars will be held per each quarter, within a maximum of five working days from releasing the financial statements to the CSE.

ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for 2026 will be released to CSE in March 2027

ANNUAL GENERAL MEETING

22nd Annual General Meeting will take place in March 2027

As per Rule 7.4 of the Listing Rules of the Colombo Stock Exchange (CSE), quarterly Financial Statements (un-audited) for the first three quarters should be released to the CSE as soon as the said statements are approved by the Board of Directors and in any event not later than 45 days from the end of each quarter and in respect of the final quarter, within two months from the end of the final quarter. According to Rule 7.5 of the Listing Rules of the CSE, the audited Financial Statements should be published in accordance with the Sri Lanka Accounting Standards and audited in accordance with Sri Lanka Auditing Standards and shall comply with any other applicable regulatory requirements and the Annual Report should be sent to all Shareholders and Debt Securities Holders and given to the CSE within a period not exceeding five (05) months from the close of the financial year.

As per the Section 6 of the Circular No. 02 of 2019 dated January 18, 2019, and as per the Section 6 of the Circular No. 05 of 2024 dated December 31, 2024, issued by the Bank Supervision Department of the CBSL - Publication of Annual and Quarterly Financial Statements and other Disclosures by Licensed Banks, the annual audited Financial Statements and quarterly Financial Statements should be prepared and published in accordance with the requirements of supervisory and regulatory authorities and applicable accounting standards and such statements must be published in the newspapers in an abridged form in Sinhala, Tamil and English.

All of the dates above are/ will be updated in the Events Calendar in the Events section of the Investor Relations page of the Bank's corporate web site on <https://www.ndbbank.com/investor-relations/events>.

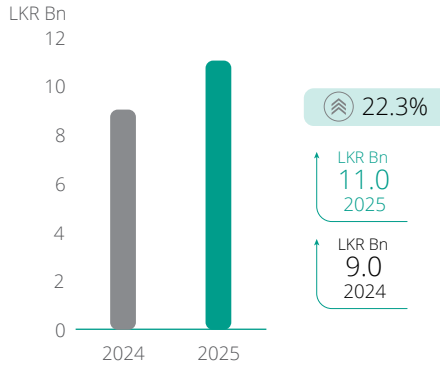
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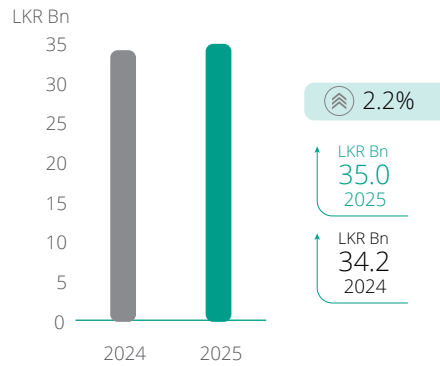
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Financial Performance

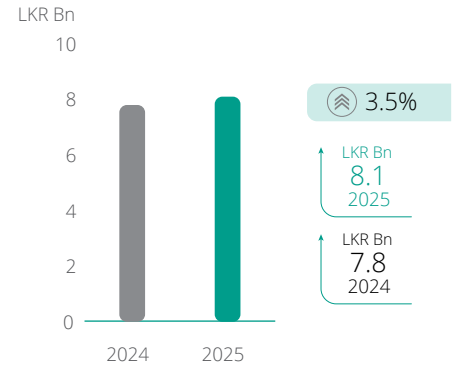
Profit for the Year



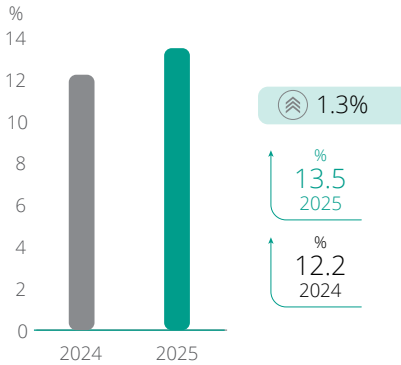
Net Interest Income



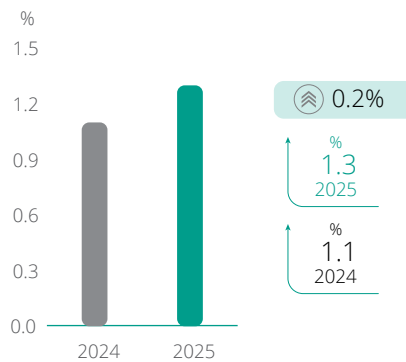
Net Fee and Commission Income



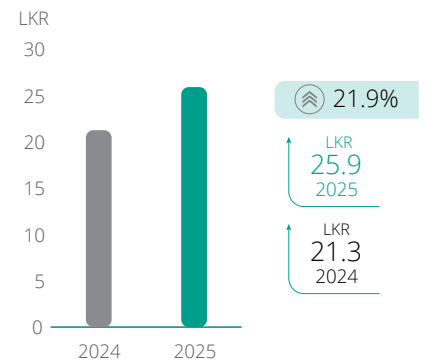
Return on Equity (ROE)



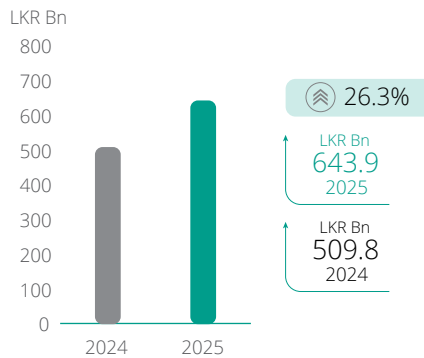
Return on Assets



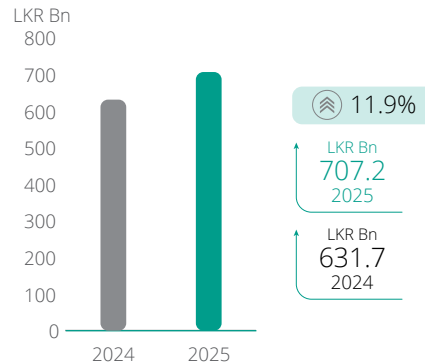
Earnings per Share



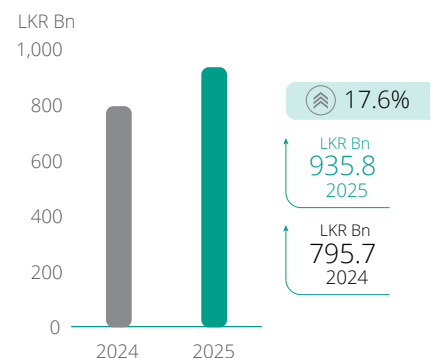
Loans and Receivables to other Customers



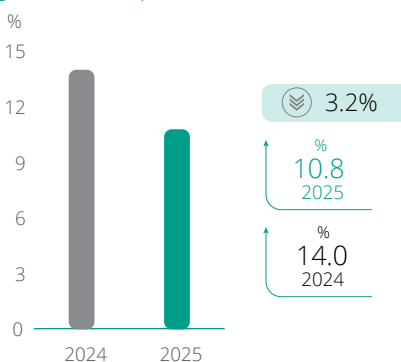
Due to Depositors



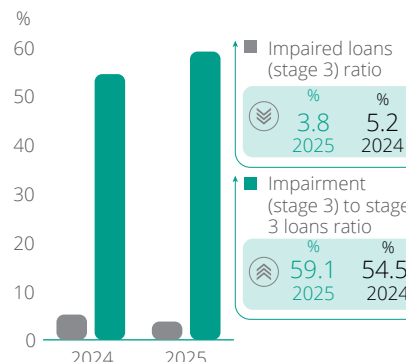
Total Assets



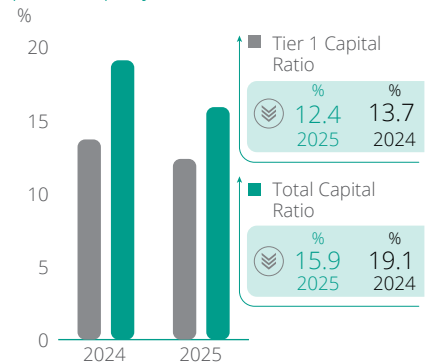
Stage 3 Loan Composition

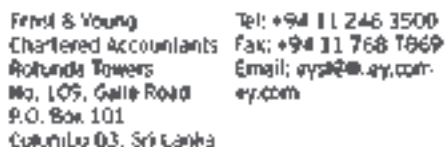


Asset Quality Ratios



Capital Adequacy Ratios





We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

A member born on 1/15/16 is young enough to...

Key audit matter	How our audit addressed the key audit matter
Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment for expected credit losses included determining whether significant increase in credit risk has occurred, forward-looking macroeconomic scenarios and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in Notes 11 and 57.3.	■ Evaluated the reasonableness of credit quality assessments and related stage classifications ■ In addition to the above, the following procedures were performed: ■ For loans and advances assessed on an individual basis for impairment: • Tested the arithmetical accuracy of the underlying individual impairment calculations. • Evaluated the reasonableness of key inputs used in the allowances for expected credit losses made, with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery action of the collaterals. ■ For loans and advances assessed on a collective basis for impairment: • Tested the key inputs and the calculations used in the allowances for expected credit losses. • Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology, including any considerations by Management relating to overlays to the ECL allowance. • Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. • Assessed the adequacy of the related financial statement disclosures set out in notes 11, 27.6 and 57.3
Information Technology (IT) systems related internal controls over financial reporting Bank's financial reporting process is significantly reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems and related internal controls over financial reporting were identified as a key audit matter.	Our audit procedures included the following key procedures: ■ Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures. ■ Involved our internal specialized resources and; ■ Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls, including those related to user access and change management, and ■ Obtained a high-level understanding of the cybersecurity risks affecting the bank and the actions taken to address these risks primarily through inquiry. ■ Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.
Other information included in the Group's 2025 Annual Report Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on	the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. Responsibilities of management and those charged with governance for the financial statements Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Bank and the Group
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

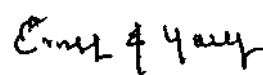
Report on Other Legal and Regulatory Requirements

Requirements of section 163(2) of the Companies Act No. 07 of 2007 and section 39 of the Banking Act No 30 of 1988 (as amended by Banking Act No.24 of 2024)

We have obtained all the information and explanations that were required for the audit. As far as appears from our examination, in our opinion, proper accounting records have been kept by the Bank.

In our opinion the disclosures made in the accompanying financial statements are in accordance with the requirements of Circular No.05 of 2024 issued by Central Bank of Sri Lanka.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4839.



25 February 2026
Colombo

Statement of Profit or Loss

For the year ended 31 December	Note	Page No.	BANK			GROUP		
			2025 LKR '000	2024 LKR '000	%	2025 LKR '000	2024 LKR '000	%
Gross income	4	294	98,198,448	99,383,382	(1)	101,313,799	102,203,733	(1)
Interest income	5.1	295	86,676,326	88,059,931	(2)	86,857,356	88,282,978	(2)
Less: Interest expenses	5.2	295	51,719,784	53,848,864	(4)	51,623,678	53,789,233	(4)
Net interest income	5	294	34,956,542	34,211,067	2	35,233,678	34,493,745	2
Fee and commission income	6.1	297	8,247,983	7,823,528	5	10,754,486	9,843,646	9
Less: Fee and commission expenses	6.2	297	180,666	26,210	589	180,666	26,210	589
Net fee and commission income	6	296	8,067,317	7,797,318	3	10,573,820	9,817,436	8
Net gains/(losses) from trading	7	297	1,054,913	1,041,326	1	1,054,913	1,041,326	1
Net gains/(losses) from financial assets at fair value through profit or loss	8	298	(41,896)	(141,276)	70	184,886	135,793	36
Net gains/(losses) from derecognition of financial assets	9	298	1,045,380	3,932,067	(73)	1,131,453	4,046,590	(72)
Other operating income	10	299	1,215,742	(1,332,194)	191	1,330,705	(1,146,600)	216
Total operating income			46,297,998	45,508,308	2	49,509,455	48,388,290	2
Less: Impairment charges/(reversals)	11	300	5,914,844	(9,976,865)	159	5,914,844	(10,054,600)	159
Less: Loss on restructuring of Sri Lanka International Sovereign bonds (SLISBs)	12	304	-	14,343,580	(100)	-	14,343,580	(100)
Net operating income			40,383,154	41,141,593	(2)	43,594,611	44,099,310	(1)
Less: Operating expenses								
Personnel expenses	13	307	9,563,485	8,751,356	9	10,504,739	9,605,374	9
Depreciation and amortisation expenses	14	308	1,193,967	1,090,584	9	1,282,293	1,167,989	10
Other expenses	15	309	8,243,088	6,956,662	18	9,038,627	7,634,518	18
Total operating expenses			19,000,540	16,798,602	13	20,825,659	18,407,881	13
Operating profit before tax on financial services			21,382,614	24,342,991	(12)	22,768,952	25,691,429	(11)
Less: Tax on financial services	16	310	5,047,880	5,524,202	(9)	5,047,880	5,524,202	(9)
Operating profit after tax on financial services			16,334,734	18,818,789	(13)	17,721,072	20,167,227	(12)
Share of associate companies' profits/(losses)	17	310	-	-	-	-	-	-
Profit before taxation			16,334,734	18,818,789	(13)	17,721,072	20,167,227	(12)
Less: Income tax expenses	18	311	5,294,894	9,788,568	(46)	5,770,079	10,274,892	(44)
Profit for the year			11,039,840	9,030,221	22	11,950,993	9,892,335	21
Profit attributable to equity holders of the parent			11,039,840	9,030,221	22	11,864,755	9,794,161	21
Non-controlling interests			-	-	-	86,238	98,174	(12)
Profit for the year			11,039,840	9,030,221	22	11,950,993	9,892,335	21
Basic Earnings per share (LKR)	19	313	25.90	21.25	22	27.83	23.05	21
Diluted Earnings per share (LKR)	19	313	25.90	21.19	22	27.83	22.98	21
Dividend per share (LKR)	20	314	-	8.00				

The Notes to the Financial Statements disclosed on pages 286 to 420 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 December	Note	Page No.	BANK			GROUP		
			2025 LKR '000	2024 LKR '000	%	2025 LKR '000	2024 LKR '000	%
Profit for the year			11,039,840	9,030,221	22	11,950,993	9,892,335	21
Other comprehensive income								
Items that will be reclassified to the Statement of Profit or Loss								
Exchange differences on translation of foreign operations			-	-	-	6,712	(45,860)	115
Gains/(losses) on investments in debt instruments - fair value through other comprehensive income								
Net change in fair value during the year	47.2	364	(1,503,053)	(1,382,089)	(9)	(1,492,756)	(1,379,562)	(8)
Deferred tax effect on gains/ (losses) in above financial instruments	41.3	354	450,915	414,627	9	446,129	412,463	8
Net gains/(losses) on investments			(1,052,138)	(967,462)	(9)	(1,046,627)	(967,099)	(8)
Changes in Impairment allowance for expected credit losses			138,732	-	100	138,732	-	100
Deferred tax effect on gains/ (losses) on expected credit losses	41.3	354	(41,621)	-	(100)	(41,621)	-	(100)
Net gains/(losses) on change in expected credit loss			97,111	-	100	97,111	-	100
Gains/(losses) on cash flow hedge reserve			(404,404)	(776,202)	48	(404,404)	(776,202)	48
Deferred tax effect on gains/ (losses) of cash flow hedge reserve	41.3	354	121,321	232,861	(48)	121,321	232,861	(48)
Net gains/(losses) on cash flow hedge reserve	25.1(b)	320	(283,083)	(543,341)	48	(283,083)	(543,341)	48
Net other comprehensive income/ (expense) that will be reclassified to the Statement of Profit or Loss (a)			(1,238,110)	(1,510,803)	18	(1,225,887)	(1,556,300)	21
Items that will not be reclassified to the Statement of Profit or Loss								
Net gains/(losses) on investments in equity instruments - fair value through other comprehensive income	29.2	335	721,714	905,099	(20)	721,714	905,099	(20)
Revaluation of freehold land and buildings	47.1	364	316,504	51,735	512	365,022	96,364	279
Deferred tax effect on revaluation gains/(losses)	41.3	354	(94,952)	(15,520)	(512)	(109,506)	(28,909)	(279)
Net gains/(losses) on revaluation of freehold land and buildings			221,552	36,215	512	255,516	67,455	279
Actuarial gains/(losses) on defined benefit plans	42.2 (g)	360	(225,772)	(89,354)	(153)	(234,966)	(99,177)	(137)
Deferred tax effect on actuarial gains/(losses)			16,341	3,091	429	19,099	6,037	216
Net actuarial gains/(losses) on defined benefit plans	41.3	354	(209,431)	(86,263)	(143)	(215,867)	(93,140)	(132)
Net other comprehensive income/ (expense) that will not be reclassified to the Statement of Profit or Loss (b)			733,835	855,051	(14)	761,363	879,414	(13)
Total other comprehensive income/ (expense) for the year, net of taxes (a+b)			(504,275)	(655,752)	23	(464,524)	(676,886)	31
Total comprehensive income for the year			10,535,565	8,374,469	26	11,486,469	9,215,449	25
Attributable to:								
Equity holders of the parent			10,535,565	8,374,469	26	11,400,673	9,128,833	25
Non-controlling interests			-	-	-	85,796	86,616	(1)
Total comprehensive income for the year			10,535,565	8,374,469	26	11,486,469	9,215,449	25

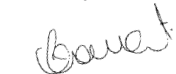
The Notes to the Financial Statements disclosed on pages 286 to 420 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December	Note	Page No.	BANK			GROUP		
			2025	2024	%	2025	2024	%
			LKR '000	LKR '000		LKR '000	LKR '000	
Assets								
Cash and cash equivalents	22	317	17,566,305	18,037,627	(3)	18,020,298	18,682,376	(4)
Balances with the Central Bank of Sri Lanka	23	318	8,225,602	8,053,358	2	8,225,602	8,053,358	2
Placements with banks	24	318	24,692,505	22,098,832	12	24,692,505	22,098,832	12
Derivative financial instruments	25	319	1,475,777	1,146,236	29	1,475,777	1,146,236	29
Financial assets recognised through profit or loss measured at fair value	26	321	253,152	6,776,131	(96)	3,414,968	9,905,171	(66)
Financial assets at amortised cost - loans and receivables to other customers	27	322	593,603,756	460,707,258	29	593,705,105	460,780,610	29
Financial assets at amortised cost - debt and other instruments	28	329	181,340,088	166,190,761	9	181,822,394	166,355,792	9
Financial assets measured at fair value through other comprehensive income	29	333	78,648,323	94,245,415	(17)	79,110,967	94,659,106	(16)
Investments in subsidiary companies	30	336	1,031,037	1,031,037	-	-	-	-
Investments in associate companies	31	337	-	-	-	-	-	-
Investment property	32	338	-	-	-	3,346,703	3,107,671	8
Property, plant & equipment	33	339	4,213,378	3,147,459	34	5,162,749	4,070,740	27
Right of use assets	34	344	1,448,611	1,260,740	15	1,486,814	1,337,042	11
Intangible assets	35	345	1,628,982	1,766,615	(8)	1,682,400	1,814,985	(7)
Current tax receivables	40	353	-	-	-	32,391	33,727	(4)
Deferred tax assets	41	353	5,421,860	4,158,040	30	5,489,018	4,216,721	30
Other assets	36	346	16,259,404	7,066,842	130	16,973,270	7,517,853	126
Total assets			935,808,780	795,686,351	18	944,640,961	803,780,220	18
Liabilities								
Due to banks	37	348	12,447,544	4,841,342	157	12,447,544	4,841,342	157
Derivative financial instruments	25	319	251,448	344,586	(27)	251,448	344,586	(27)
Financial liabilities at amortised cost								
Due to depositors	38.1	348	707,167,366	631,682,926	12	706,437,565	631,081,461	12
Due to debt securities holders	38.2	350	69,834,390	8,002,850	773	69,834,390	8,002,850	773
Due to other borrowers	38.3	350	19,792,565	22,023,798	(10)	19,792,565	22,023,798	(10)
Debt securities issued	39	351	23,330,603	33,564,708	(30)	23,330,603	33,564,708	(30)
Current tax liabilities	40	353	4,038,962	5,204,643	(22)	4,421,027	5,473,755	(19)
Deferred tax liabilities	41	353	-	-	-	1,021,505	976,244	5
Retirement benefit obligations	42	356	1,585,637	1,413,872	12	1,741,645	1,556,937	12
Other liabilities	43	361	11,339,408	10,942,871	4	11,873,807	11,712,316	1
Total liabilities			849,787,923	718,021,596	18	851,152,099	719,577,997	18
Equity								
Stated capital	44	363	23,042,558	21,756,865	6	23,042,558	21,756,865	6
Statutory reserve fund	45	363	4,073,979	3,521,479	16	4,073,979	3,521,479	16
Retained earnings	46	363	50,334,623	43,501,855	16	55,934,684	48,276,283	16
Other reserves	47	364	8,569,697	8,884,556	(4)	8,922,907	9,188,008	(3)
Total equity to equity holders of the Bank			86,020,857	77,664,755	11	91,974,128	82,742,635	11
Non-controlling interests	48	367	-	-	-	1,514,734	1,459,588	4
Total equity			86,020,857	77,664,755	11	93,488,862	84,202,223	11
Total liabilities and equity			935,808,780	795,686,351	18	944,640,961	803,780,220	18
Contingent liabilities and commitments								
Contingent liabilities and commitments	49	367	402,998,561	288,292,666	40	403,667,032	288,367,118	40
Net asset value per share (LKR)	50	369	201.51	186.91	8	215.45	199.13	8

The Notes to the Financial Statements disclosed on pages 286 to 420 form an integral part of these Financial Statements.

We certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.



Mr. Azzam A. Ahamat
Vice President - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board.



Mr. Sriyan Cooray
Director/Chairman



Mr. Kelum Edirisinghe
Director/Chief Executive Officer



Mrs. Shehani Ranasinghe
Company Secretary

25 February 2026
Colombo

Statement of Changes in Equity

For the year ended 31 December	Note	Stated Capital	Statutory Reserve Fund	Share Based Payment Reserve	Fair Value through Other Comprehensive Income Reserve	Revaluation Reserve	Cash flow hedge reserve	Special Reserve on Sri Lanka International Sovereign bonds (SLISBs)	Retained Earnings	Total
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2024		20,738,231	3,046,479	44,479	2,954,169	1,501,603	835,416	-	41,027,500	70,147,877
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	-	-	9,030,221	9,030,221
Other comprehensive income before tax		-	-	-	(476,990)	51,735	(776,202)	-	(89,354)	(1,290,811)
Tax on other comprehensive income		-	-	-	414,627	(15,520)	232,861	-	3,091	635,059
Total comprehensive income for the year		-	-	-	(62,363)	36,215	(543,341)	-	8,943,958	8,374,469
Transactions with equity holders, recognised directly in equity										
Transfer to the statutory reserve fund	45	-	475,000	-	-	-	-	-	(475,000)	-
Transfer to the special reserve on SLISBs - Step-up bonds	47.5	-	-	-	-	-	-	4,014,429	(4,014,429)	-
Fair value adjustment to share based payment reserve		-	-	103,949	-	-	-	-	-	103,949
Final dividend for 2023: Cash	20	-	-	-	-	-	-	-	(798,929)	(798,929)
Final dividend for 2023: Scrip	20	1,018,634	-	-	-	-	-	-	(1,198,393)	(179,759)
Reversal of dividends paid in prior years		-	-	-	-	-	-	-	17,148	17,148
Balance as at 31 December 2024		21,756,865	3,521,479	148,428	2,891,806	1,537,818	292,075	4,014,429	43,501,855	77,664,755
Balance as at 01 January 2025		21,756,865	3,521,479	148,428	2,891,806	1,537,818	292,075	4,014,429	43,501,855	77,664,755
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	-	-	11,039,840	11,039,840
Other comprehensive income before tax		-	-	-	(781,339)	316,504	(404,404)	-	(87,040)	(956,279)
Tax on other comprehensive income		-	-	-	450,915	(94,952)	121,321	-	(25,280)	452,004
Total comprehensive income for the year		-	-	-	(330,424)	221,552	(283,083)	-	10,927,520	10,535,565
Transactions with equity holders, recognised directly in equity										
Issue of Ordinary Shares under employee share option scheme (ESOS)		224,151	-	(67,334)	-	-	-	-	-	156,817
Transfer to the statutory reserve fund	45	-	552,500	-	-	-	-	-	(552,500)	-
Transfer to the special reserve on SLISBs - Step-up bonds	47.5	-	-	-	-	-	-	225,524	(225,524)	-
Transfer of expense o/a of expired employee share option scheme (ESOS)	47.3	-	-	(81,094)	-	-	-	-	-	(81,094)
Final dividend for 2024: Cash	20	-	-	-	-	-	-	-	(2,081,455)	(2,081,455)
Final dividend for 2024: Scrip	20	1,061,542	-	-	-	-	-	-	(1,248,873)	(187,331)
Reversal of dividends paid in prior years		-	-	-	-	-	-	-	13,600	13,600
Balance as at 31 December 2025		23,042,558	4,073,979	-	2,561,382	1,759,370	8,992	4,239,953	50,334,623	86,020,857

For the year ended 31 December

GROUP

Note	Stated Capital	Statutory Reserve Fund	Share Based Payment Reserve	Fair Value through Other Comprehensive Income Reserve	Revaluation Reserve	Cash flow hedge reserve	Special Reserve on Sri Lanka International Sovereign bonds (SLISBs)	Retained Earnings	Total	Non Controlling Interests	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2024	20,738,231	3,046,479	44,479	2,979,910	1,747,711	835,416	-	45,079,167	74,471,393	1,424,930	75,896,323
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	9,794,161	9,794,161	98,174	9,892,335
Other comprehensive income before tax	-	-	-	(474,463)	96,364	(776,202)	-	(133,479)	(1,287,780)	(11,558)	(1,299,338)
Tax on other comprehensive income	-	-	-	412,463	(28,909)	232,861	-	6,037	622,452	-	622,452
Total comprehensive income for the year	-	-	-	(62,000)	67,455	(543,341)	-	9,666,719	9,128,833	86,616	9,215,449
Transactions with equity holders, recognised directly in equity											
Transfer to the statutory reserve fund	45	475,000	-	-	-	-	-	(475,000)	-	-	-
Transfer to the special reserve on SLISBs - Step-up bonds	47.5	-	-	-	-	-	4,014,429	(4,014,429)	-	-	-
Fair value adjustment to share based payment reserve	-	-	103,949	-	-	-	-	-	103,949	-	103,949
Dividend attributable to non controlling interests	-	-	-	-	-	-	-	-	-	(51,958)	(51,958)
Final dividend for 2023: Cash	20	-	-	-	-	-	-	(798,929)	(798,929)	-	(798,929)
Final dividend for 2023: Scrip	20	1,018,634	-	-	-	-	-	(1,198,393)	(179,759)	-	(179,759)
Reversal of dividends paid in prior years	-	-	-	-	-	-	-	17,148	17,148	-	17,148
Balance as at 31 December 2024	21,756,865	3,521,479	148,428	2,917,910	1,815,166	292,075	4,014,429	48,276,283	82,742,635	1,459,588	84,202,223
Balance as at 01 January 2025	21,756,865	3,521,479	148,428	2,917,910	1,815,166	292,075	4,014,429	48,276,283	82,742,635	1,459,588	84,202,223
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	11,864,755	11,864,755	86,238	11,950,993
Other comprehensive income before tax	-	-	-	(771,042)	365,022	(404,404)	-	(89,080)	(899,504)	(442)	(899,946)
Tax on other comprehensive income	-	-	-	446,129	(109,506)	121,321	-	(22,522)	435,422	-	435,422
Total comprehensive income for the year	-	-	-	(324,913)	255,516	(283,083)	-	11,753,153	11,400,673	85,796	11,486,469
Transactions with equity holders, recognised directly in equity											
Issue of Ordinary Shares under employee share option schemes (ESOS)	-	224,151	(67,334)	-	-	-	-	-	156,817	-	156,817
Transfer to the statutory reserve fund	45	-	-	-	-	-	-	(552,500)	-	-	-
Transfer to the special reserve on SLISBs - Step-up bonds	47.5	-	-	-	-	-	225,524	(225,524)	-	-	-
Transfer of expense o/a of expired employee share option scheme (ESOS)	47.3	-	-	-	-	-	-	-	(81,094)	-	(81,094)
Valuation Adjustment to employee share option scheme	-	-	10,283	-	-	-	-	-	10,283	11	10,294
Dividend attributable to non controlling interests	-	-	-	-	-	-	-	-	-	(30,661)	(30,661)
Final dividend for 2024: Cash	20	-	-	-	-	-	-	(2,081,455)	(2,081,455)	-	(2,081,455)
Final dividend for 2024: Scrip	20	1,061,542	-	-	-	-	-	(1,248,873)	(187,331)	-	(187,331)
Reversal of dividends paid in prior years	-	-	-	-	-	-	-	13,600	13,600	-	13,600
Balance as at 31 December 2025	23,042,558	4,073,979	10,283	2,592,997	2,070,682	8,992	4,239,953	55,934,684	91,974,128	1,514,734	93,488,862

Statement of Cash Flows

ACCOUNTING POLICY

The Statement of Cash Flows has been prepared by using 'The Direct Method' in accordance with Sri Lanka accounting standard LKAS 7 on "Statement of Cash Flows", whereby gross cash receipts and gross cash payments of operating, investing and financing activities have been recognised. For the purpose of the preparation of the Statement of Cash Flows, cash and cash equivalents include cash in hand, balances with banks and placements with banks, as presented in the Statement of Financial Position.

For the year ended 31 December	Note	Page No.	BANK		GROUP	
			2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash flows from operating activities						
Interest received			86,503,683	96,983,587	86,589,997	97,137,933
Fee and commission income received			8,067,317	7,964,434	10,429,871	10,012,372
Dividend income received			158,819	143,837	154,931	128,718
Other operating income received			3,154,644	3,327,671	3,251,864	3,411,697
Interest paid			(50,469,110)	(60,371,140)	(50,373,178)	(60,311,509)
Personnel costs paid			(9,339,264)	(8,788,433)	(10,136,616)	(9,475,958)
Other expenses paid			(9,306,426)	(7,209,128)	(10,166,585)	(7,959,426)
Operating profit before changes in operating assets and liabilities (a)			28,769,663	32,050,828	29,750,284	32,943,827
Increase/decrease in operating assets						
Deposits held for regulatory or monetary control purposes			(172,245)	(1,012,937)	(172,245)	(1,012,937)
Financial assets at amortised cost - loans and receivables to other customers			(139,223,028)	(30,404,437)	(139,223,028)	(30,404,437)
Net (increase)/decrease in operating assets			(9,580,542)	(4,922,398)	(9,855,426)	(5,179,318)
Increase/decrease in operating liabilities						
Financial liabilities at amortised cost - due to depositors			74,701,152	22,321,501	74,572,816	22,131,565
Financial liabilities at amortised cost - due to debt securities holders	38.2	350	61,831,540	(7,629,719)	61,831,540	(7,629,719)
Financial liabilities at amortised cost - due to banks/other borrowers			8,877,695	(1,966,494)	8,877,695	(1,966,494)
Repayment of principal portion of lease liabilities	43.1.2	361	(604,506)	(536,025)	(687,050)	(611,629)
Net increase/(decrease) in other liabilities			1,652,560	1,261,377	1,556,864	1,971,578
Net cash (outflow)/inflow from operating activities before taxation			26,252,289	9,161,696	26,651,450	10,242,436
Tax on financial services paid			(5,827,841)	(3,323,057)	(5,827,841)	(3,323,057)
Income taxes paid	40.2	353	(7,272,392)	(5,723,858)	(7,613,085)	(6,043,944)
Net cash (used in)/from operating activities			13,152,056	114,781	13,202,231	875,435
Cash flows from investing activities						
Net changes in financial investments			6,815,031	(21,178,447)	6,752,942	(21,632,024)
Purchase of intangible assets			(150,444)	(132,480)	(173,833)	(172,283)
Purchase of property, plant and equipment			(1,404,264)	(431,408)	(1,531,671)	(482,147)
Proceeds from disposal of property, plant and equipment			12,068	4,146	12,094	4,157
Net cash from/(used in) investing activities			5,272,391	(21,738,189)	5,059,532	(22,282,297)

For the year ended 31 December	Note	Page No.	BANK		GROUP	
			2025	2024	2025	2024
			LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from financing activities						
Proceeds from issue of ordinary of shares			163,028	-	163,028	-
Repayment of debts securities issued			(10,090,430)	(5,561,200)	(10,090,430)	(5,561,200)
Proceeds from debt securities issued	39	351	-	10,000,000	-	10,000,000
Interest paid on debt securities issued			(4,113,788)	(3,507,364)	(4,113,788)	(3,507,364)
Dividends paid to non-controlling interests			-	-	(32,218)	(51,958)
Dividends paid to shareholders of the Bank			(1,745,875)	(697,327)	(1,745,875)	(697,327)
Withholding tax on Dividend			(480,790)	(278,027)	(484,937)	(278,027)
Net cash from/(used in) financing activities			(16,267,855)	(43,918)	(16,304,220)	(95,876)
Net (decrease)/increase in cash and cash equivalents			2,156,592	(21,667,326)	1,965,837	(21,502,738)
Cash and cash equivalents at the beginning of the year			40,136,459	61,844,117	40,781,208	62,324,278
Cash and cash equivalents at the end of the year			42,293,051	40,176,791	42,747,045	40,821,540
Reconciliation of cash and cash equivalents						
Cash and cash equivalents	22	317	17,567,626	18,040,969	18,021,619	18,685,718
Placements with banks	24	318	24,725,425	22,135,822	24,725,425	22,135,822
Cash and cash equivalents at the end of the year (Gross)			42,293,051	40,176,791	42,747,044	40,821,540
Less : Impairment allowance			34,241	40,332	34,241	40,332
Cash and cash equivalents at the end of the year (Net)			42,258,810	40,136,459	42,712,803	40,781,208

(a) Reconciliation of Operating Profit before Changes in Operating Assets and Liabilities

For the year ended 31 December	Note	Page No.	BANK		GROUP	
			2025	2024	2025	2024
			LKR '000	LKR '000	LKR '000	LKR '000
Operating profit before tax on financial services			21,382,614	24,342,991	22,768,952	25,691,429
Gains on disposal of property, plant & equipment	10	299	6,985	(2,827)	4,161	(2,827)
Accruals for interest/other income			(172,643)	8,956,661	(402,935)	9,026,743
Accruals for interest expenses			1,250,674	(6,522,277)	1,250,674	(6,522,277)
Accruals for general expenses			(739,150)	(356,751)	(876,961)	(583,128)
Unrealised revaluation gains/(losses) from investments			41,896	141,275	(184,886)	(335,989)
Contribution made to the pension fund	13	307	(28,430)	(36,487)	(28,430)	(36,487)
Depreciation of property, plant & equipment	14	308	442,748	401,609	478,879	434,136
Amortisation of intangible assets	14	308	312,295	313,001	326,288	319,728
Depreciation of Right of use assets	14	308	438,924	375,974	477,126	414,125
Impairment charges for financial assets and investments in subsidiaries	11	300	5,914,844	(9,976,865)	5,914,844	(10,054,600)
Loss on restructuring of Sri Lanka International Sovereign bonds (SLISBs)	12	304	-	14,343,580	-	14,343,580
Scrip dividend received from investments			-	(33,005)	(799)	(40,129)
Share Based Expenses	13	307	(81,094)	103,949	(70,801)	103,949
Fair value adjustments on investment property			-	-	94,172	185,574
Operating profit before changes in operating assets and liabilities			28,769,663	32,050,828	29,750,284	32,943,827

Notes to the Financial Statements

1 CORPORATE INFORMATION

1.1 Reporting Entity

The National Development Bank of Sri Lanka was incorporated under the National Development Bank of Sri Lanka Act No. 2 of 1979. In 2005, pursuant to the provisions of the National Development Bank of Sri Lanka (consequential provisions) Act No.1 of 2005, a company by the name of 'National Development Bank Limited' was incorporated for the purposes of taking over the business of National Development Bank of Sri Lanka. Accordingly, on 15 June 2005, the National Development Bank Limited was incorporated and with effect from that date, the National Development Bank of Sri Lanka Act No. 2 of 1979 was repealed except for certain provisions contained therein.

In terms of the new Companies Act No. 7 of 2007, the name of the Bank was changed as 'National Development Bank PLC' (The Bank). The Bank was re-registered in terms of the new Companies Act, on 04 July 2007 and was assigned with PQ 27 as the new Registration Number. The shares and the rated unsecured subordinated redeemable debentures issued by the Bank are listed on the Colombo Stock Exchange. The Registered Office of the Bank and its principle place of business are situated at No.40, Nawam Mawatha, Colombo 02.

The staff strength of the Bank was as follows:

As at December 31	2025	2024
Number of branches	113	113
Number of Staff	2864	2920

1.2 Principle Activities of the Bank and the Group

The principal activities of the Bank and its Group companies are summarised below:

National Development Bank PLC					
PARENT COMPANY					
40, Nawam Mawatha, Colombo 02, Sri Lanka					

Retail banking, small and medium enterprise (SME) banking, corporate banking, project and infrastructure financing, trade finance, investment banking, leasing, housing finance, credit cards, cash management, correspondent banking, remittance services, margin trading, pawning, treasury, underwriting, custodian, investment services and bancassurance.

SUBSIDIARIES			ENTITY	HOLDING %		PRINCIPAL ACTIVITY	PRINCIPAL PLACE OF BUSINESS	COUNTRY OF INCORPORATION
	Local Subsidiaries		99.9%	Direct Holding		Full service investment company	Level 1,135, Bauddhaloka Mawatha, Colombo 04	Sri Lanka
			NDB Capital Holdings Limited					
			99.9%	Indirect Holding		Full service investment banking	Level 1,135, Bauddhaloka Mawatha, Colombo 04	Sri Lanka
			NDB Investment Bank Limited					
			99.9%	Indirect Holding		Wealth management	Level G, 135, Bauddhaloka Mawatha, Colombo 04	Sri Lanka
			NDB Wealth Management Limited					
			99.9%	Indirect Holding		Investment advisory and securities	Level 2, 135, Bauddhaloka Mawatha, Colombo 04	Sri Lanka
			NDB Securities (Pvt) Limited					
			58.6%	Direct Holding		Property management	42, NDB EDB Tower (2nd Floor), Nawam Mawatha, Colombo 02	Sri Lanka
			Development Holdings (Pvt) Limited					
	Foreign Subsidiaries		60%	Indirect Holding		Management of private equity funds	Level 1,135, Bauddhaloka Mawatha, Colombo 04	Sri Lanka
			NDB Zephyr Partners Lanka (Pvt) Limited (Fully owned subsidiary of NDB Zephyr Partners Limited)					
			60%	Indirect Holding		Management of private equity funds	IFS Court, Bank Street, Twenty-Eight Cybercity, Ebene 72201, Republic of Mauritius	Mauritius
			NDB Zephyr Partners Limited					
			84.2%	Direct/ Indirect Holding		Investment banking	Bilquis Tower (5th Floor), Plot 6, Gulshan 2, Dhaka 1212, Bangladesh	Bangladesh
			NDB Capital Limited Direct - 41.8% and Indirect - 42.4% via NDB Investment Bank					

The Bank also holds 50% shareholding in Ayojana Fund (Pvt) Limited (an Investment in Associate) which is under liquidation.

1.3 Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31 December 2025 comprise of the Bank (parent company) and the subsidiaries and associate companies, together referred as the Group.

The Bank is the ultimate parent of the NDB Group and the Financial Statements of all companies in the group have a common financial year which ends in 31 December.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 7 of 2007 and the Banking Act No. 30 of 1988 and the Banking Act (amendment) No. 24 of 2024. These Financial Statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange. The Group has also complied with directions/guidelines issued by the Central Bank of Sri Lanka including the Direction No 13 of 2021 and the Direction No. 14 of 2021 which were effective from 1 January 2022. Further, the preparation and presentation of Financial Statements and the disclosures made therein also comply with the CBSL Circular No. 05 of

2024 on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks" where ever applicable. The Bank also publishes annual and quarterly financial information and other disclosures in the Press and on the Website in compliance with the basis of the aforementioned Circular.

These Financial Statements, except for information on cash flows, have been prepared following the accrual basis of accounting. The Group did not adopt any inappropriate accounting treatment, which are not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

2.2 Responsibility for the Financial Statements

The Board of Directors is responsible for these Financial Statements of the Group, in compliance with the Sri Lanka Accounting Standards (SLFRS and LKAS) and provisions of the Companies Act No. 7 of 2007 and listing rules of the Colombo Stock Exchange and CBSL Circular No 05 of 2024 on "Publication of annual and quarterly financial statements and other disclosures by licensed banks." The Board of Directors acknowledge their responsibility as set out in the 'Annual Report of the Board of Directors' on the affairs of the Bank, 'Statement of Directors Responsibilities on Financial Reporting' and the certification given on the 'Statement of Financial Position' on pages 18, 264 and 268 respectively.

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank as at 31 December 2025 comprises of -

- The Statement of Profit or Loss and Statement of Comprehensive Income providing information on the performance for the year under review (Refer pages 279 and 280).
- Statement of Financial Position providing the information on the financial position of the Bank and the Group as at the year end (Refer page 281).
- Statement of Changes in Equity providing the movement in the shareholders' funds during the year under review for the Bank and the Group (Refer pages 282 and 283).
- Statement of Cash Flow providing the information to the users, on the ability of the Bank and the Group to generate cash and cash equivalents and the needs for entities to utilise those cash flows (Refer pages 284 and 285);
- Notes to the Financial Statements, which comprise of the Accounting Policies and other explanatory notes and information (Refer pages 286 to 420).

2.3 Approval of the Financial Statements by Directors

The Financial Statements of the Bank and the Group for the year ended 31 December 2025 (including the comparative figures) have been approved and authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 25 February 2026.

2.4 Basis of Measurement

The Financial Statements of the Group have been prepared on a historical cost basis, except for the following material items in the Statement of Financial Position:

Item	Basis of Measurement	Note	Pages
Derivative financial instruments	Fair value	25	319
Financial assets recognised through profit or loss - measured at fair value	Fair value	26	321
Financial assets measured at fair value through other comprehensive income	Fair value	29	333
Investment property	Fair value	32	338
Freehold land and buildings	Measured at cost at the time of acquisition and subsequently measured at revalued amounts, which represented the fair value at the date of revaluation.	33	339
Retirement benefit obligations	Recognised at the present value of the defined benefit obligations less the fair value of the assets of the plan.	42	356
Employee Share Option Scheme	Fair value	47.3	365

2.5 Functional and Presentation Currency

The Financial Statements of the Bank and the Group are presented in Sri Lanka Rupees (LKR) which is the currency of the primary economic environment in which the Bank and the Group operates. Financial information presented in Sri Lanka Rupees (LKR) has been rounded to the nearest thousand unless indicated otherwise.

2.6 Presentation of Financial Statements

These Financial Statements have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and amendments thereto (Companies Act) and the Banking Act and provide appropriate disclosures as required by the Listing Rules of the CSE. The formats used in the preparation and presentation of the Financial Statements and the disclosures made therein also comply with the specified formats prescribed by the CBSL in the Circular No. 05 of 2024 dated December 31, 2024, on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks". The Bank also expects to publish annual and quarterly financial information and other disclosures in the Annual Report, Press and the Website in compliance with the aforementioned Circular. Prior to this, the Bank published annual and quarterly financial information and other disclosures in the Annual Report, Press and the Website in compliance with Section 4.2 of the Circular No. 02 of 2019 dated January 18, 2019, on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks" issued by CBSL.

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. An analysis on recovery or settlement within 12 months and more than 12 months from the reporting date is presented in Note 51 on pages 370 and 371

2.6.1 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupees thousand, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

2.6.2 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when it is permitted under SLFRSs, or for gains and losses arising from a group or similar transactions such as in the Group's trading activity.

2.7 Materiality and Aggregation

In compliance with Sri Lanka Accounting Standards - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial.

2.8 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Bank and its subsidiaries for the year ended 31 December 2025. The Financial Statements of the Bank's subsidiaries are prepared for the same reporting year as the Bank, using consistent Accounting Policies

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the Consolidated Financial Statements.

Subsidiaries are fully-consolidated from the date on which, control is transferred to the Bank. Non- controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank.

Non-controlling interests are presented separately in the Consolidated Statement of Profit or Loss and within equity in the Consolidated Statement of Financial Position, but separate from the Parent shareholders' equity.

2.10 Foreign Currency Translation

- (a) All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees (LKR), using the exchange rates prevailing at the dates, the transactions were affected. Monetary assets and liabilities denominated in foreign currencies are retranslated at the middle exchange rate of the functional currency ruling, at the date of the Statement of Financial Position. The resulting gains and losses are accounted for in the Statement of Profit or Loss.
- (b) Accordingly, transactions of the Foreign Currency Banking Unit have been recorded in accordance with Note (a) above. Net gains and losses are dealt within the Statement of Profit or Loss.

- (c) Non-monetary assets and liabilities that are measured on a historical cost basis in foreign currency are translated using the exchange rates prevailing at that date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
- (d) Forward exchange contracts are valued at the forward market rates prevailing at the date of the Statement of Financial Position. Profits or losses on such transactions are dealt within the Statement of Profit or Loss.
- (e) As at the reporting date, the assets and liabilities of overseas subsidiaries/ associates are translated into the Bank's presentation currency at the rate of exchange ruling at the date of the Statement of Financial Position and its profits and losses are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity.
- (f) On disposal of a foreign subsidiary/ associate, the deferred cumulative amount recognised in equity relating to that particular foreign subsidiary/associate is recognised in the Statement of Profit or Loss in 'other operating expenses' or 'other operating income', respectively.

2.11 Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the accounting policies of the Group, the Management is required to make judgments, which may have significant effects on the amounts recognised in the Financial Statements. Further, the Management is also required to consider key assumptions concerning the future and other key sources of estimation of uncertainty at the date of the Statement of the Financial Position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

The key significant accounting judgements, estimates and assumptions for each type of assets, liabilities, income and expenses along with the respective carrying amounts of such items are presented along with the notes to the Financial Statements.

The following table includes the items that involve significant accounting judgements, estimates and assumptions in the preparations of the Financial Statements of the Group.

Notes to the Financial Statements	Note	Pages
Impairment charges	11	300
Income tax expense	18	311
Derivative financial instruments	25	319
Financial assets recognized through profit or loss - measured at fair value	26	321
Financial assets at amortised cost - debt and other instruments	28	329
Financial assets measured at fair value through other comprehensive income	29	333
Investment property	32	338
Property, plant & equipment	33	339
Right of use assets	34	344
Intangible assets	35	345
Retirement benefit obligations	42.1	356
Pension fund	42.2	358
Share based payment reserve	47.3	365
Fair value of financial instruments and non financial instruments	56	378

2.11.1 Going Concern-basis of accounting

The Board of Directors of the Bank and its group companies have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the ability of the Group to continue as a going concern.

Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

3 ACCOUNTING POLICIES

The Group has consistently applied the accounting policies for all periods presented in the financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Apart from the general accounting policies set out below, the specific accounting policies pertaining to each item in the financial statements have been presented within the respective notes to the Financial Statements. These material accounting policy information have been applied consistently to all periods presented within the respective notes to the Financial Statements of the Group. The accounting policies have been consistently applied by the Group entities where applicable and deviations if any have been disclosed accordingly.

Accounting policy	Note	Pages
Material accounting policy information		
Financial instruments	3.1	290
Material accounting policy information - Recognition of income and expenses		
Gross income	4	294
Net interest income	5	294
Net fee and commission income	6	296
Net gains/(losses) from trading	7	297
Net gains/(losses) from financial assets at fair value through profit or loss	8	298
Net gains/(losses) from derecognition of financial assets	9	298
Other operating income	10	299
Impairment charges	11	300
Loss on restructuring of Sri Lanka International Sovereign bonds (SLISBs)	12	304
Personnel expenses	13	307
Depreciation and amortisation expenses	14	308
Other expenses	15	309
Tax on financial services	16	310
Income tax expenses	18	311
Material accounting policy information - Recognition of assets and liabilities		
Basic/Diluted EPS	19	313
Dividend Per Share	20	314
Cash and cash equivalents	22	317
Placements with banks	24	318
Derivative financial instruments	25	319
Financial assets recognized through profit or loss - measured at fair value	26	321
Financial assets at amortised cost - loans and receivables to other customers	27	322
Financial assets at amortised cost - debt and other instruments	28	329
Financial assets measured at fair value through other comprehensive income	29	333
Investments in subsidiary companies	30	336
Investments in associate companies	31	337
Investment property	32	338
Property, plant & equipment	33	339
Right of use assets	34	344
Intangible assets	35	345
Current tax (receivables)/liabilities	40	353
Deferred tax (assets)/liabilities	41	353
Other assets	36	346
Due to banks	37	348
Financial liabilities at amortised cost - Due to depositors	38.1	348
Financial liabilities at amortised cost - Due to debt securities holders	38.2	350
Financial liabilities at amortised cost - Due to other borrowers	38.3	350
Debt securities issued	39	351
Retirement benefit obligations	42	356

3.1 Financial Instruments - SLFRS 9

The Group applies the requirements under SLFRS 9 - Financial Instruments in classifying, measuring, re-classifying and de-recognition of financial instruments.

3.1.1 Date of recognition

Financial assets and financial liabilities, with the exception of loans and receivables to other customers and balances due to depositors, are initially recognised on the trade date.

The trade date means the date that the Bank becomes a party to the contractual provisions of the instruments. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and receivables to other customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to depositors when funds are transferred to the Bank.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3.1.4.(a) and (b). Financial instruments are initially measured at their fair value (as defined in Note 56), except in the case of financial assets and financial liabilities recorded at Fair Value through Profit or Loss, transaction costs are added to, or subtracted from, this amount. Trade receivables of subsidiaries are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below in Note 3.1.3.

3.1.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in the Statement of Profit or Loss over the tenor of the financial instrument using Effective Interest Rate method. In cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the Statement of Profit or Loss when the inputs become observable, or when the instrument is derecognised.

3.1.4 Classification and subsequent measurement of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measures at either:

- Fair Value through profit or loss (FVPL) as explained in Note 26
- Amortised cost, as explained in Note 3.1.4.1. and in Note 27.
- Fair Value through Other Comprehensive Income (FVOCI), as explained in Note 29.

The Bank measures its derivative portfolio at FVPL as explained in Note 25.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and financial liabilities designated upon initial recognition as at FVPL.

The subsequent measurement of financial assets/liabilities depends on their classification.

3.1.4 (a) Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

If cash flows after initial recognition are realised in a way that is different from the original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.1.4 (b) Assessment of whether contractual cash flows are Solely Payments of Principle and Interests (SPPI test)

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

An entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

For the purpose of this assessment, principle is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI

assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period of which the interest rate is set.

3.1.4.1 Measurement of financial assets at amortised cost

Cash and cash equivalents, balances with the Central Bank of Sri Lanka, placements with banks, loans and receivables to other customers, financial assets at amortised cost - debts and other instruments are measured at amortised cost by the Group.

The Group only measures financial assets at amortised cost if both of the following conditions are met and is not designated as at FVPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on SPPI.

3.1.5 Reclassification of financial assets and liabilities

As per SLFRS 9, financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.1.6 Derecognition of financial assets and financial liabilities other than for substantial modification

3.1.6 (a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired.

3.1.6 (b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

3.1.7 Government securities denominated in local currency – Treasury bills and bonds

Treasury bills and bonds denominated in local currency, issued by the Government of Sri Lanka, are classified under Stage 1 in line with Banking Act Direction No. 14 of 2021 - Classification, Recognition and Measurement of Financial Assets Other than Credit Facilities in Licensed Banks.

3.2 Borrowing Costs

As per the Sri Lanka Accounting Standard -LKAS 23 on “Borrowing Costs”, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in the profit or loss in the period in which they occur.

3.3 Taxation

3.3.1 Current tax and deferred tax

Details of “Income tax expense” and “Deferred tax assets and liabilities” are given in Note 18.

3.3.2 Tax on financial services

Details of “Value Added Tax (VAT) on financial services” and “Social Security Contribution Levy (SSCL) on financial services” are given in Note 16.

3.3.3 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 01 April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

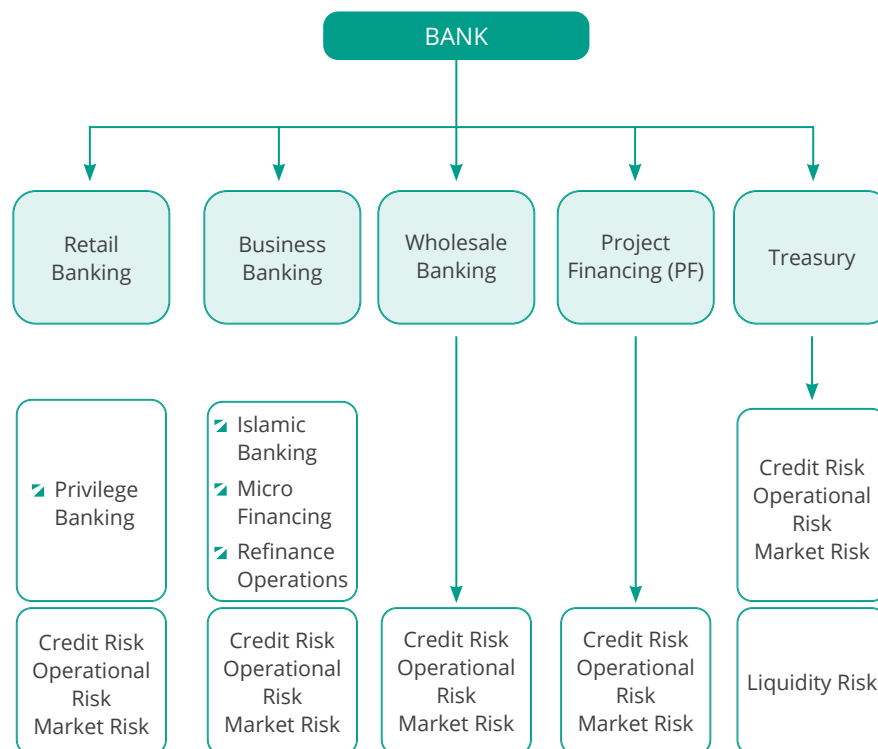
3.3.4 Withholding Tax (WHT) on dividends

Dividend Income received by the Group is liable to WHT at the rate of 15% which is considered as a final tax for the Group.

3.4 Bank's Risk Management Framework

The Board of Directors of the Bank has the overall responsibility for the establishment and oversight of the Bank's Risk Management Framework. The Risk Management Policy of the Bank translates overall risk appetite on business activities in a holistic approach to provide the guidance required for convergence of strategic and risk perspectives of the Bank. The Board Integrated Risk Management Committee (IRMC) meets quarterly to review and assess the Bank's overall risks and to focus on policy recommendations and strategies in an integrated manner and the Board of Directors are duly updated of its activities.

A detailed disclosure on how the risk management is carried out within the Bank's Risk Management Framework with due consideration given to Credit risk, Market risk and Liquidity risk and Operational Risk are given in the Notes to the Financial Statements Section on “Risk Management disclosures” on pages 393 to 420



3.5 Changes in Accounting Policies

Standards issued but not yet effective for the year ending 31st December 2025

The new and amended accounting standards issued up to the date these financial statements are authorised for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts—including life, non-life, direct insurance, reinsurance—as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

As of 31 December 2025, SLFRS 17 does not have a material impact on the financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users. SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

4. GROSS INCOME

ACCOUNTING POLICY

The Gross Income represents the Interest Income and the Non-Interest Income earned by the Group during the year.

Gross Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria, for each type of Gross Income are given under the respective notes.

For the year ended 31 December	Note	BANK		GROUP	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest income	5.1	86,676,326	88,059,931	86,857,356	88,282,978
Fee and commission income	6.1	8,247,983	7,823,528	10,754,486	9,843,646
Net gains/(losses) from trading	7	1,054,913	1,041,326	1,054,913	1,041,326
Net gains/(losses) from financial assets at fair value through profit or loss	8	(41,896)	(141,276)	184,886	135,793
Net gains/(losses) from derecognition of financial assets	9	1,045,380	3,932,067	1,131,453	4,046,590
Other operating income	10	1,215,742	(1,332,194)	1,330,705	(1,146,600)
Total		98,198,448	99,383,382	101,313,799	102,203,733

5. NET INTEREST INCOME

ACCOUNTING POLICY

Recognition of Interest Income and Interest Expenses

The Group uses the Effective Interest Rate (EIR) method for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9- Financial Instruments. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or the financial liability.

The carrying amount of financial assets or financial liabilities is adjusted if the Group revises their estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR. The EIR (and therefore, the amortised cost) is calculated by taking into account any discount or premium on an acquisition, fees and costs that are an integral part of the EIR. The change in the carrying amount is recorded as 'interest income' for financial assets and 'Interest expenses' for financial liabilities.

Group ceases the recognition of interest income on assets which are impaired (over 90 days past due) when it is probable that the economic benefits associated will not continue to flow to the Bank.

Recognition of Interest Income using the Effective Interest Rate (EIR) method on Restructured Sovereign Bonds

As part of the International Sovereign Bond (ISB) debt restructuring process, the Bank received Foreign Currency (FCY) Bonds in exchange for the restructured ISB holdings. At initial recognition, these instruments were measured at fair value in accordance with SLFRS 9 Financial Instruments. This resulted in a day-one impact between the fair value at recognition and the contractual cash flows of the instruments.

In line with SLFRS 9 requirements, the Bank applies the **Effective Interest Rate (EIR) method** to allocate interest income over the expected life of the FCY Bonds. Accordingly, the day-one impact is amortised to the Profit or Loss statement under Interest Income through the unwinding process. This ensures that the carrying amount of the FCY Bonds is accreted to their contractual cash flows, and that the effective yield is appropriately reflected in the Bank's financial performance.

The recognition of interest income under the EIR method incorporates both the contractual coupon payments and the amortisation of the day-one adjustment, representing the economic return on the restructured instruments.

5.1 Interest Income

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Placements with banks	3,701,306	3,354,561	3,736,968	3,407,218
Financial assets recognised through profit or loss measured at fair value	477,163	1,973,199	477,163	1,973,199
Financial assets measured at fair value through other comprehensive income	8,580,181	10,742,906	8,633,704	10,847,213
Financial assets at amortised cost - loans and receivables to other customers	51,284,807	50,483,263	51,296,763	50,495,872
Interest income on impaired loans and receivables to other customers	1,943,791	1,817,214	1,943,791	1,817,214
Financial assets at amortised cost - debt and other instruments	19,134,295	19,345,134	19,137,295	19,352,601
EIR adjustment on sovereign bonds	1,313,522	-	1,313,522	-
Other interest income	241,261	343,654	318,150	389,661
Total interest income (a)	86,676,326	88,059,931	86,857,356	88,282,978

5.2 Interest Expenses

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Due to banks	3,165,624	2,708,426	3,165,624	2,708,426
Financial liabilities at amortised cost				
Due to depositors	39,891,937	45,698,947	39,795,831	45,639,316
Due to debt securities holders	3,375,340	751,577	3,375,340	751,577
Due to other borrowers	1,331,863	1,417,017	1,331,863	1,417,017
Debt securities issued	3,955,020	3,272,897	3,955,020	3,272,897
Total interest expenses (b)	51,719,784	53,848,864	51,623,678	53,789,233
Net interest income (a)-(b)	34,956,542	34,211,067	35,233,678	34,493,745

5.3 Net Interest Income from Sri Lanka Government Securities

Interest income and interest expenses on Government Securities have been extracted from interest income and interest expenses given in Notes 5.1 and 5.2 respectively and disclosed separately, as required by the Guidelines issued by the Central Bank of Sri Lanka.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest income				
Financial assets recognised through profit or loss measured at fair value	477,163	1,973,199	477,163	1,973,199
Financial assets measured at fair value through other comprehensive income	8,580,181	10,742,906	8,605,208	10,823,487
Financial assets measured at amortised cost - debt and other instruments	18,552,311	18,665,281	18,554,248	18,672,748
	27,609,655	31,381,386	27,636,619	31,469,434
Less : Interest expenses				
Financial liabilities at amortised cost - Due to debt securities holders	3,375,340	751,577	3,375,340	751,577
Net interest income from Sri Lanka Government Securities	24,234,315	30,629,809	24,261,279	30,717,857

6 NET FEE AND COMMISSION INCOME

ACCOUNTING POLICY

Income from Fee-based Activities

Fee and Commission Income

The Group recognises the fee and commission earned from depositors and the loans and receivables to other customers as per the requirements of SLFRS 9 - Financial Instruments and all other fee and commission income are recognised based on the SLFRS 15 - Revenue from contracts with customers.

The fee and commission income are recognised by the Group within the scope of SLFRS 15 (Revenue from contracts with customers) only when all of the following criteria are met:

- (i) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) obligations; and are committed to perform their respective obligations;
- (ii) The entity can identify each party's rights regarding the services to be transferred;
- (iii) The entity can identify the payment terms for the services to be transferred;
- (iv) The contract has commercial substance (ie the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- (v) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Fees and commission income that are integral to the EIR of a financial asset are capitalised and included in the measurement of the EIR and recognised in the Statement of Profit or Loss over the expected life of the instrument. Other fees and commission income on account servicing, investment management, underwriting, advisory work, loan syndication and all other fees and commissions earned during the normal course of the business of the Group are recognised as the related services are performed and are recorded on accrual basis. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Income from Financial Guarantees

The Bank issues financial guarantees, consisting of letters of credit, guarantees and acceptances, in the normal course of its business activities. Financial guarantees are initially recognised in the Statement of Financial Position as a contingent liability at the guarantee value. The premium received is recognised in the Statement of Profit or Loss on a straight-line basis over the life time of the guarantee and the balance amount to be amortised to the Statement of Profit or Loss after the reporting date, is recognised in the Statement of Financial Position, as Other Liabilities.

Rental Income

The Group recognises the rental income arising from operating leases including the investment property on an accrual basis by equalising the rental income over the tenure of the rent agreement in line with the requirement of SLFRS 16-Leases.

Fee and Commission Expenses

Fee and commission expenses mainly relates to transactions of loans and receivables to other customers and service fees, which are paid when the services are received. Fee and commission expenses are recognised on an accrual basis.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Fee and commission income (Note 6.1)	8,247,983	7,823,528	10,754,486	9,843,646
Less: Fee and commission expenses (Note 6.2)	180,666	26,210	180,666	26,210
Net Fee and commission income	8,067,317	7,797,318	10,573,820	9,817,436

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
6.1 Fee and Commission Income on				
Cards	2,194,207	2,091,815	2,194,207	2,091,815
Due to depositors	577,361	469,100	577,361	469,100
Guarantees	610,931	650,037	610,931	650,037
Loans and receivables to other customers	1,428,357	1,149,017	1,428,357	1,149,017
Remittances	970,301	905,092	970,301	905,092
Trade finance	1,566,954	1,270,240	1,566,954	1,270,240
Other financial services	654,462	1,130,186	689,085	1,183,252
Bancassurance	243,508	155,941	243,508	155,941
Investment banking and wealth management	-	-	1,839,454	1,591,409
Brokerage	-	-	425,072	229,706
Rental income	1,902	2,100	209,256	148,037
Total (a)	8,247,983	7,823,528	10,754,486	9,843,646

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
6.2 Fee and Commission Expenses on				
Loans and receivables to other customers	16,699	5,222	16,699	5,222
Other financial services	163,967	20,988	163,967	20,988
Total (b)	180,666	26,210	180,666	26,210
Net Fee and commission income (a)-(b)	8,067,317	7,797,318	10,573,820	9,817,436

7 NET GAINS/(LOSSES) FROM TRADING

ACCOUNTING POLICY

Net gains/(losses) from trading includes the unrealised gains/(losses) derived from revaluation of the foreign exchange contracts and other derivative financial instruments. All derivative financial instruments are fair valued at each reporting date as per the SLFRS 09 - Financial Instruments.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Income from foreign exchange contracts				
With banks	557,476	435,709	557,476	435,709
With other customers	497,437	605,617	497,437	605,617
Total	1,054,913	1,041,326	1,054,913	1,041,326

8 NET GAINS/(LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

ACCOUNTING POLICY

Net gains/ (losses) from financial assets at fair value through Profit or Loss comprises all unrealised fair value changes, related capital gains and losses derived from the financial assets classified as financial assets recognised through profit or loss measured at fair value.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Financial assets recognised through profit or loss measured at fair value				
Unrealised revaluation gains/(losses);				
Investment in unit trusts	-	-	34,832	57,125
Sri Lanka Government Securities - treasury bills/bonds	(41,896)	(141,276)	(41,896)	(141,276)
Equity securities	-	-	191,950	219,944
Total	(41,896)	(141,276)	184,886	135,793

9 NET GAINS/(LOSSES) FROM DERECOGNITION OF FINANCIAL ASSETS

ACCOUNTING POLICY

All realised gains and losses from derecognition of financial assets classified as financial assets measured at fair value through other comprehensive income and financial assets measured at Fair Value through profit or loss are given below.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Financial assets - Measured at Fair Value through Other Comprehensive Income				
Sri Lanka Government Securities - treasury bills/bonds	931,695	3,050,319	929,760	3,068,427
Financial assets - Measured at Fair Value through profit or loss				
Investment in unit trusts	-	-	88,008	80,180
Equity securities	-	-	-	16,235
Sri Lanka Government Securities - treasury bills/bonds	113,685	881,748	113,685	881,748
Total	1,045,380	3,932,067	1,131,453	4,046,590

10 OTHER OPERATING INCOME

ACCOUNTING POLICY

Other operating income includes capital gains/(losses), dividend income, foreign exchange gains, disposal gains/(losses) from property, plant & equipment and gains/(losses) from investment properties.

Dividend Income

Dividend income from group investments in subsidiary companies and associate companies and other investments in quoted and non quoted shares are recognised when the Group's right to receive the payment is established.

Foreign Exchange Gains

The change in exchange rate differences arising from the valuation of the retained profits held in foreign currency is included under 'foreign exchange gains'

Gains/(Losses) on disposal of Property, Plant & Equipment

Gains/(losses) on disposal of property, plant & equipment represent the difference between the sales proceeds and the net book value of property, plant & equipment that are disposed during the year.

Gains/(Losses) on Investment Properties

Gains/(losses) from investment properties arise from the changes in the fair values of investment properties and are included in the Statement of Profit or Loss, in the year in which they arise. The valuation methodology and the basis of valuation adopted by the Group is explained in detail in Note 32 on page 338.

Initial recognition of fair value on LKR bonds replaced for Sri Lanka Development Bonds

As part of Domestic Debt Optimisation (DDO) programme implemented by the Government of Sri Lanka during the year 2023, the Bank's SLDBs were converted to LKR treasury Bonds. In accordance with the recognition requirements under SLFRS 9 -Financial Instruments, the newly issued LKR bonds replaced with Sri Lanka Development bonds were recorded at fair value upon initial recognition. As a result, a Day one loss was recognised in Statement of Profit or Loss. This loss was estimated based on a comparable instrument at the initial recognition date. Further, the amortisation of the Day one loss was commenced from year 2024 onwards. Additionally, the Group reviewed the change in the fair value of the LKR Bonds and recognised a gain under Other Income in the Statement of Profit or Loss during the year.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Dividend income from securities				
- Quoted investments	79,229	55,922	119,278	77,953
- Non-quoted investments	40,805	39,433	44,630	50,908
Dividend income from group investments - Non-quoted investments	38,786	48,482	-	-
Foreign exchange gains/(losses)	604,933	(1,743,148)	609,494	(1,750,257)
Gains/(losses) on disposal of property, plant & equipment	(6,985)	2,827	(4,161)	2,827
Gains/(losses) on investment properties (Note 32)	-	-	94,172	185,574
Others	458,974	264,290	467,292	286,395
Total	1,215,742	(1,332,194)	1,330,705	(1,146,600)

11 IMPAIRMENT CHARGES/(REVERSALS)

ACCOUNTING POLICY

The Group recognises the impairment (Expected Credit Loss) on financial instruments assessed as per SLFRS 9 -Financial Instruments. Further, the Group also recognises an impairment loss when the carrying amount of a non-financial asset exceeds the estimated recoverable amount from that asset.

Overview of the Expected Credit Loss (ECL)

The Group records the allowance for expected credit loss for all loans and receivables and other financial assets not held at Fair Value through Profit or Loss (FVPL), together with loan commitments, financial guarantee contracts and letters of credit which are referred to as 'financial instruments'. Equity instruments are not subject to impairment under SLFRS 9.

The Expected Credit Loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset [The Life Time Expected Credit Loss (LTECL)], when there is a significant increase in credit risk since origination. In all other instances ECL is based on the 12 months ECL (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 57.3.3.5

The 12 months ECL is the portion of life time ECLs that represents the ECLs that result from default events on a financial instruments that are possible within the 12 months after the reporting date.

Both Life time ECLs and 12 months ECLs are calculated either on an individual basis or a collective basis, based on a predetermined threshold of customer exposures. If a particular loan is credit impaired under individual impairment the amount of loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows. If the individually assessed asset is determined that it is not credit impaired under individual impairment, such financial assets are then collectively assessed for any impairment along with other portfolios having similar risk characteristics under collective impairment. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 57.3.3.6

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 57.3.3.7.

As per SLFRS 9, the Group adopts a three stage model for impairment based on changes in credit quality since initial recognition.

STAGE 1

A financial asset that is not originally credit impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of LTECL that result from default events possible within the next 12 months (12mECL). Stage 1 also include financial assets of which the credit risk has improved and hence reclassified from stage 2 and stage 3

STAGE 2

Financial asset is moved to Stage 2 if a significant increase in credit risk (SICR) since origination is identified and the Group records an allowance for LTECL. Stage 2 also includes financial assets of which credit risk has improved and hence reclassified from stage 3.

STAGE 3

If a financial asset is credit impaired (as outlined in Note 57.3.3), it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.

The calculation of Expected Credit Loss (ECL)

The Group calculates ECLs under the three staging approach to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made on an individual basis or on a collective basis as per the Group's impairment policy.

The collective assessments are made separately for portfolio of facilities with similar credit risk characteristics.

The mechanics of the ECL calculations are outlined below and the key elements, Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) under collective impairment assessment are as follows:

PD

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. Days passed due (DPD) is the primary factor in establishing the term structure of PD for exposures. DPD is measured by counting the number of days since the payment due date. The concept of PDs is further explained in Note 57.3.3.2.

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. They are calculated on a discounted cashflow basis using EIR as the discounting factor. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 57.3.3.4

EAD

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest whether scheduled by contract or otherwise, expected drawdowns on committed facilities. To calculate EAD for a stage 1 loan, the Group assesses the possible default events within 12 months. For all other loans, the EAD is considered for default events over the life time of the financial instruments. The EAD is further explained in Note 57.3.3.3.

The above parameters are generally derived from internally developed statistical models and historical data and then adjusted to reflect forward looking information.

ACCOUNTING POLICY

When estimating the ECLs, the Group considers three scenarios (a base case, best case and worst case) of Economic Factor Adjustment (EFA). When relevant, the assessment of multiple scenarios are also incorporated to assess how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out below under "Credit cards and other revolving facilities", the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Provisions for ECLs for undrawn loan commitments are assessed as set out below under "Loan commitments and letters of credit". The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as credit cards is explained below under "Credit cards and other revolving facilities."

Forward looking information

The Group incorporates forward looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of Economic Factor Adjustment (EFA). When estimating the ECLs, the Group considers three economic scenarios (base case, best case and worst case). Quantitative economic factors are based on economic data and forecasts published by CBSL and other reliable sources.

In its EFA models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- Quantitative factors - GDP growth, Unemployment rate, Rate of Inflation, Interest rate and Exchange rate
- Qualitative factors - Government policies, refinements to internal lending policies and procedures, portfolio position within the business cycle and management outlook on delinquencies etc.

The inputs and models used for calculating EFA may not always capture all

characteristics of the market at the date of the Financial Statements.

Detailed information about these inputs and sensitivity analysis are provided in Note 57.3.3.14

Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities within a short period of time. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Bank's expectations, the period over which the Bank calculates ECLs for these products, is one year.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's number of days past due, as explained in Note 57.3.3.5, but greater emphasis is also given to qualitative factors.

The interest rate used to discount the ECLs for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

Loan commitments and letters of credit:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR of the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

Financial guarantee contracts

The Bank's liability under each guarantee is measured at the higher of the amount

initially recognised less cumulative amortisation recognised in the Statement of Profit or Loss and the ECL allowance. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holders for a credit loss that it incurs. The shortfalls are discounted by the risk adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

Impairment of Debt Instruments

The Group calculates the impairment on debt instruments at amortised cost and debt instruments at FVOCI. Thus the Group considers PDs based on the rating scales of external rating agencies as at the reporting date.

LGD for debt instruments are based on the guideline issued by the Central Bank of Sri Lanka and most recent information precedent of Sri Lanka's sovereign bond restructuring. Further, the Group applied the Economic Factor Adjustment based on the macro economic factor model. Exposure of Default (EAD) of a debt instrument is its gross carrying amount.

Recognition of impairment on Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI)

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Statement of Financial Position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the Statement of Profit or Loss. The accumulated loss recognised in OCI is recycled to the Statement of Profit or Loss upon derecognition of the assets.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credits enhancements such as netting agreements etc.

11 IMPAIRMENT CHARGES/(REVERSALS) (CONTD)

ACCOUNTING POLICY

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at inception and re-assessed on a regular basis. Details of the impact of the Bank's various credit enhancements are disclosed in Note 57.3.3.11.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuation specialists.

Collateral repossessed

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auctions, to settle outstanding debt.

Assets under legal repossession process are not recorded on the Statement of Financial Position.

Such collaterals repossessed are held on a memorandum basis without derecognising the underlying receivable.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the impairment allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the Statement of Profit or Loss.

Forborne and modified loans (restructured/rescheduled loans)

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include

defaults on covenants. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

All rescheduled loans are classified as stage 3 unless upgraded due to satisfactory performing period as specified in the Direction No. 13 of 2021 on "Classification, Recognition and Measurement of Credit Facilities in Licensed Banks" issued by the Central Bank of Sri Lanka. Further loans which have been restructured are classified as stage 2 or 3 based on the number of times restructured unless upgraded due to satisfactory performing period as specified in the said Direction.

Significant Accounting Judgements, Estimates and Assumptions on Impairment Allowance on financial assets

The measurement of impairment allowance under SLFRS 9 across all categories of financial assets requires judgement in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of impairment allowances. Accounting judgements, estimates and assumptions are reviewed regularly and revisions to the same are recognised prospectively.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include;

- The Group's criteria for assessing if there has been a significant increase in credit risk and hence allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.

- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models.

A sensitivity analysis of impairment allowance to feasible changes in various factors used has been disclosed in note 57.3.3.14

Impairment charge on Other Financial Assets

The impairment charge on Other Financial Assets included the impairment allowance made for the additional interest receivable for Special Deposit Accounts (SDA) and Incentive scheme on Inward worker remittances due from the General Treasury of Central Bank on prudential basis in line with the instructions issued by the Central Bank of Sri Lanka.

For the year ended 31 December	Note	BANK		GROUP	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Charges/(reversals) to the Statement of Profit or Loss;					
Loans and receivables to other customers					
- Impairment on individually significant loans	11.1	6,734,951	12,925,303	6,734,951	12,925,303
- Impairment on collective loan portfolio	11.1	(1,359,575)	156,328	(1,359,575)	156,328
Impairment on contingent liabilities and commitments	11.1	326,237	203,593	326,237	203,593
Total impairment charges for loans and receivables to other customers and contingent liabilities and commitments		5,701,613	13,285,224	5,701,613	13,285,224
Impairment charges/(reversals) on financial assets	11.1	189,686	(23,707,196)	189,686	(23,707,196)
Impairment charges on investments in subsidiaries	11.1	-	77,735	-	-
Other financial asset	11.1	23,545	367,372	23,545	367,372
Total		5,914,844	(9,976,865)	5,914,844	(10,054,600)

11.1 Analysis of Impairment Charges/(Reversals) - Stage wise Impairment

A further analysis of the Impairment charges on financial instruments for the year are given below.

Current year 2025	BANK				GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Impairment on loans and receivables								
Financial assets at amortised cost - loans and receivables to other customers	139,635	(1,543,229)	6,778,970	5,375,376	139,635	(1,543,229)	6,778,970	5,375,376
Individual impairment [Note 27.6 (a)]	-	(945,355)	7,680,306	6,734,951	-	(945,355)	7,680,306	6,734,951
Collective impairment [Note 27.6 (a)]	139,635	(597,874)	(901,336)	(1,359,575)	139,635	(597,874)	(901,336)	(1,359,575)
Contingent liabilities and commitments [Note 49.1 (b)]	362,875	(36,637)	(1)	326,237	362,875	(36,637)	(1)	326,237
Total impairment charges/(reversals) on loans and receivables to other customers and contingent liabilities and commitments	502,510	(1,579,866)	6,778,969	5,701,613	502,510	(1,579,866)	6,778,969	5,701,613
Impairment on financial assets								
Cash and cash equivalents (Note 22.1)	(2,021)	-	-	(2,021)	(2,021)	-	-	(2,021)
Placements with banks (Note 24.1)	(4,070)	-	-	(4,070)	(4,070)	-	-	(4,070)
Financial assets at amortised cost - debt and other instruments [Note 28.1 (d)]	(271)	228,062	-	227,791	(271)	228,062	-	227,791
Financial assets measured at fair value through other comprehensive income	-	(32,014)	-	(32,014)	-	(32,014)	-	(32,014)
Total impairment charges/(reversals) on financial assets	(6,362)	196,048	-	189,686	(6,362)	196,048	-	189,686
Impairment charges on investments in subsidiaries (Note 30.1)	-	-	-	-	-	-	-	-
Other financial asset [Note 36.3 (a)]	-	23,545	-	23,545	-	23,545	-	23,545
Total impairment charges/(reversals)	496,148	(1,360,273)	6,778,969	5,914,844	496,148	(1,360,273)	6,778,969	5,914,844

11.1 Analysis of Impairment Charges/(Reversals) - Stage wise Impairment (Contd.)

Previous year 2024	BANK				GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Impairment on loans and receivables								
Financial assets at amortised cost - loans and receivables to other customers	1,007,087	(806,217)	12,880,761	13,081,631	1,007,087	(806,217)	12,880,761	13,081,631
Individual impairment [Note 27.6 (a)]	-	17,160	12,908,143	12,925,303	-	17,160	12,908,143	12,925,303
Collective impairment [Note 27.6 (a)]	1,007,087	(823,377)	(27,382)	156,328	1,007,087	(823,377)	(27,382)	156,328
Contingent liabilities and commitments [Note 49.1 (b)]	337,315	(107,034)	(26,688)	203,593	337,315	(107,034)	(26,688)	203,593
Total impairment charges/(reversals) on loans and receivables to other customers and contingent liabilities and commitments	1,344,402	(913,251)	12,854,073	13,285,224	1,344,402	(913,251)	12,854,073	13,285,224
Impairment on financial assets								
Cash and cash equivalents (Note 22.1)	(558)	-	-	(558)	(558)	-	-	(558)
Placements with banks (Note 24.1)	(12,278)	-	-	(12,278)	(12,278)	-	-	(12,278)
Financial assets at amortised cost - debt and other instruments [Note 28.1 (d)]	6,290	(23,863,418)	-	(23,857,128)	6,290	(23,863,418)	-	(23,857,128)
Financial assets measured at fair value through other comprehensive income [Note 29.1 (c)]	-	162,768	-	162,768	-	162,768	-	162,768
Total impairment charges/(reversals) on financial assets	(6,546)	(23,700,650)	-	(23,707,196)	(6,546)	(23,700,650)	-	(23,707,196)
Impairment charges on investments in subsidiaries (Note 30.1)	-	77,735	-	77,735	-	-	-	-
Other financial asset	-	367,372	-	367,372	-	367,372	-	367,372
Total impairment charges/(reversals)	1,337,856	(24,168,794)	12,854,073	(9,976,865)	1,337,856	(24,246,529)	12,854,073	(10,054,600)

12 LOSS ON RESTRUCTURING OF SRI LANKA INTERNATIONAL SOVEREIGN BONDS (SLISBs)

ACCOUNTING POLICY

The Group recognises a Day one loss on the new instruments upon initial recognition, as they are recorded at fair value in accordance with the requirements of SLFRS 9 - Financial Instruments, including the recording of the loss on haircut from previously held ISBs. Both these adjustments have been charged to the Statement of Profit or Loss in the period of recognition. Further, Bank follows the requirements of SLFRS 9 for the provisioning for ECLs of ISBs as described in Note 11.

For the year ended 31 December	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Day one loss on new instruments				
Financial assets measured at amortised cost	-	10,379,127	-	10,379,127
Financial assets Measured at fair value through other comprehensive income	-	369,482	-	369,482
Loss on haircut from previously held ISBs	-	3,594,971	-	3,594,971
Total	-	14,343,580	-	14,343,580

Restructuring of Sri Lanka International Sovereign bonds (SLISBs)

Sri Lanka faced an unprecedented economic crisis in 2022, marked by a severe balance of payments issue, dwindling foreign reserves, and an inability to service its external debt. This led to the country's first-ever sovereign default in May 2022, as it suspended payments on approximately USD12.55 billion in outstanding International Sovereign Bonds (ISBs). The Government subsequently engaged in a comprehensive debt restructuring programme to restore debt sustainability and regain access to international capital markets. Sri Lanka finalized its International Sovereign Bond (ISB) restructuring in December 2024, addressing USD12.55 billion in debt to restore economic stability and meet IMF bailout conditions.

Key Aspects of the Deal:

- Bond Exchange Offer: Investors swapped previously held ISBs for new ones with adjusted terms.
- Foreign Bondholders: Took a 28% haircut but could recover some losses if Sri Lanka's economy improved.
- Domestic Banks: Exchanged 70% of ISBs for dollar bonds (10% haircut), with 30% in rupee bonds.
- Past Due Interest: Converted into bonds with an 11% haircut.
- Governance-Linked Bonds (GLBs): Lower interest rates if Sri Lanka meets IMF governance targets.
- Macro-Linked Bonds: Debt repayments adjust based on economic performance.

This innovative restructuring stabilized the economy, restored creditor confidence, and set a precedent for flexible sovereign debt solutions.

Impact of the debt restructuring programme

The breakdown of the new instruments received in settlement of SLISBs held as at the date of restructuring is as follows:

ISB before Exchange	Settlement Date	Currency	Previously held ISBs	Bond Exchanged	Currency	New Instruments
Capital	20-Dec-24	USD	144.80 Mn	Rupee denominated Treasury Bonds	LKR	12.61 Bn*
				USD denominated Step-Up Bonds	USD	91.22 Mn
Past Due Interest	20-Dec-24	USD	17.89 Mn	USD denominated PDI Bonds	USD	18.99 Mn

*USD equivalent of Rupee denominated Treasury Bonds is USD 43.44 Mn

Initial recognition of new Instrument on settlement dates of exchange programmes

The new bonds issued under the exchange programmes were recognized as new financial assets and initially measured at fair value. The fair value of the new bonds was estimated using discounted cash flow techniques, applying rates from the yield curve that was constructed from market information and data available at the date of measurement to discount the expected cash flows from the new bonds as outlined in the exchange memorandum.

The data considered in the construction of the yield curve includes US comparable tenure risk free bond, current and historical ISB traded prices, Sri Lanka Country Risk Premium, Liquidity risk Premium and other risk premium.

12 LOSS ON RESTRUCTURING OF SRI LANKA INTERNATIONAL SOVEREIGN BONDS (SLISBs) (CONTD.)

De-recognition of the previously held ISBs and Reversal of Impairment allowance

The previously held ISBs is fully removed from the Statement of Financial Position along with the associated impairment and have recognized the newly exchanged bond at their fair value. Before the exchange, the Bank had recognized impairment allowance amounting to LKR 25.2 Bn on the previously held ISBs up to December 2023 due to sovereign default risk. With the successful conclusion of the debt restructuring in December 2024, the Bank reversed the full impairment allowance recognized in respect of the previously held ISBs because the Bank no longer needs to hold provision against them.

Under SLFRS 9, a financial asset must be derecognized when:

- The contractual rights to cash flows from the asset expire, or
- The asset is exchanged for a substantially different instrument.

Since the previously held ISBs have been exchanged for new instruments with different terms (maturity extension, lower coupon rates, and partial principal reduction), they are considered substantially different under SLFRS 9. Therefore, the previously held ISBs are fully derecognized from the bank's books.

Recognition of New Instruments at Fair Value

Since the previously held ISBs were exchanged for new instruments, the bank recognized the new instruments at their fair value at the date of exchange, as required by SLFRS 9. Fair value is determined using discounted cash flow (DCF) models incorporating new coupon rates, maturity and risk.

The following table shows the weighted-average yield-to-maturity applied in discounting the cash flows of the new bonds issued under the exchange programmes, the fair value on initial recognition, classification at the initial recognition.

Subsequent measurement

Bond Type	US/SL Government Similar Maturity Bond Yield	Sri Lanka Country Risk Premium*	Credit De-Risk Premium*	Yield-to- maturity (Discount Rate)	Currency	Fair Value at initial recognition (Mn)	Stage Classification	Categorisation
Rupee denominated Treasury Bonds	-	-	-	9%	LKR	12,610.89	Stage 2	AMC
USD denominated Step-Up Bonds	4.50%	5.50%	2.00%	8%	USD	56.28	Stage 2	AMC
USD denominated PDI Bonds	4.50%	5.50%	-	10%	USD	15.86	Stage 2	FVOCI

*CA Sri Lanka guideline "Accounting Treatment for International Sovereign Bonds in line with SLFRS 9 Financial Instruments

ECL considerations

Lifetime ECLs are incorporated into the discounting factor. The Expected Credit Loss (ECL) component has been separated from the day-one loss calculation. ECL has been specifically assessed for the PDI bonds, as it is payable in USD and carries credit risk exposure that necessitates provisioning

However, the setup bond includes a feature that allows for LKR convertibility in the event of default. This characteristic mitigates the credit risk typically associated with foreign currency obligations, thereby eliminating the need for ECL recognition

Furthermore, LKR-denominated government bonds do not require ECL provisioning. This exemption is based on the assumption that these bonds are backed by the sovereign entity, reducing the likelihood of credit losses that would necessitate ECL recognition.

The Expected Credit Loss (ECL) component has been determined based on a Probability of Default (PD) and a Loss Given Default (LGD). The PD assumption is in line with the default probability typically associated with CCC+ rated sovereign issuers, reflecting heightened credit risk. Meanwhile, the LGD is derived from the most recent precedent of Sri Lanka's sovereign bond restructuring, providing a relevant benchmark for potential recovery rates. These assumptions ensure that the ECL estimation reflects both the prevailing sovereign risk profile and empirical restructuring outcomes.

13 PERSONNEL EXPENSES

ACCOUNTING POLICY

Personnel expenses include salaries and bonus, terminal benefit charges, share-based payments and other related expenses. The provisions for bonus is recognised when it is probable that an outflow of resources, embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Defined Contribution Plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions, in accordance with the respective statutes and regulations. The Bank contributes 15% and 3% of gross salaries of employees to the Bank's Employees' Provident Fund and the Employees' Trust Fund respectively. Group companies contribute 12% and 3% of gross salaries of employees to the Employees' Provident Fund of Central Bank of Sri Lanka and Employees' Trust Fund respectively.

The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in the Sri Lanka Accounting Standard - LKAS 19

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, the pension fund and staff gratuity were considered as defined benefit plans as per Sri Lanka Accounting Standard - LKAS 19, Employee Benefits. The contributions to the defined benefit plans are recognised in the Statement of Profit or Loss, based on an actuarial valuation carried out for the gratuity liability and the pension fund of the Group in accordance with LKAS 19.

The basis of measurement, assumptions used in actuarial valuations are given in detail in Note 42 to these Financial Statements.

Share Based Expense

The Group has granted an Employee Share Option Scheme (ESOS) for the approved management staff, and the details of which are given in Note 47.3. The group applies the requirements of the Sri Lanka Accounting Standard SLFRS 2 on Share Based payments in accounting for ESOS.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Salary and bonus	7,934,306	7,104,214	8,681,607	7,810,324
Contribution to Employees' Provident Fund	691,521	632,285	748,240	682,433
Contribution to Employees' Trust Fund	140,013	128,233	153,811	140,306
Contribution to defined benefit plan				
- Pension Fund [Note 42.2 (a)]	(28,430)	(36,487)	(28,430)	(36,487)
- Gratuity [Note 42.1 (a)]	312,396	303,511	340,050	331,762
Share based expenses (Note 47.3)	(81,094)	103,949	(70,801)	103,949
Others	594,773	515,651	680,262	573,087
Total	9,563,485	8,751,356	10,504,739	9,605,374

The Bank has not made any non statutory special payments to directors/Chief Executive Officer and Key Management Personnel (KMPs) upon their termination of employment or at the retirement during the year 2025.

14 DEPRECIATION AND AMORTISATION EXPENSES

ACCOUNTING POLICY

Useful Life Time of Property, Plant & Equipment and Depreciation

Depreciation is calculated on a straight-line basis over the useful life of the assets, commencing from the date when the assets are available for use, since this method closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. No depreciation is charged in the month of disposal of the asset and the Group does not charge depreciation on freehold land. The depreciation rates are determined separately for each significant part of the assets.

The Group reviews the residual values, useful lives and methods of depreciation of property, plant & equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

The estimated useful lives of the assets for the year ended 31 December 2025 and 2024, are as follows:

	Period (Years)	% per Annum
Freehold buildings	50	2.00
Leasehold buildings	5	20.00
Motor vehicles	4	25.00
Office equipment and furniture	5	20.00
Computer equipment - ATMs	8	12.50
Computer equipment - Servers	6	16.67
Computer equipments - Servers - Others*	8	12.50
Computer equipment - iPads	4	25.00
Computer equipment - Others	5	20.00
Mobile Phones	3	33.33
Sundry fittings - Solar Power	10	10.00
Sundry fittings - Others	4	25.00

* With effect from 01 November 2025, 'Computer equipment - Servers - Others' was introduced & segregated according to their useful life based on technical assessment & above rates are compatible with the rates used by the Group Companies.

Amortisation of Intangible Assets

Intangible assets are amortised using the straight-line method to write down the cost over its estimated useful economic lives and the useful life for the years ended 31 December 2025 and 2024 are given as follows:

Class of Assets	Period (Years)	% per Annum
Computer software - Application software	6	16.67
Computer software - Data Base Software	8	12.50
Computer software - Operating System software	8	12.50
Computer software - Utility Software	6	16.67
Computer software - Core Banking	10	10.00
Computer software - Others	5-10	20.00-10.00

Above rates are compatible with the rates used by the group companies.

Depreciation of Right of Use Assets

Depreciation is calculated using the straight-line method over the tenor of the lease agreements and it is recognised in the Statement of Profit or Loss. An analysis of depreciation and amortisation expenses are given below.

14 DEPRECIATION AND AMORTISATION EXPENSES

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Own assets				
Depreciation of property, plant & equipment (Note 33.1 & 33.4)	442,748	401,609	478,879	434,136
Amortisation of intangible assets (Note 35.1)	312,295	313,001	326,288	319,728
Assets under operating leases				
Depreciation of right of use assets (Note 34)	438,924	375,974	477,126	414,125
Total	1,193,967	1,090,584	1,282,293	1,167,989

15 OTHER EXPENSES

ACCOUNTING POLICY

Other expenses include operating expenses of the Group which are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income and are recognised on an accrual basis.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Directors' emoluments	99,792	128,684	114,336	146,020
Auditors' remuneration				
Audit fees and expenses	16,740	15,552	23,572	20,525
Audit related fees and expenses	9,978	5,987	10,675	5,987
Non-audit fees and expenses	9,514	10,979	10,406	11,834
Professional and legal expenses	104,696	73,865	186,837	171,044
Donations	64,774	6,346	70,499	10,846
Office administration and establishment expenses	3,453,386	3,374,124	3,665,846	3,620,256
Deposit insurance expenses	661,084	599,618	661,084	599,618
Others	3,823,124	2,741,507	4,295,372	3,048,388
Total	8,243,088	6,956,662	9,038,627	7,634,518

Directors' emoluments consists of the salary/fees paid to both Executive and Non-Executive Directors of the Group.

16 TAX ON FINANCIAL SERVICES

ACCOUNTING POLICY

Tax on Financial Services include Value Added Tax and Social Security Contribution Levy on financial services.

Value Added Tax (VAT) on Financial Services

Value Added Tax (VAT) on financial services is calculated in accordance with Value Added Tax Act, No. 14 of 2002 and subsequent amendments thereto. The base for the computation of Value Added Tax on financial services is the accounting profit before income tax and emoluments payable to employees, which is adjusted for the depreciation of property, plant & equipment computed at the prescribed rates. The emoluments payable include aggregate of both benefits in money and benefits not in money payable to the employees and any contribution or provision in relating to terminal benefits. The regulatory tax rate applicable for the current year was 18%. (2024 - 18%).

Social Security Contribution Levy (SSCL) on Financial Services

SSCL on financial services is calculated in accordance with Social Security Contribution Levy Act, No. 25 of 2022 and subsequent amendments thereto. The base applicable for Value Added Tax on financial services as explain above is applied for the computation of the SSCL on financial services and the regulatory tax rate applicable for the current year was 2.5% (2024-2.5%).

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
Value Added Tax on financial services	4,429,750	4,850,519
Social Security Contribution Levy on financial services	618,130	673,683
Total	5,047,880	5,524,202

17 SHARE OF ASSOCIATE COMPANIES' PROFITS/(LOSSES)

The Group's share of profits/(losses) of an investment in an associate company which is recognised as per the equity method, is shown on the face of the Statement of Profit or Loss outside operating profits. The Bank has not recognised profits/(losses) from its associate company, Ayojana Fund (Pvt) Limited, as the company is under liquidation. Please refer Note 31 to these Financial Statements.

ACCOUNTING POLICY

As per Sri Lanka Accounting Standard - LKAS 12, Income Taxes, income tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

Current tax

Current tax consists of the expected tax payable to or receivable from the taxation authorities for the year and any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the charge are those that are enacted or substantively enacted on the reporting date. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments there to, at the rates specified in Note 18.2 of these Financial Statements.

Provision for taxation of the foreign subsidiaries is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the relevant statutes in those countries, using the tax rates enacted or substantively enacted as at the reporting date.

Deferred Tax

Deferred tax is recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax laws of the relevant jurisdiction. Details of deferred tax liabilities/assets are given in Note 41 to the Financial Statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12, Income Taxes. It does not apply to taxes or

levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group applies IFRIC Interpretation 23, "Uncertainty Over Income Tax Treatment" in determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over the income tax treatment. The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgment in identifying uncertainties over income tax treatments. It assessed whether the Interpretation had an impact on its consolidated Financial Statements. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. Accordingly the Group has already estimated and recorded the probable effect of uncertainty over income tax treatment in its consolidated Financial Statements.

Significant Accounting Estimates & Assumptions

The amount of current tax receivable or payable is the best estimate of the tax amount expected to be received or paid that reflects uncertainty related to income taxes, if any.

Management periodically evaluates the positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The component of the income tax expenses for the year ended 31 December 2025 and 2024 are given below:

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current tax expense				
Taxation based on the profit for the year	6,577,774	4,302,960	6,928,520	4,633,549
Under/(over) provision in respect of previous years	(471,064)	(639,529)	(366,827)	(537,248)
Total current tax expense	6,106,710	3,663,431	6,561,693	4,096,301
Deferred tax expense				
Deferred tax charge/ (reversal) (Note 41.2)	(811,816)	6,125,137	(791,614)	6,178,591
Total income tax charged/(reversal) to the Statement of Profit or Loss (Note 18.1)	5,294,894	9,788,568	5,770,079	10,274,892
Effective tax rate (including deferred tax) (%)	32	52	33	51
Effective tax rate (excluding deferred tax) (%)	37	19	37	20

18.1 Reconciliation of the Accounting Profit to Income Tax Expenses

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit before taxation	16,334,734	18,818,789	17,721,072	20,167,227
Income tax expenses for the year (accounting profit @ applicable tax rate)	4,583,412	5,645,637	5,015,691	6,115,096
Income/profits taxed at concessionary rate (15%)	158,504	-	159,156	-
Tax effect on				
Disallowable expenses	1,281,752	5,864,263	1,326,531	5,903,557
Tax deductible expenses	(12,904)	(848)	(50,140)	(25,233)
Exempt income	(244,806)	(1,080,955)	(314,332)	(1,181,250)
Tax losses	-	-	-	(30)
Total income tax for the year	5,765,958	10,428,097	6,136,906	10,812,140
Under/(over) provision in respect of previous years	(471,064)	(639,529)	(366,827)	(537,248)
Total income tax charged/(reversal) to the Statement of Profit or Loss	5,294,894	9,788,568	5,770,079	10,274,892

18.2 Applicable Income Tax Rates

The applicable income tax rates of the Bank and the subsidiary companies for the years 2025 and 2024 are as follows:

	2025 %	2024 %
National Development Bank PLC	30	30
NDB Capital Holdings Limited	30	30
Development Holdings (Pvt) Limited	30	30
NDB Investment Bank Limited	30	30
NDB Securities (Pvt) Limited	30	30
NDB Wealth Management Limited	30	30
NDB Zephyr Partners Lanka (Pvt) Limited	15	Exempt
NDB Zephyr Partners Limited (Mauritius)*	15	15
NDB Capital Limited (Bangladesh)	37.5	37.5

*The Company is however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritius tax chargeable on its foreign source income.

The gains and profits earned or derived from any foreign source/ service exports where such gains and profits are earned or derived in foreign currency and remitted through a bank to Sri Lanka liable to tax at the rate of 15% with effect from 01 April 2025.

18.3 The Deferred Tax (Credit)/Charge in the Statement of Profit or Loss Comprise the Following:

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
(Reversal)/origination of deferred tax liabilities	381	(51,479)	16,010	(14,607)
Reversal/ (origination) of deferred tax assets	(812,197)	6,176,616	(807,624)	6,193,198
Deferred tax (credit)/charge to the Statement of Profit or Loss (Note 41.2)	(811,816)	6,125,137	(791,614)	6,178,591

The deferred tax assets/liabilities of the Group as at 31 December 2025 and 2024 were computed using the income tax rate of 30%.

The Bank reversed the deferred tax asset recognised on impairment allowance of previously held SLISBs amounting to LKR 7 Bn during the year 2024. Excluding the impact of this deferred tax asset reversal, the Bank's income tax expense for the year 2024 for normal business activities amounts to LKR 2.8 Bn.

19 BASIC/DILUTED EARNINGS PER SHARE

ACCOUNTING POLICY

The Group presents basic and diluted Earning Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit attributable to the ordinary equity shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

Diluted EPS is determined by dividing the profit or loss attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the potential dilution from all outstanding share options granted to employees under the Employee Share Option Scheme (ESOS).

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Earnings per Share: Basic				
Amount used as the numerator				
Profit attributable to equity holders of the parent (LKR '000)	11,039,840	9,030,221	11,864,755	9,794,161
Amount used as the denominator				
Weighted average number of ordinary shares [Note 19.1]	426,292,650	424,929,268	426,292,650	424,929,268
Basic earnings per share (LKR)	25.90	21.25	27.83	23.05
Earnings per Share: Diluted				
Weighted average number of ordinary shares as at the date of the Statement of Financial Position for basic EPS calculation	426,292,650	424,929,268	426,292,650	424,929,268
Effect of outstanding share option schemes	-	1,310,636	-	1,310,636
Number of ordinary shares including share options	426,292,650	426,239,904	426,292,650	426,239,904
Weighted average number of ordinary shares as at the date of the Statement of Financial Position for diluted EPS calculation	426,292,650	426,239,904	426,292,650	426,239,904
Diluted Earnings per Share (LKR)	25.90	21.19	27.83	22.98

19.1 Weighted Average Number of Ordinary Shares for Basic EPS

	BANK & GROUP	
	2025	2024
Number of shares held as at 01 January as per stated capital	415,513,426	399,464,362
Add: Weighted average effect of number of shares issued due to the share option schemes	1,363,382	-
Add: Number of shares issued due to final scrip dividend for the year 2023	-	16,049,064
Add: Number of shares issued due to final scrip dividend for the year 2024	9,415,842	9,415,842
Weighted average number of shares held as at 31 December used as the denominator for basic EPS	426,292,650	424,929,268

20 DIVIDEND PER SHARE

ACCOUNTING POLICY

Interim and final dividends are recognised and accrued when the dividends are recommended and declared by the Board of Directors in accordance with the Companies Act No. 7 of 2007.

The Board of Directors will consider a declaration of dividends for the year 2025 in due course. The Bank paid a total dividend of LKR 8.00 per share comprising of a cash dividend of LKR 5.00 per share and a scrip dividend of LKR 3.00 per share for the year 2024.

	BANK & GROUP	
	2025 LKR	2024 LKR
Final dividend per share - Cash	-	5.00
Final dividend per share - Scrip	-	3.00
Total dividend per share	-	8.00

	BANK & GROUP			
	Dividend per share LKR	2025 LKR'000	Dividend per share LKR	2024 LKR'000
Dividend Paid during the Year				
Final scrip dividend declared and paid for the prior year	3.00	1,248,873	3.00	1,198,393
Final cash dividend declared and paid for the prior year	5.00	2,081,455	2.00	798,929
Gross dividends declared and paid during the year with respect of prior year	8.00	3,330,328	5.00	1,997,322
Reversal of dividends paid in prior years		(13,600)		(17,148)
Dividends to equity holders		3,316,728		1,980,174

21 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

ACCOUNTING POLICY

Financial instrument in the statement of financial position are measured on an ongoing basis either at fair value or at amortised cost. The accounting policies describe how each category of finance instrument is measured and how income and expenses, including fair value and losses are recognised. The following table analyse the carrying amount of the financial instruments by category as defined in Sri Lanka accounting standard SLFRS 9 - 'Financial instrument' under heading of the statement of financial position:

	Note	BANK			
		Fair value through Profit or Loss	Amortized Cost	Fair value through Other Comprehensive Income	Total
		LKR '000	LKR '000	LKR '000	LKR '000
As at 31 December 2025					
Assets					
Cash and cash equivalents	22	-	17,566,305	-	17,566,305
Balances with the Central Bank of Sri Lanka	23	-	8,225,602	-	8,225,602
Placements with banks	24	-	24,692,505	-	24,692,505
Derivative financial instruments	25	1,475,777	-	-	1,475,777
Financial assets recognised through profit or loss - measured at fair value	26	253,152	-	-	253,152
Financial assets at amortised cost - loans and receivables to other customers	27	-	593,603,756	-	593,603,756
Financial assets at amortised cost - debt and other instruments	28	-	181,340,088	-	181,340,088
Financial assets measured at fair value through other comprehensive income	29	-	-	78,648,323	78,648,323
Other financial assets	36	-	11,832,959	-	11,832,959
Total financial assets		1,728,929	837,261,215	78,648,323	917,638,467

As at 31 December 2025	Note	BANK		
		Fair value through Profit or Loss	Amortized Cost	Total
		LKR '000	LKR '000	LKR '000
Liabilities				
Due to banks	37	-	12,447,544	12,447,544
Derivative financial instruments	25	251,448	-	251,448
Financial liabilities at amortised cost - due to depositors	38.1	-	707,167,366	707,167,366
Financial liabilities at amortised cost - due to debt securities holders	38.2	-	69,834,390	69,834,390
Financial liabilities amortised cost - due to other borrowers	38.3	-	19,792,565	19,792,565
Debt securities issued	39	-	23,330,603	23,330,603
Other financial liabilities	43.1	-	3,571,263	3,571,263
Total financial liabilities		251,448	836,143,731	836,395,179

As at 31 December 2025	Note	GROUP			
		Fair value through Profit or Loss	Amortized Cost	Fair value through Other Comprehensive Income	Total
		LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	22	-	18,020,298	-	18,020,298
Balances with the Central Bank of Sri Lanka	23	-	8,225,602	-	8,225,602
Placements with banks	24	-	24,692,505	-	24,692,505
Derivative financial instruments	25	1,475,777	-	-	1,475,777
Financial assets recognised through profit or loss - measured at fair value	26	3,414,968	-	-	3,414,968
Financial assets at amortized cost - loans and receivables to other customers	27	-	593,705,105	-	593,705,105
Financial assets at amortized cost - debt and other instruments	28	-	181,822,394	-	181,822,394
Financial assets measured at fair value through other comprehensive income	29	-	-	79,110,967	79,110,967
Other financial assets	36	-	12,280,825	-	12,280,825
Total financial assets		4,890,745	838,746,729	79,110,967	922,748,441

As at 31 December 2025	Note	GROUP		
		Fair value through Profit or Loss	Amortized Cost	Total
		LKR '000	LKR '000	LKR '000
Liabilities				
Due to banks	37	-	12,447,544	12,447,544
Derivative financial instruments	25	251,448	-	251,448
Financial liabilities at amortised cost - due to depositors	38.1	-	706,437,565	706,437,565
Financial liabilities at amortised cost - due to debt securities holders	38.2	-	69,834,390	69,834,390
Financial liabilities amortised cost - due to other borrowers	38.3	-	19,792,565	19,792,565
Debt securities issued	39	-	23,330,603	23,330,603
Other financial liabilities	43.1	-	3,733,731	3,733,731
Total financial liabilities		251,448	835,576,398	835,827,846

21 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD.)

As at 31 December 2024	Note	BANK			
		Fair value through Profit or Loss	Amortized Cost	Fair value through Other Comprehensive Income	Total
		LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	22	-	18,037,627	-	18,037,627
Balances with the Central Bank of Sri Lanka	23	-	8,053,358	-	8,053,358
Placements with banks	24	-	22,098,832	-	22,098,832
Derivative financial instruments	25	1,146,236	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	26	6,776,131	-	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	27	-	460,707,258	-	460,707,258
Financial assets at amortised cost - debt and other instruments	28	-	166,190,761	-	166,190,761
Financial assets measured at fair value through other comprehensive income	29	-	-	94,245,415	94,245,415
Other financial assets	36	-	2,792,724	-	2,792,724
Total financial assets		7,922,367	677,880,560	94,245,415	780,048,342

As at 31 December 2024	Note	BANK		
		Fair value through Profit or Loss	Amortized Cost	Total
		LKR '000	LKR '000	LKR '000
Liabilities				
Due to banks	37	-	4,841,342	4,841,342
Derivative financial instruments	25	344,586	-	344,586
Financial liabilities at amortised cost - due to depositors	38.1	-	631,682,926	631,682,926
Financial liabilities at amortised cost - due to debt securities holders	38.2	-	8,002,850	8,002,850
Financial liabilities amortised cost - due to other borrowers	38.3	-	22,023,798	22,023,798
Debt securities issued	39	-	33,564,708	33,564,708
Other financial liabilities	43.1	-	2,467,697	2,467,697
Total financial liabilities		344,586	702,583,321	702,927,907

As at 31 December 2024	Note	GROUP			
		Fair value through Profit or Loss	Amortized Cost	Fair value through Other Comprehensive Income	Total
		LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	22	-	18,682,376	-	18,682,376
Balances with the Central Bank of Sri Lanka	23	-	8,053,358	-	8,053,358
Placements with banks	24	-	22,098,832	-	22,098,832
Derivative financial instruments	25	1,146,236	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	26	9,905,171	-	-	9,905,171
Financial assets at amortised cost - loans and receivables to other customers	27	-	460,780,610	-	460,780,610
Financial assets at amortised cost - debt and other instruments	28	-	166,355,792	-	166,355,792
Financial assets measured at fair value through other comprehensive income	29	-	-	94,659,106	94,659,106
Other financial assets	36	-	3,067,360	-	3,067,360
Total financial assets		11,051,407	679,038,328	94,659,106	784,748,841

As at 31 December 2024	Note	GROUP		
		Fair value through Profit or Loss	Amortized Cost	Total
		LKR '000	LKR '000	LKR '000
Liabilities				
Due to banks	37	-	4,841,342	4,841,342
Derivative financial instruments	25	344,586	-	344,586
Financial liabilities at amortised cost - due to depositors	38.1	-	631,081,461	631,081,461
Financial liabilities at amortised cost - due to debt securities holders	38.2	-	8,002,850	8,002,850
Financial liabilities amortised cost - due to other borrowers	38.3	-	22,023,798	22,023,798
Debt securities issued	39	-	33,564,708	33,564,708
Other financial liabilities	43.1	-	2,905,144	2,905,144
Total financial liabilities		344,586	702,419,303	702,763,889

22 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

For the purpose of reporting in the Statement of Financial Position, cash and cash equivalents comprise of cash in hand and balances with banks. The cash in hand comprises of both local currency and foreign currency. Balances with banks represent local and foreign Nostro accounts. The balances of cash in hand are recorded at book value and the balances with banks are carried at amortised cost in the Statement of Financial Position.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash in hand				
Local currency	7,274,842	9,155,890	7,275,111	9,156,085
Foreign currency	427,439	314,126	427,439	314,170
Balances with banks				
Local currency	2,032,254	1,250,986	2,485,978	1,895,496
Foreign currency	7,833,091	7,319,967	7,833,091	7,319,967
Sub Total	17,567,626	18,040,969	18,021,619	18,685,718
Less : Impairment allowance (Note 22.1)	1,321	3,342	1,321	3,342
Total	17,566,305	18,037,627	18,020,298	18,682,376

22.1 Movement in Impairment Allowance During the Year

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 1				
Balance as at 01 January	3,342	3,900	3,342	3,900
Charges/(reversal)for the year	(2,021)	(558)	(2,021)	(558)
Balance as at 31 December	1,321	3,342	1,321	3,342

23 BALANCES WITH THE CENTRAL BANK OF SRI LANKA

Balances with the Central Bank of Sri Lanka include the cash balance that is required to be maintained with the Central Bank of Sri Lanka as per the provisions of the Monetary Law Act. The Monetary Law Act requires that all commercial banks operating in Sri Lanka to maintain a statutory reserve on all deposit liabilities denominated in Sri Lankan Rupees. There is no reserve requirement for foreign currency deposits liabilities of the Domestic Banking Unit (DBU) and the deposit liabilities of the Offshore Banking Unit (OBU) in Sri Lanka. Balances with the Central Bank of Sri Lanka is carried at amortised cost in the Statement of Financial Position.

The minimum cash reserve requirement to be maintained by the Bank during the year was as follows.

	Reserve Requirement (SRR)	
	2025	2024
All Rupee deposit liabilities	2.00%	2.00%

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Statutory balances with the Central Bank of Sri Lanka	8,225,602	8,053,358	8,225,602	8,053,358
Total	8,225,602	8,053,358	8,225,602	8,053,358

24 PLACEMENTS WITH BANKS

ACCOUNTING POLICY

Placements with Banks include short-term deposits placed in banks and are subjected to insignificant risk of changes in fair value, and are used by the Group in the management of its short-term commitments. These are recorded in the Financial Statements at the face values or the gross values, where appropriate, net of impairment charges.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Placements - in local banks				
Local Currency	5,863,013	125,028	5,863,013	125,028
Foreign Currency	12,041,507	10,051,125	12,041,507	10,051,125
Placements - in Foreign banks	6,820,905	11,959,669	6,820,905	11,959,669
Sub total	24,725,425	22,135,822	24,725,425	22,135,822
Less : Impairment allowance (Note 24.1)	32,920	36,990	32,920	36,990
Total	24,692,505	22,098,832	24,692,505	22,098,832

24.1 Movement in Impairment Allowance During the Year

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 1				
Balance as at 01 January	36,990	49,268	36,990	49,268
Charges/(reversals) for the year	(4,070)	(12,278)	(4,070)	(12,278)
Balance as at 31 December	32,920	36,990	32,920	36,990

25 DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include, cross-currency swaps, forward foreign exchange contracts and currency options. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The changes in the fair value of derivatives are included in Net gains/(losses) from trading except the currency SWAP entered with the Central Bank of Sri Lanka.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Bank only has hedges of highly probable future cash flows attributable to a recognised asset or liability or a forecast transaction (cash flow hedge).

Hedge Accounting

The Group elected to continue to apply hedge accounting in accordance with SLFRS 9 Financial Instruments.

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met. At the inception, the Group document the transaction, the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also document their assessment, both at the inception of the hedge and on an ongoing basis, if the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items

Cash Flow Hedge

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedging instruments is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss.

The amounts accumulated in Equity are reclassified to the Statement of Profit or Loss in the periods in which the hedged items, affect, profit or loss. When a hedging instrument is expired or is sold, or when a hedge no longer meets the criteria for hedge accounting. Any cumulative gain or loss existing in Equity at that time remains in Equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit or Loss. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in Equity are immediately transferred to the Statement of Profit or Loss.

The changes in the fair value of any derivative instrument which do not qualify for hedge accounting are recognised immediately in the Statement of Profit or Loss.

The below table shows fair values of derivative financial instruments, recorded as assets or liabilities and notional amounts. The notional amounts indicate the volume of transactions outstanding as at December 2025 and are indicative of neither the market risk nor the credit risk.

	BANK & GROUP			
	Assets 2025 LKR '000	Liabilities 2025 LKR '000	Assets 2024 LKR '000	Liabilities 2024 LKR '000
Forward foreign exchange contracts	785,695	251,448	261,699	344,586
Currency SWAP - Purchases [Note 25.1]	690,082	-	884,537	-
Total	1,475,777	251,448	1,146,236	344,586

25 DERIVATIVE FINANCIAL INSTRUMENTS (CONTD).

	BANK & GROUP	
	Notional Amount	Notional Amount
	2025 LKR '000	2024 LKR '000
Forward foreign exchange contracts		
- Sales	100,221,284	59,200,871
- Purchases	100,252,526	59,103,144
Currency SWAP - Purchases [Note 25.1]	6,502,650	7,917,615

25.1 Currency SWAP

The Bank entered in to a SWAP arrangement with the Central Bank of Sri Lanka effective from 18 March 2022 USD 36 Mn out of a total foreign borrowing value of USD 50 Mn which has a tenure of seven years with a grace period of 1 year for the repayment of capital.

The SWAP arrangement is with twelve cross currency SWAPS which are maturing semi annually over the tenure of the foreign borrowings.

25.1(a) SWAP agreement

Details	Description of the Hedge
	SWAP contract - 12 cross currency swaps
	Counter party - Central Bank of Sri Lanka
Hedged instrument	Notional amount - USD 36 Mn which is 72% of the total amount of the foreign borrowings that is hedged. Outstanding balance as at 31 December 2025 is USD 21 Mn
Hedged item	USD denominated borrowing - USD 50 Mn with a tenure of 7 years and grace period of 1 year. Repayment periods commenced from April 2023 until 2029 which is paid once in three months.
The periods when the cash flows are expected to occur	As explained above
The amount recognized in other comprehensive income	LKR 283 Mn debit to the cash flow hedge reserve (net of tax)
Fair value of the hedged item	LKR 8.3 Bn
Fair value of the hedged instrument	LKR 690.1 Mn
Any forecast transaction for which hedge accounting had previously been used but which is no longer expected to occur	None
The amount that was reclassified from equity to profit or loss as a reclassification adjustment	None

25.1(b) Total amount recognised in the Statement of Comprehensive Income relating to the cash flow hedge

	BANK & GROUP	
	2025 LKR'000	2024 LKR'000
Cash flow hedge reserve-SWAP	(404,404)	(776,202)
Deferred Tax effect on gains/(losses) of cash flow hedge reserve	121,321	232,861
Total	(283,083)	(543,341)

25.1 (c) Sensitivity analysis of effective interest rate of discounting factor on cash flow hedge

The fair value of derivative financial assets/liability discounted based on effective interest rate and sensitivity analysis presented below

Increase/(Decrease) in Discount rate %	BANK & GROUP	
	Sensitivity Effect on Other Comprehensive Income Increase/ (Decrease) in Comprehensive Income	Sensitivity Effect on Other Comprehensive Income Increase/ (Decrease) in Comprehensive Income
	2025 LKR'Mn	2024 LKR'Mn
2	(23)	(45)
(2)	24	47
1	(12)	(23)
(1)	12	23

26 FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE

ACCOUNTING POLICY

The Group classifies financial assets as financial assets recognised through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Financial assets recognised through profit or loss are recorded and measured in the Statement of Financial Position at fair value. The changes in fair value are recognised in the Statement of Profit or Loss under Net gains/(losses) from financial assets at fair value through profit or loss.

Financial assets recognised through profit or loss include of quoted equity securities, Unit Trust Investments and Sri Lanka Government Debt Securities, that have been acquired principally for the purpose of selling or repurchasing in the near term, and are recorded at fair values using assumptions that a market participant would make, when valuing such instruments. The quoted equity securities are valued using the market prices published by the Colombo Stock Exchange. Sri Lanka Government Securities are valued based on the market rates published by the money brokers. Investment in private equity funds are measured at fair value based on the change in the net asset value of the funds and is recognised through profit or loss. The unit trust investments are valued at unit prices available in the market.

Accounting Judgments, Estimates and Assumptions

Judgment is required when applying the valuation techniques used to determine the fair value of trading securities not valued using quoted market prices.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Government Securities - treasury bonds	128,361	1,179,469	128,361	1,179,469
Sri Lanka Government Securities - treasury bills	124,791	5,596,662	124,791	5,596,662
Quoted ordinary shares	-	-	1,112,572	751,908
Non-quoted ordinary shares	-	-	77,000	86,200
Investment in private equity fund	-	-	364,689	377,842
Investment in unit trusts	-	-	1,607,555	1,913,090
Total	253,152	6,776,131	3,414,968	9,905,171

26.1 Analysis of Financial Assets Recognised through Profit or Loss Measured at Fair Value

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
By collateralization				
Pledged as collateral	-	7,244	-	7,244
Unencumbered	253,152	6,768,887	3,414,968	9,897,927
Total	253,152	6,776,131	3,414,968	9,905,171
By currency				
Sri Lanka Rupee	253,152	6,776,131	3,050,279	9,527,329
United States Dollar	-	-	364,689	377,842
Total	253,152	6,776,131	3,414,968	9,905,171

27 FINANCIAL ASSETS AT AMORTISED COST - LOANS AND RECEIVABLES TO OTHER CUSTOMERS

ACCOUNTING POLICY

The accounting policy applied by the Group for Financial assets at amortised cost - Loans and receivables to other customers, impairment, collateral valuations, write off of loans and receivables to other customers and restructured/rescheduled loan facilities are described in Note 3.1, Financial instruments - SLFRS 9 and Note 11, Impairment charges.

Financial assets at amortised cost - Loans and receivables to other customers include, loans and receivables and lease receivables of the Group. As per SLFRS 9, "Loans and receivables to other customers" are assets that are held within a business model with the objective of holding the assets in order to collect contractual cash flows and the contractual terms of the assets that give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

When the Group is the lessor in a lease agreement that transfers substantially all risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease. Amounts receivable under finance leases, net of initial rentals received, unearned lease income and impairment allowance are classified as leasing and are presented within "Loans and receivables to other customers" in the Statement of Financial Position.

After initial measurement, "Loans and receivables to other customers" are subsequently measured at amortised cost using the Effective Interest Rate (EIR), less impairment allowance, except when the Group designates loans and receivables at fair value through profit or loss. Amortised cost is calculated by considering any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income" in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss as "Impairment charges for loans and receivables to other customers".

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Gross loans and receivables to other customers	643,860,095	509,777,031	643,961,444	509,850,383
Less: Impairment allowance for loans and receivables to other customers (Note 27.1)	50,256,339	49,069,773	50,256,339	49,069,773
Net loans and receivables to other customers	593,603,756	460,707,258	593,705,105	460,780,610

27.1 Loans and Receivables to Other Customers - Stage wise Analysis

	BANK							
	2025				2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Individually impaired loans	-	7,121,421	52,592,786	59,714,207	-	12,874,547	47,695,584	60,570,131
Collectively impaired loans	523,427,191	43,758,360	16,960,337	584,145,888	353,814,199	71,661,633	23,731,068	449,206,900
Gross loans and receivables to other customers (a)	523,427,191	50,879,781	69,553,123	643,860,095	353,814,199	84,536,180	71,426,652	509,777,031
Individual impairment [Note 27.6.(a)]	-	1,969,741	33,797,698	35,767,439	-	2,915,096	29,561,332	32,476,428
Collective impairment [Note 27.6.(a)]	4,495,117	1,757,443	8,236,340	14,488,900	4,355,482	2,355,317	9,882,546	16,593,345
Total impairment allowance (b)	4,495,117	3,727,184	42,034,038	50,256,339	4,355,482	5,270,413	39,443,878	49,069,773
Net loans and receivables to other customers (a)-(b)	518,932,074	47,152,597	27,519,085	593,603,756	349,458,717	79,265,767	31,982,774	460,707,258

	GROUP							
	2025				2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Individually impaired loans	-	7,121,421	52,592,786	59,714,207	-	12,874,547	47,695,584	60,570,131
Collectively impaired loans	523,528,540	43,758,360	16,960,337	584,247,237	353,887,551	71,661,633	23,731,068	449,280,252
Gross loans and receivables to other customers (a)	523,528,540	50,879,781	69,553,123	643,961,444	353,887,551	84,536,180	71,426,652	509,850,383
Individual impairment [Note 27.6.(a)]	-	1,969,741	33,797,698	35,767,439	-	2,915,096	29,561,332	32,476,428
Collective impairment [Note 27.6.(a)]	4,495,117	1,757,443	8,236,340	14,488,900	4,355,482	2,355,317	9,882,546	16,593,345
Total impairment allowance (b)	4,495,117	3,727,184	42,034,038	50,256,339	4,355,482	5,270,413	39,443,878	49,069,773
Net loans and receivables to other customers (a)-(b)	519,033,423	47,152,597	27,519,085	593,705,105	349,532,069	79,265,767	31,982,774	460,780,610

27.2 Loans and Receivables to other Customers - by Product

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Long-term loans	187,297,028	139,169,312	187,297,027	139,169,312
Medium and short-term loans	118,112,600	110,693,386	118,112,600	110,693,386
Micro finance loans	96,423	119,860	96,423	119,860
Overdrafts	80,496,008	67,302,778	80,496,008	67,302,778
Consumer loans	60,640,325	46,510,957	60,640,325	46,510,957
Trade finance loans	70,163,555	58,270,199	70,163,555	58,270,199
Leasing and hire purchases (Note 27.7)	25,745,281	22,666,898	25,745,281	22,666,898
Housing loans	17,035,495	16,928,645	17,035,495	16,928,645
Islamic loans	25,994,144	17,865,107	25,994,144	17,865,107
Credit cards	9,650,602	8,670,182	9,650,602	8,670,182
Auto finance loans	13,533,763	1,916,540	13,533,763	1,916,540
Pawning	31,349,833	16,370,797	31,349,833	16,370,797
Staff loans	3,745,038	3,292,370	3,846,388	3,365,722
Total	643,860,095	509,777,031	643,961,444	509,850,383

27.3 Loans and Receivables to other Customers - by Currency

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Rupee	474,090,221	390,267,428	474,191,570	390,340,780
United States Dollar	168,721,393	118,368,364	168,721,393	118,368,364
Euro	900,486	866,580	900,486	866,580
Great Britain Pound	44,913	231,997	44,913	231,997
Others	103,082	42,662	103,082	42,662
Total	643,860,095	509,777,031	643,961,444	509,850,383

27.4 Loans and Receivables to other Customers - by Industry

	BANK			
	2025 LKR '000	%	2024 LKR '000	%
Agriculture, forestry and fishing	52,565,833	8	50,976,190	10
Manufacturing	115,125,997	18	99,238,517	19
Tourism	31,722,782	5	35,772,244	7
Transportation and storage	9,172,335	1	9,224,632	2
Construction	39,907,855	6	37,863,453	7
Infrastructure development	55,325,818	9	54,854,210	11
Wholesale and retail trade	80,363,380	13	66,745,764	14
Information technology and communication services	3,130,550	-	1,646,096	-
Financial services	72,647,759	11	29,804,820	6
Professional, scientific and technical activities	40,436,562	6	27,555,629	5
Arts, entertainment and recreation	171,458	-	124,237	-
Education	1,905,917	-	1,373,397	-
Health care, social services and support services	1,752,397	-	859,025	-
Consumption	139,631,452	23	93,738,817	19
Total	643,860,095	100	509,777,031	100

As per the Central Bank requirements, mandatory lending to the agriculture sector is minimum of 10% of the total loans and advances. The Bank is complied with the said requirement as at 31 December 2025 & 31 December 2024. The computation method used to derive the CBSL mandatory lending requirement to agriculture sector is different from the method used for the above note.

27.5 Loans and Receivables to other Customers - by Province

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Western Province	533,969,205	436,819,974	534,070,554	436,893,326
Southern Province	23,391,723	15,950,239	23,391,723	15,950,239
North-Western Province	22,589,703	15,327,580	22,589,703	15,327,580
Central Province	19,547,431	14,251,373	19,547,431	14,251,373
Sabaragamuwa Province	13,045,772	8,330,410	13,045,772	8,330,410
North-Central Province	8,441,815	5,259,650	8,441,815	5,259,650
Eastern Province	9,189,568	4,885,140	9,189,568	4,885,140
Northern Province	7,771,832	4,361,679	7,771,832	4,361,679
Uva Province	5,913,046	4,590,986	5,913,046	4,590,986
Total	643,860,095	509,777,031	643,961,444	509,850,383

The province-wise disclosure is made based on the location of the branch from which the facilities have been disbursed.

27.6 Impairment Allowance for Loans and Receivables to other Customers

27.6 (a) Movement in impairment allowance during the year

	BANK & GROUP							
	COLLECTIVE				INDIVIDUAL			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Total LKR '000
Balance as at 01 January 2025	4,355,482	2,355,317	9,882,546	16,593,345	2,915,096	29,561,332	32,476,428	49,069,773
Charges/(reversals) for the year [Note 11.1]	139,635	(597,874)	(901,336)	(1,359,575)	(945,355)	7,680,306	6,734,951	5,375,376
Net amount written off	-	-	(744,870)	(744,870)	-	(3,443,940)	(3,443,940)	(4,188,810)
Balance as at 31 December 2025	4,495,117	1,757,443	8,236,340	14,488,900	1,969,741	33,797,698	35,767,439	50,256,339

	BANK & GROUP							
	COLLECTIVE				INDIVIDUAL			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Total LKR '000
Balance as at 01 January 2024	3,348,395	3,178,694	10,879,052	17,406,141	2,897,936	23,103,845	26,001,781	43,407,922
Charges/(reversals) for the year [Note 11.1]	1,007,087	(823,377)	(27,382)	156,328	17,160	12,908,143	12,925,303	13,081,631
Net amount written off	-	-	(969,124)	(969,124)	-	(6,450,656)	(6,450,656)	(7,419,780)
Balance as at 31 December 2024	4,355,482	2,355,317	9,882,546	16,593,345	2,915,096	29,561,332	32,476,428	49,069,773

Impairment allowance was not recognised for the credit facilities which are covered from cash liens and the Government Treasury guarantees amounting to LKR 72 Bn and LKR 69 Bn as at 31 December 2025 and 2024 respectively.

27.6 (b) Impairment allowance for loans and receivables to other customers - by product

	BANK & GROUP											Total
	Long-term Loans LKR '000	Medium & Short-term Loans LKR '000	Overdrafts LKR '000	Trade Finance Loans LKR '000	Consumer Loans LKR '000	Leasing & Hire Purchase Rental Receivables LKR '000	Housing Loans LKR '000	Credit Cards LKR '000	Pawning LKR '000	Islamic Banking LKR '000	Staff Loans LKR '000	
As at 01 January 2025	12,222,116	18,568,528	6,120,649	3,642,267	4,020,448	1,019,240	1,226,437	1,331,463	5,022	912,785	818	49,069,773
Charges/(reversals) for the year	1,608,147	863,019	535,925	3,925,389	(425,736)	(382,871)	(235,641)	(150,488)	273	(362,641)	-	5,375,376
Amount (written off)/ written back	(4,910)	(465,192)	(1,262,700)	(792,395)	(901,464)	(70,085)	-	(692,064)	-	-	-	(4,188,810)
As at 31 December 2025	13,825,353	18,966,355	5,393,874	6,775,261	2,693,248	566,284	990,796	488,911	5,295	550,144	818	50,256,339
Individual impairment	9,747,972	16,541,922	2,986,023	5,279,683	413,386	152,802	300,648	-	-	345,003	-	35,767,439
Collective impairment	4,077,381	2,424,433	2,407,851	1,495,578	2,279,862	413,482	690,148	488,911	5,295	205,141	818	14,488,900
As at 31 December 2025	13,825,353	18,966,355	5,393,874	6,775,261	2,693,248	566,284	990,796	488,911	5,295	550,144	818	50,256,339
Gross amount of loans individually determined to be impaired, before deduction of individually assessed impairment allowances	25,236,794	32,577,098	6,436,160	21,356,618	410,989	663,164	649,975	-	-	1,159,506	-	88,490,304
Gross amount of loans individually impaired, before deduction of individually assessed impairment allowances	16,578,358	27,166,048	4,875,817	9,367,311	405,350	284,935	432,229	-	-	604,159	-	59,714,207
Gross amount of loans individually impaired, after deduction of individually assessed impairment allowances	7,019,881	10,945,693	1,947,841	4,190,262	-	135,103	137,426	-	-	265,863	-	24,642,069

27.6 (c) Impairment allowance for loans and receivables to other customers - by product

	BANK & GROUP											
	Long-term Loans	Medium & Short-term Loans	Overdrafts	Trade Finance Loans	Consumer Loans	Leasing & Hire Purchase Rental Receivables	Housing Loans	Credit Cards	Pawning	Islamic Banking	Staff Loans	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 01 January 2024	10,240,733	15,975,128	4,879,202	3,839,300	3,280,101	1,684,236	1,176,576	1,490,902	1,368	839,558	818	43,407,922
Charges/(reversals) for the year	2,897,320	6,122,780	1,683,175	(60,955)	2,095,061	(528,962)	49,860	726,574	3,654	93,124	-	13,081,631
Amount (written off)/written back	(915,937)	(3,529,380)	(441,728)	(136,078)	(1,354,714)	(136,034)	1	(886,013)	-	(19,897)	-	(7,419,780)
As at 31 December 2024	12,222,116	18,568,528	6,120,649	3,642,267	4,020,448	1,019,240	1,226,437	1,331,463	5,022	912,785	818	49,069,773
Individual impairment	8,792,030	15,169,316	3,462,589	2,566,048	1,568,998	348,112	278,586	-	-	290,749	-	32,476,428
Collective impairment	3,430,086	3,399,212	2,658,060	1,076,219	2,451,450	671,128	947,851	1,331,463	5,022	622,036	818	16,593,345
As at 31 December 2024	12,222,116	18,568,528	6,120,649	3,642,267	4,020,448	1,019,240	1,226,437	1,331,463	5,022	912,785	818	49,069,773
Gross amount of loans individually determined to be impaired, before deduction of individually assessed impairment allowances	48,878,031	35,692,508	8,517,742	18,540,425	1,601,430	1,138,342	424,447	-	-	3,096,640	-	117,889,565
Gross amount of loans individually impaired, before deduction of individually assessed impairment allowances	18,887,055	29,236,331	5,381,893	3,992,640	1,568,998	493,248	404,932	-	-	605,033	-	60,570,130
Gross amount of loans individually impaired, after deduction of individually assessed impairment allowances	10,095,025	14,067,016	1,919,305	1,426,592	-	145,135	126,346	-	-	314,284	-	28,093,703

27.7 Leasing and Hire Purchases

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
Gross lease and hire purchase rental receivables	31,362,024	27,894,356
Less: Unearned income	5,616,743	5,227,459
Total lease and hire purchase rental receivables (Note 27.2)	25,745,281	22,666,897
Less: Impairment allowance [Note 27.7.(a)]	566,284	1,019,240
Total	25,178,997	21,647,657

27.7 (a) Impairment allowance

	BANK & GROUP							
	COLLECTIVE				INDIVIDUAL			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Total LKR '000
Balance as at 01 January 2025	215,718	161,954	293,456	671,128	-	348,112	348,112	1,019,240
Charges/(reversals) for the year	(14,055)	(66,411)	(177,180)	(257,646)	2,215	(127,440)	(125,225)	(382,871)
Amount (written off)/written back	-	-	-	-	-	(70,085)	(70,085)	(70,085)
Balance as at 31 December 2025	201,663	95,543	116,276	413,482	2,215	150,587	152,802	566,284

Gross amount of loans individually determined to be impaired, before deduction of the individually assessed impairment allowance								663,164
Gross amount of loans individually impaired, before deduction of the individually assessed impairment allowance								293,458
Gross amount of loans individually impaired, after deduction of the individually assessed impairment allowance								140,656

	BANK & GROUP							
	COLLECTIVE				INDIVIDUAL			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Sub total LKR '000	Total LKR '000
Balance as at 01 January 2024	207,507	303,520	781,532	1,292,559	15,856	375,821	391,677	1,684,236
Charges/(reversals) for the year	8,211	(141,566)	(488,076)	(621,431)	(15,856)	108,325	92,469	(528,962)
Amount (written off)/written back	-	-	-	-	-	(136,034)	(136,034)	(136,034)
Balance as at 31 December 2024	215,718	161,954	293,456	671,128	-	348,112	348,112	1,019,240

Gross amount of loans individually determined to be impaired, before deduction of the individually assessed impairment allowance								1,138,342
Gross amount of loans individually impaired, before deduction of the individually assessed impairment allowance								493,248
Gross amount of loans individually impaired, after deduction of the individually assessed impairment allowance								145,135

27.8 Maturity of Leasing and Hire Purchases

	BANK & GROUP			
	2025			
	Less than 1 year LKR '000	1-5 year LKR '000	More than 5 year LKR '000	Total LKR '000
Gross lease and hire purchase rentals receivables				
Total rental receivables	1,908,798	29,005,491	447,735	31,362,024
Less : Unearned income	59,993	5,414,814	141,936	5,616,743
Total lease and hire purchase rental receivables	1,848,805	23,590,677	305,799	25,745,281
Less : Impairment allowance	225,532	337,673	3,079	566,284
Net rentals receivables	1,623,273	23,253,004	302,720	25,178,997

	BANK & GROUP			
	2024			
	Less than 1 year LKR '000	1-5 year LKR '000	More than 5 year LKR '000	Total LKR '000
Gross lease and hire purchase rentals receivables				
Total rental receivables	2,677,085	25,106,987	110,284	27,894,356
Less : Unearned income	80,657	5,105,438	41,364	5,227,459
Total lease and hire purchase rental receivables	2,596,428	20,001,549	68,920	22,666,897
Less : Impairment allowance	632,206	386,201	833	1,019,240
Net rentals receivables	1,964,222	19,615,348	68,087	21,647,657

28 FINANCIAL ASSETS AT AMORTISED COST - DEBT AND OTHER INSTRUMENTS

ACCOUNTING POLICY

In line with the requirements of SLFRS 9, the Group applies the amortised cost method to measure financial instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

- Principle is the fair value of the instrument at initial recognition.
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as a profit margin.

The Group determines its business model at the level that best reflect how it manages the financial assets to achieve its business objective. The details of the accounting policy on financial assets at amortised cost - debt and other instruments and impairment are described in Notes 3.1 and 11.

Accounting Judgments Estimates and Assumptions

The Group assesses impairment of financial assets measured at amortised cost - debt and other instruments in line with the same principles used for assessment of impairment of loans and receivables as described in Note 11. The impairment loss on financial assets measured at amortised cost - debt and other instruments is disclosed in Note 28.1 (d) to the financial statements.

Reclassification of debt portfolio at Fair value through other comprehensive income (FVOCI) to Amortised cost (CA Sri Lanka SoAT issued in 2021)

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 International 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 SLFRS 9-Financial Instruments paragraph 5.6.5. As Sovereign Bonds has been restructured, debt portfolio includes only the Sri Lanka Government Treasury Bonds and the cumulative losses from government treasury bonds previously recognised in Other Comprehensive Income has been removed from equity and adjusted against the fair value of the financial asset at the reclassification date. If these investments continued to be carried at fair value through other comprehensive income, the fair value of the remaining portfolio as at 31 December 2025 would have amounted to LKR 3.0 Bn and would have resulted in the recognition of fair value loss of LKR 92.6 Mn in the Statement of Other Comprehensive Income during the year.

28 FINANCIAL ASSETS AT AMORTISED COST - DEBT AND OTHER INSTRUMENTS (CONTD.)

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Government Securities - treasury bonds	146,757,755	112,578,136	146,757,755	112,578,136
Sri Lanka Government Securities - treasury bills	1,437,621	30,793,430	1,437,621	30,842,420
Sri Lanka International Sovereign bonds/Step up bonds	28,266,352	26,762,859	28,266,352	26,762,859
Sri Lanka International Sovereign bonds/PDI bonds	6,982,730	-	6,982,730	-
Quoted debentures	8,045,871	6,556,306	8,045,871	6,556,306
Fixed Deposits	-	-	482,306	-
Securities purchased under resale agreements	-	-	-	116,041
Sub Total	191,490,329	176,690,731	191,972,635	176,855,762
Less: Impairment allowance [Note 28.1 (d)]	487,393	252,065	487,393	252,065
Less: Recognition of Day one impact	9,662,848	10,247,905	9,662,848	10,247,905
Total	181,340,088	166,190,761	181,822,394	166,355,792

28.1 (a) Analysis of financial assets at amortised cost - Debt and other instruments

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
By collateralization				
Pledged as collateral	61,821,900	8,893,160	61,821,900	8,893,160
Unencumbered	129,668,429	167,797,571	130,150,735	167,962,602
Gross total	191,490,329	176,690,731	191,972,635	176,855,762
By currency				
Sri Lanka Rupee	156,241,247	149,927,872	156,723,553	150,092,903
United States Dollar	35,249,082	26,762,859	35,249,082	26,762,859
Gross total	191,490,329	176,690,731	191,972,635	176,855,762

28.1 (b) Financial assets at amortised cost - Debt and other instruments - stage wise analysis

	BANK							
	2025				2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government securities-treasury bonds	146,757,755	-	-	146,757,755	99,628,468	12,949,668	-	112,578,136
Sri Lanka Government Securities -treasury bills	1,437,621	-	-	1,437,621	30,793,430	-	-	30,793,430
Sri Lanka International Sovereign bonds/Step up bonds	-	28,266,352	-	28,266,352	-	26,762,859	-	26,762,859
Sri Lanka International Sovereign bonds/PDI bonds	-	6,982,730	-	6,982,730	-	-	-	-
Quoted debentures	7,800,871	-	245,000	8,045,871	6,311,306	-	245,000	6,556,306
Securities purchased under resale agreements [Note 28.1 (c)]	-	-	-	-	-	-	-	-
Sub Total	155,996,247	35,249,082	245,000	191,490,329	136,733,204	39,712,527	245,000	176,690,731
Less: Impairment allowance for investments [Note 28.1 (d)]	6,794	235,599	245,000	487,393	7,065	-	245,000	252,065
Less: Recognition of Day one impact	-	9,662,848	-	9,662,848	-	10,247,905	-	10,247,905
Total	155,989,453	25,350,635	-	181,822,394	136,726,139	29,464,622	-	166,190,761

28.1 (b) Financial assets at amortised cost - Debt and other instruments - stage wise analysis

	GROUP							
	2025				2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government securities-treasury bonds	146,757,755	-	-	146,757,755	99,628,468	12,949,668	-	112,578,136
Sri Lanka Government Securities -treasury bills	1,437,621	-	-	1,437,621	30,842,420	-	-	30,842,420
Sri Lanka International Sovereign bonds/Step up bonds	-	28,266,352	-	28,266,352	-	26,762,859	-	26,762,859
Sri Lanka International Sovereign bonds/PDI bonds	-	6,982,730	-	6,982,730	-	-	-	-
Quoted debentures	7,800,871	-	245,000	8,045,871	6,311,306	-	245,000	6,556,306
Fixed Deposits	482,306	-	-	482,306	-	-	-	-
Securities purchased under resale agreements [Note 28.1 (c)]	-	-	-	-	116,041	-	-	116,041
Sub Total	156,478,553	35,249,082	245,000	191,972,635	136,898,235	39,712,527	245,000	176,855,762
Less: Impairment allowance for investments [Note 28.1 (d)]	6,794	235,599	245,000	487,393	7,065	-	245,000	252,065
Less: Recognition of Day one impact	-	9,662,848	-	9,662,848	-	10,247,905	-	10,247,905
Total	156,471,759	25,350,635	-	181,822,394	136,891,170	29,464,622	-	166,355,792

28.1 (c) Disclosure as per the direction No. 01 of 2019 dated 20 December 2019 on repurchase and reverse repurchase transactions of dealer direct participants in scripless treasury bonds and scripless treasury bills
Face value of Securities allocated for Repurchase Transactions

	BANK			
	Face value of securities allocated for Repos	Market value of securities allocated for Repo	Face value of securities allocated for Repos	Market value of securities allocated for Repo
	2025 LKR '000	2025 LKR '000	2024 LKR '000	2024 LKR '000
As at 31 December				
Financial assets recognised through profit or loss measured at fair value (Note 26.1)	-	-	7,244	7,575
Financial assets at amortised cost - Debt and other instruments (28.1 (a))	61,821,900	65,629,597	8,893,160	9,040,243
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) (29.1 (a))	7,703,048	8,360,791	-	-
Total	69,524,948	73,990,388	8,900,404	9,047,818

Market value of Securities Received for Reverse Repurchase Transactions as at 31 December

	BANK			
	Face value of securities received for reverse Repos	Market value of securities received for reverse Repos	Face value of securities received for reverse Repos	Market value of securities received for reverse Repos
	2025 LKR '000	2025 LKR '000	2024 LKR '000	2024 LKR '000
As at 31 December				
Reverse Repurchase Agreements	-	-	-	-

As at 31 December	GROUP			
	Face value of securities received for reverse Repos	Market value of securities received for reverse Repos	Face value of securities received for reverse Repos	Market value of securities received for reverse Repos
	2025	2025	2024	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Reverse Repurchase Agreements	-	-	131,200	130,182

The Bank's Board approved Policy Guideline outlines the allocation of securities and haircut rules for Repurchase and Reverse Re-purchase agreements and valuation process. The haircut rules have been applied in accordance with Direction No. 01 of 2019, the Registered Stock and Securities Ordinance, the Local Treasury Bills Ordinance, and established market practice.

Bank's policy on haircuts for repurchase and reverse repo transactions are explained below.

Remaining term to Maturity	Haircut (%) for Repo & Reverse Repo Agreements
Up to 1 year	10
more than 1 year and up to 2 years	10
more than 2 year and up to 3 years	10
more than 3 year and up to 5 years	12
more than 5 year and up to 8 years	12
more than 8 years - 12 years	15

The Bank was not liable to any penalties imposed for the non compliance with the Direction No. 01 of 2019 on Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance dated 20 December 2019 issued by the Monetary Board of the Central Bank of Sri Lanka.

28.1 (d) Movements in impairment allowance during the year

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 1				
Balance as at 01 January	7,065	775	7,065	775
Transfer / Adjustment	-	-	-	-
Charges/(reversals) to Statement of Profit or Loss	(271)	6,290	(271)	6,290
Balance as at 31 December	6,794	7,065	6,794	7,065
Stage 2				
Balance as at 01 January	-	25,545,707	-	25,545,707
Transfer / Adjustment	7,537	(1,682,289)	7,537	(1,682,289)
Charges/(reversals) to Statement of Profit or Loss	228,062	(23,863,418)	228,062	(23,863,418)
Balance as at 31 December	235,599	-	235,599	-
Stage 3				
Balance as at 01 January	245,000	245,000	245,000	245,000
Charges/(reversals) to Statement of Profit or Loss	-	-	-	-
Balance as at 31 December	245,000	245,000	245,000	245,000
Total	487,393	252,065	487,393	252,065

28.1 (e) Sensitivity analysis of impairment allowance

Sensitivity Analysis of impairment allowance on Sri Lanka International Sovereign bonds/PDI bonds are given below.

Bond Type	Increase/(Decrease) in loss rate (+/-)	BANK & GROUP	
		Sensitivity effect on the Profit or Loss - Increase/(Decrease)	
		2025 LKR'Mn	2024 LKR'Mn
Sri Lanka International Sovereign Bonds/PDI Bonds	1%	(68)	-
	(1%)	68	-

29 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

ACCOUNTING POLICY

Debt Instruments at Fair Value through Other Comprehensive Income (FVOCI)

The Group categorised debt instruments measured at FVOCI under SLFRS 9 when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial assets are solely payments of the principle amount and the interest (SPPI).

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in the Statement of Profit or Loss in the same manner as for financial assets measured at amortised cost as explained in Note 28. The ECL calculation for debt instruments at FVOCI is explained in Note 11, impairment charges. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Statement of Profit or Loss.

The accounting policy applied by the Group for the Debt Instruments at Fair Value through Other Comprehensive Income (FVOCI) and impairment is described in Notes 3.1 and 11.

Equity Instruments at Fair Value through Other Comprehensive Income (FVOCI)

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under SLFRS 9, Financial Instruments and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in the Statement of Profit or Loss as other operating income when the right to receive the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Government Securities - treasury bonds	71,618,369	56,926,507	71,870,203	57,133,356
Sri Lanka Government Securities - treasury bills	110,133	30,392,691	110,133	30,441,042
Sri Lanka International Sovereign bonds/PDI bonds	4,156,313	5,222,888	4,156,313	5,222,888
Quoted ordinary shares (Note 29.2)	2,796,307	2,074,593	2,796,307	2,074,593
Non-quoted ordinary shares (Note 29.3)	167,713	167,713	167,713	167,713
Quoted debentures	-	-	210,810	158,491
Sub total	78,848,835	94,784,392	79,311,479	95,198,083
Less: Impairment allowance - Non-quoted ordinary shares	10,344	10,344	10,344	10,344
Less: Impairment allowance - Sri Lanka International Sovereign bonds/PDI bonds	-	162,768	-	162,768
Less: Recognition of Day one Impact	190,168	365,865	190,168	365,865
Total	78,648,323	94,245,415	79,110,967	94,659,106

29.1 (a) Analysis of financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
By collateralisation				
Pledged as collateral	7,703,048	-	7,703,048	-
Unencumbered	71,145,787	94,784,392	71,608,431	95,198,083
Total	78,848,835	94,784,392	79,311,479	95,198,083
By currency				
Sri Lanka Rupee	74,692,522	89,561,504	75,155,166	89,975,195
United States Dollar	4,156,313	5,222,888	4,156,313	5,222,888
Total	78,848,835	94,784,392	79,311,479	95,198,083

29.1 (b) Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) - stage wise analysis

	BANK							
	2025				2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities - treasury bonds	71,618,369	-	-	71,618,369	56,926,507	-	-	56,926,507
Sri Lanka Government Securities - treasury bills	110,133	-	-	110,133	30,392,691	-	-	30,392,691
Sri Lanka International Sovereign bonds/PDI bonds	-	4,156,313	-	4,156,313	-	5,222,888	-	5,222,888
Quoted ordinary shares (Note 29.2)	2,796,307	-	-	2,796,307	2,074,593	-	-	2,074,593
Non-quoted ordinary shares (Note 29.3)	167,713	-	-	167,713	157,369	-	10,344	167,713
Sub Total	74,692,522	4,156,313	-	78,848,835	89,551,160	5,222,888	10,344	94,784,392
Less: Impairment allowance for investments - Non-quoted ordinary shares	-	-	-	-	-	-	10,344	10,344
Less: Impairment allowance for investments - Sri Lanka International Sovereign bonds/PDI bonds	-	-	-	-	-	162,768	-	162,768
Less: Recognition of Day one Impact	-	190,168	-	190,168	-	365,865	-	365,865
Total	74,692,522	3,966,145	-	78,658,667	89,551,160	4,694,255	-	94,245,415
	GROUP							
	2025				2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities - treasury bonds	71,870,203	-	-	71,870,203	57,133,356	-	-	57,133,356
Sri Lanka Government Securities - treasury bills	110,133	-	-	110,133	30,441,042	-	-	30,441,042
Sri Lanka International Sovereign bonds/PDI bonds	-	4,156,313	-	4,156,313	-	5,222,888	-	5,222,888
Quoted ordinary shares (Note 29.2)	2,796,307	-	-	2,796,307	2,074,593	-	-	2,074,593
Non-quoted ordinary shares (Note 29.3)	167,713	-	-	167,713	157,369	-	10,344	167,713
Quoted debentures	210,810	-	-	210,810	158,491	-	-	158,491
Sub Total	75,155,166	4,156,313	-	79,311,479	89,964,851	5,222,888	10,344	95,198,083
Less: Impairment allowance for investments - Non-quoted ordinary shares	-	-	-	-	-	-	10,344	10,344
Less: Impairment allowance for investments - Sri Lanka International Sovereign bonds/PDI bonds	-	-	-	-	-	162,768	-	162,768
Less: Recognition of Day one Impact	-	190,168	-	190,168	-	365,865	-	365,865
Total	75,155,166	3,966,145	-	79,121,311	89,964,851	4,694,255	-	94,659,106

29.1 (c) Movement in impairment allowance during the year

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 2				
Balance as at 01 January	162,768	-	162,768	-
Impairment charges	-	162,768	-	162,768
Transfers/adjustments	(162,768)	-	(162,768)	-
Balance as at 31 December	-	162,768	-	162,768
Stage 3				
Balance as at 01 January	10,344	10,344	10,344	10,344
Impairment charges	-	-	-	-
Balance as at 31 December	10,344	10,344	10,344	10,344
Total	10,344	173,112	10,344	173,112

29.1 (d) Sensitivity analysis of impairment allowance

Sensitivity Analysis of impairment allowance on Sri Lanka International Sovereign bonds/PDI bonds are given below.

Bond Type	Increase/(Decrease) in loss rate (+/-)	BANK & GROUP	
		Sensitivity effect on the Profit or Loss - Increase/(Decrease)	
		2025 LKR'Mn	2024 LKR'Mn
Sri Lanka International Sovereign Bonds/PDI Bonds	1%	9	(46)
	(1%)	(9)	46

Impairment provisions recognised on Sri Lanka International Sovereign bonds/PDI bonds are presented within the Statement of Other Comprehensive Income.

29.2 Quoted Ordinary Shares

	BANK & GROUP			
	2025		2024	
	No of Ordinary Shares	LKR '000	No of Ordinary Shares	LKR '000
Cost of investments as at 01 January	26,631,496	2,155,304	25,888,089	2,122,299
Scrip dividend received during the year	-	-	743,407	33,005
Cost of the investments as at 31 December	26,631,496	2,155,304	26,631,496	2,155,304
Gains/(losses) from fair valuations as at 01 January		(80,711)		(985,810)
Unrealised gains/(losses) during the year		721,714		905,099
Gains/(losses) from fair valuations as at 31 December		641,003		(80,711)
Market value		2,796,307		2,074,593

29.2 (a) Quoted ordinary shares

Details of quoted ordinary shares are as follows:

	BANK & GROUP							
	2025				2024			
	No of shares	Market price LKR '000	Cost of investment LKR '000	Market value LKR '000	No of shares	Market price LKR '000	Cost of investment LKR '000	Market value LKR '000
Seylan Bank PLC	26,631,496	105.00	2,155,304	2,796,307	26,631,495	77.9	2,155,304	2,074,593

29.3 Non-quoted Ordinary Shares

The majority of non-quoted ordinary shares held by the Bank comprise share investments that have been made primarily for regulatory purposes including share investment made to National Credit Guarantee Institution Limited of LKR 151 Mn. Such investments are recorded at cost due to unavailability of information to value such investments at fair value.

30 INVESTMENTS IN SUBSIDIARY COMPANIES

ACCOUNTING POLICY

Subsidiaries are investees that are controlled by the Group. The Group is presumed to control an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date, the Group reassesses whether it controls an investee, if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of subsidiaries are fully consolidated from the date on which control is transferred to the Bank and continue to be consolidated until the date when such control ceases. The Financial Statements of the Bank's subsidiaries are prepared for the same reporting year as per the Bank, using consistent accounting policies.

The cost of acquisition of a subsidiary is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition.

Subsequent to the initial measurement, investments in subsidiary companies are accounted at cost less impairment allowance in the Financial Statements of the Bank. The net assets of each subsidiary company are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its loss in net assets.

	Corporate Status	2025		2024	
		Percentage Holding (%)	Cost LKR '000	Percentage Holding (%)	Cost LKR '000
NDB Capital Holdings Limited	Non-quoted	99.9	802,888	99.9	802,888
Development Holdings (Pvt) Limited	Non-quoted	58.7	228,150	58.7	228,150
NDB Capital Limited (Bangladesh)	Non-quoted	41.8	180,552	41.8	180,552
Sub total			1,211,590		1,211,590
Less: Impairment allowance for investments (Note 30.1)			180,552		180,552
Total			1,031,037		1,031,037

30.1 Movement in Impairment Allowance for Investments in Subsidiary Companies

	2025 LKR '000	2024 LKR '000
As at 01 January	180,552	102,817
Charges/(reversals) to the Statement of Profit or Loss (Note 30.2)	-	77,735
As at 31 December	180,552	180,552

30.2 During the annual review of impairment allowances relating to investments in subsidiary companies, it was noted that the net asset value of NDB Capital Limited (Bangladesh) had continued to decline over recent years. Accordingly, in 2024 the Bank recognized an additional impairment allowance of LKR 77.7 million, fully providing for the carrying value of the investment. This adjustment was made to reflect the fair value of the investment as at 31 December 2024.

In determining the impairment, the Bank considered the net book value of the subsidiary to be the most reliable approximation of fair value less costs to sell. As a result, the carrying value of the investment has been fully provided in 2024, and no further provision was required in 2025.

30.3 Summarised Financial Information of the NDB Group's Investments in Subsidiaries

	Total	Development Holdings (Pvt) Limited	NDB Capital Limited (Bangladesh)	NDB Capital Holdings Limited (NCAP)	NDB Investment Bank Limited (Held through NCAP)	NDB Wealth Management Limited (Held through NCAP)	NDB Securities (Pvt) Limited (Held through NCAP)	NDB Zephyr Partners Limited (Group) (Held through NCAP)
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2025								
Total assets	11,806,646	4,595,240	102,972	3,280,027	370,625	1,646,520	1,723,815	87,447
Total liabilities	2,791,527	1,040,498	14,105	386,935	138,681	310,378	871,989	28,941
Net assets	9,015,118	3,554,741	88,867	2,893,093	231,944	1,336,142	851,825	58,506
Gross income	3,289,801	282,715	11,532	413,693	452,149	1,507,450	565,188	57,074
Profits/(losses)	967,930	224,740	(46,031)	89,810	57,385	494,229	151,807	(4,010)
Cash Flow								
Cash flows from operating activities	228,284	128,727	(44,666)	(5,567)	(27,995)	333,482	(150,321)	(5,376)
Cash flows from investing activities	(212,858)	15,558	3,907	(335,179)	33,444	(332,720)	419,403	(17,271)
Cash flows from financing activities	(77,848)	(77,848)	-	-	-	-	-	-

	Total	Development Holdings (Pvt) Limited	NDB Capital Limited (Bangladesh)	NDB Capital Holdings Limited (NCAP)	NDB Investment Bank Limited (Held through NCAP)	NDB Wealth Management Limited (Held through NCAP)	NDB Securities (Pvt) Limited (Held through NCAP)	NDB Zephyr Partners Limited (Group) (Held through NCAP)
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2024								
Total assets	10,996,827	4,390,079	151,902	3,050,046	265,816	1,254,412	1,805,020	79,552
Total liabilities	2,884,559	975,976	20,862	272,752	83,733	405,066	1,102,271	23,899
Net assets	8,112,267	3,414,103	131,040	2,777,294	182,083	849,347	702,748	55,652
Gross income	3,143,388	478,143	27,587	522,831	122,184	1,548,557	394,334	49,752
Profits/(losses)	820,942	270,404	(64,772)	249,514	(190,329)	521,305	46,862	(12,042)
Cash Flow								
Cash flows from operating activities	1,016,667	65,774	(56,735)	(132,892)	(71,732)	627,704	579,544	5,004
Cash flows from investing activities	(1,037,310)	(163,014)	(12,393)	(165,904)	94,081	(627,373)	(165,904)	3,197
Cash flows from financing activities	(118,035)	(88,710)	-	-	-	-	-	(29,325)

31 INVESTMENTS IN ASSOCIATE COMPANIES

ACCOUNTING POLICY

An associate is an entity in which the Group has significant influence, but not control, over the variable returns through its power over the investee. An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Group's investments in its associate companies are accounted for by using the equity method. Under the equity method, the investment in the associate is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The carrying value of the investment in associates is reviewed for impairment at each reporting period.

The Bank's investments in Associate companies represent Ayojana Fund (Pvt) Limited (a 50% share holding) at a cost of LKR 100,000 for which full impairment allowance has been made as the companies under liquidation.

32 INVESTMENT PROPERTY

ACCOUNTING POLICY

Basis of Recognition

An investment property is recognised, if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property is reliably measured.

Distinction Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group considers each property separately in making its judgment

Measurement

The Land and Building of Development Holdings (Pvt) Limited, which is held to earn rental income and for capital appreciation has been classified as an 'investment property', and is reflected at fair value in accordance with LKAS 40, Investment Property. Investment properties are initially recognised at cost. Subsequent to the initial recognition, the investment properties are stated at fair values. In estimating the fair values, the Independent Valuer considers current market prices of similar assets, so as to reflect market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in the Statement of Profit or Loss, in the year in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials, direct labor and any other costs directly attributable to bringing the investment property to a working condition for their intended use. Owner-occupied portion of an investment property is recognised and measured in line with the accounting policy used for property, plant & equipment of the Group and are presented under property, plant & equipment in the Financial Statements.

De-Recognition

Investment properties are derecognised when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

Basis of Valuation

As at 31 December 2025, the fair value of the property was based on the valuation performed by an Independent Professional Valuer, A A M Fathihu, B.Sc. (Hons.) EMV, FIV Sri Lanka who is having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, to determine the fair value of land and buildings. The income approach using the current market rent including passing rents has been used as the methodology by the Valuer to value the investment property as recommended by SLFRS 13 - 'Fair Value Measurements'.

Significant Assumptions Used for the Valuation

- Outgoing at 30% of estimated rent (2024 - 35%)
- Capitalise YP at 16% (2024 - 16%)

	GROUP	
	2025 LKR '000	2024 LKR '000
As at 01 January	3,107,671	3,112,440
Additions during the year	194,411	5,355
Change in the fair value during the year	142,690	230,203
Less: Fair value of the owner-occupied portion	48,518	44,629
Net change in the fair value during the year (Note 10)	94,172	185,574
Less: Change in the owner occupied portion	49,551	195,698
As at 31 December	3,346,703	3,107,671

The maturity analysis of investment property is given in Note 51 - Maturity Analysis.

There were no capitalised borrowing cost related to the acquisition of investment property during the year 2025 (2024-Nil).

32.1 Statement of Income and Expenditure of the Investment Property

	GROUP	
	2025 LKR '000	2024 LKR '000
Rental income derived from investment property	260,572	198,150
Direct operating expenses (including repair and maintenance) in generating rental income	(62,061)	(47,423)
Direct operating expenses (including repair and maintenance) that did not generate rental income	(48,397)	(39,607)
Profit arising from investment property carried at fair value	150,114	111,120

32.2 Information on Investment Property of the Group - Extent and Locations

As required by Rule No 7.6 (viii) of the "Continuing Listing Requirements" of the Colombo Stock Exchange

	Business location of the premises	Number of Buildings	Land Extent (Perches)	Building (Square Feet)	Fair Value as at 31 December 2025 LKR '000	Fair Value as at 31 December 2024 LKR '000
Through the subsidiary company of Development Holdings (Pvt) Limited (DHPL)	No:42 Nawam Mawatha, Colombo 02	1	71.27	175,190	4,183,000	3,945,000

Valuation amounts include fair value of owner occupied portion of LKR 836 Mn (2024 - LKR 837 Mn).

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancement.

Fair value hierarchy disclosures for investment property are given in Note 56 (a), to these Financial Statements.

33 PROPERTY, PLANT & EQUIPMENT

ACCOUNTING POLICY

Basis of Recognition

Property, plant & equipment are recognised, if it is probable that future economic benefits associated with the asset will flow to the Group and the cost or the fair value of the asset can be reliably measured.

Basis of Measurement

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the assets and subsequent cost as explained below. The cost of self constructed assets includes the cost of the materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for its intended use and cost of dismantling and removing the old items and restoring the site on which they are located. Purchased software which is integral to the functionality of the related equipment is capitalised as part of computer equipment.

Cost Model

The Group applies the 'Cost Model' to all property, plant & equipment other than freehold land and buildings and record at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Group applies the revaluation model for the entire class of freehold land and buildings. Such properties are carried at revalued amounts, being their fair value at the reporting date, less any subsequent accumulated depreciation on land and buildings and any accumulated impairment losses charged subsequent to the date of the valuation.

Freehold land and buildings of the Group are revalued every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying

amounts do not differ from the fair values at the reporting date.

A letter of confirmation is obtained from the Independent Professional Valuer annually, except the year in which full valuation is carried out by the Group, to ensure that the fair values of the freehold land and building at the reporting date do not significantly vary from their carrying amounts.

Subsequent Cost

These are costs that are recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within that part will flow to the Group and it can be reliably measured. Ongoing repairs and maintenance are expensed as incurred.

33 PROPERTY, PLANT & EQUIPMENT (CONTD.)

ACCOUNTING POLICY

Capital Work-in-Progress

These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, which will be capitalised with the completion of the project and when the asset is ready to be used. These are stated in the Statement of Financial Position at cost. Capital working progress is transferred to the relevant asset when it is completed and converted into a usable condition as expected by the Management of the Group.

Derecognition

An item of property, plant & equipment is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds

and the carrying amount of the asset) is included in the Statement of Profit or Loss in the year, in which the asset is derecognised.

Depreciation and amortisation

The accounting policy and the judgment and estimates used in the computation of depreciation and amortisation of property, plant & equipment are explained in detail in Note 14 on page 308.

Accounting Judgments, Estimates and Assumptions

Fair value of freehold land and buildings

The freehold land and buildings of the Group are reflected at fair value. The Group engaged an Independent Professional Valuer, A A M Fathihu, B.Sc. (Hons.) EMV, FIV Sri Lanka to determine the fair value of freehold land and buildings in

terms of Sri Lanka Accounting Standard-SLFRS 13 on "Fair Value Measurement". In estimating the fair values, the Independent Valuer considered current market prices of similar assets.

The methods used to determine the fair value of the freehold land and buildings are further explained in Note 56 & 56(c) to the financial statements.

Useful Life Time of Property, Plant & Equipment

The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Management exercises judgement in the estimation of these values, rates, methods and hence those are subject to uncertainty.

33.1 The Movement in Property, Plant & Equipment - Bank

	Freehold Land	Freehold Buildings	Leasehold Buildings	Computer Equipment	Motor Vehicles	Office Equipment & Furniture	Capital Work-in-Progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
(a) Cost or Valuation								
As at 1 January 2024	1,024,000	1,596,167	584,855	2,056,331	66,520	1,316,138	40,372	6,684,383
Additions during the year	-	11,528	22,389	143,412	-	130,016	55,364	362,709
Disposals during the year	-	-	(1,381)	(19,027)	(24,200)	(14,824)	-	(59,432)
Transfer of accumulated depreciation on assets revalued	-	(510,429)	-	-	-	-	-	(510,429)
Revaluation adjustment during the year	-	51,735	-	-	-	-	-	51,735
Transfers	-	-	-	-	(1)	-	(4,918)	(4,919)
As at 31 December 2024	1,024,000	1,149,001	605,863	2,180,716	42,319	1,431,330	90,818	6,524,047
Additions during the year	-	47,780	113,128	656,668	-	142,759	292,509	1,252,844
Disposals during the year	-	(517)	(26,026)	(42,905)	(270)	(74,550)	-	(144,268)
Transfer of accumulated depreciation on assets revalued	-	(64,767)	-	-	-	-	-	(64,767)
Revaluation adjustment during the year	142,000	174,504	-	-	-	-	-	316,504
Transfers	-	-	-	-	-	-	(59,206)	(59,206)
As at 31 December 2025	1,166,000	1,306,001	692,965	2,794,479	42,049	1,499,539	324,121	7,825,154

33.1 The Movement in Property, Plant & Equipment - Bank (Contd.)

	Freehold Land LKR '000	Freehold Buildings LKR '000	Leasehold Buildings LKR '000	Computer Equipment LKR '000	Motor Vehicles LKR '000	Office Equipment & Furniture LKR '000	Capital Work-in- Progress LKR '000	Total LKR '000
(b) Depreciation/Amortisation								
As at 1 January 2024	-	447,167	502,377	1,424,354	66,519	1,102,849	-	3,543,266
Charge for the year (Note 14)	-	63,262	39,035	202,273	-	97,039	-	401,609
On disposals	-	-	(1,366)	(18,468)	(24,200)	(13,824)	-	(57,858)
Transfer of accumulated depreciation on assets revalued	-	(510,429)	-	-	-	-	-	(510,429)
Transfers	-	-	-	-	-	-	-	-
As at 31 December 2024	-	-	540,046	1,608,159	42,319	1,186,064	-	3,376,588
Charge for the year (Note 14)	-	65,999	38,369	240,808	-	97,572	-	442,748
On disposals	-	(517)	(25,969)	(42,526)	(270)	(73,520)	-	(142,802)
Transfer of accumulated depreciation on assets revalued	-	(64,767)	-	-	-	-	-	(64,767)
Transfers	-	(715)	715	-	-	9	-	9
As at 31 December 2025	-	-	553,161	1,806,441	42,049	1,210,125	-	3,611,776
Net book value as at 31 December 2025	1,166,000	1,306,001	139,804	988,038	-	289,414	324,121	4,213,378
Net book value as at 31 December 2024	1,024,000	1,149,001	65,817	572,557	-	245,266	90,818	3,147,459

33.2 Details of Revalued Freehold Land and Buildings - Bank

As at 31 December 2025

The freehold land and building of the Bank have been revalued by the independent professional Valuer A A M Fathihu, B.Sc (Hons) EMV, FIV Sri Lanka, affirming the fair value reflected in these Financial Statements. Accordingly gains/(losses) on revaluation of land and building has been recognised during the year as given below.

Date of valuation - 31 December 2025

Freehold Land	Extent (Perches)	Revaluation of Land LKR '000	Net book value before revaluation LKR '000	Revaluation Gains/(Losses) Recognised on Land LKR '000
Head Office No. 103A, Dharmapala Mawatha, Colombo 07	20	1,140,000	1,000,000	140,000
Head Office No. 40, Nawam Mawatha, Colombo 02	1.43	26,000	24,000	2,000
Sub Total (a)		1,166,000	1,024,000	142,000

Freehold Building	Extent (Square Feet)	Revaluation of Building LKR '000	Net book value before revaluation LKR '000	Revaluation Gains/(Losses) Recognised on Building LKR '000
Head Office No. 103A, Dharmapala Mawatha, Colombo 07	41,143	432,000	367,851	64,149
Head Office No. 40, Nawam Mawatha, Colombo 02	95,343	874,000	763,645	110,355
Sub Total (b)		1,306,000	1,131,496	174,504
Total (a)+(b)		2,472,000	2,155,496	316,504

33.3 Freehold Land and Buildings on Cost Basis - Bank

The carrying amount of the Bank's revalued freehold land and buildings that would have been included in the Financial Statements at cost less accumulated depreciation is as follows:

	2025			2024		
	Cost LKR'000	Accumulated Depreciation LKR'000	Net Book value LKR'000	Cost LKR'000	Accumulated Depreciation LKR'000	Net Book value LKR'000
Class of assets						
Freehold land	165,016	-	165,016	165,016	-	165,016
Freehold building	672,906	533,008	139,898	625,126	519,550	105,576
Total	837,922	533,008	304,914	790,142	519,550	270,592

33.4 The Movement in Property, Plant & Equipment - Group

	Freehold Land LKR '000	Freehold Buildings LKR '000	Leasehold Buildings LKR '000	Computer Equipment LKR '000	Motor Vehicles LKR '000	Office Equipment & Furniture LKR '000	Capital Work- in- Progress LKR '000	Total LKR '000
(a) Cost or Valuation								
As at 1 January 2024	1,024,000	2,216,555	606,083	2,163,238	87,195	1,609,975	40,372	7,747,418
Additions during the year	-	11,528	22,389	156,951	-	156,436	55,364	402,668
Disposals during the year	-	-	(1,381)	(19,027)	(24,200)	(15,292)	-	(59,900)
Transfer of accumulated depreciation on assets revalued	-	(510,429)	-	-	-	-	-	(510,429)
Revaluation adjustment during the year	-	96,364	-	(350)	(3,280)	(5,268)	-	87,466
Transfers/adjustments	-	170,014	-	-	(1)	-	(4,918)	165,095
As at 31 December 2024	1,024,000	1,984,032	627,091	2,300,812	59,714	1,745,851	90,818	7,832,318
Additions during the year	-	47,780	113,128	670,354	-	191,741	292,509	1,315,512
Disposals during the year	-	(517)	(26,026)	(52,853)	(270)	(76,405)	-	(156,071)
Transfer of accumulated depreciation on assets revalued	-	(64,767)	-	-	-	-	-	(64,767)
Revaluation adjustment during the year	142,000	223,022	-	-	-	-	-	365,022
Transfers/adjustments	-	(48,517)	-	292	597	667	(59,206)	(106,167)
As at 31 December 2025	1,166,000	2,141,033	714,193	2,918,605	60,041	1,861,854	324,121	9,185,847
(b) Depreciation/Amortisation								
As at 1 January 2024	-	472,851	515,698	1,514,202	86,867	1,340,703	-	3,930,321
Charge for the year (Note 14)	-	63,262	41,046	214,547	124	115,157	-	434,136
On disposals	-	-	(1,366)	(18,468)	(24,668)	(13,824)	-	(58,326)
Transfer of accumulated depreciation on assets revalued	-	(510,429)	-	-	-	-	-	(510,429)
Transfers/adjustments	-	(25,684)	(1)	(293)	(3,253)	(4,893)	-	(34,124)
As at 31 December 2024	-	-	555,377	1,709,988	59,070	1,437,143	-	3,761,578
Charge for the year (Note 14)	-	65,999	40,492	252,118	52	120,218	-	478,879
On disposals	-	(517)	(35,771)	(42,526)	(2,187)	(73,520)	-	(154,521)
Transfer of accumulated depreciation on assets revalued	-	(64,767)	-	-	-	-	-	(64,767)
Transfers/adjustments	-	(715)	1,305	594	1,001	(256)	-	1,929
As at 31 December 2025	-	-	561,403	1,920,174	57,936	1,483,585	-	4,023,098
Net book value as at 31 December 2025	1,166,000	2,141,033	152,790	998,431	2,105	378,269	324,121	5,162,749
Net book value as at 31 December 2024	1,024,000	1,984,032	71,714	590,824	644	308,708	90,818	4,070,740

33.5 Cost of Fully Depreciated Property, Plant & Equipment and Intangible Assets

The initial cost of fully depreciated property, plant & equipment and intangible assets which are still in use are as follows:

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Freehold buildings	65,211	48,060	65,211	48,060
Leasehold building	471,668	450,578	471,668	450,578
Motor vehicles	42,050	34,493	43,483	35,523
Office equipment and furniture	1,014,171	956,330	1,178,160	1,120,862
Computer equipment	1,116,853	935,806	1,190,847	1,015,347
Computer software	1,131,798	1,033,825	1,248,725	1,145,799
Total	3,841,751	3,459,092	4,198,094	3,816,169

33.6 Information on Freehold Land and Buildings of the Bank - Extent and Locations

As required by Rule No.7.6 (viii) of the "Continuing Listing Requirements" of the Colombo Stock Exchange.

Location	No of buildings	Extent (Perches)	Buildings (Square Feet)	Revalued land LKR '000	Revalued buildings LKR '000	Total revalued amount LKR '000	Net Book Value before Revaluation LKR '000	Revaluation Gains/ (Losses) Recognised on Land LKR '000
Head Office No. 103A, Dharmapala Mawatha, Colombo 07	1	20	41,143	1,140,000	432,000	1,572,000	1,367,851	204,149
Head Office No. 40, Nawam Mawatha, Colombo 02	1	1.43	95,343	26,000	874,000	900,000	787,645	112,355
Total				1,166,000	1,306,000	2,472,000	2,155,496	316,504

Title restriction on property, plant and equipment

There were no restrictions on the title of the property, plant and equipment of the Group as at the reporting date (2024 - Nil).

Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment of the Group that have been pledged as securities for liabilities as at the reporting date (2024 - Nil).

Borrowing costs

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025 (2024 - Nil).

34 RIGHT OF USE ASSETS

ACCOUNTING POLICY

Basis of Recognition

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in the provision of services.

Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on a straight line basis over the term of the lease.

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

The interest expense on the lease liabilities and the depreciation expense on the right of use assets are recognised separately in the Statement of Profit or Loss in line with the requirements of SLFRS 16-Leases.

Further the lease liabilities will be remeasured upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The Group will generally recognise the amount of the

remeasurement of the lease liability as an adjustment to the right-of-use asset.

Significant Accounting Judgments, Estimates and Assumptions

The Group use its judgment to determine whether an operating lease agreement qualifies as recognition of right-of-use assets. In estimating the borrowing cost of lease liabilities, the Group uses the interest rate applicable to loans given for housing purposes, based on a similar tenor, collateral and economic environment. The present value of operating lease commitments has been calculated using weighted average incremental borrowing rates at which the Group opts to borrow such assets.

The incremental borrowing rates used for the year ended 31 December 2025 and 2024, are as follows:

Class of Assets	BANK & GROUP	
	2025 %	2024 %
Buildings	9.50-25	9.50-25
Land	14	14
Vehicles	13.50 - 16	13.50 - 16

	BANK			GROUP		
	Land and Building LKR'000	Vehicle LKR'000	Total LKR'000	Land and Building LKR'000	Vehicle LKR'000	Total LKR'000
Cost						
As at 01 January 2025	2,799,916	292,841	3,092,757	3,105,120	292,841	3,397,961
Additions during the year	617,441	11,334	628,775	617,441	11,334	628,775
Transfers/adjustments	(1,980)	-	(1,980)	(1,980)	103	(1,877)
As at 31 December 2025	3,415,377	304,175	3,719,552	3,720,581	304,278	4,024,859
Depreciation/Amortisation						
As at 01 January 2025	1,700,832	131,185	1,832,017	1,929,734	131,185	2,060,919
Charge for the year (Note 14)	398,387	40,537	438,924	436,589	40,537	477,126
As at 31 December 2025	2,099,219	171,722	2,270,941	2,366,323	171,722	2,538,045
Net book value as at 31 December 2025	1,316,158	132,453	1,448,611	1,354,258	132,556	1,486,814

34 RIGHT OF USE ASSETS (CONTD.)

	BANK			GROUP		
	Land and Building	Vehicle	Total	Land and Building	Vehicle	Total
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
Cost						
As at 01 January 2024	2,500,152	101,492	2,601,644	2,805,357	101,492	2,906,849
Additions during the year	299,501	191,349	490,850	299,501	191,349	490,850
Transfers/adjustments	263	-	263	262	-	262
As at 31 December 2024	2,799,916	292,841	3,092,757	3,105,120	292,841	3,397,961
Depreciation/Amortisation						
As at 01 January 2024	1,354,551	101,492	1,456,043	1,545,302	101,492	1,646,794
Charge for the year (Note 14)	346,281	29,693	375,974	384,432	29,693	414,125
As at 31 December 2024	1,700,832	131,185	1,832,017	1,929,734	131,185	2,060,919
Net book value as at 31 December 2024	1,099,084	161,656	1,260,740	1,175,386	161,656	1,337,042

35 INTANGIBLE ASSETS

ACCOUNTING POLICY

Intangible assets of the Group include the value of computer software and software under development.

Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relate. All other expenditure is expensed as incurred.

Computer Software and Software under Development

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected. Any gain or loss arising on derecognition of an intangible asset is measured as the difference

between the net disposal proceeds and the carrying amount of the asset and is included in the Statement of Profit or Loss in the year in which the asset is derecognised.

Research and Development Costs

Research costs are expensed as incurred. Development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- Its intention to complete and its ability to use or sell the asset.
- The asset will generate future economic benefits
- The availability of resources to complete the asset.
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

As at the reporting date, the Group did not have development costs that were capitalised as an internally-generated intangible asset.

Accounting Judgments, Estimates and Assumptions

Useful Life Time of Intangible Assets

The Group reviews the residual values, useful lives and methods of depreciation of intangible assets at each reporting date. Management exercises judgment in the estimation of these values, rates, methods and hence those are subject to uncertainty.

Assessment for Impairment

"Irrespective of whether there is any indication of impairment, the Bank assesses an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amounts. However, if such an intangible asset was initially recognised during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period and recognised in the Statement of Profit or Loss if there is any impairment allowance.

35 INTANGIBLE ASSETS (CONTD.)

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Computer Software [Note 35.1]	1,612,572	1,731,927	1,665,990	1,780,297
Software Under Development [Note 35.2]	16,410	34,688	16,410	34,688
Total	1,628,982	1,766,615	1,682,400	1,814,985

35.1 Computer Software

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cost				
As at 01 January	3,582,902	3,407,521	3,758,495	3,541,479
Additions during the year	200,970	175,381	220,140	215,922
Disposals during the year	(87,730)	-	(87,730)	-
Transfers/adjustments	-	-	(31)	1,094
As at 31 December	3,696,142	3,582,902	3,890,874	3,758,495
Depreciation/Amortisation				
As at 01 January	1,850,975	1,537,974	1,978,198	1,657,109
Charge for the year (Note 14)	312,295	313,001	326,288	319,728
Disposals during the year	(79,700)	-	(79,700)	-
Transfers/adjustments	-	-	98	1,361
As at 31 December	2,083,570	1,850,975	2,224,884	1,978,198
Net book value as at 31 December (a)	1,612,572	1,731,927	1,665,990	1,780,297

35.2 Software Under Development

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cost				
As at 01 January	34,688	13,900	34,688	13,900
Additions during the year	15,601	33,035	15,601	33,035
Transfer to computer software during the year	(33,879)	(12,247)	(33,879)	(12,247)
As at 31 December (b)	16,410	34,688	16,410	34,688
Net book value of total intangible assets (a) + (b)	1,628,982	1,766,615	1,682,400	1,814,985

36 OTHER ASSETS

ACCOUNTING POLICY

The Group classifies other assets as 'other financial assets' and 'other non-financial assets'. Other assets mainly comprise of deposits and prepayments, unamortised staff costs and sundry receivables. Deposits are carried at historical cost less impairment allowance.

Prepayments are amortised during the period in which they are utilised and are carried at historical cost less impairment allowance.

As all staff loans granted at below market interest rates are recognised at fair value, the difference between the fair value and the amount disbursed was treated as a Day one difference. The Day one difference is classified as 'unamortised staff cost' and is amortised over the loan period by using the Effective Interest Rate (EIR). The staff loans are subsequently measured at amortised costs.

Other financial assets and other non-financial assets included under other assets are summarised below:

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Other non-financial assets (Note 36.1)	4,426,445	4,274,118	4,692,445	4,450,493
Other financial assets (Note 36.3)	11,832,959	2,792,724	12,280,825	3,067,360
Total	16,259,404	7,066,842	16,973,270	7,517,853

36.1 Other Non- financial assets

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sundry receivables	1,847,019	1,637,319	1,954,575	1,636,260
Deposits and prepayments	691,226	767,361	785,287	886,965
Unamortised staff cost (Note 36.2)	1,888,200	1,869,438	1,952,583	1,927,268
Total	4,426,445	4,274,118	4,692,445	4,450,493

36.2 Unamortized Staff Cost

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	1,869,438	1,394,785	1,927,268	1,429,866
Add: Adjustment for new grants and settlements	246,728	679,580	258,330	718,796
Charged to personnel expenses	(227,966)	(204,927)	(233,015)	(221,394)
As at 31 December	1,888,200	1,869,438	1,952,583	1,927,268

36.3 Other Financial Assets

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Other financial assets - Gross *	12,223,876	3,160,096	12,671,742	3,434,732
Less: Impairment allowance [Note 36.3 (a)]	(390,917)	(367,372)	(390,917)	(367,372)
As at 31 December	11,832,959	2,792,724	12,280,825	3,067,360

*Other financial assets include receivables arising from Customer Electronic Funds Transfer (CEFT) transactions.

36.3 (a) Movement in impairment allowance during the year

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 2				
Balance as at 01 January	367,372	-	367,372	-
Impairment charges	23,545	367,372	23,545	367,372
Balance as at 31 December	390,917	367,372	390,917	367,372

The impairment provision was recognised against receivable from Special Incentive Schemes.

37 DUE TO BANKS

ACCOUNTING POLICY

Due to banks, include call money borrowings and credit balances in Nostro accounts. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Interest paid/payable on these dues are recognised in the Statement of Profit or Loss under 'Interest Expenses'

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Borrowing from local banks	8,629,498	4,809,605	8,629,498	4,809,605
Borrowing from foreign banks	3,818,046	31,737	3,818,046	31,737
Total	12,447,544	4,841,342	12,447,544	4,841,342

37.1 Due to Bank by Currency

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Local currency	8,629,498	4,809,605	8,629,498	4,809,605
Foreign currency	3,818,046	31,737	3,818,046	31,737
Total	12,447,544	4,841,342	12,447,544	4,841,342

38 FINANCIAL LIABILITIES AT AMORTIZED COST

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Due to depositors (Note 38.1)	707,167,366	631,682,926	706,437,565	631,081,461
Due to debt securities holders (Note 38.2)	69,834,390	8,002,850	69,834,390	8,002,850
Due to other borrowers (Note 38.3)	19,792,565	22,023,798	19,792,565	22,023,798
Total	796,794,321	661,709,574	796,064,520	661,108,109

38.1 Due to Depositors

ACCOUNTING POLICY

Due to depositors include non-interest bearing deposits, savings deposits, term deposits, margins and other deposits. Subsequent to initial recognition, deposits are measured at their amortised cost using the Effective Interest Rate (EIR) method. Interest paid/payable on deposits are recognised in the Statement of Profit or Loss under 'Interest Expenses'

38.1 (a) Due to depositors - by product

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Savings deposits	115,281,995	103,488,340	114,552,194	103,105,661
Time deposits	515,596,433	473,619,708	515,596,433	473,450,599
Demand deposits	74,195,164	53,123,250	74,195,164	53,073,573
Margin deposits	1,657,922	746,762	1,657,922	746,762
Other deposits	435,852	704,866	435,852	704,866
Total	707,167,366	631,682,926	706,437,565	631,081,461

38.1 (b) Due to depositors - by deposit composition

	BANK				GROUP			
	2025		2024		2025		2024	
	LKR'000	%	LKR'000	%	LKR'000	%	LKR'000	%
Local currency deposits								
Savings deposits	92,794,415	13	81,378,640	13	92,387,324	13	81,016,288	13
Time deposits	363,191,609	51	346,074,563	55	362,933,965	51	345,910,656	55
Demand deposits	51,943,704	7	42,852,398	7	51,932,071	7	42,804,180	7
Margin deposits	1,641,015	-	684,416	-	1,641,015	-	684,416	-
Other deposits	159,816	-	313,441	-	159,816	-	313,441	-
Sub total	509,730,559	72	471,303,458	75	509,054,191	72	470,728,981	75
Foreign currency deposits								
Savings deposits	22,487,581	3	22,109,701	4	22,439,914	3	22,089,374	4
Time deposits	152,404,824	22	127,545,145	20	152,399,080	22	127,539,943	20
Demand deposits	22,251,460	3	10,270,852	2	22,251,438	3	10,269,393	2
Margin deposits	16,906	-	62,346	-	16,906	-	62,346	-
Other deposits	276,036	-	391,424	-	276,036	-	391,424	-
Sub total	197,436,807	28	160,379,468	25	197,383,374	28	160,352,480	25
Total	707,167,366	100	631,682,926	100	706,437,565	100	631,081,461	100

38.1 (c) Due to depositors - by currency

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Rupee	509,730,559	471,303,458	509,054,191	470,728,981
United States Dollar	171,389,555	139,907,181	171,336,122	139,880,193
Australian Dollar	8,879,218	7,362,903	8,879,218	7,362,903
Great Britain Pound	10,763,993	6,819,366	10,763,993	6,819,366
Euro	3,835,947	4,676,944	3,835,947	4,676,944
Other currencies	2,568,094	1,613,074	2,568,094	1,613,074
Total	707,167,366	631,682,926	706,437,565	631,081,461

38.1 (d) Due to depositors - by institutions/customers

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deposits from banks	6,131,852	7,712,804	6,131,852	7,712,804
Deposits from finance companies	6,878,658	8,037,480	6,878,658	8,037,480
Deposits from other customers	694,156,856	615,932,642	693,427,055	615,331,177
Total	707,167,366	631,682,926	706,437,565	631,081,461

38.1 (e) Due to depositors - by province

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Western Province	606,124,172	536,687,209	605,394,371	536,085,744
Central Province	19,583,586	20,241,394	19,583,586	20,241,394
North-Western Province	21,564,856	19,056,670	21,564,856	19,056,670
Southern Province	17,487,129	16,743,711	17,487,129	16,743,711
Sabaragamuwa Province	12,644,443	10,951,352	12,644,443	10,951,352
Northern Province	14,434,288	14,677,777	14,434,288	14,677,777
Eastern Province	5,238,038	4,937,363	5,238,038	4,937,363
North-Central Province	5,600,845	4,447,304	5,600,845	4,447,304
Uva Province	4,490,009	3,940,146	4,490,009	3,940,146
Total	707,167,366	631,682,926	706,437,565	631,081,461

38.2 Due to Debt Securities Holders

ACCOUNTING POLICY

Due to Debt Securities Holders consists of securities sold under repurchase agreements. The Group sells financial assets and simultaneously enter into an agreement to repurchase the asset (or similar asset) at a fixed price at a future date. Such an arrangement is accounted for as a financial liability and the underlying asset continues to be recognised in the Financial Statements of the Group, as the Group retain substantially all risks and rewards of ownership. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method with the corresponding interest paid/payable being recognised in the Statement of Profit or Loss, under 'Interest Expenses'.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	8,002,850	15,632,569	8,002,850	15,632,569
Additions during the year	1,156,522,718	703,705,306	1,156,522,718	703,705,306
Redemptions	(1,094,691,178)	(711,335,025)	(1,094,691,178)	(711,335,025)
Net Movement during the year	61,831,540	(7,629,719)	61,831,540	(7,629,719)
Total	69,834,390	8,002,850	69,834,390	8,002,850

38.3 Due to other Borrowers

ACCOUNTING POLICY

Due to other borrowers represents the funds borrowed by the Group for long-term and short-term liquidity funding requirements and include borrowings from concessionary credit lines, institutional borrowings and funds received from the Central Bank of Sri Lanka. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Interest paid/payable on "Due to Other Borrowers" are recognised in the Statement of Profit or Loss, under 'Interest Expense'.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Concessionary credit lines	8,595,881	8,863,831	8,595,881	8,863,831
Refinance borrowings	2,946,401	2,957,480	2,946,401	2,957,480
Institutional borrowings - Foreign	8,250,283	10,202,487	8,250,283	10,202,487
Total	19,792,565	22,023,798	19,792,565	22,023,798

38.4 Maturity Analysis of Due to Debt Securities Holders and Due to other Borrowers - Based on the Contractual Maturity

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Payable within 12 Months				
Concessionary credit lines	855,689	717,711	855,689	717,711
Refinance borrowings	616,696	1,997,030	616,696	1,997,030
Institutional borrowings - Foreign	2,670,178	2,260,435	2,670,178	2,260,435
Securities sold under repurchase agreements	69,834,390	8,002,850	69,834,390	8,002,850
Sub total	73,976,953	12,978,026	73,976,953	12,978,026
Payable after 12 Months				
Concessionary credit lines	7,740,192	8,146,120	7,740,192	8,146,120
Refinance borrowings	2,329,705	960,450	2,329,705	960,450
Institutional borrowings - Foreign	5,580,105	7,942,052	5,580,105	7,942,052
Sub total	15,650,002	17,048,622	15,650,002	17,048,622
Total (Note 38.2 & Note 38.3)	89,626,955	30,026,648	89,626,955	30,026,648

39 DEBT SECURITIES ISSUED

ACCOUNTING POLICY

Debt securities issued includes the funds borrowed by the Group for long-term and short-term funding requirements by way of quoted debentures. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Interest paid/payable on debt securities issued are recognised in the Statement of Profit or Loss. The direct costs attributable to these term debts are amortised over the term of the debt and are offset in the presentation of debt securities issued, in the Statement of Financial Position.

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
As at 01 January	33,564,708	29,388,875
Additions during the year	-	10,000,000
Redemptions	(10,090,430)	(5,561,200)
Net effect on amortised interest payable	(143,675)	(262,967)
As at 31 December (Note 39.1)	23,330,603	33,564,708

39.1 Debenture

	Interest payable frequency	Issued date	Maturity date	Effective annual yield %	BANK & GROUP	
					2025	2024
					LKR '000	LKR '000
Fixed Rate Debenture Issuance - December 2013						
Type D - 14.00% - (144 Months)	Annually	19-12-2013	19-12-2025	13.26	-	3,587,489
Total (a)					-	3,587,489
Fixed Rate Debenture Issuance - September 2020						
9.50% - (60 Months)	Annually	24-09-2020	24-09-2025	9.16	-	6,656,408
Total (b)					-	6,656,408
Fixed Rate Debenture Issuance - November 2021						
Type A - 11.90% - (60 Months)	Semi-annually	23-11-2021	23-11-2026	11.66	7,972,764	7,966,091
Type B - 12.00% - (84 Months)	Semi-annually	23-11-2021	23-11-2028	11.73	117,449	117,131
Total (c)					8,090,213	8,083,222
Fixed Rate Debenture Issuance - December 2023						
Type A - 15.00% - (60 Months)	Annually	12-12-2023	11-12-2028	14.05	3,355,093	3,353,440
Type B - 14.22% - (60 Months)	Quarterly	12-12-2023	11-12-2028	14.05	1,675,832	1,675,031
Total (d)					5,030,925	5,028,471
Fixed Rate Debenture Issuance I - September 2024						
Type A - 13.25%- (60 Months)	Annually	12-09-2024	11-09-2029	12.51	4,057,057	4,055,957
Type B - 12.84%- (60 Months)	semi-Annually	12-09-2024	11-09-2029	12.50	848,082	847,741
Type C - 12.64% - (60 Months)	Quarterly	12-09-2024	11-09-2029	12.52	267,929	267,850
Total (e)					5,173,068	5,171,548
Fixed Rate Debenture Issuance II- December 2024						
Type A - 13%- (60 Months)	Annually	02-12-2024	01-12-2029	12.30	4,567,914	4,568,984
Type B - 12.41%- (60 Months)	Quarterly	02-12-2024	01-12-2029	12.31	468,483	468,586
Total (f)					5,036,397	5,037,570
Debt securities issued (a)+(b)+(c)+(d)+(e)+(f)					23,330,603	33,564,708
The contractual maturity of the debt securities issued are given below:						
Due within one year					8,259,604	10,564,708
Due after one year					15,070,999	23,000,000
Total					23,330,603	33,564,708

40 CURRENT TAX (RECEIVABLES)/LIABILITIES

ACCOUNTING POLICY

The accounting policy on current tax (receivable)/liabilities for the group is included in note 18 on page 311

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
40.1 Summary of Net Current Tax Liabilities				
Current tax liabilities	4,038,962	5,204,643	4,421,027	5,473,755
Current tax receivables	-	-	(32,391)	(33,727)
Net current tax liability	4,038,962	5,204,643	4,388,636	5,440,028
40.2 Movement in Net Current Tax Liabilities				
As at 01 January	5,204,643	7,265,070	5,440,028	7,387,671
Current tax based on profit for the year	6,577,774	4,302,960	6,928,520	4,633,549
Under/(over) provision in respect of previous years	(471,064)	(639,529)	(366,827)	(537,248)
Payment of tax	(7,272,391)	(5,723,858)	(7,613,085)	(6,043,944)
As at 31 December	4,038,962	5,204,643	4,388,636	5,440,028

41 DEFERRED TAX (ASSETS)/LIABILITIES

ACCOUNTING POLICY

The accounting policy on deferred tax (assets)/liabilities for the Group is included in Note 18 on page 311.

41.1 Summary of Net Deferred Tax (Assets)/Liabilities

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 31 December				
Recognised under assets	(5,421,860)	(4,158,040)	(5,489,018)	(4,216,721)
Recognised under liabilities	-	-	1,021,505	976,244
Net deferred tax assets (Note 41.3 and 41.4)	(5,421,860)	(4,158,040)	(4,467,513)	(3,240,477)

41.2 Movement in Net Deferred Tax (Assets)/Liabilities

	BANK				GROUP			
	2025		2024		2025		2024	
	Temporary difference	Tax effect	Temporary difference	Tax effect	Temporary difference	Tax effect	Temporary difference	Tax effect
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 01 January	(13,860,133)	(4,158,040)	(32,160,393)	(9,648,118)	(10,801,587)	(3,240,477)	(29,322,050)	(8,796,616)
Amount originating/(reversing) to Statement of Profit or Loss (Note 18.3)	(2,706,053)	(811,816)	20,417,123	6,125,137	(2,638,713)	(791,614)	20,595,303	6,178,591
Amount originating/(reversing) to Other Comprehensive Income	(1,506,680)	(452,004)	(2,116,863)	(635,059)	(1,451,407)	(435,422)	(2,074,840)	(622,452)
As at 31 December	(18,072,866)	(5,421,860)	(13,860,133)	(4,158,040)	(14,891,707)	(4,467,513)	(10,801,587)	(3,240,477)

The deferred tax assets/liabilities of the Group as at 31 December 2025 were computed using the income tax rate of 30% (2024-30%).

41.3 Reconciliation of Net Deferred Tax (Assets)/Liabilities

	BANK					
	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2025	2024	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Deferred tax liabilities						
Accelerated depreciation for tax purposes	177,024	125,760	51,264	23,139	-	-
Revaluation gains on freehold land and buildings	753,947	658,995	-	-	94,952	15,520
Finance leases	12,592	63,475	(50,883)	(74,618)	-	-
Gains on fair value adjustment of financial assets measured at fair value through other comprehensive income	823,019	1,273,934	-	-	(450,915)	(414,627)
Cash flow hedge reserve	3,854	125,175	-	-	(121,321)	(232,861)
Total	1,770,436	2,247,339	381	(51,479)	(477,284)	(631,968)
Deferred tax assets						
Defined benefit plans	475,691	424,162	(35,188)	(31,098)	(16,341)	(3,091)
Operating leases	89,631	84,708	(4,923)	(5,840)	-	-
Impairment allowances						
On loans and receivables to other customers	6,362,077	5,698,578	(663,499)	(669,005)	-	-
On other financial assets (Note 41.3 (a))	264,897	197,931	(108,587)	6,882,559	41,621	-
Total	7,192,296	6,405,379	(812,197)	6,176,616	25,280	(3,091)
Deferred tax effect on Statement of Profit or Loss and Other Comprehensive Income for the year	-	-	(811,816)	6,125,137	(452,004)	(635,059)
Net deferred tax (assets)/liabilities as at 31 December (Note 41.1)	(5,421,860)	(4,158,040)	-	-	-	-

41.3 (a) The Bank reversed the deferred tax asset recognised on impairment allowance of previously held SLISBs amounting to LKR 7 Bn during the year 2024.

41.4 Reconciliation of Net Deferred Tax (Assets)/Liabilities

	GROUP					
	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deferred tax liabilities						
Accelerated depreciation for tax purposes	179,932	136,765	43,167	23,267	-	-
Revaluation gains on freehold land and buildings	874,427	764,921	-	-	109,506	28,909
Revaluation gains on investment property	840,742	812,490	28,252	55,672	-	-
Finance leases	12,592	63,475	(50,883)	(74,618)	-	-
Gains on fair value adjustment of financial assets measured at fair value through other comprehensive income	853,235	1,303,890	(4,526)	(18,928)	(446,129)	(412,463)
Cash flow hedge reserve	3,854	125,175	-	-	(121,321)	(232,861)
Unrealised forex gain	39,546	39,546	-	-	-	-
Total	2,804,328	3,246,262	16,010	(14,607)	(457,944)	(616,415)
Deferred tax assets						
Defined benefit plans	518,384	464,973	(34,312)	(29,369)	(19,099)	(6,037)
Losses on other operations	15,155	15,155	-	(30)	-	-
Operating leases	102,954	101,970	(984)	3,031	-	-
Impairment allowances						
On loans and receivables to other customers	6,362,077	5,698,578	(663,499)	(669,005)	-	-
On other financial assets (Note 41.3 (a))	273,271	206,063	(108,829)	6,888,571	41,621	-
Total	7,271,841	6,486,739	(807,624)	6,193,198	22,522	(6,037)
Deferred tax effect on Statement of Profit or Loss and Other Comprehensive Income for the year	-	-	(791,614)	6,178,591	(435,422)	(622,452)
Net deferred tax (assets)/liabilities as at 31 December (Note 41.1)	(4,467,513)	(3,240,477)	-	-	-	-

42 RETIREMENT BENEFIT OBLIGATIONS

ACCOUNTING POLICY

Retirement benefit obligations include the provisions made for retirement gratuity and the pension fund.

Retirement Gratuity

In compliance with the Gratuity Act, No.12 of 1983, provisions are made on behalf of the employees from the first year of service for employees who joined the Bank on or after 1999, as they are not in pensionable service of the Bank and for employees of the group companies. The costs of retirement gratuities are determined by a qualified Actuary using the Projected Unit Credit method. Actuarial gains and losses are recognised as income or expense in the Statement of Comprehensive Income, during the financial year in which it arises.

Pension Fund

The Bank operates an approved employee non-contributory pension fund for the payment of pensions to members of its permanent staff, who qualify for such

payments when retiring. Employees who joined after 1999, are not covered under the said pension scheme. These employees are entitled to retirement gratuity. Up to 31 December 2002, annual contributions to the pension fund was payable by the Bank, based on a percentage of gross salaries, as stipulated in the pension deed. However, following the formulation of a revised pension deed, which has been approved by the Department of Inland Revenue, the contributions in subsequent years are determined on the basis of an actuarial valuation carried out each year.

Basis of Measurement

The cost of the defined benefit plans (retirement gratuity and the pension fund) is determined using an actuarial valuation. The actuarial valuation involves making various assumptions, which may differ from actual developments in the

future. These include the determination of discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainties. All assumptions are reviewed at each reporting date. The assumptions used to arrive at the value of defined benefit obligation is given in Note 42.1 (b) and 42.2 (d).

In determining the appropriate discount rate, the Management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities, corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Estimated future salary increases are based on expected future inflation rates and the policy on salary revisions of the Group.

42.1 Provision for Retirement Gratuity

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	1,413,872	1,299,909	1,556,937	1,439,374
Provision made during the year				
Statement of Profit or Loss [Note 42.1 (a)]	312,396	303,511	340,050	331,762
Other Comprehensive Income [Note 42.1 (a)]	54,471	10,303	63,665	20,126
Contribution made for retirement gratuity	366,867	313,814	403,715	351,888
Benefits paid by the plan	(195,102)	(199,851)	(219,007)	(234,325)
As at 31 December	1,585,637	1,413,872	1,741,645	1,556,937

42.1(a) Provision for retirement gratuity

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current service cost	156,870	134,523	169,672	149,971
Interest cost	155,526	168,988	170,378	181,791
Amount recognised in the Statement of Profit or Loss	312,396	303,511	340,050	331,762
Liability experience loss/(gain)	28,231	18,101	32,302	18,101
Liability loss/(gain) due to changes in;				
Financial assumptions	(4,407)	(7,798)	(1,402)	2,025
Demographic assumptions	30,647	-	32,765	-
Amount recognised in Other Comprehensive Income [Note 42.2 (g)]	54,471	10,303	63,665	20,126

42.1 (b) Assumptions and the sensitivity of the assumptions used for the provision of retirement gratuity - Bank

The actuarial valuations of the retirement gratuity liability were carried out by a professional Actuary, Messers. Acturial and Management Counsultants (Pvt) Ltd as at 31 December 2025 and 2024.

The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Actuarial Cost Method', recommended by LKAS 19 - 'Employee Benefits'

Assumptions and the sensitivity of the assumptions used for the Gratuity plan

Type of assumption	Criteria	Description
Demographic	Mortality	UP 1984 Mortality Table
	Retirement age	Normal retirement age
Financial	Rate of discount	The discount rate of 10% p.a. (2024 - 11% p.a.) has been used to discount future liabilities
	Salary increases	Estimated long term salary increment of 09% p.a. (2024 - 10% p.a.) has been used in respect of the active employees

The above assumptions except salary increment rate have been used by the group companies, in arriving at the provision for retirement gratuity.

Sensitivity of Assumptions used in the Actuarial Valuation

Reasonably possible changes at the reporting date to one of the significant actuarial assumptions, holding other assumptions constant, would have affected the provision for retirement gratuity and Other Comprehensive Income by the amounts shown below.

BANK					
Increase/(Decrease) in Discount Rate	Increase / (Decrease) in Salary Increment Rate	2025		2024	
		Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the year	Sensitivity Effect on Provision for Retirement Gratuity Increase/(Decrease) in liability	Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the year	Sensitivity Effect on Provision for Retirement Gratuity Increase/(Decrease) in liability
%	%	LKR' Mn	LKR' Mn	LKR' Mn	LKR' Mn
1		114.41	(114.41)	128.45	(128.45)
(1)		(130.76)	130.76	(150.09)	150.09
	1	(134.10)	134.10	(153.04)	153.04
	(1)	119.26	(119.26)	133.04	(133.04)

GROUP					
Increase/(Decrease) in Discount Rate	Increase / (Decrease) in Salary Increment Rate	2025		2024	
		Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the year	Sensitivity Effect on Provision for Retirement Gratuity Increase/(Decrease) in liability	Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the year	Sensitivity Effect on Provision for Retirement Gratuity Increase/(Decrease) in liability
%	%	LKR' Mn	LKR' Mn	LKR' Mn	LKR' Mn
1		116.42	(116.42)	138.41	(138.41)
(1)		(133.01)	133.01	(161.37)	161.37
	1	(131.82)	131.82	(164.69)	164.69
	(1)	121.33	(121.33)	143.48	(143.48)

42.1 (c) The expected benefit payout in the future years for retirement gratuity

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Within next 12 months	119,937	68,355	133,364	78,422
Between 2 and 5 years	478,192	284,067	531,640	336,237
Beyond 5 years	987,508	1,061,450	1,076,641	1,142,278

The expected benefits are estimated, based on the same assumptions used to measure the retirement benefit obligation of the Bank at the end of the year and include benefits attributable to estimated future employee service.

The average duration of the defined benefit obligation is 8.4 years (2024-10.8 years).

42.2 Pension Fund

The amount recognised in the Statement of Financial Position is as follows:

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
Present value of the funded obligation as at 31 December [Note 42.2 (b)]	1,197,445	1,070,872
Fair value of plan assets as at 31 December [Note 42.2 (c)]	(1,400,848)	(1,417,146)
Retirement Benefit (Asset)/Liability*	(203,403)	(346,274)

*The over payment is recognised as prepaid expenses in Other Assets.

42.2 (a) Contribution made to the pension fund

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
Current service cost	9,659	14,062
Net Interest on defined benefit obligation	(38,089)	(50,549)
Amount recognised in the Statement of Profit or Loss	(28,430)	(36,487)
Assets loss/(gain) from plan assets	17,672	11,071
Actuarial (gain)/loss due to experience adjustments	91,457	(37,084)
Actuarial (gain)/loss due to changes in;		
Financial assumptions	69,345	105,064
Demographic assumptions	(7,173)	-
Amount recognised in the Other Comprehensive Income [Note 42.2 (g)]	171,301	79,051

42.2 (b) Present value of defined benefit obligation reconciliation

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
As at 01 January	1,070,872	970,979
Current service cost	9,659	14,062
Interest cost	117,796	126,227
Actual benefits paid from the plan	(154,511)	(108,376)
Actuarial (gain)/loss due to changes in assumptions	62,172	105,064
Actuarial (gain)/loss due to experience adjustments	91,457	(37,084)
As at 31 December	1,197,445	1,070,872

42.2 (c) Fair value of plan assets reconciliation

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
As at 01 January	1,417,146	1,359,817
Expected return on plan assets	155,885	176,776
Actual employer contributions	-	-
Actual benefit paid from the plan	(154,511)	(108,376)
Actuarial (loss)/gain from plan assets	(17,672)	(11,071)
As at 31 December	1,400,848	1,417,146

42.2 (d) Assumptions and the sensitivity of the assumptions used for the pension fund

The actuarial valuations of the Pension Fund were carried out by a professional Actuary, Messers. Acturial and Management Consultants (Pvt) Ltd as at 31 December 2025 and 2024.

The valuation method used by the Actuary to value the Fund is the 'Projected Unit Credit Actuarial Cost Method', recommended by LKAS 19 - 'Employee Benefits'.

Assumptions and the sensitivity of the assumptions used for the Pension Fund

Type of assumption	Criteria	Description
Demographic	Mortality	UP 1984 Mortality Table
	Retirement age	Normal retirement age
Financial	Rate of discount	The discount rate of 10% p.a. (2024 - 11% p.a.) has been used to discount future liabilities
	Salary increases	Estimated long term salary increment of 09% p.a. (2024 - 10% p.a.) has been used

Sensitivity of assumptions used in the actuarial valuation

Reasonably possible changes at the reporting date to one of the significant actuarial assumptions, holding other assumptions constant, would have affected the pension liability and Other Comprehensive Income by the amounts shown below:

BANK & GROUP					
Increase/(Decrease) in Discount Rate	Increase / (Decrease) in Salary Increment Rate	2025		2024	
		Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the Year LKR' Mn	Sensitivity Effect on the Funded Obligation Increase/(Decrease) in Liability LKR' Mn	Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the Year LKR' Mn	Sensitivity Effect on the Funded Obligation Increase/(Decrease) in Liability LKR' Mn
1		82.19	(82.19)	76.71	(76.71)
(1)		(93.47)	93.47	(87.23)	87.23
	1	(14.23)	14.23	(23.49)	23.49
	(1)	13.64	(13.64)	22.40	(22.40)

42.2 (d) Assumptions and the sensitivity of the assumptions used for the pension fund (Contd.)

Increase/(Decrease) in Life expectancy	BANK & GROUP			
	2025		2024	
	Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the Year	Sensitivity Effect on the Funded Obligation Increase/(Decrease) in Liability	Sensitivity Effect on the Other Comprehensive Income Increase/(Decrease) in Comprehensive Income for the Year	Sensitivity Effect on the Funded Obligation Increase/(Decrease) in Liability
	LKR' Mn	LKR' Mn	LKR' Mn	LKR' Mn
+1 Year	(23.69)	23.69	(21.99)	21.99
- 1 Year	23.01	(23.01)	22.88	(22.88)

42.2 (e) Fair value of total plan assets consists of the following

	BANK	
	2025 LKR '000	2024 LKR '000
Investments in Sri Lanka Government Securities	760,302	763,468
Investments in time deposits	633,604	635,954
Others	6,942	17,724
Total	1,400,848	1,417,146

42.2 (f) The expected benefit payout from the pension fund in future years

	BANK	
	2025 LKR '000	2024 LKR '000
Within next 12 months	103,634	79,497
Between 2 and 5 years	374,296	276,074
Beyond 5 years	719,515	715,301

The expected benefits are based on the same assumptions used to measure the Bank's retirement benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

The average duration of the defined benefit obligation is 8 years as at 31 December 2025 (2024 -8.4 years).

42.2 (g) The total amount recognised in Other Comprehensive Income relating to retirement benefit obligations

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Retirement Gratuity [Note 42.1 (a)]	54,471	10,303	63,665	20,126
Pension Fund [Note 42.2 (a)]	171,301	79,051	171,301	79,051
Total	225,772	89,354	234,966	99,177

43 OTHER LIABILITIES

Other liabilities include other financial liabilities and other non-financial liabilities. Other non-financial liabilities include fees, expenses and amounts payable for deposit insurance, dividend payable and other provisions. These liabilities are recorded at amounts expected to be payable at the reporting date.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Dividends on ordinary shares are recognised as a liability and deducted from equity, when they are approved by the Board of Directors. Other financial liabilities and other non-financial liabilities included under other liabilities are summarised below:

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Other financial liabilities (Note 43.1)	3,571,263	2,467,697	3,733,731	2,905,144
Other non-financial liabilities (Note 43.2)	7,768,145	8,475,174	8,140,076	8,807,172
Total	11,339,408	10,942,871	11,873,807	11,712,316

43.1 Other Financial Liabilities

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Unpresented cheques/pay orders	1,815,050	963,853	1,828,401	974,192
Unpresented cheques - Dividend Payable (Note 43.1.1)	124,099	81,988	124,099	81,988
Lease liabilities (Note 43.1.2)	1,630,883	1,420,158	1,708,456	1,553,997
Others	1,231	1,698	72,775	294,967
Total	3,571,263	2,467,697	3,733,731	2,905,144

43.1.1 Unpresented cheques - dividend payable

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	81,988	78,655
Cash dividend declared for the prior year	2,081,455	798,929
Reversal of dividends declared in prior years [Note 43.1.1 (a)]	(13,600)	(17,148)
Dividend cheques realised	(2,025,744)	(778,448)
Balance as at 31 December	124,099	81,988

43.1.1 (a) Reversal of dividends declared in prior years

Reversal of dividends declared in previous years represents unclaimed dividends which are written back to equity after six years.

43.1.2 Lease liabilities

Set out below are the carrying amount of lease liabilities recognised on adoption of SLFRS 16 - Leases.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	1,420,158	1,257,024	1,553,997	1,458,589
Additions	585,991	483,222	598,746	483,222
Accretion of interest	229,240	215,937	242,763	223,815
Payments	(604,506)	(536,025)	(687,050)	(611,629)
Balance as at 31 December	1,630,883	1,420,158	1,708,456	1,553,997

43.1.2 (a) Undiscounted cash flow

The following table illustrates the maturity analysis of the lease liability of the Bank on the basis of undiscounted cash flows.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Less than 1 year	577,687	482,072	657,339	557,676
1 to 5 years	1,415,236	1,303,177	1,417,851	1,378,781
More than 5 years	380,964	298,731	380,964	298,731
Total	2,373,887	2,083,980	2,456,154	2,235,188

43.1.2 (b) Sensitivity analysis of lease liabilities

		BANK		GROUP	
Asset Class	Increase/ Decrease in interest rate	2025			
		Sensitivity effect on the Profit or Loss Increase/(Decrease) for the year	Sensitivity effect on the Financial Position Increase/(Decrease) in Lease Liabilities	Sensitivity effect on the Profit or Loss Increase/(Decrease) for the year	Sensitivity effect on the Financial Position Increase/(Decrease) in Lease Liabilities
		LKR' Mn	LKR' Mn	LKR' Mn	LKR' Mn
Building	1.00	(9.38)	(32.96)	(11.22)	(35.95)
	(1.00)	9.84	34.30	11.62	37.23
Land	1.00	(0.00)	(0.02)	(0.00)	(0.02)
	(1.00)	0.00	0.03	0.00	0.03
Vehicles	1.00	(1.22)	(2.25)	(1.22)	(2.25)
	(1.00)	1.27	2.30	1.27	2.30

Asset Class	Increase/ Decrease in interest rate	BANK		GROUP	
		2024			
		Sensitivity effect on the Profit or Loss Increase/(Decrease) for the year	Sensitivity effect on the Financial Position Increase/(Decrease) in Lease Liabilities	Sensitivity effect on the Profit or Loss Increase/(Decrease) for the year	Sensitivity effect on the Financial Position Increase/(Decrease) in Lease Liabilities
		%	LKR' Mn	LKR' Mn	LKR' Mn
Building	1.00	(8.31)	(27.69)	(10.09)	(30.62)
	(1.00)	8.71	26.69	10.55	29.68
Land	1.00	(0.00)	(0.03)	-	(0.03)
	(1.00)	0.00	0.02	-	0.02
Vehicles	1.00	(0.95)	(3.31)	(0.95)	(3.31)
	(1.00)	1.00	3.22	1.00	3.22

43.2 Other Non-Financial Liabilities

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Accrued expenses	2,176,737	1,734,236	2,454,866	1,960,613
Provision for deposit insurance	170,425	153,789	170,425	153,789
Impairment allowance for commitments and contingencies [Note 49.1(b)]	2,190,517	1,864,280	2,190,517	1,864,280
Other liabilities	3,230,466	4,722,869	3,324,268	4,828,490
Total	7,768,145	8,475,174	8,140,076	8,807,172

44 STATED CAPITAL

	BANK & GROUP			
	2025 Number of Shares	2025 LKR '000	2024 Number of Shares	2024 LKR '000
Issued and fully paid	415,513,426	21,756,865	399,464,362	20,738,231
Shares issued due to scrip dividends (Note 44.1)	9,415,842	1,061,542	16,049,064	1,018,634
Issue of shares (Note 44.2)	1,960,189	224,151	-	-
Total	426,889,457	23,042,558	415,513,426	21,756,865

44.1 Scrip Issue

On 03 March 2025, the Board of Directors approved and declared a final Dividend of LKR 8.00 per share, of which LKR 5.00 was in the form of cash dividend and the balance LKR 3.00 was in the form of scrip dividend for the financial year ended 31 December 2024. Accordingly 9,415,842 ordinary voting shares have been listed as scrip dividends on 24 March 2025. As a result, the stated capital of the Bank increased to LKR 22.9 Bn (31 December 2024 - LKR 21.7 Bn).

44.2 Issue of Shares – Employee Share Option Scheme (ESOS)

In accordance with the Share Option Scheme (Tranche 5) approved by the Shareholders of the Bank, approved management staff are eligible to exercise their share options during the period from 01 July 2022 to 30 June 2025. Accordingly, the number of shares of 1,960,189 were purchased by the eligible employees at an exercise price of LKR 80/- per share.

As required under SLFRS 2 – Share-Based Payment, the total number of shares exercised was recognized and capitalized to the Stated Capital of the Bank at the market value prevailing on the respective exercise dates. Consequently, the Stated Capital of the Bank increased by LKR 224 Mn as at 31 December 2025. Refer Note 47.3 for further details.

45 STATUTORY RESERVE FUND

The Statutory Reserve Fund is maintained as per the requirements under Section 20 (1) of the Banking Act No. 30 of 1988 and amendments thereto. Accordingly, the fund is built up by allocating a sum equivalent to not less than 5% of the profit after tax, but before declaring any dividend or any profits that are transferred to elsewhere until the reserve is equal to 50% of the Bank's stated capital and thereafter a further sum equivalent to 2% of such profit until the amount of the said reserve fund is equal to the stated capital of the Bank.

The balance in the Statutory Reserve Fund will be used only for the purposes specified in the Section 20 (2) of the Banking Act No. 30 of 1988.

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
As at 01 January	3,521,479	3,046,479
Transferred from retained earnings (Note 46)	552,500	475,000
As at 31 December	4,073,979	3,521,479

46 RETAINED EARNINGS

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	43,501,855	41,027,500	48,276,283	45,079,167
Total comprehensive income for the year	10,927,520	8,943,958	11,753,153	9,666,719
Transferred to the statutory reserve fund (Note 45)	(552,500)	(475,000)	(552,500)	(475,000)
Transferred to Special reserve on SLIBs - Step-up bonds	(225,524)	(4,014,429)	(225,524)	(4,014,429)
Dividends paid to equity holders	(3,330,328)	(1,997,322)	(3,330,328)	(1,997,322)
Reversal of dividends paid in prior years	13,600	17,148	13,600	17,148
As at 31 December	50,334,623	43,501,855	55,934,684	48,276,283

47 OTHER RESERVES

Current year - 2025	BANK			GROUP		
	Opening Balance	Movement/ Transfers	Closing Balance	Opening Balance	Movement/ Transfers	Closing Balance
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revaluation reserve (Note 47.1)	1,537,818	221,552	1,759,370	1,815,166	255,516	2,070,682
Fair value through other comprehensive income reserve [Note 47.2]	2,891,806	(330,424)	2,561,382	2,917,910	(324,913)	2,592,997
Share based payment reserve (Note 47.3)	148,428	(148,428)	-	148,428	(138,145)	10,283
Cash flow hedge reserve	292,075	(283,083)	8,992	292,075	(283,083)	8,992
Special reserve on SLISBs - Step-up bonds (Note 47.5)	4,014,429	225,524	4,239,953	4,014,429	225,524	4,239,953
Total	8,884,556	(314,859)	8,569,697	9,188,008	(265,101)	8,922,907

Prior year - 2024	BANK			GROUP		
	Opening Balance	Movement/ Transfers	Closing Balance	Opening Balance	Movement/ Transfers	Closing Balance
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revaluation reserve (Note 47.1)	1,501,603	36,215	1,537,818	1,747,711	67,455	1,815,166
Fair value through other comprehensive income reserve [Note 47.2]	2,954,169	(62,363)	2,891,806	2,979,910	(62,000)	2,917,910
Share based payment reserve (Note 47.3)	44,479	103,949	148,428	44,479	103,949	148,428
Cash flow hedge reserve	835,416	(543,341)	292,075	835,416	(543,341)	292,075
Special reserve on SLISBs - Step-up bonds (Note 47.5)	-	4,014,429	4,014,429	-	4,014,429	4,014,429
Total	5,335,667	3,548,889	8,884,556	5,607,516	3,580,492	9,188,008

47.1 Revaluation Reserve

Revaluation reserve represents the fair value changes of freehold land and buildings net of deferred tax effect on revaluation surplus as at the date of revaluation.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	1,537,818	1,501,603	1,815,166	1,747,711
Revaluation of freehold land and building	316,504	51,735	365,022	96,364
Deferred tax effect on revaluation gains/(losses)	(94,952)	(15,520)	(109,506)	(28,909)
Net impact during the year	221,552	36,215	255,516	67,455
As at 31 December	1,759,370	1,537,818	2,070,682	1,815,166

47.2 Fair Value through Other Comprehensive Income Reserve

The fair value through Other Comprehensive Income reserve comprises the cumulative net change in the fair value of financial assets measured at fair value through Other Comprehensive Income until they are derecognised or impaired.

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	2,891,806	2,954,169	2,917,910	2,979,910
Net change in fair value during the year in debt instruments	(1,503,053)	(1,382,089)	(1,492,756)	(1,379,562)
Net change in fair value during the year in equity instruments	721,714	905,099	721,714	905,099
Deferred tax effect on gains/(losses) in above financial instruments	450,915	414,627	446,129	412,463
Net impact during the year	(330,424)	(62,363)	(324,913)	(62,000)
As at 31 December	2,561,382	2,891,806	2,592,997	2,917,910

47.3 Share Based Payment Reserve

ACCOUNTING POLICY

The obligations arising from share-based payments are calculated using standard valuation methods based on option pricing models.

Equity-settled share-based payments are recognised at the grant date at the fair value of the equity instruments vested by that date. The fair value of the obligation is therefore recognised as personnel expenses proportionally over the vesting period and is offset directly against the capital reserves.

Employee Share Option Scheme (ESOS)

An Employee Share Option Scheme (ESOS 2016) was approved by the shareholders of the Bank at an Extraordinary General Meeting (EGM) held in March 2016 in order to, enable the management staff in the rank of Senior Manager and above of the Bank and the respective Chief Executive Officers of NDB Capital Holdings Limited, NDB Wealth Management Limited, NDB Investment Bank Limited and NDB

Securities (Pvt) Limited to take part in the voting ordinary share capital of the Bank, subject to certain limits, terms and conditions.

As per the ESOS 2016, the Bank will offer share options relating to voting shares to the eligible employees up to a maximum of 5% of the total number of shares issued by the Bank. The shares under the said scheme shall be issued during a period of five years from the year 2017 (performance year 2016) subject to the performance criteria set out in the Circular to Shareholders dated 01 March 2016, and each year the share options will be limited to 1.25% of the total number of shares then issued by the Bank. The details of the currently applicable scheme (Tranche 5) is as given below.

Although the scheme commenced in the year 2017, the Bank did not meet the 'Qualifying Performance Criteria' set out in the Circular to Shareholders dated 01

March 2016 for the performance years 2016, 2017 and 2019.

ESOS tranche 3 (performance year 2018)

The Bank was able to meet the performance criteria for the performance year 2018 and the approved management staff are eligible to exercise their share options during the period from 01 July 2020 to 30 June 2023. However, as no share options were exercised by any eligible staff up to 30 June 2023, ESOS tranche 3 was expired as at 30 June 2023.

ESOS tranche 5 (performance year 2020)

In additions to the Tranche 3, the Bank was able to achieve the performance criteria under Tranche 5 for the performance year 2020 and the approved management staff are eligible to exercise their share options during the period from 01 July 2022 to 30 June 2025 as per the ESOS. The details of the Tranche 5 is as given below.

Tranche	Period of Performance Evaluation	Option grant date	Vesting Period (From -To)	Exercise Period (From -To)
5	2020	01 July 2021	01 July 2021 - 30 June 2022	01 July 2022 - 30 June 2025

The Employee Share Option scheme (ESOS) is currently in its exercise period, allowing eligible employees to purchase company shares at a predetermined exercise price.

The fair value of the share option is calculated as the difference between the year-end market price of the share and the exercise price.

At initial recognition, the Group recognised a Share Based Payment Reserve for the value of the share options under Tranche 5 based on a valuation carried out by an independent Valuer as required by SLFRS 2, "Share-based Payment" using the Binomial Valuation Model. The inputs used in measurement of fair value of the share option were : Exercise price of the share options, Market price of a share, Risk-free rate, Exercise period, Volatility of the share price. The share based payment reserve was LKR 44.5 Mn and corresponding charge of the same is represented in the Statement of Profit or Loss under Note 13-Personnel Expenses in year 2021.

Movement of the Employee Share Option Scheme (ESOS)

The following table illustrates the number of, and movements in, performance shares during the year.

	BANK				GROUP			
	2025 Number of Shares	LKR '000	2024 Number of Shares	LKR '000	2025 Number of Shares	LKR '000	2024 Number of Shares	LKR '000
As at 01 January	4,464,046	148,428	4,464,046	44,479	4,464,046	148,428	4,464,046	44,479
Issue of ordinary shares under ESOS - Bank	(1,960,189)	(67,334)	-	-	(1,960,189)	(67,334)	-	-
Share options expensed during the year								
Expired options	(2,503,857)	(81,094)	-	-	(2,503,857)	(81,094)	-	-
New options granted *	-	-	-	-	671,530	10,293	-	-
Net Impact (Note 13)	(2,503,857)	(81,094)	-	-	(1,832,327)	(70,801)	-	-
Change in the Fair value	-	-	-	103,949	-	-	-	103,949
Adjustment to non controlling interests	-	-	-	-	(134)	(11)	-	-
As at 31 December	-	-	4,464,046	148,428	671,396	10,283	4,464,046	148,428

During the financial year 2025, a total of 1,960,189 shares were purchased by eligible employees under the share option scheme at an exercise price of LKR 80 per share. In accordance with the requirements of SLFRS 2 – Share-Based Payment, the difference between the market value of the shares and the exercise price, amounting to LKR 67 Mn, was transferred to stated capital.

Under the Employee Share Option Scheme (ESOS) approved by the Shareholders of the Bank, the exercise period of the ESOS was expired on 30 June 2025.

Following the expiry of the exercise period, the unutilized balance of LKR 81 Mn remaining in the Share-Based Payment Reserve was reversed during the year. The reversal was recognized in the Profit or Loss statement under Personnel Expenses for the year ended 31 December 2025.

* An Employee Share Option Scheme was approved by the shareholders of the NDB Capital Holdings Limited (“NCAP”) at an Extraordinary General Meeting (EGM) held in January 2025. Beneficiaries will be the management staff covering corporate management level 3 and above of NCAP Group Companies, subject to certain limits, terms and conditions. At initial recognition, the Group recognised a Share Based Payment Reserve for the value of the share options under Tranche 1 based on a valuation carried out by an independent Valuer as required by SLFRS 2, “Share-based Payment” using the Binomial Valuation Model. The inputs used in measurement of fair value of the share option were exercise price of the share options, Market price of a share, Risk-free rate, Exercise period and Volatility of the share price. The share based payment reserve was LKR 10.28 Mn (based on the half of the net assets value as the option price) and corresponding charge of the same is represented in the Statement of Profit or Loss FY 2025. Inputs used in valuing the share option were as follows:

Exercise price of option	LKR 61.32
Weighted average fair value of options granted (per option)	LKR 61.32
Total Value of the Options (LKR'000)	LKR 10,293

47.4 Cash Flow Hedge Reserve

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 01 January	292,075	835,416	292,075	835,416
Additions during the year	(404,404)	(776,202)	(404,404)	(776,202)
Deferred tax effect on gains/(losses) of cashflow hedge reserve	121,321	232,861	121,321	232,861
As at 31 December	8,992	292,075	8,992	292,075

47.5 Special Reserve on SLISBs - Step-up Bonds

In accordance with the instructions of the Central Bank of Sri Lanka, the Bank established a special reserve equivalent to 15% of the amortised cost of the USD Step-Up Bonds received in settlement of the restructured Sri Lanka International Sovereign bonds (SLISBs) in 2024. The amortized cost of the USD Step-Up Bonds stood at LKR 26.7 Mn as of 31st December 2024, requiring the Bank to transfer LKR 4.0 Bn to this reserve. Further LKR 225 Mn transferred to the reserve during the current financial year and the Bank will continue the reserve until further instructions are received from the Central Bank of Sri Lanka.

Notably, this new reserve shall not be included in the Bank's regulatory capital.

48 NON-CONTROLLING INTERESTS

ACCOUNTING POLICY

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Bank. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interests even if it is a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of net assets acquired is recognised as equity. Therefore no goodwill is recognised as a result of such transactions.

	GROUP	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	1,459,588	1,424,930
Profit for the year	86,238	98,174
Other comprehensive income, net of tax	(442)	(11,558)
Dividends paid to equity holders	(30,661)	(51,958)
Adjustment to share based payment reserves	11	-
Balance as at 31 December	1,514,734	1,459,588

49 CONTINGENT LIABILITIES AND COMMITMENTS

ACCOUNTING POLICY

All discernible risks are accounted for in determining the amount of all known liabilities. Commitments and contingencies represent possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured, as defined in the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'.

To meet the financial needs of customers, the Group enter into various irrevocable commitments and contingent liabilities. These consist of the financial guarantees, letters of credit and forward foreign exchange contracts and other undrawn commitments to lend. The letters of credit and guarantees commit the Group to make payments on behalf of customers in the event of a specific act, generally related to import or export of goods. The guarantees and standby letters of credit carry a similar credit risk of that loans/contingent liabilities and are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

49.1 Business Commitments and Contingencies

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Contingencies				
Guarantees	40,685,126	45,473,439	40,660,471	45,068,653
Performance Bonds	9,265,583	10,787,906	9,265,583	10,787,906
Documentary Credits	16,989,263	9,857,812	16,989,263	9,857,812
Other Contingencies [Note 49 .1 (a)]	120,730,425	75,533,078	120,730,425	75,533,078
Commitments				
Undrawn commitments	215,328,164	146,640,431	216,021,290	147,119,669
Total	402,998,561	288,292,666	403,667,032	288,367,118
Less: Impairment allowance [Note 49 .1 (b)]	2,190,517	1,864,280	2,190,517	1,864,280
Net of impairment	400,808,044	286,428,386	401,476,515	286,502,838

The maturity analysis of the commitments and contingencies is disclosed in Note 57.4.(f)

49.1 (a) Other contingencies

	BANK & GROUP	
	2025 LKR '000	2024 LKR '000
Forward Exchange Contracts	100,221,284	59,200,871
Acceptances	14,546,821	8,693,367
Currency Swap Agreement	5,962,320	7,638,840
Total	120,730,425	75,533,078

49.1 (b) Impairment allowance for commitments and contingencies

	BANK & GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Balance as at 01 January 2025	1,740,041	124,238	1	1,864,280
Charges/(reversals) during the year	362,875	(36,637)	(1)	326,237
Balance as at 31 December 2025	2,102,916	87,601	-	2,190,517
Balance as at 01 January 2024	1,402,726	231,272	26,689	1,660,687
Charges/(reversals) during the year	337,315	(107,034)	(26,688)	203,593
Balance as at 31 December 2024	1,740,041	124,238	1	1,864,280

49.1 (c) Analysis of commitments and contingencies

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Domestic Currency				
Guarantees	37,577,605	41,450,872	37,552,950	41,046,086
Performance Bonds	8,074,222	8,185,025	8,074,222	8,185,025
Documentary Credits	1,419,964	935,008	1,419,964	935,008
Currency Swap Agreement	5,962,320	7,638,840	5,962,320	7,638,840
Forward Exchange Contracts	37,011,936	35,661,515	37,011,936	35,661,515
Acceptances	687,933	391,671	687,933	391,671
Undrawn commitments	214,084,971	145,480,202	214,082,339	145,230,202
Sub Total	304,818,951	239,743,133	304,791,664	239,088,347
Foreign Currency				
Guarantees	3,107,521	4,022,566	3,107,521	4,022,566
Performance Bonds	1,191,361	2,602,881	1,191,361	2,602,881
Documentary Credits	15,569,299	8,922,803	15,569,299	8,922,803
Forward Exchange Contracts	63,209,348	23,539,356	63,209,348	23,539,356
Currency Swap Agreement	-	-	-	-
Acceptances	13,858,888	8,301,696	13,858,888	8,301,696
Undrawn commitments	1,243,193	1,160,231	1,938,951	1,889,469
Sub Total	98,179,610	48,549,533	98,875,368	49,278,771
Total	402,998,561	288,292,666	403,667,032	288,367,118

49.2 Capital Commitments

The Bank have capital commitments totalling approximately LKR 218 Mn over the next 12 months in relation to the capital expenditure and had no capital commitments in previous year.

49.3 Litigation Against the Bank

In the normal course of business, the bank is a party to various types of litigation, including litigation with borrowers who are in default in terms of their facility agreements. Based on the assessment carried out, the Bank is of the view that the legal cases filed against the Bank will not have a material impact on the reported financial results or the future operations of the Bank.

49.4 Tax Assessments Against the Bank and Group Companies

The following tax assessments are outstanding against which the Bank and Group companies have duly appealed.

1. The VAT on financial services assessments received by the Bank for the years 2012 and 2013 amounting to LKR 302.6 Mn, which were determined by the Commissioner General of Inland Revenue and Tax Appeals Commission as payable. The stated cases against the determination of Tax Appeals Commission were forwarded to the Court of Appeal for their opinion.
2. The assessment on income tax for the year of assessment 2019/2020 received by the Bank amounting to LKR 162Mn, which were determined by the Commissioner General of Inland Revenue as payable has been forwarded to Tax Appeals Commission for their determination.
3. The assessment for the year of assessment 2022/2023 on income tax and VAT on financial Services received by the Bank amounting to LKR 3,892Mn and LKR 41Mn respectively are pending hearing at the Appeal Branch of the Department of Inland Revenue.
4. The assessment on VAT on financial services received by NDB Capital Holdings Limited for the years 2012 and 2013 amounting to LKR 183.7 Mn which were determined by the Commissioner General of Inland Revenue and Tax Appeals Commission as payable. The stated cases against the determination of Tax Appeals Commission were forwarded to the Court of Appeal for their opinion. Further the assessment on VAT on financial services for the year 2018 received by the Company amounting to LKR 79Mn, which was determined by the Commissioner General of Inland Revenue as payable has been forwarded to Tax Appeals Commission for their determination. Further the assessment on VAT on financial services for the year 2020 and 2021 received by the Company amounting to LKR 71Mn are pending hearing at the Appeal Branch of the Department of Inland Revenue.

The Company has taken up the position that the Company does not carry on the business of provision of loans, as charged in the assessments/ determinations.

5. The assessment on income tax for the year of assessment 2019/2020 received by NDB Investment Bank Limited amounting to LKR 19Mn, which was determined by the Commissioner General of Inland Revenue is payable, has been forwarded to the Tax Appeals Commission for their determination. Further the assessment of Income Tax for the year of assessment 2022/2023 received by the Company amounting to LKR 7Mn is pending hearing at the Appeal Branch of Department of Inland Revenue.

The Group is of the view that the above assessments will not have any material adverse impact on the Financial Statements.

50 NET ASSETS VALUE PER ORDINARY SHARE

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Amount used as the Numerator:				
Total equity attributable to equity holders of the Bank (LKR '000)	86,020,857	77,664,755	91,974,128	82,742,635
Number of Ordinary Shares used as the Denominator:				
Total number of shares	426,889,457	415,513,426	426,889,457	415,513,426
Net Assets value per share (LKR)	201.51	186.91	215.45	199.13

51 MATURITY ANALYSIS

An analysis of the assets and liabilities, based on the remaining period as at the date of the Statement of Financial Position to the respective contractual maturity dates, are as follows:

As at 31 December	BANK					
	2025			2024		
	Within 12 Months LKR '000	After 12 Months LKR '000	Total LKR '000	Within 12 Months LKR '000	After 12 Months LKR '000	Total LKR '000
Assets						
Cash and cash equivalents	17,566,305	-	17,566,305	18,037,627	-	18,037,627
Balances with the Central Bank of Sri Lanka	7,440,901	784,701	8,225,602	7,300,189	753,169	8,053,358
Placements with banks	24,692,505	-	24,692,505	22,098,832	-	22,098,832
Derivative financial instruments	1,475,777	-	1,475,777	1,146,236	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	253,152	-	253,152	6,776,131	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	359,286,581	234,317,175	593,603,756	286,814,151	173,893,107	460,707,258
Financial assets at amortised cost - debt and other instruments	28,461,147	152,878,941	181,340,088	47,134,922	119,055,839	166,190,761
Financial assets measured at fair value through other comprehensive income	78,648,323	-	78,648,323	94,245,415	-	94,245,415
Investments in subsidiary companies	-	1,031,037	1,031,037	-	1,031,037	1,031,037
Property, plant & equipment	-	4,213,378	4,213,378	-	3,147,459	3,147,459
Right of use assets	402,119	1,046,492	1,448,611	334,860	925,880	1,260,740
Intangible assets	-	1,628,982	1,628,982	-	1,766,615	1,766,615
Deferred tax assets	-	5,421,860	5,421,860	-	4,158,040	4,158,040
Other assets	16,259,404	-	16,259,404	7,066,842	-	7,066,842
Total assets	534,486,214	401,322,566	935,808,780	490,955,205	304,731,146	795,686,351
Liabilities						
Due to banks	12,447,544	-	12,447,544	4,841,342	-	4,841,342
Derivative financial instruments	251,448	-	251,448	344,586	-	344,586
Financial Liabilities at amortised cost						
Due to depositors	639,705,433	67,461,933	707,167,366	572,606,413	59,076,513	631,682,926
Due to debt securities holders	69,834,390	-	69,834,390	8,002,850	-	8,002,850
Due to other borrowers	5,807,467	13,985,097	19,792,565	2,021,783	20,002,015	22,023,798
Debt securities issued	8,259,604	15,070,999	23,330,603	10,564,708	23,000,000	33,564,708
Current tax liabilities	4,038,962	-	4,038,962	2,975,564	2,229,079	5,204,643
Retirement benefit obligations	119,937	1,465,700	1,585,637	68,355	1,345,517	1,413,872
Other liabilities	9,543,208	1,796,200	11,339,408	9,340,963	1,601,908	10,942,871
Total liabilities	750,007,994	99,779,929	849,787,923	610,766,564	107,255,032	718,021,596
Maturity GAP	(215,521,780)	301,542,637	86,020,857	(119,811,359)	197,476,114	77,664,755

As at 31 December	GROUP					
	2025			2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets						
Cash and cash equivalents	18,020,298	-	18,020,298	18,682,376	-	18,682,376
Balances with the Central Bank of Sri Lanka	7,440,901	784,701	8,225,602	7,300,189	753,169	8,053,358
Placements with banks	24,692,505	-	24,692,505	22,098,832	-	22,098,832
Derivative financial instruments	1,475,777	-	1,475,777	1,146,236	-	1,146,236
Financial assets recognised through profit or loss- measured at fair value	3,414,968	-	3,414,968	9,905,171	-	9,905,171
Financial assets at amortised cost - loans and receivables to other customers	359,312,438	234,392,667	593,705,105	286,829,458	173,951,152	460,780,610
Financial assets at amortised cost - debt and other instruments	28,726,427	153,095,967	181,822,394	47,250,964	119,104,828	166,355,792
Financial assets measured at fair value through other comprehensive income	79,110,967	-	79,110,967	94,659,106	-	94,659,106
Investment property	-	3,346,703	3,346,703	-	3,107,671	3,107,671
Property, plant & equipment	-	5,162,749	5,162,749	-	4,070,740	4,070,740
Right of use assets	439,281	1,047,533	1,486,814	373,011	964,031	1,337,042
Intangible assets	-	1,682,400	1,682,400	-	1,814,985	1,814,985
Current tax receivables	32,391	-	32,391	33,727	-	33,727
Deferred tax assets	-	5,489,018	5,489,018	-	4,216,721	4,216,721
Other assets	16,973,270	-	16,973,270	7,517,853	-	7,517,853
Total assets	539,639,223	405,001,738	944,640,961	495,796,923	307,983,297	803,780,220
Liabilities						
Due to banks	12,447,544	-	12,447,544	4,841,342	-	4,841,342
Derivative financial instruments	251,448	-	251,448	344,586	-	344,586
Financial liabilities at amortised cost						
Due to depositors	638,975,632	67,461,933	706,437,565	572,004,948	59,076,513	631,081,461
Due to debt securities holders	69,834,390	-	69,834,390	8,002,850	-	8,002,850
Due to other borrowers	5,807,467	13,985,098	19,792,565	2,021,783	20,002,015	22,023,798
Debt securities issued	8,259,604	15,070,999	23,330,603	10,564,708	23,000,000	33,564,708
Current tax liabilities	4,421,027	-	4,421,027	3,128,640	2,345,115	5,473,755
Deferred tax liabilities	-	1,021,505	1,021,505	-	976,244	976,244
Retirement benefit obligations	119,937	1,621,708	1,741,645	78,422	1,478,515	1,556,937
Other liabilities	10,074,988	1,798,819	11,873,807	10,034,804	1,677,512	11,712,316
Total liabilities	750,192,037	100,960,062	851,152,099	611,022,083	108,555,914	719,577,997
Maturity GAP	(210,552,814)	304,041,676	93,488,862	(115,225,160)	199,427,383	84,202,223

52 SEGMENTAL ANALYSIS - GROUP

ACCOUNTING POLICY

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Senior Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For management purposes, the Group has identified four operating segments based on products and services, as follows:

- Banking
- Capital Markets
- Property Investment
- Others

Income taxes are managed on a Group basis and are not allocated to operating segments. Interest income is reported net, as management primarily relies on net interest income as a performance measure, not the gross interest income and interest expense. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2025 or 2024.

For the year ended 31 December

Revenue										
Interest income	86,676,326	88,059,931	111,107	163,416	-	-	-	-	86,787,432	88,223,346
Fee and commission income	8,247,983	7,823,528	2,127,885	1,719,514	198,106	152,972	54,875	46,008	10,628,850	9,742,022
Net gains/(losses) from trading	1,054,913	1,041,326	-	-	-	-	-	-	1,054,913	1,041,326
Net gain/(loss) from financial investments at fair value through Profit or Loss	(41,896)	(141,276)	226,782	277,069	-	-	-	-	184,886	135,793
Net gains/(losses) from derecognition of financial assets - Fair Value through Profit or Loss	113,685	881,748	88,008	96,415	-	-	-	-	201,693	978,163
Net gains/(losses) from derecognition of financial assets - Fair Value Through Other Comprehensive Income	931,695	3,050,319	(1,935)	18,108	-	-	-	-	929,760	3,068,427
Other operating income	1,215,742	(1,332,194)	20,790	20	94,173	185,574	-	-	1,330,705	(1,146,600)
Total revenue from external customers	98,198,448	99,383,382	2,572,637	2,274,542	292,279	338,546	54,875	46,008	101,118,239	102,042,477
Inter-segment revenue	-	-	110,948	84,889	84,610	76,367	-	-	195,560	161,256
Total Revenue	98,198,448	99,383,382	2,683,585	2,359,431	376,889	414,913	54,875	46,008	101,313,799	102,203,733
Impairment (charges)/reversals	-	-	-	-	-	-	-	-	-	-
Impact of the debt Restructuring	-	14,343,580	-	-	-	-	-	-	-	14,343,580
Loans & other losses	(5,914,844)	(10,054,600)	-	-	-	-	-	-	(5,914,844)	(10,054,600)
Depreciation and Amortization expenses	(1,193,967)	(1,090,584)	(78,371)	(69,570)	(9,884)	(7,759)	(71)	(77)	(1,282,293)	(1,167,990)
Segment expenses	(69,597,065)	(78,088,114)	(1,669,182)	(1,476,507)	(32,464)	(10,175)	(48,999)	(58,497)	(71,347,710)	(79,633,294)
Total segment expenses	(76,705,876)	(74,889,718)	(1,747,553)	(1,546,077)	(42,348)	(17,934)	(49,070)	(58,574)	(78,544,847)	(76,512,304)
Segment results	21,492,571	24,493,664	936,037	813,354	334,541	396,979	5,806	(12,566)	22,768,952	25,691,429
Income tax expense/(reversal)	-	-	-	-	-	-	-	-	(5,770,079)	(10,274,892)
Taxes on financial services	-	-	-	-	-	-	-	-	(5,047,880)	(5,524,202)
Profit after taxation	21,492,571	24,493,664	936,037	813,354	334,541	396,979	5,806	(12,566)	11,950,993	9,892,335
Other information										
Segment assets	935,773,886	795,664,703	4,670,730	4,069,993	4,135,532	3,992,495	60,814	53,029	944,640,961	803,780,220
Segment liabilities	849,050,067	717,412,076	1,051,555	1,186,870	1,021,544	955,151	28,933	23,900	851,152,099	719,577,997
Segmental cash flows										
Cash flows from operating activities	13,152,056	(163,246)	(69,030)	689,876	132,874	65,774	(5,376)	5,004	13,210,524	597,408
Cash flows from investing activities	5,272,391	(21,738,189)	(228,417)	(381,094)	15,558	(163,014)	-	-	5,059,532	(22,282,297)
Cash flows from financing activities	(16,267,855)	234,109	45,630	66,076	(81,995)	(88,710)	-	(29,325)	(16,304,220)	182,150

53 RELATED PARTY DISCLOSURES

53.1 Parent and Ultimate Controlling Party

The Bank does not have an identifiable Parent of its own.

53.2 Terms and Conditions

The Bank carries out transactions with Key Management Personnel and their related concerns and other related entities in the ordinary course of its business on an arms length basis at commercial rates as per the Sri Lanka Accounting Standard LKAS 24 - 'Related Party Disclosures' except, loans that the key management have availed under the loan schemes which are uniformly applicable to all the staff.

There are no preferential treatments given by the Group to related parties during the year.

53.3 Key Management Personnel (KMP) of the Group

KMP of the Bank

Related parties include Key Management Personnel defined as persons having authority and responsibility for planning, directing and controlling the activities of the Bank. Key Management Personnel include the members of the Board of Directors of the Bank (including Executive and Non Executive) and Deputy Chief Executive Officer.

KMP of the Group

The Bank is the ultimate parent of the subsidiaries listed out on page 286. The KMP of the Bank has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Bank (including the Executive and Non-Executive) and Deputy Chief Executive Officer are the KMP of the Group.

53.3 (a) Compensation to KMP

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Short-term employment benefits	120,938	156,892	125,646	161,332
Post-employment benefits	13,618	28,263	13,618	28,263
	134,556	185,155	139,264	189,595

The amounts disclosed above are the amounts recognised as expenses during the reporting period relating to KMP. In addition to the remuneration, the Bank has also provided non cash benefits to eligible KMP in line with the approved benefit plans of the Bank.

53.3 (b) KMP and their close family members had the following related party transactions during the year

	Limit		Outstanding Balance		Average Balance	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Items in the Statement of Financial Position - Bank						
Assets						
Financial assets at amortised cost - loans and receivables to other customers	44,010	30,149	23,619	12,021	12,752	10,065
	44,010	30,149	23,619	12,021	12,752	10,065
Liabilities						
Financial liabilities at amortised cost						
Due to depositors			146,258	122,571	113,628	92,416
			146,258	122,571	113,628	92,416

53.3 (b) KMP and their close family members had the following related party transactions during the year (Contd.)

	During the year	
	2025 LKR '000	2024 LKR '000
Items in the Statement of Profit or Loss excluding compensation to KMP - Bank		
Interest income	134	449
Interest expenses	13,479	11,211
Fee and commission income	289	251
Impairment charges/ (reversals)*	8	21

*Impairment charges/ (reversals) does not include any specific impairment.

Share investments in the Bank and dividends paid to the KMP and their Close Family Members are given below.

	During the year	
	2025 LKR '000	2024 LKR '000
Investments in ordinary shares as at 31 December (Number of shares)	-	71,879
Scrip dividends paid during the year (Number of shares)	2,889	2,776
Cash dividends paid during the year (LKR '000)	639	138

Employee Share Option Scheme (ESOS)

In accordance with the Share Option Scheme (Tranch 5) approved by the share holders of the Bank, approved management staff are eligible to exercise their share options during the period from 01 July 2022 to 30 June 2025. Accordingly the eligible KMP were purchased 125,866 shares at an exercise price of LKR 80/- per share during the year 2025.

53.3 (c) Transactions involving entities which are controlled/ jointly controlled by the KMP and their close family members

For the year ended 31 December	Limit		Outstanding Balance		Average Balance	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Items in the Statement of Financial Position - Bank Assets						
Financial assets at amortised cost - loans and receivables to other customers	-	-	-	-	5	1
	-	-	-	-	5	1
Liabilities						
Financial liabilities at amortised cost - Due to depositors	-	-	549,983	84,465	77,970	14,574
Due to debt securities holders	-	-	-	-	-	-
	-	-	549,983	84,465	77,970	14,574
Commitment & Contingencies						
Forward exchange transactions	7,741,250	-	921,540	-	635,655	-
	7,741,250	-	921,540	-	635,655	-

	During the year	
	2025 LKR '000	2024 LKR '000
Items in the Statement of Profit or Loss - Bank		
Interest income	-	-
Interest expenses	58	52
Fee and commission income	1,000	138

No share investments or dividends paid to the entities which are controlled/ jointly controlled by the KMP and their close family members during the year 2025 and 2024.

53.4 Transactions with the Government of Sri Lanka and its Related Entities

The Group enter into transactions, arrangements and agreements with the Government of Sri Lanka and its related entities.

53.4 (a) The transactions entered with the Government of Sri Lanka and its related entities on a collective basis is as follows

	Outstanding Balance		Average Balance	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Items in the Statement of Financial Position - Bank				
Assets				
Financial assets at amortised cost - loans and receivables to other customers	26,377,779	30,774,332	29,390,211	27,855,614
Financial assets at amortised cost - debt and other instruments	4,701,206	4,709,097	4,678,586	4,892,941
Financial assets measured at fair value through other comprehensive income	157,369	157,369	157,369	157,369
	31,236,354	35,640,798	34,226,166	32,905,924
Liabilities				
Financial liabilities at amortised cost				
Due to depositors	20,956,839	9,161,279	14,151,131	6,127,511
Due to debt securities holders	20,956,703	5,574,062	1,134,002	3,919,618
Due to other borrowers	11,504,940	11,821,311	12,017,419	11,187,621
Debt securities issued	1,405,940	4,365,940	3,267,228	4,811,940
	54,824,422	30,922,592	30,569,780	26,046,690
Contingent liabilities and commitments				
Forward exchange contracts	16,070,649	4,837,973	8,608,896	2,023,220
Other contingencies	368,664	606,233	48,372	615,252
Undrawn commitments	5,878,076	7,229,954	4,815,520	7,327,671
	22,317,389	12,674,160	13,472,788	9,966,143

	During the year	
	2025 LKR '000	2024 LKR '000
Items in the Statement of Profit or Loss - Bank		
Interest income	3,589,375	4,632,691
Interest expenses	1,701,478	1,844,948
Fee and commission income	13,233	7,475
Net gains/(losses) from trading	1,768	1,540
Other operating income	38,353	35,416
Impairment charges/(reversals)*	(136)	89,516
Scrip dividends paid during the year (Number of shares)	3,016,638	5,170,937
Cash dividends paid during the year (LKR '000)	666,856	225,750

*Impairment charges/ (reversals) does not include any specific impairment.

53.4 (b) Further transactions detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities;

- Statutory balances with the Central Bank of Sri Lanka
- Investments in Treasury bills, Treasury bonds and money market placements.
- Payment of statutory rates, taxes and deposit insurance premium
- Payment for utilities mainly comprising of telephone, electricity and water
- Payment for employment retirement benefits - ETF
- Currency SWAP arrangement with the Central Bank of Sri Lanka (Note 25.1)

53.4 (c) Individually significant transactions

The Bank uses an internal assessment methodology in order to identify significant transactions with the Government of Sri Lanka and Government related entities in accordance with the disclosure requirements of LKAS 24. Accordingly, there are no individually significant transactions that require disclosure during the year.

53.5 Transactions with Related Entities

53.5 (a) The transactions entered by the Bank with its Subsidiaries

For the year ended 31 December	Limit		Outstanding Balance		Average Balance	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Items in the Statement of Financial Position - Bank Assets						
Financial assets at amortised cost - loans and receivables to other customers	-	250,000	-	16	5,640	9,488
Other assets			357	3,346	12,275	18,417
Investments in subsidiary companies			1,031,037	1,031,037	1,031,037	1,091,016
Liabilities						
Financial liabilities at amortised cost - Due to depositors			732,675	562,847	363,896	422,702
Due to debt securities holders			-	-	104,658	131,055
Other liabilities			-	-	6	-
Contingent liabilities and commitments						
Guarantees	27,287	405,000	24,655	404,786	75,690	192,713

	During the year	
	2025 LKR '000	2024 LKR '000
Items in the Statement of Profit or Loss in relation to transactions with subsidiaries of the Bank		
Interest income	169	980
Interest expenses	12,122	24,395
Fee and commission income	26,147	18,053
Impairment charges/(reversals)	(7,376)	80,068
Other expenses	86,489	86,092
Other operating income	38,786	48,482

Investments in subsidiary companies are stated net of allowance for impairment amounting to LKR 180.55 Mn for the year ended 31 December 2025 and LKR 180.55 Mn for the year ended 31 December 2024.

Refer Note 30 and Note 31 for details of subsidiary and associate companies.

53.5 (b) The contribution made by the Bank and the employees, for EPF, is managed as a separate fund by the Bank.

The Bank had the under-mentioned financial dealings during the year with the NDB Provident Fund.

	2025 LKR '000	2024 LKR '000
Financial liabilities at amortised cost-due to depositors	340,112	104,020
Interest expenses paid	46,248	21,872
Contribution by the Bank	1,166,560	1,065,074

53.5 (c) NDB Wealth Management Limited, a subsidiary of the Bank, had the under mentioned financial dealings with the NDB Provident Fund.

	2025 LKR '000	2024 LKR '000
Portfolio under management	-	256,785

53.5 (d) The Bank had the under-mentioned financial dealings with the NDB Pension Fund during the year.

	2025 LKR '000	2024 LKR '000
Financial liabilities at amortised cost-due to depositors	465,000	465,000
Interest expenses	100,778	111,528
Financial assets at amortized cost - loans and receivables to other customers	100,000	-

54 EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements other than below;

Proposed Issuance of Basel III compliant Tier 2 GSS+ Bonds

The Board of Directors, at its meeting held on 14 November 2025, approved the issuance of up to 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, to raise a maximum amount of LKR 16 billion by way of an Initial Public Offering. The proposed issue was approved by the shareholders of the Bank at the Extraordinary General Meeting held on January 5, 2026. The proposed issue is subject to obtaining all necessary regulatory approvals and will be listed on the Colombo Stock Exchange upon completion.

55 COMPARATIVE INFORMATION

The following line items in the Statement of Profit or Loss for the year ended 31 December 2024 were reclassified as presented below for the better presentation of the Financial Statement.

	BANK				GROUP		
	Note	Previous Presentation LKR 000	Current Presentation LKR 000	Adjustment LKR 000	Previous Presentation LKR 000	Current Presentation LKR 000	Adjustment LKR 000
Statement of Profit or Loss							
Personnel expenses	13	9,055,457	8,751,356	(304,101)	9,909,475	9,605,374	(304,101)
Other expenses	15	6,652,561	6,956,662	304,101	7,330,417	7,634,518	304,101
Statement of Financial Position							
Other non-financial assets	36.1	6,020,309	4,274,118	(1,746,191)	6,196,684	4,450,493	(1,746,191)
Other financial assets	36.3	1,046,533	2,792,724	1,746,191	1,321,169	3,067,360	1,746,191

56 FAIR VALUE OF FINANCIAL INSTRUMENTS AND NON FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

The following is a description of how fair values are determined for financial instruments and non-financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing such instruments.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from an active market, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values

FINANCIAL INSTRUMENTS

Derivative Financial Instruments

Derivative products are foreign exchange contracts and foreign exchange options which are valued using market observable inputs.

Financial Assets Recognised through Profit or Loss - Measured at Fair Value

The quoted equity securities are valued using the market prices published by the Colombo Stock Exchange. Sri Lanka Government Securities are valued based on the market rates published by the money brokers. Investment in private equity funds are measured at fair value based on the change in the net asset value of the funds and is recognised through the Statement of Profit or Loss. Unit trust investments are valued at unit prices available in the market.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income consist of quoted debentures, non-quoted ordinary shares, quoted ordinary shares, Sri Lanka Government Securities and Sri Lanka International Sovereign Bonds/PDI Bonds. The quoted equity securities are valued using the market prices published by the Colombo Stock Exchange. Sri Lanka Government Securities are valued based on the market rates published by the money brokers as at the reporting date, quoted debentures and non-quoted ordinary shares are valued using Internal valuation techniques. Sri Lanka International Sovereign Bonds/PDI Bonds are valued using yields and prices published by Bloomberg Finance L.P.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost consist of Sri Lanka Government securities, quoted debentures, fixed deposits, Sri Lanka International Sovereign Bonds / PDI bonds and Step-up bonds. Sri Lanka Government Securities are valued based on the market rates published by the money brokers as at the reporting date. Quoted debentures and fixed deposits are valued based on the Discounted Cashflow approach using current market interest rates of similar instruments. Sri Lanka International Sovereign Bonds/PDI Bonds are valued using yields and prices published by Bloomberg Finance L.P.

NON-FINANCIAL INSTRUMENTS

Property, Plant & Equipment/ Investment Property

Valuation Model

The fair value of the freehold land and buildings presented in the Financial Statements are provided by an independent valuer based on the valuations carried out at the reporting date.

Freehold land - valuations performed by the valuer are based on the market approach (direct comparison method), for similar properties in the same location and conditions (Note 33).

Freehold buildings - valuations are performed by an independent valuer based on the cost approach (current replacement cost - Note 33).

Investment Property - valuations are performed based on the income approach using the current market rent by an independent valuer to value the Investment Property (Income approach - Note 32).

Valuation Framework

Fair values of financial instruments and non-financial instruments are determined according to the following hierarchy:

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 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.

The free hold land and buildings of the Group are valued every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from fair values at the reporting date. A letter of confirmation is obtained from the Independent Professional Valuer annually except the year in which full valuation is carried out by the Group, to ensure that the fair values of the freehold land and buildings, does not significantly vary from their carrying amounts, at the reporting date.

56 (a) Determination of Fair Value of Financial Instruments and Non Financial Instruments by Hierarchy

The following table shows the analysis of financial instruments and non financial instruments recorded at fair value in the Statement of Financial Position by the level of the fair value hierarchy in accordance with disclosure requirements as per LKAS 13, Fair Value Measurements. The valuation of the Sri Lanka International Sovereign bonds/PDI bonds are described in the Note 12.

31 December 2025	BANK				
	Fair Value Measurement Using				
	Note	Quoted Prices in Active Markets Level 1 LKR 000	Significant Observable Inputs Level 2 LKR 000	Significant Unobservable Inputs Level 3 LKR '000	Total LKR 000
Financial Assets					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	785,695	-	785,695
Currency SWAP	25	-	690,082	-	690,082
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Sri Lanka Government Securities - treasury bills	26	124,791	-	-	124,791
Sri Lanka Government Securities - treasury bonds	26	128,361	-	-	128,361
Financial Assets measured at Fair Value Through Other Comprehensive Income					
Sri Lanka Government Securities - treasury bills	29	110,133	-	-	110,133
Sri Lanka Government Securities - treasury bonds	29	71,618,369	-	-	71,618,369
Sri Lanka International Sovereign bonds/PDI bonds	29	-	4,156,313	-	4,156,313
Quoted ordinary shares	29	2,796,307	-	-	2,796,307
Non quoted ordinary shares	29	-	-	167,713	167,713
Total Financial Assets		74,777,961	5,632,090	167,713	80,577,764
Non-Financial Assets					
Freehold land	33.1	-	-	1,166,000	1,166,000
Freehold buildings	33.1	-	-	1,306,001	1,306,001
Total Non-Financial Assets		-	-	2,472,001	2,472,001
Financial Liabilities					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	251,448	-	251,448
Total Financial Liabilities		-	251,448	-	251,448

BANK

31 December 2024

Fair Value Measurement Using

		Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total
	Note	Level 1 LKR 000	Level 2 LKR 000	Level 3 LKR '000	LKR 000
Financial Assets					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	261,699	-	261,699
Currency SWAP	25	-	884,537	-	884,537
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Sri Lanka Government Securities - treasury bills	26	5,596,662	-	-	5,596,662
Sri Lanka Government Securities - treasury bonds	26	1,179,469	-	-	1,179,469
Financial Assets measured at Fair Value Through Other Comprehensive Income					
Sri Lanka Government Securities - treasury bills	29	30,392,691	-	-	30,392,691
Sri Lanka Government Securities - treasury bonds	29	56,926,507	-	-	56,926,507
Sri Lanka International Sovereign bonds/PDI bonds		-	5,222,888	-	5,222,888
Quoted ordinary shares	29	2,074,593	-	-	2,074,593
Non quoted ordinary shares	29	-	-	167,713	167,713
Total Financial Assets		96,169,922	6,369,124	167,713	102,706,759
Non-Financial Assets					
Freehold land	33.1	-	-	1,024,000	1,024,000
Freehold buildings	33.1	-	-	1,149,001	1,149,001
Total Non-Financial Assets		-	-	2,173,001	2,173,001
Financial Liabilities					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	344,586	-	344,586
Total Financial Liabilities		-	344,586	-	344,586

56 (a) Determination of Fair Value of Financial Instruments and Non Financial Instruments by Hierarchy (Contd.)

31 December 2025	GROUP				
	Fair Value Measurement Using				Total
	Note	Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	
		Level 1 LKR 000	Level 2 LKR 000	Level 3 LKR '000	
Financial Assets					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	785,695	-	785,695
Currency SWAP	25	-	690,082	-	690,082
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Sri Lanka Government Securities - treasury bills	26	124,791	-	-	124,791
Sri Lanka Government Securities - treasury bonds	26	128,361	-	-	128,361
Quoted ordinary shares	26	1,112,572	-	-	1,112,572
Investment in private equity fund	26	-	-	364,689	364,689
Non-quoted ordinary shares	26	-	-	77,000	77,000
Investment in unit trusts	26	1,607,555	-	-	1,607,555
Financial Assets measured at Fair Value Through Other Comprehensive Income					
Sri Lanka Government Securities - treasury bills	29	110,133	-	-	110,133
Sri Lanka Government Securities - treasury bonds	29	71,870,203	-	-	71,870,203
Sri Lanka International Sovereign bonds/PDI bonds	29	-	4,156,313	-	4,156,313
Quoted ordinary shares	29	2,796,307	-	-	2,796,307
Non quoted ordinary shares	29	-	-	167,713	167,713
Quoted debentures	29	-	210,810	-	210,810
Total Financial Assets		77,749,922	5,842,900	609,402	84,202,224
Non-Financial Assets					
Freehold land	33.4	-	-	1,166,000	1,166,000
Freehold buildings	33.4	-	-	2,141,033	2,141,033
Investment property	32	-	-	3,346,703	3,346,703
Total Non-Financial Assets		-	-	6,653,736	6,653,736
Financial Liabilities					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	251,448	-	251,448
Total Financial Liabilities		-	251,448	-	251,448

31 December 2024	GROUP				
	Fair Value Measurement Using				
	Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total	
	Note	Level 1 LKR 000	Level 2 LKR 000	Level 3 LKR '000	LKR 000
Financial Assets					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	261,699	-	261,699
Currency SWAP	25	-	884,537	-	884,537
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Sri Lanka Government Securities - treasury bills	26	5,596,662	-	-	5,596,662
Sri Lanka Government Securities - treasury bonds	26	1,179,469	-	-	1,179,469
Quoted ordinary shares	26	751,908	-	-	751,908
Investment in private equity fund	26	-	-	377,842	377,842
Non-quoted ordinary shares	26	-	-	86,200	86,200
Investment in unit trusts	26	1,913,090	-	-	1,913,090
Financial Assets measured at Fair Value Through Other Comprehensive Income					
Sri Lanka Government Securities - treasury bills	29	30,441,042	-	-	30,441,042
Sri Lanka Government Securities - treasury bonds	29	57,133,356	-	-	57,133,356
Sri Lanka International Sovereign bonds/PDI bonds		-	5,222,888	-	5,222,888
Quoted ordinary shares	29	2,074,593	-	-	2,074,593
Non quoted ordinary shares	29	-	-	167,713	167,713
Quoted debentures	29	-	158,491	-	158,491
Total Financial Assets		99,090,120	6,527,615	631,755	106,249,490
Non-Financial Assets					
Freehold land	33.4	-	-	1,024,000	1,024,000
Freehold buildings	33.4	-	-	1,984,032	1,984,032
Investment property	32	-	-	3,107,671	3,107,671
Total Non-Financial Assets		-	-	6,115,703	6,115,703
Financial Liabilities					
Derivative Financial Instruments					
Forward foreign exchange contracts	25	-	344,586	-	344,586
Total Financial Liabilities		-	344,586	-	344,586

56 (b) Movements in Level 3 Financial Instruments and Non-Financial Instruments Measured at Fair Value

The level of the fair value hierarchy of financial instruments and non-financial instruments is determined at the beginning of each reporting period. The following table shows the reconciliation of the opening and closing amounts of Level 3 financial instruments and non-financial instruments which are recorded at fair value.

		BANK				
Included in		As at 01 January 2025	Additions/ Disposals during the year	Total gains/ (losses) and charges recorded in Statement of Profit or Loss	Total gains/ (losses) recorded in Other Comprehensive Income	As at 31 December 2025
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets						
Non-quoted ordinary shares [Note 29]	Financial assets measured at Fair Value through Other Comprehensive Income	167,713	-	-	-	167,713
Non-Financial Assets						
Freehold land [Note 33.1]	Property, plant & equipment	1,024,000	-	-	142,000	1,166,000
Freehold buildings [Note 33.1]	Property, plant & equipment	1,149,001	(17,504)	-	174,504	1,306,001
		GROUP				
Included in		As at 01 January 2025	Additions/ Disposals during the year	Total gains/ (losses) and charges recorded in Statement of Profit or Loss	Total gains/ (losses) recorded in Other Comprehensive Income	As at 31 December 2025
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets						
Non-quoted ordinary shares [Note 29]	Financial assets measured at Fair Value through Other Comprehensive Income	167,713	-	-	-	167,713
Non-quoted ordinary shares [Note 26]	Financial assets recognised through Statement of Profit or Loss measured at fair value	86,200		(9,200)	-	77,000
Private equity fund [Note 26]	Financial assets recognised through Statement of Profit or Loss measured at fair value	377,842		(13,153)		364,689
Non-Financial Assets						
Freehold land [Note 33.4]	Property, plant & equipment	1,024,000	-	-	142,000	1,166,000
Freehold buildings [Note 33.4]	Property, plant & equipment	1,984,032	60,637	-	96,364	2,141,033
Investment property (Note 32)	Investment property	3,107,671	144,860	94,172	-	3,346,703

		BANK				
Included in		As at 01 January 2024	Additions/ Disposals during the year	Total gains/ (losses) and charges recorded in Statement of Profit or Loss	Total gains/ (losses) recorded in Other Comprehensive Income	As at 31 December 2024
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets						
Non-quoted ordinary shares [Note 29]	Financial assets measured at Fair Value through Other Comprehensive Income	16,569	151,144	-	-	167,713
Non-Financial Assets						
Freehold land [Note 33.1]	Property, plant & equipment	1,024,000	-	-	-	1,024,000
Freehold buildings [Note 33.1]	Property, plant & equipment	1,149,000	(51,734)	-	51,735	1,149,001
		GROUP				
Included in		As at 01 January 2024	Additions/ Disposals during the year	Total gains/ (losses) and charges recorded in Statement of Profit or Loss	Total gains/ (losses) recorded in Other Comprehensive Income	As at 31 December 2024
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets						
Non-quoted ordinary shares [Note 29]	Financial assets measured at Fair Value through Other Comprehensive Income	16,569	151,144	-	-	167,713
Non-quoted ordinary shares [Note 26]	Financial assets recognised through Statement of Profit or Loss measured at fair value	86,200	-	-	-	86,200
Private equity fund [Note 26]	Financial assets recognised through Statement of Profit or Loss measured at fair value	701,718	(272,562)	(51,314)		377,842
Non-Financial Assets						
Freehold land [Note 33.4]	Property, plant & equipment	1,024,000	-	-	-	1,024,000
Freehold buildings [Note 33.4]	Property, plant & equipment	1,743,703	143,964		96,365	1,984,032
Investment property (Note 32)	Investment property	3,112,440	(190,343)	185,574		3,107,671

56 (C) Unobservable Inputs Used in Measuring The Fair Value of Financial and Non Financial Instruments

The tables below set out information about significant unobservable inputs used as at 31 December 2025 and as at 31 December 2024 in measuring financial and non-financial instruments categorised as Level 2 and Level 3 in the fair value hierarchy:

As at 31 December 2025

Financial Assets/Liabilities

Included in	BANK				
	Fair Values as at 31 December 2025 LKR Mn	Valuation Technique	Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Derivative Financial Instruments					
Derivative financial assets - Forward Exchange Contracts	786	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Derivative financial assets - Currency SWAP	690	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Negative impact to the fair value
Derivative financial liabilities - Forward Exchange Contracts	251	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Non-quoted Ordinary Shares	168	Net Assets Basis	Net Assets Value of the Company	-	Positive impact to the fair value

Non Financial Assets

Included in	BANK				
	Fair Values as at 31 December 2025 LKR Mn	Valuation Technique	Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Nawam Mawatha					
Land	26	Direct comparison	Per perch value	Per perch - LKR 18 Million	Positive impact to the fair value
Building	874	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 21,000 per square feet and discount factor- 0.45	Positive impact to the fair value from both factors
Dharmapala Mawatha					
Land	1140	Direct comparison method	Per perch value	Per perch - LKR 19 Million	Positive impact to the fair value
Building	432	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 18,500 per square feet and discount factor- 0.55	Positive impact to the fair value from both factors

Financial Assets/Liabilities

Included in	GROUP				
	Fair Values as at 31 December 2025 LKR Mn	Valuation Technique	Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Derivative Financial Instruments					
Derivative financial assets - Forward Exchange Contracts	786	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Derivative financial assets - Currency SWAP	690	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Negative impact to the fair value
Derivative financial liabilities - Forward Exchange Contracts	251	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Private equity fund	365	Net Assets Basis	Net Assets Value of the Fund	-	Positive impact to the fair value
Non-quoted Ordinary Shares	77	Net Assets Basis	Net Assets Value of the Fund	-	Positive impact to the fair value
Financial Assets measured at Fair Value Through Other Comprehensive Income					
Quoted debentures	211	Forecasted cash flow valuation method	Average yields of the debt market	Yields applicable for the bonds with same tenure	Positive impact to the fair value
Non-quoted Ordinary Shares	168	Net Assets Basis	Net Assets Value of the company	-	Positive impact to the fair value

56 (C) Unobservable Inputs Used in Measuring The Fair Value of Financial and Non Financial Instruments (Contd.)

Non Financial Assets

Included in	GROUP				
	Fair Values as at 31 December 2025 LKR Mn	Valuation Technique	Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Nawam Mawatha					
Land	26	Direct comparison method	Per perch value	Per perch - LKR 18 Million	Positive impact to the fair value
Building	874	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 21,000 per square feet and discount factor- 0.45	Positive impact to the fair value from both factors
Dharmapala Mawatha					
Land	1,140	Direct comparison method	Per perch value	Per perch - LKR 19 Million	Positive impact to the fair value
Building	432	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 18,500 per square feet and discount factor- 0.55	Positive impact to the fair value from both factors
Nawam Mawatha					
Investment property	4,183 (Including the fair value of owner occupied portion of LKR 836 Mn)	Income Approach	Rent per square feet	Average Rate of LKR 275 per square feet	Positive impact to the fair value

As at 31 December 2024
Financial Assets/Liabilities

Included in	Fair Values as at 31 December 2024 LKR Mn	Valuation Technique	BANK		
			Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Derivative Financial Instruments					
Derivative financial assets - Forward Exchange Contracts	262	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Derivative financial assets -Currency SWAP	884	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Negative impact to the fair value
Derivative financial liabilities -Forward Exchange Contracts	344	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Non-quoted Ordinary Shares	168	Net Assets Basis	Net Assets Value of the Company	-	Positive impact to the fair value
Sri Lanka International Sovereign bonds/PDI bonds	5222	Discounted Cashflow	USD Long term Government bond risk free rate Country risk premium Sri Lanka Credit rating Liquidity risk premium	USD Long term Government bond risk free rate Country risk premium Sri Lanka Credit rating Liquidity risk premium	Positive impact to the fair value

Non Financial Assets

Included in	Fair Values as at 31 December 2024 LKR Mn	Valuation Technique	Bank		
			Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Nawam Mawatha					
Land	24	Direct comparison method	Per perch value	Per perch - LKR 16.5 Mn	Positive impact to the fair value
Building	766	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 20,000 per square feet and discount factor- 0.43	Positive impact to the fair value from both factors
Dharmapala Mawatha					
Land	1,000	Direct comparison method	Per perch value	Per perch - LKR 17.5 Mn	Positive impact to the fair value
Building	383	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 17,500 per square feet and discount	Positive impact to the fair value from both

Financial Assets/Liabilities

Included in	Fair Values as at 31 December 2024 LKR Mn	Valuation Technique	GROUP		
			Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Derivative Financial Instruments					
Derivative financial assets - Forward Exchange Contracts	262	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Derivative financial assets - Currency SWAP	884	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Negative impact to the fair value
Derivative financial liabilities - Forward Exchange Contracts	344	Forecasted cash flow valuation method	Forward Exchange Rate	One year market premium USD/LKR	Positive impact to the fair value
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value					
Private equity fund	378	Net Assets Basis	Net Assets Value of the Fund	-	Positive impact to the fair value
Non-quoted ordinary shares	86	Net Assets Basis	Net Assets Value of the Fund	-	Positive impact to the fair value
Financial Assets measured at Fair Value Through Other Comprehensive Income					
Quoted debentures	158	Forecasted cash flow valuation method	Average yields of the debt market	Yields applicable for the bonds with same tenure	Positive impact to the fair value
Non-quoted ordinary shares	168	Net Assets Basis	Net Assets Value of the Fund	-	Positive impact to the fair value
Sri Lanka International Sovereign bonds/PDI bonds	5222	Discounted Cashflow	USD Long term Government bond risk free rate Country risk premium Sri Lanka Credit rating Liquidity risk premium	USD Long term Government bond risk free rate Country risk premium Sri Lanka Credit rating Liquidity risk premium	Positive impact to the fair value

Non Financial Assets

Included in	GROUP				
	Fair Values as at 31 December 2024 LKR Mn	Valuation Technique	Significant Unobservable Inputs	Range of Estimates (Weighted Average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Nawam Mawatha					
Land	24	Direct comparison method	Per perch value	Per perch - LKR 16.5 Mn	Positive impact to the fair value
Building	766	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 20,000 per square feet and discount factor- 0.43	Positive impact to the fair value from both factors
Dharmapala Mawatha					
Land	1,000	Direct comparison method	Per perch value	Per perch - LKR 17.5 Mn	Positive impact to the fair value
Building	383	Current replacement cost	Replacement cost/ depreciation factor rate	LKR 17,500 per square feet and discount factor- 0.55	Positive impact to the fair value from both factors
Nawam Mawatha					
Investment property	3,945 (Including the fair value of owner occupied portion of LKR 837 Mn)	Income Approach	Rent per square feet	Average Rate of LKR 265 per square foot	Positive impact to the fair value

56 (d) Fair Value of the Financial Assets and Financial Liabilities that are not Carried at Fair Value in the Financial Statements

Set out below is a comparison, by class, of the carrying amounts and fair values of the financial assets and financial liabilities that are not carried at fair value in the Statement of Financial Position. The table does not include the fair values of non-financial assets and non-financial liabilities.

		BANK			
		2025		2024	
	Fair Value Classification	Carrying Amount LKR '000	Fair Value LKR '000	Carrying Amount LKR '000	Fair Value LKR '000
Financial Assets					
Cash and cash equivalents	Note 56 (e)	17,566,305	17,566,305	18,037,627	18,037,627
Balances with the Central Bank of Sri Lanka	Note 56 (e)	8,225,602	8,225,602	8,053,358	8,053,358
Placements with banks	Note 56 (e)	24,692,505	24,692,505	22,098,832	22,098,832
Financial assets at amortised cost -loans and receivables to other customers	Level 2	593,603,756	601,270,797	460,707,258	458,378,045
Financial assets at amortised cost - debt and other instruments	Level 2	181,340,088	198,856,951	166,190,761	183,079,645
Other financial assets	Note 56 (e)	11,832,959	11,832,959	2,792,724	2,792,724
Total Financial Assets		837,261,215	862,445,119	677,880,560	692,440,231

56 (d) Fair Value of the Financial Assets and Financial Liabilities that are not Carried at Fair Value in the Financial Statements (Contd.)

		BANK			
		2025		2024	
	Fair Value Classification	Carrying Amount LKR '000	Fair Value LKR '000	Carrying Amount LKR '000	Fair Value LKR '000
Financial Liabilities					
Due to banks	Note 56 (e)	12,447,544	12,447,544	4,841,342	4,841,342
Financial liabilities at amortised cost					
- due to depositors	Level 2	707,167,366	726,771,637	631,682,926	635,482,591
- due to debt securities holders	Note 56 (e)	69,834,390	69,834,390	8,002,850	8,002,850
- due to other borrowers	Note 56 (e)	19,792,565	19,792,565	22,023,798	22,023,798
Debt securities issued	Level 2	23,330,603	23,977,858	33,564,708	34,434,686
Other financial liabilities	Note 56 (e)	3,571,263	3,571,263	2,467,697	2,467,697
Total Financial Liabilities		836,143,731	856,395,257	702,583,321	707,252,964

		GROUP			
		2025		2024	
	Fair Value Classification	Carrying Amount LKR '000	Fair Value LKR '000	Carrying Amount LKR '000	Fair Value LKR '000
Financial Assets					
Cash and cash equivalents	Note 56 (e)	18,020,298	18,020,298	18,682,376	18,682,376
Balances with the Central Bank of Sri Lanka	Note 56 (e)	8,225,602	8,225,602	8,053,358	8,053,358
Placements with banks	Note 56 (e)	24,692,505	24,692,505	22,098,832	22,098,832
Financial assets at amortised cost - loans and receivables to other customers	Level 2	593,705,105	601,351,657	460,780,610	458,445,858
Financial assets at amortised cost - debt and other instruments	Level 2	181,822,394	199,308,949	166,355,792	183,247,549
Other financial assets	Note 56 (e)	12,280,825	12,280,825	3,067,360	3,067,360
Total Financial Assets		838,746,729	863,879,836	679,038,328	693,595,333
Financial Liabilities					
Due to banks	Note 56 (e)	12,447,544	12,447,544	4,841,342	4,841,342
Financial liabilities at amortised cost					
- due to depositors	Level 2	706,437,565	726,039,882	631,081,461	634,881,213
- due to debt securities holders	Note 56 (e)	69,834,390	69,834,390	8,002,850	8,002,850
- due to other borrowers	Note 56 (e)	19,792,565	19,792,565	22,023,798	22,023,798
Debt securities issued	Level 2	23,330,603	23,977,858	33,564,708	34,434,686
Other financial liabilities	Note 56 (e)	3,733,731	3,733,731	2,905,144	2,905,144
Total Financial Liabilities		835,576,398	855,825,970	702,419,303	707,089,033

56 (e) Basis of Measurement for the Fair Value of Financial Assets and Financial Liabilities not Carried at Fair Value

Given below are the methodologies and assumptions used to determine the fair values for financial instruments which are not already recorded at fair value in the Financial Statements:

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt instruments issued, the fair values are determined based on quoted market prices. For instruments issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads. For other variable rate instruments, an adjustment is also made to reflect the change in the required credit spread since the instrument was first recognised.

57 RISK MANAGEMENT

57.1. Introduction

The Bank is exposed to a broad spectrum of financial and operational risks arising from its day-to-day activities. Effective risk management is fundamental to safeguarding the Bank's financial strength, ensuring regulatory compliance, and delivering sustainable value to shareholders and stakeholders. This section outlines the Bank's approach to identifying, measuring, monitoring, and mitigating its key risk exposures, including credit, market, liquidity, operational, and other business-specific risks.

57.2. Risk Management Framework

The Bank has established a comprehensive and integrated risk management framework designed to proactively identify, assess, monitor, and control risks. This framework is embedded within the Bank's overall governance structure, ensuring effective oversight by senior management and the Board of Directors.

The Board has delegated overall responsibility for risk governance, including approval of risk management strategies and principles, to the Board Integrated Risk Management Committee (BIRMC). The BIRMC meets at least quarterly to review the Bank's aggregate risk profile, evaluate policy proposals, and monitor emerging risks. The Board is regularly updated on these deliberations to ensure informed decision-making.

A dedicated Risk Management Division supports the Bank's governance architecture by working collaboratively with business units to ensure that risks are managed within the risk appetite set by the Board.

The Assets and Liabilities Committee (ALCO) is responsible for overseeing market and liquidity risk exposures. ALCO meets monthly to review positions, evaluate limit excesses, and take decisions that balance prudent risk management with business requirements. These decisions are subsequently reviewed by the BIRMC and the Board.

Specialized committees including the Credit and Market Risk Policy Committee and the Operational Risk Management Committee focus on the formulation and enhancement of policies related to defined risk areas. Their membership includes the Chief Executive Officer, Heads of Business Units, and representatives from Finance, Treasury, and Risk Management.

These committees meet regularly to review performance, evaluate risk trends, and address risks associated with specific business lines and support functions.

The Bank's Treasury Department is responsible for managing the Bank's balance sheet structure and funding profile, and plays a central role in managing liquidity and related market risks.

57.2.1. Risk Measurement and Reporting

The Bank uses a combination of quantitative and qualitative tools to measure and monitor risks across its operations. Key metrics assessed on a regular basis include Value-at-Risk (VaR), stress testing outcomes, credit exposure concentrations, liquidity ratios, and operational risk indicators.

These measures help ensure that risk-taking activities remain aligned with the Bank's risk appetite and regulatory expectations.

Risk reporting is conducted on a frequent basis, with comprehensive reports provided to the Board of Directors, senior management, and relevant committees. These reports detail the Bank's risk exposures, risk management activities, and adherence to risk limits. The Bank's risk reporting process ensures transparency, enabling effective decision-making and timely interventions when necessary to mitigate risk exposures.

Risk reporting follows a structured and transparent process. Comprehensive reports are provided to the Board of Directors, senior management, and relevant risk committees at regular intervals. These reports provide insights into risk exposures, compliance with established limits, emerging trends, and the effectiveness of risk mitigation actions. This disciplined reporting framework supports informed strategic decisions and enables timely corrective measures where necessary.

57.2.2. Risk Mitigation

The Bank employs a range of strategies to mitigate identified risks and reduce potential impacts on its financial position and operational resilience. These include:

- Diversification of asset and liability portfolios to reduce concentration risks.
- Market risk hedging techniques to cushion against adverse price movements.
- Robust internal control systems and strong fraud risk management to minimize operational losses.
- Prudent credit risk management, including sound underwriting standards, structured credit approval processes, and effective collateral and recovery management.

Liquidity risk is mitigated through maintaining adequate buffers of high-quality liquid assets, rigorous liquidity gap monitoring, and regular stress testing under a range of adverse but plausible scenarios.

To strengthen operational resilience, the Bank maintains comprehensive business continuity and disaster recovery arrangements designed to ensure uninterrupted operations during unexpected disruptions.

The Bank also collaborates closely with regulators, external auditors, and other stakeholders to ensure alignment with applicable regulatory frameworks and evolving best practices. Continuous monitoring and refinement of risk mitigation practices enable the Bank to navigate changing market conditions effectively and preserve its financial stability.

57.3. Credit Risk

Credit risk refers to the potential financial loss the Bank may incur if a borrower or counterparty fails to meet its contractual obligations. This includes the risk of default on loans and advances, deterioration in the credit quality of counterparties, and losses arising from the Bank's investments in debt securities and interbank exposures.

The Bank's exposure to credit risk arises primarily from its lending activities, investments in fixed-income instruments, and dealings with financial institutions. To manage this risk effectively, the Bank has established a comprehensive and prudent credit risk management framework covering credit assessment, approval, monitoring, and mitigation.

The Bank adopts a conservative approach to credit evaluation through a structured approval process that assesses the borrower's financial strength, repayment capacity, business prospects, and overall risk profile. Exposures are monitored on an ongoing basis, and provisions for impairment are maintained in accordance with applicable accounting standards and regulatory requirements.

The Bank also employs portfolio management techniques to reduce concentration risk and maintain a well-diversified credit portfolio. Counterparty exposures are actively monitored to ensure compliance with approved limits, while periodic stress tests are conducted to evaluate the potential impact of adverse macroeconomic or sector-specific conditions on the Bank's credit portfolio.

Counterparty limits are determined through an internally developed credit risk classification system that assigns each borrower or counterparty a risk rating based on quantitative and qualitative assessments. These ratings are reviewed and updated regularly to reflect changes in creditworthiness. The credit quality review process enables the Bank to identify potential weaknesses early and implement appropriate corrective actions.

The Bank's credit process from origination through monitoring to collection is overseen by the Credit Risk Management function. The Bank's Credit Policy, approved by the Board of Directors, defines the Bank's credit culture and sets out:

- The Bank's lending philosophy and credit risk appetite

- Prohibited lending activities that will not be entertained under any circumstances
- Acceptable risk parameters and exposure limits
- Remedial management and recovery strategies

Cyclone Ditwah Impact on Credit Risk Management

In response to Cyclone Ditwah, NDB Bank conducted a proactive assessment of potential credit exposures across the affected regions and sectors. Customer portfolios were carefully scrutinised to identify vulnerabilities and understand the extent of the impact. The assessment indicated that the overall impact on the Bank's credit portfolio was limited.

57.3.1. Credit Related Commitments Risks

Credit-related commitments represent off-balance-sheet exposures such as guarantees, letters of credit, and undrawn credit facilities. These instruments expose the Bank to potential credit risk should counterparties utilize these facilities or fail to meet obligations arising from them.

The Bank manages the risks associated with these commitments by assessing the likelihood of drawdown and evaluating the creditworthiness of counterparties. Such commitments are subject to the same rigorous credit appraisal and approval process applicable to on-balance-sheet exposures. Facilities are reviewed regularly to ensure they remain within the Bank's risk appetite and comply with internal credit policies.

To mitigate the risk arising from credit-related commitments, the Bank maintains appropriate collateral, establishes usage limits, and applies continuous monitoring mechanisms to ensure early identification of emerging risks.

57.3.2. Collateral and Other Credit Enhancements

Collateral plays a key role in mitigating credit risk and reducing potential losses. The type and amount of collateral required are determined based on a thorough assessment of the counterparty's credit risk profile. The Bank's Credit Policy Manual provides detailed guidelines on the acceptability, valuation, and management of different collateral types.

The main categories of collateral obtained by the Bank include:

- Commercial Lending: Mortgages over immovable and movable fixed assets, inventory, trade receivables, corporate guarantees, and personal guarantees.
- Retail Lending: Residential property mortgages, vehicles, gold, and personal guarantees.

Collateral is valued and re-assessed periodically to ensure adequacy throughout the life of the exposure.

57.3.3. Impairment Assessment

At each reporting date, the Bank recognises a loss allowance for Expected Credit Losses (ECL) on financial instruments, measured on either a 12-month ECL or lifetime ECL basis. The measurement approach depends on whether credit risk has significantly increased since initial recognition.

Movements in the loss allowance are recognised in the Statement of Profit or Loss as impairment gains or losses.

57.3.3.1. Definition of Default and Cure

A financial instrument is considered to be in default and classified under Stage 3 (credit-impaired) for ECL purposes when:

- Contractual payments are more than 90 days past due, calculated from the contractual due date;
- The exposure remains in excess of sanctioned limits for more than 90 days;
- The exposure meets SLFRS 9 criteria for credit-impaired status, including potential risk-based classifications or impaired status at origination;
- Treasury and interbank exposures fail to meet required intraday settlement obligations by close of business, as stipulated in bilateral agreements.

In addition to quantitative criteria, the Bank applies qualitative indicators of unlikelihood to pay to assess whether an exposure should be classified as Stage 3 or Stage 2. These indicators include, but are not limited to:

- Contractual payments of a customer are more than 30 days past due, but not in NPL/ default

- When reasonable and supportable forecasts of future economic conditions directly affect the performance of a customer/ group of customers, portfolios or instruments and the company has failed to take adequate mitigating factors to overcome negative factors
- When the risk rating of a customer or an instrument has been downgraded to B+ by an external credit rating agency and/ or when there is a two notch downgrade in the banks internal rating system
- When there is a significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer/ group of customers or an instrument
- When the value of collateral is significantly reduced and/ or realisability of collateral is doubtful (20% reduction from original LTV approved)
- When a customer is subject to litigation, that significantly affects the performance of the credit facility
- Frequent changes in the senior management of an institutional customer
- Delay in the commencement of business operations/ projects by more than two years from the originally agreed date
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants etc.
- A fall of 50% or more in the turnover and/ or profit before tax of the customer when compared to the previous year
- Erosion in net-worth by more than 25% when compared to the previous year
- The borrower continuously use the loan proceeds for a purpose other than the purpose specified in the loan agreement
- Availability of any other indicators that suggest a significant increase in Credit Risk

It is the Bank's policy to consider a financial instrument as 'cured' and therefore reclassified out of a higher stage to a lower stage (e.g. from stage 3 to stage 2) other than normal movement of a contract based on the change of DPD on an exceptional basis under the following conditions:

- Credit facilities in Stage 3 other than restructured credit facilities in Stage 3 and rescheduled credit facilities are upgraded if due payments are fully settled by the customer
- Rescheduled and restructured contracts are upgraded only upon satisfactory performance during the relevant monitoring period where customer complies with the applicable terms of repayment

57.3.3.2. PD Estimation Process

Probability of Default (PD) is the estimate of the likelihood of default over a given time horizon. A default may only happen at a time horizon if the facility has not been previously derecognized and is still in the portfolio.

12 Months PD

This is the estimated probability of default occurring within the next 12 months.

Applied to exposures that have not experienced a significant increase in credit risk:

Ageing Bucket	Probability of Default
Current	12 Months PD
1- 30 Days	12 Months PD

Lifetime PD

This is the estimated probability of default occurring over the remaining life of the financial instrument.

Applied to exposures with a significant increase in credit risk.

Ageing Bucket	Probability of Default
31 – 60 Days	Lifetime PD
61 – 90 Days	Lifetime PD

For exposures >90 days past due, default has occurred.

Ageing Bucket	Probability of Default
Above 90 Days	100% PD

57.3.3.3 Exposure at Default

Exposure at Default (EAD) represents the expected gross exposure at the time of default, capturing:

- Potential increases in utilisation prior to default;
- Early repayments or prepayments;
- Credit conversion behaviour, particularly for revolving facilities.

For revolving facilities (e.g., credit cards), EAD estimation includes:

- Facilities exceeding 90 days past due, and
- Credit Utilisation Rate or Credit Conversion Factor, derived from historical behavioural patterns of homogeneous customer segments.

57.3.3.4. Loss Given Default

Loss Given Default (LGD) estimates the percentage of exposure not expected to be recovered following default. LGD incorporates:

- Expected EAD at the point of default
- Estimated recoveries from collateral realisation
- Timing and discounted value of recoveries

The Bank segments its retail products into homogeneous portfolios based on customer characteristics, product types, collateral types, and other relevant attributes.

For each year, closed contracts which have crossed above 90 days at least once in their lifetime are considered. LGD will factor in all cash flows subsequent to the point of default until the full settlement of the loan.

LGD estimation uses:

- Historical loss experience
- All cash flows after default until final settlement
- Inclusion of "virtually closed" contracts, defined as long-outstanding accounts where future recoveries are deemed unlikely

57.3.3.5. Significant increase in Credit Risk

The Bank continuously monitors all financial assets subject to ECL to determine whether credit risk has increased significantly since initial recognition.

SICR may be triggered by:

- Quantitative criteria (e.g., days past due thresholds)
- Qualitative indicators such as watch-list classification or restructuring
- Events listed under Note 57.3.3.1 when they reflect elevated but not yet defaulted risk

Stage Classification for ECL

Stage 1 : 12 months ECL

- No significant increase in credit risk since origination
- Facilities ≤ 30 days past due
- Includes exposures meeting the Bank's "Low Credit Risk" criteria

Stage 2 : Lifetime ECL

- Significant deterioration in credit quality
- Facilities > 30 days past due up to 90 days

Stage 3 : Lifetime ECL (Credit-Impaired)

- All defaulted/impaired assets (including purchased or originated credit-impaired assets)

57.3.3.6. Grouping financial assets measured on a collective basis

Depending on exposure characteristics (Note 11), the Bank measures ECL either individually or collectively

Individually Significant Exposures

Individual impairment assessment is performed for exposures exceeding:

- LKR 200 million for Corporate (Wholesale Banking & Project Finance)
- LKR 100 million for other segments

Individual assessment applies when objective evidence of impairment exists, including performance status (performing, non-performing, restructured, rescheduled, or watch-listed).

Exposures assessed individually and found impaired are excluded from collective pools.

Collective Assessment Applies To:

- Exposures below the individually significant threshold
- Exposures with no objective evidence of impairment
- Exposures assessed individually but not found to be impaired
- Homogeneous portfolios grouped based on similar credit risk characteristics

This ensures sufficient data points for meaningful modelling and accurate estimation of ECL.

57.3.3.7 Analysis of inputs to the ECL model under multiple economic scenarios

The Bank obtains the data used from Central Bank of Sri Lanka/ Department of Census & Statistics. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios (best case and worst case) as at 31 December 2025 and 31 December 2024.

The tables show the values of the key forward looking economic variables/ assumptions used in each of the economic scenarios for the ECL calculations.

The Bank incorporates forward-looking macroeconomic information into its ECL models by applying multiple economic scenarios, including:

- Base Case
- Best Case
- Worst Case

Key macroeconomic variables (e.g., GDP growth, inflation, exchange rates, interest rates) are sourced from:

- Central Bank of Sri Lanka
- Department of Census & Statistics
- International Monetary Fund

The tables presented in the Annual Report disclose:

- The economic variables used under each scenario
- The scenario-weighted ECL outcomes
- ECL sensitivity to changes in forward-looking assumptions
- Comparative data for 31 December 2025 and 31 December 2024

57.3.3.7 Analysis of inputs to the ECL model under multiple economic scenarios

The Bank obtains the data used from Central Bank of Sri Lanka/ Department of Census & Statistics. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios (best case and worst case) as at 31 December 2025 and 31 December 2024.

The tables show the values of the key forward looking economic variables/ assumptions used in each of the economic scenarios for the ECL calculations.

31-Dec-25	ECL Scenarios	2026		2027		2028		2029		2030		2031		2032	
		Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value
Key Drivers															
GDP Growth	Best Case	10%	4.32%	10%	4.48%	10%	4.65%	10%	4.91%	10%	5.19%	10%	5.19%	10%	5.19%
	Base Case	50%	3.70%	50%	3.78%	55%	3.78%	60%	3.87%	60%	3.93%	60%	3.93%	60%	3.93%
	Worst Case	40%	2.98%	40%	2.78%	35%	2.59%	30%	2.54%	30%	2.48%	30%	2.48%	30%	2.48%
Inflation (YoY) (CCPI)	Best Case	10%	1.63%	10%	1.76%	10%	1.58%	10%	1.35%	10%	1.16%	10%	1.16%	10%	1.16%
	Base Case	50%	4.36%	50%	4.09%	55%	3.98%	60%	3.67%	60%	3.48%	60%	3.48%	60%	3.48%
	Worst Case	40%	4.90%	40%	6.97%	35%	7.98%	30%	9.07%	30%	10.30%	30%	10.30%	30%	10.30%
Interest Rate (AWPLR)	Best Case	10%	8.57%	10%	8.07%	10%	7.69%	10%	7.33%	10%	6.83%	10%	6.83%	10%	6.83%
	Base Case	50%	9.65%	50%	9.67%	55%	9.81%	60%	9.97%	60%	9.91%	60%	9.91%	60%	9.91%
	Worst Case	40%	9.99%	40%	11.35%	35%	13.15%	30%	15.51%	30%	17.39%	30%	17.39%	30%	17.39%
Exchange Rate (USD/LKR)	Best Case	10%	316.55	10%	324.06	10%	331.76	10%	339.64	10%	347.71	10%	355.97	10%	364.43
	Base Case	50%	325.69	50%	343.05	55%	361.35	60%	380.62	60%	400.91	60%	422.29	60%	444.81
	Worst Case	40%	334.83	40%	362.59	35%	392.64	30%	425.19	30%	460.43	30%	498.60	30%	500.00
Unemployment	Best Case	10%	4.27%	10%	4.25%	10%	4.23%	10%	4.21%	10%	4.20%	10%	4.20%	10%	4.20%
	Base Case	50%	4.29%	50%	4.29%	55%	4.29%	60%	4.29%	60%	4.29%	60%	4.29%	60%	4.29%
	Worst Case	40%	4.33%	40%	4.34%	35%	4.36%	30%	4.37%	30%	4.39%	30%	4.39%	30%	4.39%

31-Dec-24	2025		2026		2027		2028		2029		2030		2031		
	ECL Scenarios	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	Value	Assigned Probabilities (%)	
Key Drivers															
GDP Growth	Best Case	10%	5.33%	10%	5.54%	10%	5.75%	10%	5.97%	10%	6.25%	10%	6.25%	10%	6.25%
	Base Case	30%	4.14%	40%	4.41%	50%	4.49%	60%	4.51%	60%	4.58%	60%	4.58%	60%	4.58%
	Worst Case	60%	2.48%	50%	2.21%	40%	1.96%	30%	1.72%	30%	1.65%	30%	1.65%	30%	1.65%
Inflation (YoY) (CCPI)	Best Case	10%	1.00%	10%	0.90%	10%	0.81%	10%	0.73%	10%	0.64%	10%	0.64%	10%	0.64%
	Base Case	30%	2.76%	40%	2.31%	50%	2.24%	60%	2.27%	60%	2.23%	60%	2.23%	60%	2.23%
	Worst Case	60%	5.51%	50%	6.59%	40%	7.87%	30%	9.38%	30%	10.69%	30%	10.69%	30%	10.69%
Interest Rate (AWPLR)	Best Case	10%	7.91%	10%	7.44%	10%	7.09%	10%	6.67%	10%	6.35%	10%	6.35%	10%	6.35%
	Base Case	30%	8.94%	40%	8.96%	50%	9.09%	60%	9.13%	60%	9.29%	60%	9.29%	60%	9.29%
	Worst Case	60%	13.35%	50%	14.19%	40%	15.96%	30%	16.96%	30%	19.02%	30%	19.02%	30%	19.02%
Exchange Rate (USD/LKR)	Best Case	10%	299.83	10%	308.20	10%	316.81	10%	325.66	10%	334.76	10%	344.11	10%	353.72
	Base Case	30%	307.88	40%	324.98	50%	343.03	60%	362.08	60%	382.19	60%	403.42	60%	425.83
	Worst Case	60%	315.93	50%	342.20	40%	370.66	30%	401.48	30%	434.86	30%	471.02	30%	500.00
Unemployment	Best Case	10%	4.80%	10%	4.78%	10%	4.72%	10%	4.70%	10%	4.64%	10%	4.64%	10%	4.64%
	Base Case	30%	4.98%	40%	4.98%	50%	4.98%	60%	4.98%	60%	4.98%	60%	4.98%	60%	4.98%
	Worst Case	60%	5.02%	50%	5.04%	40%	5.06%	30%	5.08%	30%	5.09%	30%	5.09%	30%	5.09%

57.3.3.8 Analysis of net exposure on credit risk and impairment

The table below shows the credit quality by class of assets for all financial assets exposed to credit risk, based on the Bank's classification of assets.

31 December 2025	BANK			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
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 recognised through profit or loss - measured at fair value	253,152	-	-	253,152
Financial assets at amortised cost - loans and receivables to other customers	518,932,074	47,152,597	27,519,085	593,603,756
Financial assets at amortised cost - debt and other instruments	155,989,453	25,350,635	-	181,340,088
Financial assets measured at fair value through other comprehensive income	78,648,323	-	-	78,648,323

31 December 2024	BANK			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	18,037,627	-	-	18,037,627
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	8,053,358
Placements with banks	22,098,832	-	-	22,098,832
Derivative Financial Instruments	1,146,236	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	6,776,131	-	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	349,458,717	79,265,767	31,982,774	460,707,258
Financial assets at amortised cost - debt and other instruments	136,726,139	29,464,622	-	166,190,761
Financial assets measured at fair value through other comprehensive income	94,245,415	-	-	94,245,415

57.3.3.8 Analysis of net exposure on credit risk and impairment (Contd.)

31 December 2025	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
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 recognised 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	519,033,423	47,152,597	27,519,085	593,705,105
Financial assets at amortised cost - debt and other instruments	156,471,759	25,350,635	-	181,822,394
Financial assets measured at fair value through other comprehensive income	79,110,967	-	-	79,110,967

31 December 2024	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	18,682,376	-	-	18,682,376
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	8,053,358
Placements with banks	22,098,832	-	-	22,098,832
Derivative financial instruments	1,146,236	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	9,905,171	-	-	9,905,171
Financial assets at amortised cost - loans and receivables to other customers	349,532,069	79,265,767	31,982,774	460,780,610
Financial assets at amortised cost - debt and other instruments	136,891,170	29,464,622	-	166,355,792
Financial assets measured at fair value through other comprehensive income	94,659,106	-	-	94,659,106

57.3.3.9 Analysis of risk concentration

The Bank monitors and manages credit risk concentrations to ensure that exposures remain appropriately diversified and within the risk appetite set by the Board. Concentration risk is assessed across several dimensions, including individual customers, counterparties, and industry sectors.

57.3.3.9.1 Industry analysis

Industry-level concentration is a key focus area, as adverse developments in any particular sector could materially affect the Bank's credit portfolio. The Bank regularly reviews sectoral exposures to identify emerging risks, ensure compliance with internal prudential limits, and align portfolio composition with prevailing economic conditions.

The industry-wise distribution of exposures has been classified in line with the regulatory reporting sector classification of Central Bank of Sri Lanka.

The following table sets out the Bank's credit risk concentration by major industry sectors for the relevant components of the Statement of Financial Position.

57.3.3.9.1 Industry analysis

	BANK															
	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Transportation & Storage	Construction	Infrastructure Development	Wholesale and Retail Trade	Information Technology and Communication Services	Financial Services	Professional, Scientific & Technical Activities	Arts, Entertainment & Recreation	Education	Health Care, Social Services & Support Services	Consumption	Lending to Overseas Entities	Total
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
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 recognised through profit or loss - measured at fair value	-	-	-	-	-	-	-	-	253,152	-	-	-	-	-	-	253,152
Financial assets at amortised cost - loans and receivables to other customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Corporate Lending	7,689,836	71,582,222	9,338,550	6,889,669	11,845,983	40,401,395	41,078,860	1,406,474	33,161,745	31,596,037	-	494,373	52,556	126,176	91,402,864	347,066,741
- Small Business Lending	10,303,708	17,391,191	4,953,722	1,709,122	4,989,421	1,834,302	38,449,982	1,500,447	1,353,413	2,182,141	162,500	767,882	1,413,944	13,150,063	-	100,161,838
- Consumer Lending	1,563,051	1,334,647	725,719	184,053	370,538	190,896	3,729,125	152,754	560,275	3,589,157	2,661	603,968	242,612	112,968,260	-	126,217,717
- Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	19,858,854	-	19,858,854
- Others	-	-	-	-	-	-	-	-	100,026	-	-	-	-	198,580	-	298,606
Net loans and receivables to other customers	19,556,595	90,308,061	15,017,991	8,782,844	17,205,943	42,426,593	83,257,968	3,059,675	35,175,459	37,367,335	165,161	1,866,222	1,709,113	146,301,933	91,402,864	593,603,756
Financial assets at amortised cost - debt and other instruments	-	-	-	-	-	3,500,000	-	-	177,840,088	-	-	-	-	-	-	181,340,088
Financial assets measured at fair value through Other comprehensive income	-	-	-	-	-	-	-	-	78,648,323	-	-	-	-	-	-	78,648,323

57.3.3.9.1 Industry analysis (Contd.)

	BANK															
	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Transportation & Storage	Construction	Infrastructure Development	Wholesale and Retail Trade	Information Technology and Communication Services	Financial Services	Professional, Scientific & Technical Activities	Arts, Entertainment & Recreation	Education	Health Care, Social Services & Support Services	Consumption	Lending to Overseas Entities	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
31 December 2024																
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	18,037,627	-	-	-	-	-	18,037,627
Balances with the Central Bank of Sri Lanka	-	-	-	-	-	-	-	-	-	8,053,358	-	-	-	-	-	8,053,358
Placements with banks	-	-	-	-	-	-	-	-	-	22,098,832	-	-	-	-	-	22,098,832
Derivative financial instruments	-	-	-	-	-	-	-	-	-	1,146,236	-	-	-	-	-	1,146,236
Financial assets recognised through profit or loss- measured at fair value	-	-	-	-	-	-	-	-	-	6,776,131	-	-	-	-	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Lending	7,235,733	67,995,591	9,504,587	7,748,203	12,667,298	49,607,213	33,015,006	699,202	13,558,590	21,529,865	-	548,714	37	869,047	47,970,459	272,949,545
Small Business Lending	10,253,226	15,045,329	7,520,844	1,023,328	5,147,953	1,615,611	31,418,027	783,843	2,227,184	1,689,374	117,858	382,067	759,764	7,529,044	1	85,513,452
Consumer Lending	1,180,914	919,804	429,711	91,823	203,163	148,347	2,868,038	108,863	611,752	1,997,523	3,020	411,167	75,543	77,109,100	-	86,158,767
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	15,861,568	-	15,861,568
Others	649	538	2,244	-	-	1,381	169,012	213	48,824	1,065	-	-	-	-	-	223,926
Net loans and receivables to other customers	18,670,522	83,961,262	17,457,386	8,863,354	18,018,414	51,372,551	67,470,083	1,592,121	16,446,350	25,217,827	120,878	1,341,948	835,344	101,368,759	47,970,460	460,707,258
Financial assets at amortised cost - debt and other instruments																
Financial assets measured at fair value through Other comprehensive income						1,500,000			164,690,761							166,190,761
									94,245,415							94,245,415

57.3.3.9.1 Industry analysis (Contd.)

	GROUP																Total
	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Transportation & Storage	Construction	Infrastructure Development	Wholesale and Retail Trade	Information Technology and Communication Services	Financial Services	Professional, Scientific & Technical Activities	Arts, Entertainment & Recreation	Education	Health Care, Social Services & Support Services	Consumption	Lending to Overseas Entities		
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	
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 recognised through profit or loss-measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost - loans and receivables to other customers	-	-	-	-	-	-	-	-	3,414,968	-	-	-	-	-	-	-	3,414,968
- Corporate Lending	7,689,836	71,582,222	9,338,550	6,889,669	11,845,983	40,401,395	41,078,860	1,406,474	33,161,745	31,596,037	-	494,373	52,556	126,176	91,402,864	-	347,066,741
- Small Business Lending	10,303,708	17,391,191	4,953,722	1,709,122	4,989,421	1,834,302	38,449,982	1,500,447	1,353,413	2,182,141	162,500	767,882	1,413,944	13,150,063	-	-	100,161,838
- Consumer Lending	1,563,051	1,334,647	725,719	184,053	370,538	190,896	3,729,125	152,754	560,275	3,589,157	2,661	603,968	242,612	112,968,260	-	-	126,217,717
- Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	19,858,854	-	-	19,858,854
- Others	-	-	-	-	-	-	-	-	100,026	-	-	-	-	299,929	-	-	399,955
Net loans and receivables to other customers	19,556,595	90,308,061	15,017,991	8,782,844	17,205,943	42,426,593	83,257,968	3,059,675	35,175,459	37,367,335	165,161	1,866,222	1,709,113	146,403,282	91,402,864	-	593,705,105
Financial assets at amortised cost - debt and other instruments	-	-	-	-	-	3,500,000	-	-	178,322,394	-	-	-	-	-	-	-	181,822,394
Financial assets measured at fair value through Other comprehensive income	-	-	-	-	-	-	51,602	-	79,059,365	-	-	-	-	-	-	-	79,110,967

GROUP

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57.3.3.10 Country risk

Country risk is the risk that an occurrence within a country could have an adverse effect on the Bank directly by impairing the value of the Bank or indirectly through an obligor's ability to meet its obligations to the Bank. Generally these occurrences relate but are not limited to: sovereign events such as defaults or restructuring, political events such as contested elections, restrictions on currency movements, non-market currency convertibility, regional conflicts, economic contagion from other events such as sovereign default issues or regional turmoil, banking and currency crisis and natural disasters.

BANK

	Sri Lanka	Europe	America	Asia	Middle East	Australia- New Zealand	Africa	Total
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash and cash equivalents	9,733,215	766,124	6,421,347	190,194	188,754	266,670	-	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 recognised through profit or loss - measured at fair value	253,152	-	-	-	-	-	-	253,152
Financial assets at amortised cost - loans and receivables to other customers	502,200,892	-	511,581	65,113,479	4,288,510	-	21,489,294	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	11,832,959	-	-	-	-	-	-	11,832,959
Total Financial Assets	815,508,631	766,124	6,932,928	68,197,555	4,477,264	266,670	21,489,294	917,638,467

BANK

	Sri Lanka	Europe	America	Asia	Middle East	Australia- New Zealand	Africa	Total
31 December 2024	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash and cash equivalents	10,721,001	4,008,655	2,493,749	476,103	69,498	268,621	-	18,037,627
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	-	-	-	-	8,053,358
Placements with banks	22,098,832	-	-	-	-	-	-	22,098,832
Derivative financial instruments	1,146,236	-	-	-	-	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	6,776,131	-	-	-	-	-	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	412,736,799	-	22	38,369,219	4,376,308	-	5,224,910	460,707,258
Financial assets at amortised cost - debt and other instruments	166,190,761	-	-	-	-	-	-	166,190,761
Financial assets measured at fair value through other comprehensive income	94,245,415	-	-	-	-	-	-	94,245,415
Other financial assets	2,792,724	-	-	-	-	-	-	2,792,724
Total Financial Assets	724,799,645	4,008,655	2,493,771	38,806,934	4,445,806	268,621	5,224,910	780,048,342

Group

Group

Charting Forward

57.3.3.11 Collateral and other credit enhancements

The amount and type of collateral required by the Bank is determined based on an assessment of the counterparty's credit risk profile. The Bank maintains comprehensive guidelines that govern the acceptability, valuation, and monitoring of various collateral types to ensure that credit risk is appropriately mitigated.

The principal forms of collateral accepted by the Bank include:

- Securities lending and reverse repurchase transactions: cash or marketable securities
- Corporate and SME lending: charges over real estate, inventory, trade receivables, and, in specific cases, government guarantees
- Retail lending: residential property mortgages, vehicles, gold, and personal guarantees

Where appropriate, the Bank also obtains corporate guarantees from parent companies to support facilities granted to their subsidiaries. Collateral values are monitored on a regular basis, and the Bank may request additional collateral where required under the terms of the lending agreement.

In the normal course of business, the Bank does not physically repossess assets held as collateral in the retail segment. Instead, external recovery agents are engaged to realize such assets typically through auction processes to settle outstanding obligations. Any surplus proceeds arising from the sale of such collateral are returned to customers or obligors. Consistent with this practice, residential properties subject to legal recovery processes are not recognized on the Statement of Financial Position and are not classified as non-current assets held for sale.

The Bank's collateral practices and controls are articulated in the Credit Policy Manual, which is reviewed annually. During the reporting period, there were no significant changes to the Bank's collateral policy framework.

With respect to its derivative portfolio, the Bank utilizes master netting agreements and similar arrangements (that do not qualify for balance-sheet netting under LKAS 32 – Financial Instruments: Presentation) to mitigate counterparty credit risk. These agreements provide for the single net settlement of all covered financial instruments in the event of a counterparty default. Although these arrangements do not generally result in the offsetting of assets and liabilities for accounting purposes, they materially reduce the Bank's credit exposure, as illustrated in the table on page 409.

It is important to note that master netting arrangements mitigate, but do not fully eliminate, credit risk—they are effective only to the extent of the amounts owed to the same counterparty.

The tables presented on pages 407 to 408 provide detailed disclosures of the Bank's maximum exposure to credit risk by class of financial asset, along with the fair value of collateral held, surplus collateral (where collateral exceeds exposure), and the resulting net exposure after credit risk mitigation.

57.3.3.11 Collateral and other credit enhancements (Contd.)

BANK										
31 December 2025	Maximum exposure to credit risk LKR '000	Cash LKR '000	Securities LKR '000	3rd party/ Government guarantees LKR '000	Property LKR '000	Other LKR '000	Surplus Collateral LKR '000	Total Collateral LKR '000	Net Exposure LKR '000	Associated ECLs LKR '000
Financial Assets										
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 recognised through profit or loss-measured at fair value	253,152	-	-	-	-	-	-	-	253,152	-
Financial assets at amortised cost - loans and receivables to other customers										
- Corporate Lending	347,065,447	26,690,671	7,642,281	297,388,589	143,606,917	180,856,469	(483,997,153)	172,187,774	174,877,673	36,722,223
- Small Business Lending	100,161,838	19,189,449	352,299	46,244,884	71,790,398	13,932,151	(109,272,082)	42,237,099	57,924,739	9,003,741
- Consumer Lending	126,427,054	47,327,480	1,179,507	4,175,759	63,912,511	1,978,168	(95,707,704)	22,865,721	103,561,333	3,397,435
- Residential Mortgages	19,858,854	172,860	-	304,235	29,300,217	22,675	(20,635,367)	9,164,620	10,694,234	921,593
- Others	90,563	465,000	-	243,060	61,367	-	(669,401)	100,026	-	211,348
Net loans and receivables to other customers	593,603,756	93,845,460	9,174,087	348,356,526	308,671,411	196,789,462	(710,281,707)	246,555,240	347,057,980	50,256,339
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	-
BANK										
31 December 2024	Maximum exposure to credit risk LKR '000	Cash LKR '000	Securities LKR '000	3rd party/ Government guarantees LKR '000	Property LKR '000	Other LKR '000	Surplus Collateral LKR '000	Total Collateral LKR '000	Net Exposure LKR '000	Associated ECLs LKR '000
Financial Assets										
Cash and cash equivalents	18,037,627	-	-	-	-	-	-	-	18,037,627	-
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	-	-	-	-	-	8,053,358	-
Placements with banks	22,098,832	-	-	-	-	-	-	-	22,098,832	-
Derivative financial instruments	1,146,236	-	-	-	-	-	-	-	1,146,236	-
Financial assets recognised through profit or loss-measured at fair value	6,776,131	-	-	-	-	-	-	-	6,776,131	-
Financial assets at amortised cost - loans and receivables to other customers										
- Corporate Lending	272,949,545	17,466,441	6,774,350	190,426,812	113,631,979	131,124,155	(297,227,664)	162,196,072	110,753,473	5,777,010
- Small Business Lending	85,513,452	21,133,878	616,141	86,643,931	97,354,542	32,631,060	(173,097,793)	65,281,760	20,231,692	29,312,655
- Consumer Lending	86,158,767	37,524,349	266,060	6,283,376	57,023,083	1,509,898	(82,986,638)	19,620,128	66,538,639	2,276,790
- Residential Mortgages	15,861,568	201,048	-	90,285	29,268,144	42,990	(20,422,646)	9,179,821	6,681,748	1,067,077
- Others	223,926	389,379	-	2,809,252	2,668,590	4,702,070	(10,501,919)	67,372	156,554	10,636,241
Net loans and receivables to other customers	460,707,258	76,715,095	7,656,551	286,253,656	299,946,338	170,010,173	(584,236,660)	256,345,153	204,362,106	49,069,773
Financial assets at amortised cost - debt and other instruments	166,190,761	-	-	-	-	-	-	-	166,190,761	-
Financial assets measured at fair value through other comprehensive income	94,245,415	-	-	-	-	-	-	-	94,245,415	-

57.3.3.11 Collateral and other credit enhancements (Contd.)

	GROUP							
	Maximum exposure to credit risk LKR '000	Cash LKR '000	Securities LKR '000	3rd party/ Government guarantees LKR '000	Property LKR '000	Other LKR '000	Surplus Collateral LKR '000	Total Collateral LKR '000
31 December 2025								
Financial Assets								
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 recognised 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	-	-	-	-	-	-	-	-
- Corporate Lending	347,065,447	26,690,671	7,642,281	297,388,589	143,606,917	180,856,469	(483,997,153)	172,187,774
- Small Business Lending	100,161,838	19,189,449	352,299	46,244,884	71,790,398	13,932,151	(109,272,082)	42,237,099
- Consumer Lending	126,427,054	47,327,480	1,179,507	4,175,759	63,912,511	1,978,168	(95,707,704)	22,865,721
- Residential Mortgages	19,858,854	172,860	-	304,235	29,300,217	22,675	(20,635,367)	9,164,620
- Others	191,912	465,000	-	243,060	61,367	-	(669,401)	100,026
Net loans and receivables to other customers	593,705,105	93,845,460	9,174,087	348,356,526	308,671,411	196,789,462	(710,281,707)	246,555,240
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

	GROUP							
	Maximum exposure to credit risk LKR '000	Cash LKR '000	Securities LKR '000	3rd party/ Government guarantees LKR '000	Property LKR '000	Other LKR '000	Surplus Collateral LKR '000	Total Collateral LKR '000
31 December 2024								
Financial Assets								
Cash and cash equivalents	18,682,376	-	-	-	-	-	-	18,682,376
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	-	-	-	-	8,053,358
Placements with banks	22,098,832	-	-	-	-	-	-	22,098,832
Derivative financial instruments	1,146,236	-	-	-	-	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	9,905,171	-	-	-	-	-	-	9,905,171
Financial assets at amortised cost - loans and receivables to other customers	-	-	-	-	-	-	-	-
- Corporate Lending	272,949,545	17,466,441	6,774,350	190,426,812	113,631,979	131,124,155	(297,227,664)	162,196,072
- Small Business Lending	85,513,452	21,133,878	616,141	86,643,931	97,354,542	32,631,060	(173,097,793)	65,281,760
- Consumer Lending	86,158,767	37,524,349	266,060	6,283,376	57,023,083	1,509,898	(82,986,638)	19,620,128
- Residential Mortgages	15,861,568	201,048	-	90,285	29,268,144	42,990	(20,422,646)	9,179,821
- Others	297,278	389,379	-	2,809,252	2,668,590	4,702,070	(10,501,919)	67,372
Net loans and receivables to other customers	460,780,610	76,715,095	7,656,551	286,253,656	299,946,338	170,010,173	(584,236,660)	256,345,153
Financial assets at amortised cost - debt and other instruments	166,355,792	-	-	-	-	-	-	166,355,792
Financial assets measured at fair value through other comprehensive income	94,659,106	-	-	-	-	-	-	94,659,106

57.3.3.12 Commitments and contingencies

The table below shows maximum credit risk exposure of the Group on commitments and contingencies.

The maximum exposure to credit risk relating to financial commitments and contingencies is the maximum amount the Group has to pay if the commitments and contingencies are called upon.

For the year ended 31 December	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Guarantees and bonds	40,685,126	44,533,485	40,660,471	44,128,699
Shipping guarantees	5,558,808	6,847,895	5,558,808	6,847,895
Advance documents endorsed	3,706,775	4,879,965	3,706,775	4,879,965
Letters of credit	16,989,263	9,857,811	16,989,263	9,857,812
Acceptances	14,546,821	8,693,367	14,546,821	8,693,367
Undrawn overdrafts and credit cards	46,291,316	43,672,863	46,291,316	43,672,863
Commitments	169,036,847	102,967,568	169,729,973	103,446,806
Forward exchange contracts	106,183,604	66,839,712	106,183,604	66,839,711
Total	402,998,561	288,292,666	403,667,032	288,367,118

57.3.3.13 Offsetting of financial assets & liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when the Group have a right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets & liabilities that are not subject to offsetting

Amounts that do not qualify for offsetting in the Statements of Financial Position include netting arrangements that only permit outstanding transactions with the same counterparty to be offset in an event of default or occurrence of the predetermined events. Such netting arrangements include repurchase agreements and other similar secured lending and borrowing arrangements.

The amount of the financial collateral received or pledged subject to netting arrangements but not qualified for offsetting are disclosed below.

For the year ended 31 December	2025			2024		
	Gross Amounts LKR '000	Amount Subject to Netting but do not qualify for Offsetting LKR '000	Net Amount	Gross Amounts LKR '000	Amount Subject to Netting but do not qualify for Offsetting LKR '000	Net Amount
Financial Assets						
Financial assets at amortised cost						
- loans and receivables to other customers	110,838,664	93,845,460	16,993,203	97,051,589	76,715,096	20,336,493
Financial Liabilities						
Due to debt securities holders	69,834,390	76,436,758	(6,602,367)	8,002,850	9,047,817	(1,044,967)

57.3.3.14 Sensitivity analysis of impairment allowance

The following table depicts the sensitivity of the impairment allowance to feasible changes in various factors used in assessing the Expected Credit Losses including PDs, LGDs and forward looking macro economic information etc.

Changed criteria	Changed factor	BANK	
		Sensitivity effect on impairment allowance increase	Sensitivity effect on impairment allowance increase
		2025	2024
		LKR '000	LKR '000
Property realization timing of facilities under individual impairment assessment	Delay by 1 year	622,917	595,417
Loss given default (LGD)	Increase by 2%	295,261	313,250
	Virtually closed points: decrease by 1 year (where require)	1,681,793	1,069,687
Probability of default (PD) in each stage	Increase by 1%	80,055	84,459
Economic Factor Adjustment	Worst case increase of 5%	8,879	27,439
	Qualitative scores increase by 1	882,193	823,246
Credit conversion factor (CCF)	Increase of 5% (where applicable)	94,835	82,143

57.4 Market Risk

Market Risk management function is attached to the Risk Management Division and operates with in a well-defined policy framework which ensures that the Bank operates with in the pre-defined risk appetite of the Bank through portfolio analysis, stress testing and pro-active exposure monitoring. Guided by these policies and regulatory directions; Bank has set internal prudential limits, taking in to account the size of the statement of financial position , structure and the business model; thereby business units optimise the risk and reward relationship without exposing the Bank to unexpected losses. The responsibility to manage the Market Risk primarily rests with the Treasury Unit, which is responsible for ensuring that the Bank's exposures are managed within the Board approved risk appetite and necessary actions are taken in the event of exceptional market conditions.

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices. The Bank's Market Risk exposures are classified into trading and banking book and are managed separately. Sensitivity and Scenario analysis of portfolios are carried out together with mark-to-market valuations and duration analysis that reflects the

portfolio sensitivity to the market volatility. Further the bank analyse the Value at Risk (VaR) measurements on the forex and fixed income securities to assess any potential loss which is discussed in detail in Market Risk section under the Risk Management. Whilst the financial assets measured at fair value through profit or loss (FVPL) are fair valued through the Statement of Profit or Loss; financial assets measured at fair value through other comprehensive income (FVOCI) are fair valued through equity where realised capital gains/losses are recognised in the Statement of Profit or Loss.

In 2025, Sri Lanka's macroeconomic landscape continued to show progress on key fronts, building on the stabilization achieved in 2024. Economic growth remained positive, although at a more moderate pace compared to the previous year. The Central Bank of Sri Lanka (CBSL) maintained its Overnight Policy Rate (OPR) at 7.75 % throughout from May 2025, reflecting a cautious approach amid global uncertainties while sustaining support for domestic demand and credit expansion. Headline inflation, which had dipped into deflationary territory, turned positive in mid-2025. Government Securities yields generally trended lower during 2025, indicating a broad-based and largely parallel downward adjustment of the yield curve. Although periods of intermittent volatility were observed, such movements were mainly influenced by short-term external factors and remained contained.

Liquidity conditions in the domestic foreign exchange market remained adequate, reflecting the accumulation of foreign exchange reserves through sustained net purchases by the Central Bank. These developments contributed to enhanced market confidence and external sector stability. During the year ending December 2025, LKR depreciation of 5.5% against the USD was recorded.

The Bank maintained close and continuous surveillance of market conditions and investor sentiment, and implemented timely and proactive repricing actions to mitigate potential adverse impacts on the Bank's Statement of Financial Position. These measures ensured that all market risk exposures were contained within the approved risk appetite. Throughout the period, the Bank effectively balanced the management of market risk with its strategic and financial objectives, consistent with its risk governance framework and overall organizational goals.

57.4 (a) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates would affect future cash flows or the fair values of financial instruments. The Board has established limits on trading and banking books of the Bank. The Bank's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

57.4 (a) (i) Interest rate risk in the trading book

The following table demonstrates the sensitivity to a reasonably possible change in fixed income securities (Treasury Bills & Bonds), with all other variables held constant on the Bank's Statement of Profit or Loss in the year 2025.

Sensitivity of the financial assets measured at fair value through profit or loss - Sri Lanka Government Securities

	Portfolio size Bank LKR '000	Portfolio size Group LKR '000	Increase/ Decrease in basis Points	Sensitivity of Profit or Loss Bank LKR '000	Sensitivity of Profit or Loss Group LKR '000
31 December 2025					
Financial assets measured at fair value through profit or loss	253,329	253,329	+100/(100)	(1,439)/902	(1,439)/902
31 December 2024					
Financial assets measured at fair value through profit or loss	6,850,934	6,850,934	+100/(100)	(44,337)/44,746	(44,337)/44,746

Fair value of the financial assets measured at fair value through other comprehensive income is recognised in the other comprehensive income (OCI) until the asset is derecognised in which case the price sensitivity does not have a direct impact to the Bank's Statement of Profit or Loss.

Sensitivity of the financial assets measured at fair value through Other Comprehensive Income - Sri Lanka Government Securities

	Portfolio size Bank LKR '000	Portfolio size Group LKR '000	Increase/ Decrease in basis Points	Sensitivity of Profit or Loss Bank LKR '000	Sensitivity of Profit or Loss Group LKR '000
31 December 2025					
Financial assets measured at fair value through Other Comprehensive Income	70,091,175	70,341,175	+100/(100)	(1,555,739)/1,608,483	(1,565,776)/1,619,101
31 December 2024					
Financial assets measured at fair value through Other Comprehensive Income	89,098,045	89,348,045	+100/(100)	(1,555,633)/1,611,366	(1,562,965)/1,619,049

57.4 (a) (ii) Interest Rate risk in the banking book

The table below analyses the Bank's and the Group's interest rate risk exposure on financial assets and liabilities as at 31 December 2025.

The sensitivity of the Statement of Profit or Loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the interest rate sensitive assets and liabilities as at 31 December 2025.

	BANK						
	On Demand LKR '000	Less than 3 months LKR '000	3 - 12 months LKR '000	1 - 5 years LKR '000	Over 5 years LKR '000	Non Interest Bearing LKR '000	Carrying Amount LKR '000
31 December 2025							
Financial Assets							
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	1,966,580	22,725,925	-	-	-	-	24,692,505
Financial assets recognised through profit or loss - measured at fair value	253,152	-	-	-	-	-	253,152
Financial assets at amortised cost - loans and receivables to other customers	59,307,501	211,607,592	88,371,488	182,975,117	51,342,058	-	593,603,756
Financial assets at amortised cost - Debt and other instruments	-	7,727,604	20,733,543	100,593,999	52,284,942	-	181,340,088
Financial assets measured at fair value through other comprehensive income	75,694,646	-	-	-	-	2,953,677	78,648,323
Other financial assets	11,832,959	-	-	-	-	-	11,832,959
Total Financial Assets	149,054,838	242,061,121	109,105,031	283,569,116	103,627,000	28,745,584	916,162,690

57.4 (a) (ii) Interest Rate risk in the banking book (Contd.)

	BANK						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Liabilities							
Due to Banks	141,744	12,305,800	-	-	-	-	12,447,544
Financial Liabilities at amortised cost							
Due to depositors	108,780,287	194,562,651	260,073,556	64,207,463	3,254,470	76,288,938	707,167,366
Due to debt securities holders	670,932	56,748,193	12,415,265	-	-	-	69,834,390
Due to other borrowers	60,835	766,794	4,979,838	11,805,512	2,179,585	-	19,792,565
Debt securities issued	384,390	-	7,875,214	15,070,999	-	-	23,330,603
Other financial liabilities	1,197,376	142,845	434,842	1,415,236	380,964	-	3,571,263
Total Financial Liabilities	111,235,565	264,526,284	285,778,715	92,499,210	5,815,019	76,288,938	836,143,731
Total Interest Sensitivity Gap	37,819,274	(22,465,163)	(176,673,685)	191,069,906	97,811,981	(47,543,354)	80,018,959

	BANK						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
31 December 2024	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	18,037,627	18,037,627
Balances with the Central Bank of Sri Lanka	-	-	-	-	-	8,053,358	8,053,358
Placements with banks	10,457,556	11,641,276	-	-	-	-	22,098,832
Financial assets recognised through profit or loss - measured at fair value	6,776,131	-	-	-	-	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	76,340,413	129,313,552	81,160,186	140,589,316	33,303,791	-	460,707,258
Financial assets at amortised cost - Debt and other instruments	543,026	11,004,958	35,586,938	66,883,244	52,172,595	-	166,190,761
Financial assets measured at fair value through other comprehensive income	92,170,822	-	-	-	-	2,074,593	94,245,415
Other financial assets	2,792,724	-	-	-	-	-	2,792,724
Total Financial Assets	189,080,672	151,959,786	116,747,124	207,472,560	85,476,386	28,165,578	778,902,106
Financial Liabilities							
Due to Banks	41,342	4,800,000	-	-	-	-	4,841,342
Financial Liabilities at amortised cost							
Due to depositors	96,986,574	165,251,943	255,793,018	55,877,384	3,199,129	54,574,878	631,682,926
Due to debt securities holders	6,834,962	380,755	787,133	-	-	-	8,002,850
Due to other borrowers	1,688,733	21,970	311,080	16,893,768	3,108,248	-	22,023,798
Debt securities issued	321,127	-	10,243,581	23,000,000	-	-	33,564,708
Other financial liabilities	383,717	-	482,072	1,303,177	298,731	-	2,467,697
Total Financial Liabilities	106,256,455	170,454,668	267,616,884	97,074,329	6,606,108	54,574,878	702,583,321
Total Interest Sensitivity Gap	82,824,217	(18,494,882)	(150,869,760)	110,398,231	78,870,278	(26,409,300)	76,318,785

	GROUP						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
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	1,966,580	22,725,925	-	-	-	-	24,692,505
Financial assets recognised 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	59,308,001	211,614,251	88,390,185	183,034,313	51,358,354	-	593,705,105
Financial assets at amortised cost - debt and other instruments	6,469	7,815,476	20,904,482	100,811,024	52,284,942	-	181,822,394
Financial assets measured at fair value through other comprehensive income	76,157,290	-	-	-	-	2,953,677	79,110,967
Other financial assets	12,280,825	-	-	-	-	-	12,280,825
Total Financial Assets	153,134,134	242,155,652	109,294,667	283,845,337	103,643,296	29,199,577	921,272,664
Financial Liabilities							
Due to banks	141,744	12,305,800	-	-	-	-	12,447,544
Financial liabilities at amortised cost							-
due to depositors	108,313,875	194,419,887	259,952,931	64,207,463	3,254,470	76,288,938	706,437,565
due to debt securities holders	670,932	56,748,193	12,415,265	-	-	-	69,834,390
due to other borrowers	60,835	766,794	4,979,838	11,805,512	2,179,585	-	19,792,565
Debt securities issued	384,390	-	7,875,214	15,070,999	-	-	23,330,603
Other financial liabilities	1,277,577	162,758	494,581	1,417,851	380,964	-	3,733,731
Total Financial Liabilities	110,849,354	264,403,433	285,717,829	92,501,825	5,815,019	76,288,938	835,576,398
Total Interest Sensitivity Gap	42,284,780	(22,247,781)	(176,423,162)	191,343,512	97,828,277	(47,089,361)	85,696,266

	GROUP						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
31 December 2024	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	18,682,376	18,682,376
Balances with the Central Bank of Sri Lanka	-	-	-	-	-	8,053,358	8,053,358
Placements with banks	10,457,556	11,641,276	-	-	-	-	22,098,832
Financial assets recognised through profit or loss - measured at fair value	9,905,171	-	-	-	-	-	9,905,171
Financial assets at amortised cost - loans and receivables to other customers	76,330,905	129,319,932	81,178,621	140,635,619	33,315,533	-	460,780,610
Financial assets at amortised cost - debt and other instruments	543,026	11,090,918	35,617,019	66,932,233	52,172,595	-	166,355,792
Financial assets measured at fair value through other comprehensive income	92,584,511	-	-	-	-	2,074,595	94,659,106
Other financial assets	3,067,360	-	-	-	-	-	3,067,360
Total Financial Assets	192,888,529	152,052,126	116,795,640	207,567,852	85,488,128	28,810,329	783,602,605
Financial Liabilities							
Due to banks	41,342	4,800,000	-	-	-	-	4,841,342
Financial liabilities at amortised cost							
due to depositors	96,434,786	165,251,943	255,793,018	55,877,384	3,199,129	54,525,201	631,081,461
due to debt securities holders	6,834,962	380,755	787,133	-	-	-	8,002,850
due to other borrowers	1,688,733	21,970	311,080	16,893,768	3,108,248	-	22,023,798
Debt securities issued	321,127	-	10,243,581	23,000,000	-	-	33,564,708
Other financial liabilities	669,956	-	557,676	1,378,781	298,731	-	2,905,144
Total Financial Liabilities	105,990,906	170,454,668	267,692,487	97,149,933	6,606,107	54,525,201	702,419,303
Total Interest Sensitivity Gap	86,897,623	(18,402,542)	(150,896,847)	110,417,919	78,882,021	(25,714,872)	81,183,302

57.4 (b) Mark to market valuation

The Sri Lanka Government securities portfolio classified as financial assets at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI), together with foreign exchange positions, subject to mandatory daily mark-to-market valuation in accordance with applicable regulatory and accounting standards, in order to accurately determine the economic value of such positions.

Mark-to-market results are monitored on a daily basis against Board-approved stop-loss limits, with periodic reviews conducted by the Asset and Liability Committee (ALCO) on a monthly basis and by the Integrated Risk Management Committee (IRMC) on a quarterly basis, to evaluate portfolio performance and inform investment decision-making.

57.4 (c) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments denominated in foreign currencies may fluctuate due to changes in exchange rates relative to the Bank's functional currency. The Bank has established Board-approved limits on currency exposures, which are monitored on a daily basis. Appropriate hedging strategies are employed to ensure that foreign currency positions remain within approved limits, thereby mitigating potential adverse impacts on the Bank's financial performance and maintaining alignment with the Bank's risk appetite.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Bank only has hedges of highly probable future cash flows attributable to recognised asset or liability or a forecast transaction (cash flow hedge). Refer note 25 - Derivative financial instrument.

The table below indicates the currencies to which the bank had significant exposure as at 31 December 2025 and 31 December 2024 on its currency exposures. The analysis calculates the sensitivity of each currency position to the increase in exchange rate against LKR (functional currency) with all other variables held constant in the Statement of Profit or Loss and equity. A negative amount in the table reflects a potential net reduction in the Statement of Profit or Loss and equity, while a positive amount reflects a net potential increase depending on the side of the currency position.

An equivalent decrease in below currencies against LKR would have resulted in an equivalent but opposite impact.

Currency	Spot Rate Shock %	2025		2024	
		Effect on profit LKR '000	Effect on equity LKR '000	Effect on profit LKR '000	Effect on equity LKR '000
USD	2.50	9,729	9,729	(14,573)	(14,573)
GBP	2.50	(37)	(37)	7	7
EUR	2.50	299	299	70	70
JPY	2.50	1,360	1,360	120	120
AUD	2.50	(11)	(11)	10	10

With regard to the Group companies, the investment in the NDB Capital Holdings Limited and NDB Investment Bank Limited would result a potential net reduction or increase of LKR 1.3 Mn to a similar sensitivity depending on the movement of the future exchange rate.

57.4 (d) Price Risk

Equity price risk

Equity price risk is the risk that the fair value of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, decreases as a result of changes in the level of equity indices and individual stocks. The following table demonstrates the sensitivity to a reasonably possible change in quoted equity indices, with all other variables held constant of the Bank's and the Group's Statement of Profit or Loss.

Entity	2025			
	Magnitude of shock and the fall in Value of Equity - LKR '000			
	Portfolio Value	Mild 5%	Moderate 10%	Severe 15%
Bank	2,796,307	139,815	279,631	419,446
Group	3,902,210	195,513	391,025	586,538

57.4 (d) Price Risk (Contd.)

Entity	2024			
	Magnitude of shock and the fall in Value of Equity - LKR '000			
	Portfolio Value	Mild 5%	Moderate 10%	Severe 15%
Bank	2,074,593	103,730	207,459	311,189
Group	2,826,501	141,592	283,184	424,776

Sensitivity of the unit trust investments

The Bank did not carry Investments in unit trusts. However the Group could have the following sensitivity due to an adverse impact in the unit trust prices. The impact is monitored under three scenarios mild, moderate and severe conditions.

Entity	2025			
	Magnitude of shock and the fall in Value of Units - LKR '000			
	Portfolio Value	Mild 5%	Moderate 10%	Severe 15%
Bank	-	-	-	-
Group	1,607,558	80,378	160,756	241,134

Entity	2024			
	Magnitude of shock and the fall in Value of Units - LKR '000			
	Portfolio Value	Mild 5%	Moderate 10%	Severe 15%
Bank	-	-	-	-
Group	1,913,090	95,655	191,309	286,964

57.4 (e) Commodity price risk

The Bank did not hold a commodity trading position as at 31 December 2025, hence the Bank was insensitive for commodity price risk.

57.4 (f) Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its financial obligations as they fall due, without incurring unacceptable losses, where such obligations are settled through the delivery of cash or another financial asset. Liquidity risk may arise under both normal business conditions and periods of stress, including institution-specific and market-wide disruptions.

In compliance with the regulator Liquidity Risk Management Guidelines, the Bank has established a comprehensive liquidity risk management framework approved by the Board of Directors. The framework comprises clearly defined governance structures, policies and procedures, quantitative measurement and monitoring methodologies, internal prudential limits, stress testing frameworks, and contingency funding arrangements to ensure effective identification, measurement, monitoring, and control of liquidity risk. Liquidity risk exposures are monitored against Board-approved thresholds on an ongoing basis, with appropriate escalation and reporting mechanisms in place.

The Bank has implemented a Board-approved Recovery Plan designed to ensure the timely restoration of liquidity during periods of stress. The Recovery Plan incorporates early warning indicators, escalation triggers, and clearly defined recovery actions, supported by an assessment of the Bank's recovery capacity under severe but plausible stress scenarios.

In accordance with the Bank's Risk Management Policy and CBSL regulatory requirements, liquidity positions are assessed and subjected to stress testing under a range of scenarios that incorporate both Bank-specific and market-wide stress factors. This process ensures the maintenance of regulatory and internal liquidity ratios at prudent levels at all times. As part of its contingency funding arrangements, the Bank has entered into a reciprocal liquidity contingency funding agreement with an identified licensed commercial bank to provide an additional source of funding during liquidity stress events.

The Bank implemented strategic initiatives in line with prevailing market conditions to optimize the mobilization of both LKR and USD deposits, thereby supporting the growth of the Statement of Financial Position and net interest margins while proactively addressing potential liquidity gaps to mitigate adverse impacts. As at year-end, the Bank maintained a robust liquidity position, with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) significantly above regulatory thresholds. These metrics reflect the Bank's strong short-term liquidity resilience and stable long-term funding structure relative to its obligations.

The table below summarises the maturity profile of the undiscounted cash flows of the financial assets and financial liabilities of the Bank and Group as at 31 December 2025 and 31 December 2024.

57.4 (f) (i) Contractual maturities of undiscounted cash flows of financial assets and liabilities

The bank managed its net funding requirements effectively with deposit rollover rates above 80% in local currency, foreign currency and overall surplus liquidity position.

	BANK						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
Cash and cash equivalents	17,566,305	-	-	-	-	-	17,566,305
Balances with the Central Bank of Sri Lanka	8,225,602	-	-	-	-	-	8,225,602
Less: Restricted balance	(8,225,602)	-	-	-	-	-	(8,225,602)
Placements with banks	-	-	22,854,171	1,871,254	-	-	24,725,425
Derivative Financial Instruments	-	1,475,777	-	-	-	-	1,475,777
Financial assets recognised through profit or loss - measured at fair value	253,152	-	-	-	-	-	253,152
Financial assets at amortised cost - loans and receivables to other customers	58,558,001	-	219,724,629	109,889,754	236,064,504	74,542,914	698,779,802
Financial assets at amortised cost - debt and other instruments	-	-	8,264,343	30,942,780	145,596,785	78,893,549	263,697,457
Financial assets measured at fair value through other comprehensive income	78,648,323	-	-	-	-	-	78,648,323
Other financial assets	11,832,959	-	-	-	-	-	11,832,959
Total undiscounted financial assets	166,858,740	1,475,777	250,843,143	142,703,788	381,661,290	153,436,463	1,096,979,200
Financial Liabilities							
Due to Banks	141,744	-	12,374,077	-	-	-	12,515,822
Derivative Financial Instruments	-	251,448	-	-	-	-	251,448
Financial Liabilities at amortised cost	-	-	-	-	-	-	-
due to depositors	185,049,310	-	200,821,948	278,628,141	90,367,792	5,475,359	760,342,549
due to debt securities holders	-	-	57,492,279	13,073,851	-	-	70,566,130
due to other borrowers	60,835	-	38,079	4,412,924	15,305,287	2,471,842	22,288,968
Debt securities issued	-	-	133,042	10,744,857	20,527,066	-	31,404,965
Other financial liabilities	1,197,376	-	142,845	434,842	1,415,236	380,964	3,571,263
Total undiscounted financial liabilities	186,449,265	251,448	271,002,270	307,294,616	127,615,381	8,328,166	900,941,145
Net undiscounted financial assets and liabilities	(19,590,525)	1,224,329	(20,159,127)	(164,590,828)	254,045,908	145,108,297	196,038,055

	BANK						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
31 December 2024	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
Cash and cash equivalents	18,037,627	-	-	-	-	-	18,037,627
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	-	-	-	8,053,358
Less: Restricted balance	(8,053,358)	-	-	-	-	-	(8,053,358)
Placements with banks	-	-	11,771,961	10,631,545	-	-	22,403,506
Derivative Financial Instruments	-	1,146,236	-	-	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	6,776,131	-	-	-	-	-	6,776,131
Financial assets at amortised cost - loans and receivables to other customers	75,814,575	-	132,748,198	90,445,312	187,957,125	58,181,149	545,146,360
Financial assets at amortised cost - debt and other instruments	-	-	11,670,982	43,719,317	102,735,433	76,123,451	234,249,183
Financial assets measured at fair value through other comprehensive income	94,245,415	-	-	-	-	-	94,245,415
Other financial assets	2,792,724	-	-	-	-	-	2,792,724
Total undiscounted financial assets	197,666,472	1,146,236	156,191,141	144,796,174	290,692,558	134,304,600	924,797,182

31 December 2024	BANK						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Liabilities							
Due to Banks	555,792	-	4,824,363	-	-	-	5,380,155
Derivative Financial Instruments	-	344,586	-	-	-	-	344,586
Financial Liabilities at amortised cost							
due to depositors	151,561,558	-	174,079,437	276,787,762	58,678,700	4,045,780	665,153,236
due to debt securities holders	7,031,124	-	399,431	853,107	-	-	8,283,661
due to other borrowers	11,570,516	-	44,577	1,949,706	8,849,122	3,632,856	26,046,776
Debt securities issued	-	-	133,042	14,071,177	31,404,965	-	45,609,184
Other financial liabilities	383,717	-	-	482,072	1,303,177	298,731	2,467,697
Total undiscounted financial liabilities	171,102,707	344,586	179,480,849	294,143,823	100,235,965	7,977,366	753,285,296
Net undiscounted financial assets and liabilities	26,563,765	801,650	(23,289,708)	(149,347,649)	190,456,593	126,327,234	171,511,886

31 December 2025	GROUP						
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	Carrying Amount
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
Cash and cash equivalents	18,020,298						18,020,298
Balances with the Central Bank of Sri Lanka	8,225,602	-	-	-	-	-	8,225,602
Less: Restricted Balance	(8,225,602)	-	-	-	-	-	-8,225,602
Placements with banks			22,854,171	1,871,254	-	-	24,725,425
Derivative Financial Instruments		1,475,777					1,475,777
Financial assets recognised 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	58,558,501		219,731,322	109,908,723	236,128,651	74,560,849	698,888,045
Financial assets at amortised cost - debt and other instruments	7,670		8,353,934	31,116,642	145,820,705	78,893,549	264,192,500
Financial assets measured at fair value through other comprehensive income	79,110,967	-	-	-	-	-	79,110,967
Other financial assets	12,280,825	-	-	-	-	-	12,280,825
Total undiscounted financial assets	171,393,229	1,475,777	250,939,427	142,896,619	381,949,355	153,454,398	1,102,108,806
Financial Liabilities							
Due to Banks	141,744		12,374,077	-	-	-	12,515,822
Derivative Financial Instruments	-	251,448	-	-	-	-	251,448
Financial Liabilities at amortised cost							-
due to depositors	184,582,898		200,676,329	278,501,538	90,367,792	5,475,359	759,603,915
due to debt securities holders	-		57,492,279	13,073,851	-	-	70,566,130
due to other borrowers	60,835		38,079	4,412,924	15,305,287	2,471,842	22,288,968
Debt securities issued	-		133,042	10,744,857	20,527,066	-	31,404,965
Other financial liabilities	1,277,577		162,758	494,581	1,417,851	380,964	3,733,731
Total undiscounted financial liabilities	186,063,054	251,448	270,876,564	307,227,751	127,617,996	8,328,166	900,364,979
Net undiscounted financial assets and liabilities	(14,669,825)	1,224,329	(19,937,137)	(164,331,132)	254,331,359	145,126,232	201,743,826

57.4 (f) (i) Contractual maturities of undiscounted cash flows of financial assets and liabilities (Contd.)

31 December 2024	GROUP						Carrying Amount
	On Demand	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non Interest Bearing	
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets							
Cash and cash equivalents	18,682,376	-	-	-	-	-	18,682,376
Balances with the Central Bank of Sri Lanka	8,053,358	-	-	-	-	-	8,053,358
Less: Restricted Balance	(8,053,358)	-	-	-	-	-	(8,053,358)
Placements with banks	-	-	11,771,961	10,631,545	-	-	22,403,506
Derivative Financial Instruments	-	1,146,236	-	-	-	-	1,146,236
Financial assets recognised through profit or loss - measured at fair value	9,905,171	-	-	-	-	-	9,905,171
Financial assets at amortised cost - loans and receivables to other customers	75,805,067	-	132,754,600	90,463,932	188,006,258	58,193,725	545,223,582
Financial assets at amortised cost - debt and other instruments	-	-	11,758,465	43,750,748	102,784,423	76,123,451	234,417,087
Financial assets measured at fair value through other comprehensive income	94,659,106	-	-	-	-	-	94,659,106
Other financial assets	3,067,360	-	-	-	-	-	3,067,360
Total undiscounted financial assets	202,119,080	1,146,236	156,285,026	144,846,225	290,790,681	134,317,176	929,504,424
Financial Liabilities							
Due to Banks	555,792	-	4,824,363	-	-	-	5,380,155
Derivative Financial Instruments	-	344,586	-	-	-	-	344,586
Financial Liabilities at amortised cost							
due to depositors	150,960,180	-	174,079,437	276,787,762	58,678,700	4,045,780	664,551,858
due to debt securities holders	7,031,124	-	399,431	853,107	-	-	8,283,661
due to other borrowers	11,570,516	-	44,577	1,949,706	8,849,122	3,632,856	26,046,776
Debt securities issued	-	-	133,042	14,071,177	31,404,965	-	45,609,184
Other financial liabilities	669,956	-	-	557,676	1,378,781	298,731	2,905,144
Total undiscounted financial liabilities	170,787,568	344,586	179,480,850	294,219,428	100,311,568	7,977,367	753,121,364
Net undiscounted financial assets and liabilities	31,331,512	801,650	(23,195,824)	(149,373,203)	190,479,113	126,339,809	176,383,060

57.4 (f) (ii) Contractual maturities for commitments and contingencies

The Bank's contingencies portfolio increased by 40% during 2025 and stood at LKR 403Bn as at 31 December 2025.

The table below summarises the maturity profile of the commitments and contingencies for the Bank and Group as at 31 December 2025 and 31 December 2024.

31 December 2025	BANK					
	On Demand	Less than 3 months	3 - 12 months	1-5 years	Over 5 years	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Undisbursed financing commitments	215,328,164	-	-	-	-	215,328,164
Guarantees and performance bond	-	13,299,237	23,887,536	3,345,891	9,418,045	49,950,709
Documentary credits	-	15,559,624	1,429,639	-	-	16,989,263
Forward exchange contracts	-	73,271,412	27,083,212	5,828,979	-	106,183,604
Acceptance	-	11,399,021	3,147,800	-	-	14,546,821
Total	215,328,164	113,529,295	55,548,187	9,174,871	9,418,045	402,998,561

31 December 2024	Bank					
	On Demand	Less than 3 months	3 - 12 months	1-5 years	Over 5 years	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Undisbursed financing commitments	146,640,431	-	-	-	-	146,640,431
Guarantees and performance bond	-	18,545,588	22,564,380	3,383,160	11,768,216	56,261,344
Documentary credits	-	8,894,034	963,778	-	-	9,857,812
Forward exchange contracts	-	53,607,335	7,270,057	5,962,320	-	66,839,712
Acceptance	-	8,143,484	549,883	-	-	8,693,367
Total	146,640,431	89,190,441	31,348,098	9,345,480	11,768,216	288,292,666

57.4 (f) (ii) Contractual maturities for commitments and contingencies (Contd.)

	GROUP					
	On Demand	Less than 3 months	3 - 12 months	1-5 years	Over 5 years	Total
31 December 2025	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Undisbursed financing commitments	216,021,290	-	-	-	-	216,021,290
Guarantees and performance bond	-	13,299,237	23,862,881	3,345,891	9,418,045	49,926,054
Documentary credits	-	15,559,624	1,429,639	-	-	16,989,263
Forward exchange contracts	-	73,271,412	27,083,212	5,828,979	-	106,183,604
Acceptance	-	11,399,021	3,147,800	-	-	14,546,821
Total	216,021,290	113,529,295	55,523,532	9,174,871	9,418,045	403,667,032

	GROUP					
	On Demand	Less than 3 months	3 - 12 months	1-5 years	Over 5 years	Total
31 December 2024	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Undisbursed financing commitments	147,119,669	-	-	-	-	147,119,669
Guarantees and performance bond	-	18,245,590	22,559,592	3,283,160	11,768,217	55,856,559
Documentary credits	-	8,894,034	963,778	-	-	9,857,812
Forward exchange contracts	-	53,607,335	7,270,056	5,962,320	-	66,839,711
Acceptance	-	8,143,484	549,883	-	-	8,693,367
Total	147,119,669	88,890,443	31,343,309	9,245,480	11,768,217	288,367,118

57.5 Capital Management

Managing capital is a key focus area in the NDB Group's strategic plan. All large credit proposals are evaluated with the required capital charge and lending decisions are taken on the basis of sufficient return on capital. Even the expansion projects in terms of property expansions and software purchases are evaluated against sufficient return of capital. The Group always strives to maintain a relatively higher level of capital to support the growth in business operations, by maintaining an effective balance between dividend distributions and retention of profits.

57.5.1 Regulatory capital - BANK

	Actual	Required	Actual	Required
	2025	2025	2024	2024
	LKR '000	LKR '000	LKR '000	LKR '000
Common Equity Tier 1 Capital	67,686,969	38,374,016	62,094,115	31,773,380
Tier 1 Capital	67,686,969	46,597,019	62,094,115	38,581,961
Tier 2 Capital	19,439,697	21,928,009	24,571,521	18,156,217
Total Capital	87,126,666	68,525,028	86,665,636	56,738,178
Total Risk Weighted Assets	548,200,218	-	453,905,427	-
Common Equity Tier 1 Capital Ratio %	12.35	7.0	13.68	7.0
Tier 1 Capital Ratio %	12.35	8.5	13.68	8.5
Total Capital Ratio %	15.89	12.5	19.09	12.5

The detailed capital adequacy computations are given under Risk Management on pages 473 to 511.

58 SELECTED PERFORMANCE INDICATORS / KEY FINANCIAL DATA

As per the requirements of Central Bank of Sri Lanka Circular No. 05 of 2024 dated 31 December 2024

	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Basel III Leverage Ratio (Minimum Requirement - 3%)	6.93	7.46	7.35	7.89
Regulatory Liquidity				
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%)	257.29	358.12	N/A	N/A
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%)	208.54	308.26	N/A	N/A
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	129.67	152.43	N/A	N/A
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) to Total Loans Ratio (%)*	3.75	5.18	3.75	5.18
Impairment (Stage 3) to Stage 3 Loans Ratio (%)*	59.10	54.48	59.10	54.48
Income and Profitability				
Net Interest Margin (%)	4.04	4.34	4.03	4.34
Return on Average Assets (before Tax (%))	2.47	3.09	2.60	3.23
Return on Equity (%)	13.49	12.22	13.58	12.46
Cost to Income Ratio (%)	41.04	36.91	42.06	38.04
Memorandum Information				
Credit Rating	A(lka) / Stable Outlook	A (lka) Stable Outlook	N/A	N/A
Number of Employees	2,864	2,920	N/A	N/A
Number of Branches	113	113	N/A	N/A

*Including undrawn portion of credit

CERTIFICATION

We, the undersigned, being the Chief Executive Officer and the Vice President - Finance of National Development Bank jointly certify that the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.



Mr. Azzam A. Ahamat
Vice President - Finance



Mr. Kelum Edirisinghe
Director/Chief Executive Officer

25 February 2026

Compliance with Disclosure Requirements of the Central Bank of Sri Lanka

Compliance with the disclosure requirements under the prescribed format issued by the Central Bank of Sri Lanka for preparation, presentation and publication of annual audited financial statements of licensed commercial banks via the circular no 05 of 2024 dated 31 December 2024

1. INFORMATION ABOUT THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS FOR FINANCIAL POSITION AND PERFORMANCE

1.1	Statement of Financial Position	Reference
1.1.1	Disclosures on categories of financial assets and financial liabilities	Note No 21 to the Financial Statements
1.1.2	Other disclosures	
	(i) Special disclosures about the financial assets and financial liabilities designated to be measured at fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair values attributable to these risks and the methods of measurement.	Note No 56 - Fair value of financial instruments
	(ii) Reclassifications of financial instruments from one category to another.	Note No 29 to the Financial Statements
	(iii) Information about financial assets pledged as collateral and about financial or non-financial assets held as collateral.	Note No 57.3 to the Financial Statements
	(iv) Reconciliation of the impairment allowance for credit losses by class of financial assets.	Note No 22.1, 24.1, 27.6, 28.1(d) and 29.1(c) to the Financial Statements
	(v) Information about derivative financial instruments.	Note No 25 to the Financial Statements
	(vi) Information about compound financial instruments with multiple embedded derivatives.	Not Applicable
	(vii) Breaches of terms of loan agreements.	Note No. 51 to the Financial Statements
1.2	Statement of Comprehensive Income	
1.2.1	Disclosures on items of income, expense, gains or losses	Note No 4 to 15 of the Financial Statements
1.2.2	Other disclosures	
	(i) Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit or loss.	Note 5.1 and 5.2 to the Financial Statements
	(ii) Fee income and expense.	Note No 6 to the Financial Statements
	(iii) Amount of impairment losses by class of financial assets	Note No 11 to the Financial Statements
	(iv) Interest income on impaired financial assets.	Note No 5.1 to the Financial Statements
1.3	Other Disclosures	
1.3.1	Accounting policies for financial instruments	Accounting Policies for each type of Financial Instrument presented in the Statement of Financial Position is disclosed under the respective Notes. Pages 286 to 420
1.3.2	Information on hedge accounting	Note No 25 to the Financial Statements
1.3.3	Information about the fair values of each class of financial asset and financial liability, along with:	
	(i) Comparable carrying amounts.	Note No 56 - Fair value of financial instruments
	(ii) Description of how fair value was determined.	Note No 56 - Fair value of financial instruments
	(iii) The level of inputs used in determining fair value.	Note No 56 - Fair value of financial instruments
	(iv) Reconciliations of movements between levels of fair value measurement hierarchy, additional disclosures for financial instruments which fair value is determined using level 3 inputs.	Note No 56(b) - Fair value of financial instruments
	(v) Information if fair value cannot be reliably measured.	Note No 29.3 to the Financial Statements

2. INFORMATION ABOUT THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

2.1	Qualitative Disclosures	Reference
2.1.1	Risk exposures for each type of financial instrument	Note 57 - Risk Management of the Financial Statements
2.1.2	Management's objectives, policies, and processes for managing those risks	Note 57 - Risk Management of the Financial Statements
2.1.3	Changes from the prior period	N/A
2.2	Quantitative Disclosures	
2.2.1	Summary of quantitative data about exposure to each risk at the reporting date.	Note 57 - Risk Management of the Financial Statements
2.2.2	Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed.	Note 57 - Risk Management of the Financial Statements
	(i) Credit Risk	
	(a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets. (b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset. (c) Information about collateral or other credit enhancements obtained or called. (d) Other disclosures, refer Basel III Minimum Disclosure Requirement under Pillar III as per the Banking Act Direction No. 1 of 2016 on Capital Requirements under Basel III for Licensed Banks.	 Note 57.3 - Risk Management of the Financial Statements and page 394 on Risk Management
	(ii) Liquidity Risk	
	(a) A maturity analysis of financial assets and liabilities. (b) Description of approach to risk management. (c) Other disclosures, refer Basel III Minimum Disclosure Requirement under Pillar III as per the Banking Act Direction No. 1 of 2016 on Capital Requirements under Basel III for Licensed Banks.	 Note 57.4.(f) - Liquidity Risk of the Financial Statements and page 415 on Risk Management
	(iii) Market Risk	
	(a) A sensitivity analysis of each type of market risk to which the entity is exposed. (b) Additional information, if the sensitivity analysis is not representative of the entity's risk exposure. (c) Other disclosures, refer Basel III Minimum Disclosure Requirement under Pillar III as per the Banking Act Direction No. 1 of 2016 on Capital Requirements under Basel III for Licensed Banks.	 Note 57.4 - Market Risk of the Financial Statements and page 410 on Risk Management
	(iv) Operational Risk	
	Refer Basel III Minimum Disclosure Requirement under Pillar III as per the Banking Act Direction No. 1 of 2016 on Capital Requirements under Basel III for Licensed Banks.	Note 57.5 - Capital Management and page 492 on Risk Management

2. INFORMATION ABOUT THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

2.1	Qualitative Disclosures	Reference
(v) Equity risk in the Banking Book		
(a) Qualitative disclosures	■ Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. ■ Discussion of important policies covering the valuation and accounting of equity holdings in the banking book.	▶ Note 57.4.(d) - Equity Price Risk of the Financial Statements
(b) Quantitative disclosures	■ Value disclosed in the Statement of Financial Position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value. ■ The types and nature of investments ■ The cumulative realised gains/ (losses) arising from sales and liquidations in the reporting period.	
(vi) Interest rate risk in the Banking Book		
(a) Qualitative disclosures	■ Nature of interest rate risk in the banking book (IRRBB) and key assumptions	▶ Note 57.4(a) - Interest Rate Risk of the Financial Statements
(b) Quantitative disclosures	■ The increase/ (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	
2.2.3	Information on concentration of risk	Note 57.3.3.9 - Risk Management of the Financial Statements

3. OTHER DISCLOSURES

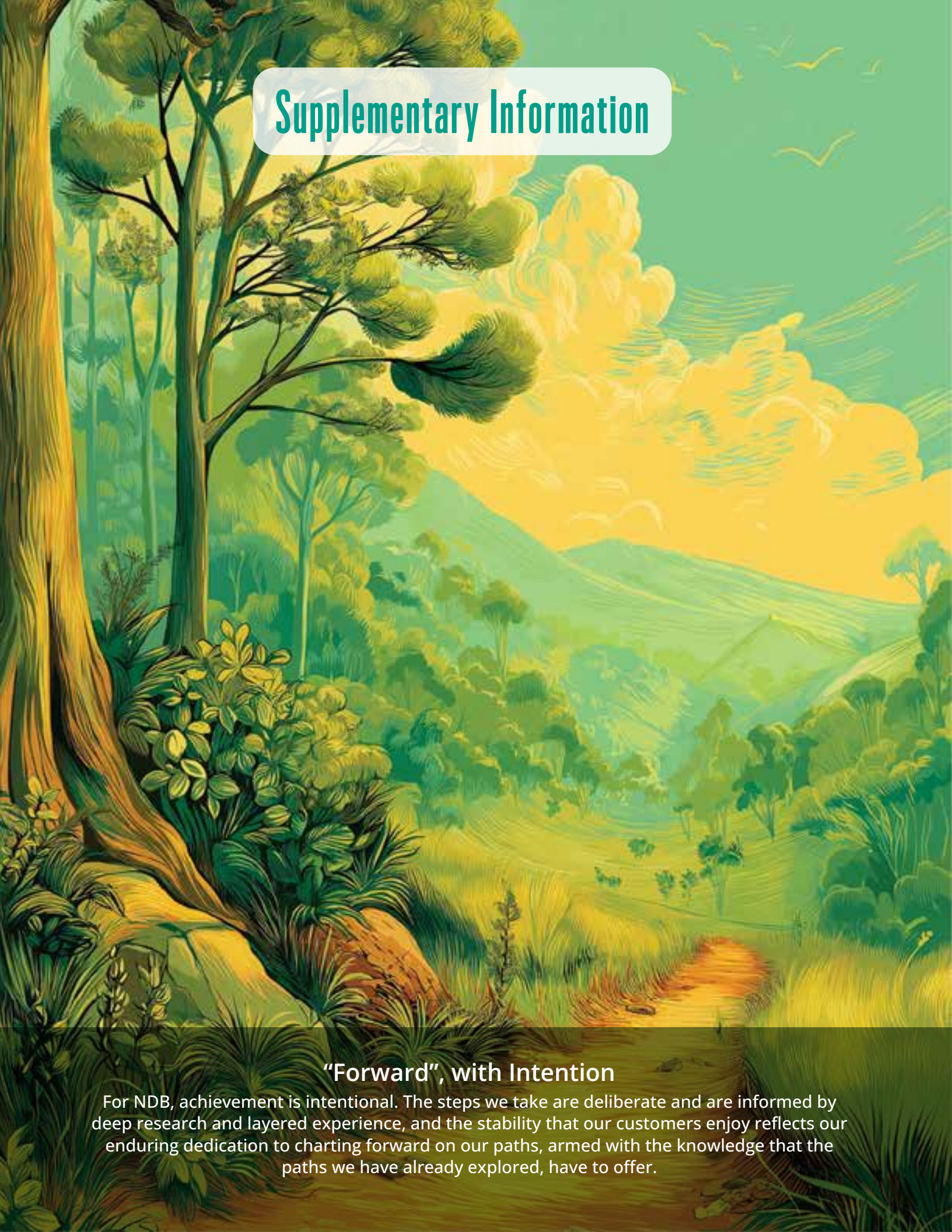
3.1	Capital	Reference
3.1.1	Capital structure	
(i) Qualitative disclosures	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments.	▶ Pages from 473 on Risk Management
(ii) Quantitative disclosures		
(a) The amount of Tier 1 capital, with separate disclosure of:		
	■ Paid-up share capital/common stock ■ Reserves ■ Non-controlling interests in the equity of subsidiaries ■ Innovative instruments ■ Other capital instruments ■ Deductions from Tier 1 capital	
(b) The total amount of Tier 2 capital		
(c) Other deductions from capital		
(d) Total eligible capital		
3.1.2	Capital adequacy	
(i) Qualitative disclosures	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	▶ Pages from 473 on Risk Management
(ii) Quantitative disclosures		
(a) Capital requirements for credit risk, market risk and operational risk		
(b) Total and Tier 1 capital ratio		
(iii) Disclosure requirement under Banking Act Direction No. 02 of 2025 on framework for dealing with Domestic Systemically Important Banks.		
(iv) Disclosure requirement under Banking Act Direction No. 01 of 2024 on Statutory Liquidity Ratios under Basel III Liquidity Standards.		

4. DISCLOSURES APPLICABLE FOR REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS OF DEALER DIRECT PARTICIPANTS IN SCRIPLESS TREASURY BONDS AND SCRIPLESS TREASURY BILLS

4.1	Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance Directions No. 1 of 2019 dated 20th December 2019 issued by the Monetary Board	Reference
	(i) The carrying value of securities allocated for repurchase transactions as at the period end date.	Note No 57.3.3.13 offsetting of Financial Assets and Liabilities and Note No 28.1(c)
	(ii) The market values of securities received for reverse repurchase transactions as at the period end date.	
	(iii) The dealer direct participant policy on haircut for repurchase and reverse repurchase transactions.	
	(iv) Any penalties imposed for non compliance with this Direction.	

5. DISCLOSURES APPLICABLE ON TREASURY OPERATIONS OF THE BANK

5.1	Banking Act Directions No 06 of 2019 dated 29 August 2019 issued by the Monetary Board on Market Conduct and Practices for Treasury Operations of Banks	Reference
	Disclose as a separate item in the Bank's audited Financial Statements, the profit generated through all interbank foreign exchange transactions including end user transactions where one leg is in the interbank market.	Note No 07



Supplementary Information

“Forward”, with Intention

For NDB, achievement is intentional. The steps we take are deliberate and are informed by deep research and layered experience, and the stability that our customers enjoy reflects our enduring dedication to charting forward on our paths, armed with the knowledge that the paths we have already explored, have to offer.

Awards And Accolades 2025

Overall Excellence

Global Banking & Finance (UK) Awards 2025

- The Next 100 Global Awards 2025 – Banking

Excellence in Digital Financial Services

Euromoney Awards for Excellence 2025

- Sri Lanka's Best Digital Bank for SMEs

National Best Quality Software Awards (NBQSA) 202

- Merit Award - TradeLinc

World Economic Magazine Awards 2025

- Best Digital Transformation Bank Sri Lanka
- Best Mobile Banking App Sri Lanka

Excellence in Retail Banking Products/Services

Asian Banking and Finance Magazine (Singapore) Awards 2025

- Domestic Retail Bank of the Year - Sri Lanka

Excellence in SME Banking

Global Banking & Finance (UK) Awards 2025

- Best SME Banking App - NEOBIZ Sri Lanka

Excellence in Project Financing

Asian Banking and Finance Magazine (Singapore) Awards 2025

- Domestic Project Finance Bank of the Year - Sri Lanka

Excellence in Islamic Banking

Asian Banking and Finance Magazine (Singapore) Awards 2025

- Islamic Banking Initiative of the Year - Sri Lanka

Islamic Finance Forum of South Asia Awards 2025

- Islamic Finance Deal of the Year 2025 - Gold
- Breakthrough Performance 2024/2025

Sri Lanka Islamic Banking and Finance Industry Awards 2025

- Islamic Finance Deal of the Year 2024/2025 - Gold
- Islamic Finance Deal of the Year 2024/2025 - Merit

- Islamic Finance Window/ Unit of the Year 2024/2025-Bronze

- Transformative Leadership Award -Gold

- Rising Personality of the Year (Female)-2024/202 -Gold

- Branch Executive of the Year -Gold

- Rising Personality of the Year (Male) -Bronze

- Islamic Banker / Employee of the Year -Bronze



Excellence in Sales

National Sales Awards 2025 - Sri Lanka Institute in Marketing

- Gold Award - Sales Executive Category - Banking
- Silver Award - Sales Executive Category - Banking
- Silver Award - Sales Front liner Category - Banking
- Bronze Award - Sales Supervisor Category - Banking
- Bronze Award - Sales Territory Manager Category - Banking
- Merit Award - Sales Front liner Category - Banking
- Merit Award - Sales Supervisor Category - Banking

Excellence in Best HR Practices

Great Place To Work

- Great Place To Work certification

Chartered Institute of Personnel Management Sri Lanka (CIPM) - The Great HR Awards 2025

- Best Women Friendly Workplace

Excellence in IT Processes

National Best Quality Software Awards (NBQSA) 2025

- Silver Award in Recognition of Innovation and Effectiveness - Secure 360

Excellence in Annual Reports Presentation

CA Sri Lanka TAGS Awards 2025

- Private Banks – Bronze Award
- Certificate of Recognition for
 - Integrated Reporting
 - Corporate Governance Disclosure Financial Services
 - Sustainability Reporting
 - Digitally Transformative Reporting

CMA Excellence in Integrated Reporting Awards 2025

- Runner-Up - Best Integrated Report – Banking Sector category
- Ten Best Integrated Reports in Sri Lanka

SAFA BPA Award & SAARC Anniversary Award 2024

- Certificate of Merit - Private Sector Banks

Award won by NDB Investment Bank Limited

Euromoney Magazine Awards for Excellence- 2025

- Sri Lanka's Best Investment Bank, (14th Consecutive Year)

Global Brands Magazine 2025

- Most Trusted Investment Banking Brand, Sri Lanka

- Best Investment Bank in Sri Lanka

World Business Outlook Awards 2025

- Best Investment Bank in Sri Lanka.

Finance Asia Awards 2025

- Best Investment Bank in Sri Lanka

Corporate Governance

STATEMENT OF COMPLIANCE - THE BANKING ACT DIRECTIONS NO. 5 OF 2024 ON CORPORATE GOVERNANCE, ISSUED BY THE CENTRAL BANK OF SRI LANKA

The Banking Act Directions No. 5 of 2024 on Corporate Governance, ("Corporate Governance Directions") issued by the Central Bank of Sri Lanka provides processes and practices deemed to be the management framework that facilitates the conduct of the banking business in a responsible and accountable manner in order to promote the safety and soundness of the individual banks, thereby leading to the stability of the overall banking sector. The disclosures below reflect the Bank's compliance with the Corporate Governance Directions subject to extended timelines.

For more information on NDB's approach to Corporate Governance, refer the Corporate Governance Report from pages 201-219.

(Compliance with the specific [disclosure requirements](#) of the Corporate Governance Directions are detailed from pages 222 - 225)

Direction	Principles, Compliance and Implementation	Complied
1	Ultimate Responsibility and Accountability of the Board	Compliant
1.1	Responsibilities of the Board /Discharging the Duty of Care and Duty of Loyalty	
a)	Setting the Bank's strategic objectives and corporate values Throughout a significant portion of 2025, the Board of Directors played a pivotal role in shaping the Bank's strategy for the next 3-5 years, with the objective of strengthening internal processes, enhancing competitive capabilities, and positioning the institution to compete more effectively with larger market players in the years ahead. This strategic initiative was led from the top, with the Board providing overarching direction and governance, while execution was driven by the Management in collaboration with international subject matter experts. From the outset, the Board was instrumental in defining the strategic vision and guiding the subject matter experts on the desired outcomes and priorities. It undertook a rigorous review of the diagnostic findings presented by the experts and constructively challenging assumptions and recommendations of the formulated strategy, where necessary. The Board also played a key role in advising the Management prioritizing critical workstreams that required immediate attention to ensure the strategy would deliver optimal results. The Board continues to maintain active oversight of the strategy's execution, receiving regular progress updates from both management and the experts. It provides timely guidance to facilitate course corrections where needed, ensuring that the strategic plan remains on track and is delivered as envisioned. This approach reflects the Board's commitment to strong governance-offering strategic direction while entrusting day-to-day decision-making and execution to management. All staff members were kept thoroughly informed of the organisation's strategy and ongoing developments through a structured communication approach. Awareness sessions provided clarity on key objectives, while regular town hall meetings created opportunities for open dialogue and collective alignment. In addition, timely email updates ensured that information was accessible to everyone, reinforcing transparency and inclusivity. This multi-channel engagement not only kept employees apprised but also fostered a sense of ownership, making them active participants in the overall process.	
b)	Approving the overall Business Strategy including the overall risk policy and procedures. The medium-long term business strategy, developed in close collaboration with subject matter experts was designed to strengthen the organisation's competitive position and long term resilience. It outlined clear priorities including expanding market share, enhancing risk management and underwriting practices, streamlining and modernizing core processes, and driving a sharper focus on profitability. After thorough review and deliberation, the Board approved and endorsed the strategy, signaling strong alignment and commitment at the highest level of governance.	Compliant

Direction	Principles, Compliance and Implementation	Complied
c)	Inculcating a strong risk governance culture i Identifying and managing principle risks The Bank's approach to risk management is underpinned by a comprehensive Integrated Risk Management (IRM) Framework, which is regularly reviewed and strengthened to remain relevant in an increasingly dynamic operating landscape. The Board approved framework clearly defines governance structures and the process for identifying, measuring, monitoring, and controlling the Bank's risk exposures. The framework was reviewed and revised during the year 2025, in view of the rapid changes in the operating environment. ii Clearly demarcated three lines-of-defence The risk governance structure ensures accountability and ownership, whilst facilitating an appropriate level of independence and segregation of duties. The structure is based on the three lines of defence (i.e. Business Line/ Credit Committee as the 1st line of defence, Risk Management and Compliance as the 2nd line of defence, and Internal Audit as the 3rd line of defence) and clearly defines the lines of authority, roles and responsibilities to efficiently manage risk across the Bank. iii Objective and effective Risk Management, Compliance and Internal Audit functions As underpinned by IRM Framework, the Risk Management function is responsible for developing and implementing the Bank's risk management framework, policies, systems, procedures and tools. The function provides ongoing support to business units and undertakes continuous review monitoring, and reporting of key risks to the BIRMC. The Compliance function ensures that the Bank operates in compliance with the applicable regulatory and supervisory requirements and is also responsible for the effective management of the Bank's compliance risks, including ensuring adherence to Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Countering of Proliferation Financing of Weapons of Mass Destruction, laws, regulations, and guidelines. The Internal Audit function provides independent assurance on the effectiveness of the Bank's risk management practices, governance processes, and internal control framework. It identifies gaps and control weaknesses within processes and systems and communicates these findings, along with the Management Action Plans obtained from the relevant stakeholders for timely corrective action. Each of these functions are structured and operate in line with schedules II, III and IV respectively of the Corporate Governance Directions. iv Defining the risk appetite of the Bank and identifying measures for breaches The Risk appetite framework is aligned to the Bank's overall business strategy and reviewed and updated based on emerging developments thereby, providing clear direction for on-going operations and risk management. In the event of a breach of a risk appetite threshold, risk management strategies and controls are implemented to normalise the exposures to the accepted range. During the year 2025, the risk appetite of the Bank was reviewed considering the challenges in operating environment and further strengthened by expanding and fortifying the limit framework in order to achieve risk appetite objectives.	Compliant
d)	A policy to safeguard objective decision making by the Board The Corporate Governance Process Manual of the Bank contains the standards that ensure that the Bank's Board is not dominated or significantly influenced by a Director or a group of Directors in an adverse or partial manner. The Corporate Governance Process Manual covers areas such as the balanced mix of qualifications and experience, limits on executive representation, mandatory inclusion of independent and female directors, and strict criteria for alternate Directorships, thus ensuring that governance remains diverse, impartial, and aligned with the interests of all stakeholders, and the Bank as a whole.	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
e)	Policy on communication The Bank has in place a Board approved Communication Policy aimed to encourage effective communication of corporate information relating to the Bank with stakeholders including employees, customers, creditors, general public and the regulators. This policy is regularly reviewed in order to reflect the best practices in communication. The Board approved Policy on Relations with Shareholders and Investors sets out the Bank's policy on effective communications and relations with the shareholders and investors of the Bank. Refer page 219 for more information on the Bank's Shareholder Engagement	Compliant
f)	Internal control systems and Management Information Systems (MIS) The Board is assisted by the Board Audit Committee (BAC), which evaluates the adequacy and effectiveness of the internal control systems, and reviews internal control issues identified by the Bank's Internal Audit, External Auditor, regulatory authorities and the Management. The MIS process of the Bank is continuously being improved. The Board also reviews the adequacy of the Bank's MIS, based on the MIS pack submitted to the Board each month.	Compliant
g)	Effective control systems for Related Party exposures and conflicts of interest The Bank maintains a sound related party transaction framework comprising of a Related Party Transactions Policy and a Related Party Transactions Procedure Manual, underpinned by strong governance, preventive system controls, independent oversight, arm's length validation and transparent disclosure, ensuring that related party dealings do not compromise the Bank's safety, soundness, or integrity and avoids any conflicts of interest that may arise from related party transactions. The Bank is conscious of and continues to improve the governance process around related party transactions.	Compliant
h)	Business continuity and disaster recovery plans The Bank's Business Continuity Management (BCM) Policy requires comprehensive and timely plans to be in place encompassing a minimum of a Business Continuity Plan (BCP) and IT Disaster Recovery Plan (IT DRP). This BCM Framework is designed to comply with the requirements of the Central Bank of Sri Lanka and is approved by the Board of Directors. These plans are formulated following the integration of bank risk management culture with effective Business Impact Analysis (BIA) processes and methodologies which anticipate all forms of threats, crisis and disasters that are inherent in the ever-changing business environment. The Governance of Business Continuity management is steered through The Leadership Team (TLT) comprising of senior management and coordinated by the Bank's Business Continuity Manager.	Compliant
i)	Approach to remuneration The Board through the HRRC oversees the Bank's approach to remuneration, including monitoring and reviewing remuneration to ensure alignment of remuneration with bank's risk culture and risk appetite by assessing market trends to remain competitive. The comprehensive Remuneration Policy in place sets the principles and a formal and transparent procedure to set and review remuneration which includes cash and noncash benefits payable to Directors, the CEO and the KMPs of the Bank. The Policy ensures that remuneration is aligned with bank's risk culture and risk appetite. This policy also ensures that non-discriminatory pay practices are followed in setting remuneration payable to Non-Executive Directors to ensure that their independence is not impaired.	Compliant
j)	Key Management Personnel KMPs of the Bank have been identified by the Board having considered their fitness in line with the Corporate Governance Directions and the Banking Act Determination No. 1 of 2019 (as amended) on officers performing executive functions of the Bank, and presently are members of the Leadership Team whose names are detailed from pages 34 to 36 of this Report. The fitness of the KMPs are recommended by the Nominations and Governance Committee (NGC) and approved by the Board.	Compliant

Direction	Principles, Compliance and Implementation	Complied
k)	Defined responsibilities of the KMP, CEO and the Board of Directors The Bank's Policy on Corporate Governance and the Corporate Governance Process Manual sets out a clear division of authority and responsibilities between the Directors and the KMPs. The Directors had set goals and targets for the year 2025. The duties and responsibilities of KMPs are documented in their respective job descriptions and scorecards. The Board through the HRRC evaluated the performance of the KMPs against set goals and targets.	Compliant
l)	Appropriate oversight over the affairs of the Bank by CEO and KMPs To enable the Board to discharge its stewardship and fiduciary responsibilities effectively, it delegates authority to the Board committees to oversee specific responsibilities based on clearly defined terms of reference. The Board has delegated its authority in operational areas to the CEO who is supported by the Senior Management Team within clearly defined limits. The Board regularly interacts with the Bank's KMPs through presentations made and reports tabled at both Board and Subcommittee meetings and at any special meetings convened on a needs basis. KMPs make regular presentations to the Board on matters under their purview and are also called in by the Board to explain matters relating to their areas. Banking operations carried out in line with the Bank's strategic objectives including any issues faced by the Bank are discussed on an ongoing basis at Board meetings and also at special meetings scheduled with Directors based on the exigencies of times through which Directors provide the required oversight and guidance to the KMPs. The CEO, at bi-monthly meetings held with the Leadership Team, updates them on key decision points taken by the Board.	Compliant
m) n)	Periodic Board self-assessments In accordance with the Direction, the Board annually assesses the effectiveness of the Directors' own governance practices and therefore the Board has adopted a scheme of self-assessment to be undertaken by each Director annually. The evaluation covers a range of topics including Strategic Direction & Risk Oversight, Governance & Accountability, Board Proceedings & Effectiveness, Board-Management Relationship, and Board Committees & Chairman's Effectiveness. The Board Chair reviews the summarised responses from the previous year's self-assessment, initiates a Board discussion and reports any weaknesses or gaps to the Board. If necessary, the Chair recommends an action plan for Board approval. The Board periodically monitors progress on this plan. Additionally, the Chair may hold one-on-one discussions with Directors to address feedback or concerns. In 2025, the self-evaluations for the year 2024 were collected and summarised by the Company Secretary and submitted to the Board Chair for his review. This process has commenced for the year 2025.	Compliant
o)	Succession strategy of CEO and KMPs The NGC has reviewed the Succession Plan during the year, identifying key talent for the short, medium and long term from the internally available talent pool and identifying gaps where external resources are to be sought. The NGC is supported in the exercise by the deliberations and recommendations made by the HRRC on the talent identification, talent mapping, and leadership competency development plan covering all key roles at the Bank, which resulted in the NGC updating and improving succession planning at the Bank. The HRRC deliberated in detail on the identified Talent pool, the details of the interventions etc. and has committed to regularly monitor the progress of this exercise.	Compliant
p)	Meetings with CEO and KMPs The KMPs make regular presentations or are called in for discussions at the meetings of the Board and its Subcommittees on policy and other matters relating to their areas. Board reaches out to the and KMPs of the Bank on a needs basis for matters relating to the business and operations of the Bank.	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
q)	Keep abreast of material changes in the Regulatory environment and maintaining an effective relationship with the regulators CBSL Circulars, Directions and Guidelines issued by the regulators are circulated to the Directors on a quarterly basis for their information together with a snapshot of key regulatory changes with significant areas of impact and the status of compliance. Maintaining a constructive and transparent relationship with the regulator remains a priority of the Bank. Engagement by the Bank with CBSL takes place on a regular basis, where the CEO meets with the Central Bank officials at the monthly CEO's meeting and the Chairman meets with the Governor of CBSL bi-annually. Further, the Directors, the CEO and KMPs of the Bank maintain continuous dialogue with the regulators in order to facilitate alignment with the supervisory expectations. Throughout 2025, the Board was regularly briefed on significant regulatory developments, enabling Directors to enhance their understanding of the changes and assess their potential implications for the Bank. This proactive approach supports the Bank's commitment to strong governance, regulatory compliance and sound risk management.	Compliant
r)	Hiring and oversight of External Auditors The Board Audit Committee (BAC) Charter includes the functions of hiring and overseeing of the External Auditor. The BAC carries out the necessary due diligence regarding the hiring/evaluation of the External Auditor and makes recommendations to the Board. The appointment/re-appointment of the External Auditor is made at the Annual General Meeting. In line with the requirements of the Banking (Amendment) Act No. 24 of 2024 and the Corporate Governance Directions, the Bank initiated a Request for Proposal (RFP) due process to appoint an External Auditor for the financial year ending 31 December 2026. Approval will be sought for the selected firm at the upcoming AGM. Oversight of the External Auditor is carried out by the BAC and the Board is briefed of any concerns in this regard if required. A formal evaluation of the External Auditors' Performance is assessed annually by the BAC by also considering the evaluation done by VP - Finance and conclusions together with any recommendations are discussed at Board level.	Compliant
s) t)	Professional and ethical conduct by the Board and inculcating a sound corporate culture The Policy on Internal Code of Business Conduct and Ethics for Directors, clearly sets out the standards of professional and ethical behavior expected of Directors. In line with this policy, the Board is strictly prohibited from accepting any undue financial or non-financial benefits from employees, customers, suppliers shareholders, or other stakeholders. The Code also sets out the standards on confidentiality of data, managing conflicts of interest, procedures for handling gifts and benefits, integrity in reporting, and fair treatment of customers, thereby reinforcing norms for professional, ethical and prudent behavior from the top down. The adherence to this policy is confirmed through quarterly declarations made by the Directors.	Compliant
u)	Timely rectification of supervisory concerns The Board ensures timely rectification of supervisory concerns raised by regulators by actively monitoring all findings and assigning responsibility for corrective actions to the relevant Departments through Board Subcommittees such as the Board Integrated Risk Management Committee. Progress on these actions is reviewed at Board meetings until full resolution is achieved. Where necessary, the Board provides strategic guidance and oversight to ensure that rectification measures are implemented promptly and effectively.	Compliant

Direction	Principles, Compliance and Implementation	Complied
v)	Whistleblowing Policy The Bank has in place a Board-approved Whistleblowing Policy to make it easier for members of staff to be able to report irregularities in good faith, without having to fear that their actions may have adverse consequences on themselves. This Policy is reviewed and approved by the BAC and the Board of Directors. Further strengthening the whistleblowing mechanism, the Bank introduced a feature of reporting through the staff intranet for added convenience and security. The employees of the Bank may, in confidence, raise concerns about possible improprieties in Financial Reporting, Internal Controls or other matters. A process has been established to track such whistleblowing and take necessary action. The Bank also has an established external independent mechanism, known as the “NDB Ombudsman”, to whom matters can be whistleblown confidentially.	Compliant
w)	Promoting Sustainability The Board ensures that the Bank, in its course of business promotes sustainability through appropriate environmental, social and governance considerations embedded in the Bank's business strategies and ensures that policies are in place to assist businesses that are greener, climate-friendly and socially inclusive. Please refer page 76 - 79 and page 98 for more information in this regard.	Compliant
1.2	Appointment of Board Chair and CEO and defining and approving their functions and responsibilities In line with the Direction, the Bank's Board-approved Policy on Corporate Governance and the Corporate Governance Process Manual documents the functions and responsibilities of the Board Chair and the CEO. The Board has appointed the Board Chair and CEO and has approved their functions. There is a clear division of responsibilities between the Board Chair and the CEO, and this division is further explained on page 212.	Compliant
1.3	Board Meetings Regular monthly Board meetings are held and special Board meetings are scheduled as and when the need arises. There have been fourteen (14) Board meetings during 2025 which included two (02) special meetings. In addition, the Subcommittees of the Board meet as and when necessary. Each member of the Board brings different areas of expertise, skills and experience to the table which encourages a robust exchange of alternate views and ways of thinking. The NDB Board recognises the importance of active engagement in its deliberations and decision-making processes. Directors who opt to attend meetings virtually, ensure their full participation and contribution through interactive virtual meeting platforms. In line with this Direction each Director attends physical meetings at least twice a year unless there are extenuating circumstances preventing a Director from being physically present such as health-related limitations. Circulation of Board papers to obtain Board's consent is minimised and resorted to only when absolutely necessary. These decisions are in any event later confirmed by the Board at the immediately succeeding Board meeting. Twenty three (23) circular resolutions have been passed by circulation during 2025. Please refer page 214 for Board and Board Subcommittee meeting attendance respectively.	Compliant (as qualified)

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
1.4	Board Procedures Arrangements for Directors to include proposals in the agenda All Directors are entitled to include matters and proposals in the agenda for Board meetings and this right has been entrenched in the Bank's Policy on Corporate Governance and the Corporate Governance Process Manual. Monthly meeting calendar for the year is scheduled and informed to the Board at the end of the previous calendar year and this facilitates the submission of proposals to the agenda for regular meetings. Additionally, a separate agenda item has been included in the monthly Board meeting agenda for Directors to raise any matters relating to the Bank's business and operations. Notice of Meetings Monthly meetings for a calendar year are scheduled and informed to the Board and diarised at the end of the previous calendar year to provide Directors ample notice and an opportunity to participate. Formal notice of meetings, the agenda and Board papers related to each Board meeting are circulated at least 7 days in advance of the Board meeting. These documents are uploaded through a secure connection to the tablets of all Directors. Directors' attendance The Company Secretary monitors Directors' attendance to ensure compliance. All Directors have attended at least two thirds of the meetings held during the year 2025 and no Director has been absent for three consecutive meetings during 2025, if eligible to attend. Attendance of Directors at Board meetings is detailed on page 214. Ongoing attendance information is made available to the Directors on their tablets.	Compliant
1.5	Company Secretary The Policy on Corporate Governance and the Corporate Governance Process Manual includes the responsibilities of the Company Secretary as specified in the statutes and other regulations. The Company Secretary appointed by the Board is an Attorney at Law who satisfies the provision of Section 43 of the Banking Act, Companies Act and the Articles of Association of the Bank. Please refer page 33 for a detailed profile and page 213 for duties and responsibilities of the Company Secretary. All Directors have access to the advice and services of the Company Secretary which they regularly avail. When training, capacity building or professional development programs are recommended by the NGC, the Company Secretary will implement same.	Compliant
1.6	Board meeting minutes The Company Secretary maintains detailed Board minutes as required in line with applicable regulations and circulates minutes to all Directors for consideration after the approval of the Board Chair. The minutes are adopted at the subsequent Board meetings. The Bank's Policy on Corporate Governance and the Corporate Governance Process Manual also provides that minutes are open for inspection at any reasonable time, upon reasonable notice given by any Director. Additionally, the Board has access to the past Board papers and Board minutes through a secure connection to the tablets of all Directors. The minutes contain adequate details appropriate to the matters dealt with. The minutes are read together with the corresponding Board papers, which supplement information in the minutes. All matters required to be minuted in terms of 1.6 of the Direction are recorded in the minutes	Compliant
1.7	Obtaining independent professional advice There is a process for Board members to obtain independent professional advice at the expense of the Bank. The Board has obtained professional advice during the year.	Compliant

Direction	Principles, Compliance and Implementation	Complied
1.8	Managing conflicts of interest The Directors are conscious of their obligations to deal with situations where there is a conflict of interest in accordance with the Articles of Association of the Bank, the Listing Rules and the Corporate Governance Directions. The Policy on Corporate Governance and the Corporate Governance Process Manual adopted by the Board requires each Board member to determine whether he/ she has a potential or actual conflict of interest and to avoid same. If a Director of the Bank has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, such matters are disclosed and discussed at the Board meetings, where Non-Executive Independent Directors who have no material interest in the transaction, are present. Further, Directors abstain from participating in the discussion and voting on Board resolutions in relation to which such Directors or any of their close relation/s or a concern in which such Directors or any of their close relation/s have substantial interest, and/or are interested in. Further, their votes are not counted in the quorum for the relevant agenda item at the Board meeting. Further, steps are taken to restrict access to information/papers on any known interested transactions either physically or electronically. Directors are mindful to ensure that that relationships by and between the Board members and KMPs does not lead to excessive familiarity, undue influence or coercion. The Board has established a Policy on Conflicts of Interest in line with this Direction.	Compliant
1.9	Requirement to inform on inability to meet obligations The Bank is aware of the requirement, but the situation has not arisen within the year. A Solvency Statement is prepared when the Bank declares a dividend payment to shareholders and such certificates have been issued by the Directors and by the External Auditors for the dividends paid in 2025.	Compliant
1.10	Compliance with Prudential Requirements Monthly and quarterly compliance reports have been submitted to the Board which contains the Capital Adequacy Ratio (CAR). The Bank is fully compliant with the Capital Adequacy requirements stipulated by the Central Bank of Sri Lanka. Also, the Internal Capital Adequacy Assessment Process (ICAAP) covers capital planning over the next 3 years. Refer pages 501 to 505 on Basel III Disclosures under Pillar III as per the Banking Act Direction No 1 of 2016 (as amended).	Compliant
1.11	Annual Corporate Governance report This Report forms part of the Corporate Governance Report of the Bank which is set out on pages 201 to 235.	Compliant
2	Board's composition The Board combines an appropriate and diverse balance of skills, industry experience and perspective to objectively discharge its responsibilities. All Directors bring their independent judgment and inter-disciplinary expertise to matters discussed at Board meetings. Gender diversity is also represented on the Board, promoting inclusivity. Please see page 209 for a snapshot of the Board's composition.	Compliant
2.1	Procedure for appointing directors There is in place a formal and transparent procedure for the appointment of new Directors to the Board. In accordance therewith, Directors are appointed based on recommendations made by the Nominations and Governance Committee. The Board has additionally evolved a succession plan collectively with the NGC to make certain the orderly succession of appointments to the Board.	Compliant
2.2	Number of Directors and female representation The number of Board Directors during the year 2025 was in compliance with the thresholds detailed in this Direction and the Articles of Association of the Bank. As at 31 December 2025, the Board comprised nine (09) Directors including two female representatives. Mr. Shanil Fernando was subsequently appointed as an Independent Non-Executive Director w.e.f. 13 January 2026.	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
2.3	Executive Directors The Chief Executive Officer of the Bank is the only Executive Director on the Board of Directors.	Compliant
2.4	Non-Executive Directors A Board-approved procedure to select and appoint Non-Executive Directors is in place. The Non-Executive Directors of the Bank are persons with credible track records and have necessary skills and experience to bring an independent judgment to bear on issues of strategy, performance, risks and resources. Please refer the profiles of Non-Executive Directors on pages 30 to 33 of this Report.	Compliant
2.5	Independent Directors The Non-Executive Independent Directors are expressly identified as such in all corporate communications that disclose the names of Directors of the Bank. The composition of the Board, by category of Directors, including the names of the Board Chair, Executive Director, Non-Executive Directors and Non-Executive Independent Directors are given on page 207.	Compliant
2.6	Representation through Alternate Directors Directors are aware of the provisions regarding the appointment of alternate directors. During the year 2025, no alternate director appointments were made.	Compliant
2.7	Quorum for Board meetings All Board meetings held in 2025 have satisfied the applicable quorum requirement. Please see page 214 for details on Board meetings held and attendance of directors.	Compliant
3	Fitness and Propriety All Directors have satisfied the fit and proper criteria set out in Section 42 of the Banking Act and all new appointments are subject to approval of CBSL. During 2025, CBSL approval was sought for two new Director appointments. Please see page 210 for more details.	Compliant
3.1		
3.2	Additional requirements for suitability of Directors The Bank is fully compliant with the regulatory requirements in this Direction. None of the Directors are over 70 years of age, exceed the service period of 9 years, and no Director holds directorships in more than 20 companies. Details of each Director's directorships are disclosed on pages 30 to 33 of the Annual Report.	Compliant
3.3	Cooling-off period The Company Secretary monitors adherence to the mandatory six-month cooling-off period before appointing any Director or CEO who previously held such office at another licensed bank. Furthermore, all Directors allocate sufficient time to discharge their responsibilities effectively.	Compliant
4	Delegation of functions	Compliant
4.1	Clear division of responsibilities between Board and KMP The Bank ensures a clear division of responsibilities between the Board and key management to maintain an appropriate balance of power and prevent concentration of authority in any individual.	Compliant
4.2	Formal schedule of matters specifically reserved for the Board The Board has a formal schedule of matters specifically reserved to it for decision to ensure that direction and control of the Bank is firmly under its authority. This is elaborated in detail in the Bank's Corporate Governance Process Manual. See page 208 for a streamlined list of matters reserved for the Board of Directors.	Compliant
4.3	Restrictions to delegate While certain responsibilities are delegated to Board Committees, the CEO, and KMPs, such delegation is carefully structured so as not to diminish the Board's duty and ability to discharge its functions	Compliant

Direction	Principles, Compliance and Implementation	Complied
4.4	Review of delegation process Delegation arrangements are periodically reviewed and approved by the Board to ensure alignment with the Bank's needs and risk appetite. Detailed delegation papers are prepared and recommended by the BIRMC for Board approval, and the Terms of Reference for each Board Subcommittee are formally approved by the Board. Importantly, the Board retains ultimate authority and may address any delegated matter when necessary.	Compliant
5.1	Division of responsibilities between Chairperson and CEO The roles of Board Chair and CEO of the Bank are held by separate individuals. In addition, there is a clear division of responsibilities between the Board Chair and the CEO thereby maintaining the balance of power between the two roles, as detailed in the Policy on Corporate Governance and the Corporate Governance Process Manual. This division is further explained on page 212.	Compliant
5.2	Suitability of the Chairperson The Articles of Association of the Bank mandates that the Board Chair of the Bank must be an Independent Director. As such, a Non-Independent Director cannot be appointed as the Board Chair and hence the need to appoint a Senior Independent Director does not arise. Currently, Mr. Sriyan Cooray, Non-Executive Independent Director is the Chair, Board of Directors.	Compliant
5.3	Responsibilities of the Chairperson	Compliant
5.3 (a)	Board Chair to provide leadership to the Board The Board Chair is responsible for the running of the Board, preserving order and ensuring that proceedings at meetings are conducted in a proper manner. Further, he ascertains the views of the Directors on the issues being discussed before decisions are taken. The self-evaluation process carried out by the members of the Board each year assists the Board Chair to effectively carry out his responsibilities by providing him the required feedback.	Compliant
5.3 (b)	Discussion of key issues The Board Chair ensures that key and appropriate issues are discussed by the Board in a timely manner	Compliant
5.3 (c)	Approving the Agenda for board meetings Whilst noting that the overall responsibility lies with the Board Chair, he has delegated the drawing up of the agenda to the Company Secretary who carries same out in consultation with the CEO, subject to the Board Chair's approval. The Bank's Policy on Corporate Governance and the Corporate Governance Process Manual also casts this responsibility with the Board Chair.	Compliant
5.3 (d)	Ensure that Directors are properly briefed and provided adequate information The Directors are adequately briefed in the course of discussions by the Board Chair, CEO and officers of senior management in respect of matters that are taken up by the Board. The following procedures are in place to ensure this: - Board papers are circulated in advance among the Directors. - Management information is provided on a regular basis to enable the Directors to assess the performance and stability of the Bank. - Relevant KMPs are on hand for explanations and clarifications. - The Directors are able to seek independent professional advice on a need basis at the Bank's expense.	Compliant
5.3 (e)	Encourage active participation of all Directors and lead in acting in the interests of the Bank The Board Chair ensures that all members effectively participate as a team in Board deliberations and decisions, and act in the best interest of the Bank as a whole. Directors' concerns and comments are duly recorded in the minutes, which are circulated in advance with the Directors, prior to adoption by the Board.	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
5.3 (f)	Encourage participation of Non-Executive Directors and relationships between Non-Executive and Executive Directors All Directors of the Board except the CEO are Non-Executive Directors and the Board Chair requests and encourages their active participation, as needed. Further, Non-Executive Directors participate in Board appointed Subcommittees providing further opportunity for active participation. In addition, the feedback received from the self-evaluation process carried out by the Board and Board Subcommittees support the Board Chair in improving contributions of Non-Executive Directors.	Compliant
5.3 (g)	Encouraging dissenting views The Board Chair actively creates an environment where all Directors are able to make critical remarks and engage in constructive discussions at Board meetings where dissenting views can be freely expressed and discussed to ensure a robust decision making process take place.	Compliant
5.3 (h)	Refrain from direct supervision of KMPs and executive duties The Board Chair is a Non-Executive Director and he does not directly get involved in the supervision of KMPs or any other executive duties.	Compliant
5.3 (i)	Ensure effective communication with shareholders Shareholders are encouraged to provide their feedback to the Company Secretary using feedback forms made available with the Notice of Meeting. Shareholders can and do reach out to the Company Secretary on matters relating to their shareholding and as and when needed throughout the year via email, post or by visiting the Bank. In addition, there is an e-mail address dedicated for investor relations and the link is available on the Bank's website. The Bank also has a dedicated Investor Relations Team. The Board Chair together with the CEO ensures effective communication with shareholders through investor's forums or calls held each quarter/ as needed and through continuous engagement with our institutional investors. Members of the Board are apprised of the views of major investors and other key stakeholders pursuant to these meetings.	Compliant
5.4	Conduct of CEO CEO functions as the apex executive in charge of the day-to-day operations. The CEO is responsible for providing the leadership, expertise and professional environment within the Bank for the implementation of the Board's policies and the achievement of the Bank's goals and objectives. The operations of the Bank are carried out in conformity to this requirement. The Bank fully complies with the regulatory requirements regarding the CEO's external appointments. The CEO does not hold any position as an employee or director of another licensed bank or any other entity, except industry-related appointments or as a non-executive director of subsidiaries or associate companies of the Bank. Where such appointments exist, they are structured to ensure that these responsibilities do not interfere with the effective discharge of the CEO's duties to the Bank.	Compliant
5.5	Suitability of CEO The CEO is a fit and proper person in terms of Sections 44A of the Banking Act and possesses the necessary authority, stature, knowledge, competencies, and expertise in core banking functions. Please see page 30 for the profile of Mr. Kelum Edirisinghe.	Compliant

Direction	Principles, Compliance and Implementation	Complied
6.1	Board Committees The Board has established ten (10) Board Subcommittees, of which 5 committees named Strategic Issues Committee, Board Credit Committee, ESG Subcommittee, Discretionary and Capital Expenditure Committee and Bank Digital Subcommittee were established to meet the business requirements of the Bank and 5 committees, namely Audit Committee, Human Resources and Remuneration Committee, Nominations and Governance Committee, Board Integrated Risk Management Committee and Related Party Transactions Review Committee are mandated by the CBSL and CSE regulations. The Bank fully complies with the regulatory requirements governing Board Committees. Each committee reports directly to the Board and operates within clearly defined authority limits set by the Board, specifying whether the committee may act on behalf of the Board or only make recommendations. All committees function under Board-approved Terms of Reference and each committee has appointed a secretary responsible for arranging meetings and maintaining detailed minutes under the supervision of the Committee Chairperson. The minutes of all Subcommittee meetings are submitted to the Board for review and the Chairpersons of Board Subcommittees update the Board on recommendations made and any matters of importance that are discussed at the respective Board Subcommittee. The quorum for all committee meetings consists of at least half of the members. Please see pages 238-263 for the reports of the Subcommittees of the Bank.	Compliant
6.2	Board Audit Committee	Compliant
6.2 (a) (b) (c)	Composition The Audit Committee comprise three Non - Executive Independent Directors where the Chairperson is an Independent Director who possess qualifications and experience in finance, accounting and auditing. Other Members also have financial, commercial and other relevant experience to meet the Committee's objectives.	Compliant
6.2 (d) (k) (s)	External Auditor The Committee made recommendations on the appointment, service period, fees and any resignation or dismissal of the External Auditor, the implementation of the Central Bank guidelines issued to External Auditors and the application of the relevant accounting standards. The BAC reviewed the External Auditor's Management Letter for the year ended 2024 and the Management's responses thereto. The Committee also acted as the key representative body for overseeing the Bank's relations with the External Auditor. In line with the requirements of the Banking (Amendment) Act No. 24 of 2024 and the Corporate Governance Directions, the Bank initiated a Request for Proposal due process to appoint an External Auditor for the financial year ending 31 December 2026. The selected firm will be approved at the next AGM.	Compliant
6.2 (e)	Review of the Audit Process The BAC reviews and monitors the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices through the representations from the External Auditor.	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
(f)	Provision of non-audit services A Policy for 'Engaging the External Auditor for non-audit services' is in place which covers all aspects stated in this Direction. This Policy is reviewed and the relevant amendments are approved by the BAC and the Board. Assigning such non-audit services to External Auditor is discussed at BAC meetings and the required prior approval is obtained to that effect. Further, relevant information is obtained from the External Auditor to ensure that their independence is not impaired, as a result of providing any non-audit services.	Compliant
(g)	Nature and scope of audit The BAC Charter requires the BAC to discuss and finalise with the External Auditor the nature and scope of the audit. In order to comply, the External Auditor makes a presentation at the BAC meeting detailing the proposed audit plan and scope. The Committee discussed and finalised the audit plan, methodology and scope with the External Auditor to ensure that it includes: An assessment of the Bank's compliance with the relevant Directions in relation to Corporate Governance and Internal Controls over Financial Reporting; The preparation of Financial Statements for external purposes in accordance with relevant accounting principles and reporting obligations. As all audits within the Group are carried out by the same External Auditor, there was no requirement to discuss arrangements for coordinating activities with other Auditors	Compliant
(h)	Review of accounting policies/systems The BAC reviews the accounting policies/systems and the internal control framework with the view of ensuring transparency and integrity of the financial reporting process and the adequacy of accounting and other internal controls	Compliant
(i)	Review of financial information of the Bank The BAC reviews the quarterly Financial Statements as well as year-end Financial Statements. The review focuses on the following: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) compliance with relevant Accounting Standards and other legal requirements. The BAC makes their recommendations to the Board of Directors on the above on a quarterly basis.	Compliant
(j)	Discussing issues, problems and reservations arising from audits The Committee met the External Auditor twice during the year in February and October, without the presence of the Executive Management to discuss issues, problems and reservations arising from interim and final audits.	Compliant

Direction	Principles, Compliance and Implementation	Complied
(l)	Internal Audit Function The BAC has oversight of the Internal Audit Department (IAD) of the Bank and carried out the following duties: (i) Reviewed and discussed with the Head of Internal Audit (HIA) the annual Audit Plan, the adequacy of the scope and functions and the resources of IAD. (ii) The Audit Plan for the year was approved by the BAC and the progress was tabled at the BAC meetings. The BAC reviewed the internal audit reports and discussed the Management Action Plans to resolve the issues raised by IAD. (iii) Evaluated the performance of the HIA, based on the feedback given by the CEO and BAC Chairman. Further, HIA discussed the senior audit team members' performance with the BAC. (iv) The BAC is kept informed of the senior staff member appointment/resignations. (v) Any outsourced internal audit services are done with the approval of BAC. (vi) Ensured that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care. The IAD staff reports directly to the HIA who in turn reports directly to the BAC.	Compliant
(m)	Internal Investigations Major findings of internal investigations are reviewed by the BAC and Management responses are obtained.	Compliant
(n) (p)	Attending meetings by invitation and frequency of meetings HIA, VP - Finance and CEO attended meetings on invitation of the Committee. The other KMPs and senior Management attended meetings upon invitation of the Committee for the relevant agenda items. On the invitation of the Committee, the Bank's External Auditor, Ernst & Young attended six (06) meetings during the year.	Compliant
(o)	Investigative authority and access to information The Charter of the BAC clearly defines the authority and terms of reference of the Committee, which is in compliance with this Direction.	Compliant
(q)	Secretary of the meeting HIA function as the secretary of the BAC	Compliant
(r)	Board approved Whistleblowing Policy The Bank has in place a Board approved Whistleblowing Policy to make it easier for members of staff to be able to report irregularities in good faith, without having to fear that their actions may have adverse consequences on themselves. This Policy is reviewed and approved by the BAC and the Board of Directors. Further strengthening the whistleblowing mechanism, the Bank introduced a feature of reporting through the staff intranet for added convenience and security. The employees of the Bank may, in confidence, raise concerns about possible improprieties in Financial Reporting, Internal Controls or other matters. A process has been established to track such whistleblowing and take necessary action. The Bank also has an established external informational mechanism, known as the "NDB Ombudsman", to whom matters can be whistleblown confidentially.	Compliant
6.3	Human Resources and Remuneration Committee (HRRC)	Compliant
6.3 (a)-(c)	Composition The HRRC comprises a majority of Independent Non-Executive Directors. The Chairperson is an independent director and is not the Chair, Board of Directors. The CEO attends the meetings of the HRRC by invitation except when matters related to the CEO are being discussed. Please see detailed report of the HRRC on pages 242 to 244.	Compliant

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Direction	Principles, Compliance and Implementation	Complied
6.3 (d)	Determine the Remuneration policy relating to Directors, CEO and KMPs The HRRC reviews and where necessary makes recommendations on remuneration payable to Directors and KMPs of the Bank. A Board approved Remuneration Policy and process is in place for Directors, CEO and KMPs.	Compliant
6.3 (e)	Set goals and targets for the Directors, CEO and KMPs The goals and targets set for the CEO and KMPs were reviewed and approved by the HRRC and noted/ approved by the Board. Further, the goals and targets of KMPs who head control functions were reviewed and approved by their respective Chairpersons/Subcommittees. The goals and targets for the Directors for the year 2025 have been deliberated in detail and approved at HRRC and Board level.	Compliant
6.3 (f)	Evaluate the performance of the CEO and KMPs against the set goals and targets and determine remuneration benefits The performance of KMPs against set goals and targets are evaluated by the HRRC every year and recommendations are then discussed and approved by the full Board. Further, the performance of KMPs who head control functions are evaluated by their respective Subcommittees/Chairpersons of such Subcommittees prior to being submitted to the HRRC and Board. The CEO's performance is evaluated by the full Board having been reviewed by the HRRC as needed/if so decided. The above process was complied with in 2025.	Compliant
6.3 (g)	Shareholder approval for terminal benefits to Directors, CEO and KMPs The HRRC Charter requires that prior written approval of shareholders be obtained for any special payments or financial and non-financial benefits to Directors, the CEO, or KMPs upon termination or retirement. No such requirement arose during 2025.	Compliant
6.3 (h)	Coordination with the BIRMC The HRRC coordinates with the Board Integrated Risk Management Committee to ensure that the compensation made to directors, CEO and KMPs is within the risk appetite limits of the bank.	Compliant
6.3 (i)	Claw-Back Policy The Bank has a Claw-Back Policy that specifies arrangements for recovering performance-based payments made to the CEO and KMPs in circumstances such as fraud or misappropriation of funds, up to the extent of the financial loss incurred by the Bank. The Policy outlines a transparent process to ensure procedural propriety and fair hearing before implementing any claw-back action. These provisions are also incorporated into the employment contracts of the CEO and KMPs.	Compliant
6.4	Nominations and Governance Committee (NGC)	Compliant
6.4 (a)	Composition NGC comprises of a majority of Independent Non-Executive Directors. The Chairperson is an Independent Director and is not the Chair, Board of Directors. The CEO attends the meetings of the NGC by invitation except when matters related to the CEO are being discussed. Please see detailed report of the NGC on pages 238 to 241.	Compliant
6.4 (b)	Procedure to nominate new Directors, CEO and KMPs The Bank has in place a procedure to select new Directors, CEO and KMPs. This procedure has been in place since December 2008 and has guided the selection of several KMPs and 2 new Non-Executive Directors in 2025.	Compliant

Direction	Principles, Compliance and Implementation	Complied
6.4 (c)/(d)	Fitness and Propriety of Directors, CEO and KMP The NGC has set a procedure to assess eligibility including criteria such as qualifications, experience and key attributes, for appointment of Directors, appointment or promotion to key management positions including the position of the CEO. The committee is also guided by applicable statutes in considering the suitable criteria for each appointment/promotion and followed the same in its recommendations in 2025. Even though the situation has not arisen in 2025, the Charter of the NGC stipulate the requirement to obtain the views of the Board Integrated Risk Management Committee in selecting Chief Risk Officer and Chief Compliance Officer and that of the Audit Committee in selecting Chief Internal Auditor;	Compliant
6.4 (e)	Re-election of Directors This is a requirement embedded in the Charter of the NGC. The NGC determines the Directors who will be retiring and whether they are eligible to be re-elected every year pursuant to taking into account the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities, the need for the particular expertise and other fitness requirements. The Committee in January 2026 has considered and recommended the re-election of Ms. Kasturi Chellaraja and Mr. Sujeewa Mudalige by the shareholders following their retirement by rotation in 2026 and the re-appointment of Mr. Sanjaya Mohottala and Mr. Shanil Fernando who were appointed after the last AGM to fill casual vacancies.	Compliant
6.4 (f)	Quarterly evaluation of independence The NGC conducts quarterly evaluations of the independence of Independent Non-Executive Directors in accordance with Direction 2.5(b), and also reviews any potential conflicts of interest that could impair their ability to act independently. Following a comprehensive assessment of all relevant factors, no changes affecting director independence were identified during 2025.	Compliant
6.4 (g)	Eligibility criteria for appointments to key managerial positions including CEO The NGC has set a procedure to assess eligibility including criteria such as qualifications, experience and key attributes, for appointment or promotion to key management positions including the position of the CEO. The committee is also guided by applicable statutes in considering the suitable criteria for each appointment/promotion and followed the same in its recommendations in 2025.	Compliant
6.4 (h)	Succession arrangements for Board There is in place a formal and transparent procedure for the appointment of new Directors to the Board. In practice, Directors are appointed based on recommendations made by the NGC on fitness of prospective Directors and the need for particular expertise etc. In line with the above, in 2025, the NGC successfully evaluated the fitness and recommended expertise of candidates to be appointed to the Bank's Board. This process culminated in the successful appointment of Mr. Sanjaya Mohottala who replaced Ms. Fay Chetnakarnkul as the representative of Norfund on the Board having also considered Mr. Mohottala's extensive experience in strategic advisory and transformation. Further, Mr. Shanil Fernando's skill set and expertise were evaluated, culminating in his appointment to further strengthen IT/Tech expert knowledge and digital transformation drive at NDB.	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
6.4 (i)	Succession Plan for CEO and the KMP The NGC has reviewed the Succession Plan during the year, identifying key talent for the short, medium and long term from the internally available talent pool and identifying gaps where external resources are to be sought. As a means of grooming selected successors, identifying skills and knowledge gaps in KMP positions the steps taken by the HRRC on talent identification, talent mapping, and leadership competency development planning are noteworthy. In addition to making appointments to fill existing vacancies, the Board through the NGC and HRRC undertook a strategic review of the organisational structure and identified appropriate changes.	Compliant
6.4 (j)	Continuous updates and education at Board level The Bank's existing Subcommittee structure/mandates and board meeting proceedings ensure that the Management provides the Board with timely and comprehensive updates on the applicable laws, regulations, macroeconomic policies, latest technological developments and emerging financial sector and market developments relevant to the banking industry. These updates are delivered on a continuous basis and supplemented by internal stakeholders or external experts whenever necessary, enabling the Board to make informed decisions in a dynamic operating environment. Please refer page 211 for a list of trainings attended by the Board/ Directors amidst their busy schedules; being cognizant of the need to keep abreast with evolving dynamics and to ensure personal development.	Compliant
6.4 (k)	Identification and implementation of training needs of the Board Where and when necessary, the NGC identifies the training needs of the directors and makes recommendations to the Board relating to training, capacity building and professional development programs for the directors. The company secretary implements these recommendations as instructed by the NGC	Compliant
6.4 (l)	Review of Board and Subcommittee structure The Bank diligently monitors the composition of its Board through a process that includes obtaining quarterly declarations from Directors to assess, inter alia, the independence status of Non-Executive Directors and the adequacy of expertise. In 2025, this resulted in the NGC evaluating the fitness and competencies of candidates to be appointed to the Board ensuring that NDB's Board has the expertise and guidance necessary to drive key strategic initiatives. In addition, the NGC undertakes a comprehensive review of the Board's Subcommittee structure and composition. During 2025, the Committee conducted an in-depth assessment of existing Subcommittees, mapping them against applicable regulatory requirements and governance standards. This review resulted in adjustments to Subcommittee composition and the establishment of a new ESG Board Subcommittee to strengthen oversight of environmental, social, and governance priorities. Further details on the Bank's Subcommittee structure are provided on page 205.	Compliant
6.4 (m)	Up-to-date Governance Framework The NGC ensures that the overall corporate governance framework and policies of the bank are reviewed, updated and effectively implemented considering all applicable laws and regulations and industry/ international best practices. Accordingly, the NGC reviewed and approved the updated and restructured Corporate Governance Policy and Corporate Governance Process Manual of NDB.	Compliant
6.5	Board Integrated Risk Management Committee (BIRMC)	Compliant
6.5 (a) (b) (c) (d)	Composition and attendance Please refer the report of the BIRMC on pages 245 to 247 for details on compliance with this Direction.	Compliant

Direction	Principles, Compliance and Implementation	Complied
6.5 (e)	Decision making on behalf of the Board The BIRMC works with KMPs very closely and makes decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.	Compliant
6.5 (f)	Independent Risk Management Function Established an Independent Risk Management Function responsible for integrated risk management of the bank. The committee assesses all risks, i.e., credit, market, liquidity, operational, information security and strategic risks to the bank on a monthly/ quarterly basis through appropriate risk indicators and management information.	Compliant
6.5 (g)	Risk Assessments The BIRMC assesses all risks of the Bank and Group on a monthly basis through Key Risk Indicators, Risk Dashboards and through quarterly Risk Assessment reports prepared for the Bank and Group. The Bank has formed management committees to assess risks on a monthly/quarterly basis and their findings are submitted to the BIRMC and a summary of the minutes of the BIRMC and quarterly risk assessment reports are submitted to the main Board.	Compliant
6.5 (h)	Exposure against Risk Appetite The Risk Appetite of the Bank decided through the ICAAP was approved by the Board.	Compliant
6.5 (i)	Chief Risk Officer (CRO) The committee oversees the functioning of CRO by way of receiving regular reports and communication from CRO and other relevant functions with respect to the risk profile, exposures against the established risk appetite limits and limit breaches.	Compliant
6.5 (j)	Overseeing risk management strategies The BIRMC oversees the strategies implemented for capital and liquidity management and management of all relevant risks of the bank, such as credit, market, operational, information security and strategic risks, to ensure consistency with the stated risk appetite.	Compliant
6.5 (k)	Review of adequacy and effectiveness of management level committee The adequacy and effectiveness of all management level Committees against the respective TORs based on an independent assessment was reviewed at an BIRMC meeting and the result was satisfactory. As an ongoing exercise, the adequacy and effectiveness of management level Committees against the respective TORs based on an independent assessment was reviewed at a BIRMC meeting and the result was satisfactory.	Compliant
6.5 (l) (n)	Corrective actions The BIRMC takes prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by BIRMC on the basis of the Bank's policies and regulatory and supervisory requirements.	Compliant
6.5 (m)	Frequency of meetings The committee meets at least quarterly to assess all aspects of risk management including updated business continuity plans. The Committee has met four times in the year 2025.	Compliant
6.5 (o)	Risk Assessment Report A detailed report is submitted to the Board subsequent to the BIRMC meeting seeking the Board's views, concurrence and/or specific directions.	Compliant
6.5 (p)	Compliance Function A dedicated compliance function has been established to ensure the Bank's adherence to all applicable laws, regulations, regulatory guidelines, and approved internal policies across its operations. This function is led by a designated Compliance Officer from the KMPs, who periodically reports the Bank's compliance status on regulatory requirements to the BIRMC.	Compliant
6.5 (q)	Effective communication with the Audit Committee The Risk Assessment Reports are being shared with the Board Audit Committee on a regular basis (monthly and quarterly).	Compliant

Corporate Governance

Direction	Principles, Compliance and Implementation	Complied
6.5 (r)	Examination of Employee Incentives The Chairperson of the BIRMC is a member of the Board HRRC as well. As such, the requirement of this Direction is covered through the BIRMC chair.	Compliant
6.6	Related Party Transactions Review Committee	Compliant
6.6 (a) and (b)	Composition RPTRC comprises solely of Independent Non-Executive Directors. The Chairperson is an Independent Director and is not the Chair of the bank's Board of Directors. The Terms of Reference of the Bank's Related Party Transactions Review Committee is amended from time to time to keep the RPTRC abreast of any regulatory changes to the scope and composition of the committee. Please see detailed report on pages 252 to 254.	Compliant
6.6 (c)	Policies and procedures The Bank has in place a Board-approved Related Party Transactions (RPT) Policy and RPT Procedure Manual which sets out the procedure to be followed when transacting with Related Parties. The RPT Policy and Procedure Manual were adopted by the Board to identify, report, approve, monitor, clarify and disclose transactions with Related Parties of the Bank on an ongoing basis in line with applicable laws and regulations.	Compliant
6.6 (d)/(g)	Review of Related Party Transactions The RPTRC reviews all transactions with related parties of the Bank to ensure that conflicts of interest are avoided and that more favourable treatment is not granted to any related party of the Bank. To this end, the Bank has adopted a policy that distinguishes the scope of review of the Committee as prior and post review, whereby certain banking transactions, based on the regulatory requirement are reviewed by the Committee after the transaction has taken place. This model reinforces the principle that the responsibility to avoid conflicts of interest and ensure arm's length transactions lies in the first instance with the business lines. A list identifying Related Parties of the Bank in line with this Direction is shared with business lines/Support Units on a quarterly basis. As an added measure, the regulations and processes that need to be complied with are explained in an internal circular which accompanies the related party list. Business/support units are requested to ensure compliance with the required regulation and to refrain from granting related parties of the Bank "more favourable treatment". Further, the Compliance Department reviews transactions with related parties on an ongoing basis to determine if "more favourable treatment" has been offered to them. Any deviations are reported to the Related Party Transactions Review Committee and Board of directors.	Compliant
6.6 (e)	Quarterly report to the Board The Board is kept apprised through the RPTRC on a quarterly basis on the related party transactions conducted during the preceding quarter along with the economic consequences of related party transactions which assists the Board to ascertain the related party exposure of the Bank.	Compliant
6.6 (f)	Abstention from taking part in discussions Directors abstain from participating in the discussion and voting on Board resolutions in relation to which such Directors or any of their close relation/s or a concern in which such Directors or any of their close relation/s have substantial interest, and/or are interested in. Further, their votes are not counted in the quorum for the relevant agenda item at the Board meeting. In line with the Corporate Governance Directions, interested directors also do not receive the access to the information pertaining to an interested transaction, including accessing such information both physically and/or electronically.	Compliant

Direction	Principles, Compliance and Implementation	Complied
7	Related Party Transactions	Compliant
7.1/7.2	Related Parties and Related Party Transactions There is a comprehensive and all-encompassing process to facilitate the identification of the related parties of the Bank in a timely manner. The related party list of the Bank includes all parties specified in the section 7.1 of Corporate Governance Directions as well as any other parties required to be considered under the Listing Rules/LKAS. The list of related parties is made available for access to relevant staff through the respective leadership team member and is updated real-time to avoid any lapses in compliance. The Related Party Transactions Policy approved by the Board, covers the following transactions: a) The grant of any type of accommodation, as defined in the Banking Act Directions on Maximum Amount of Accommodation/ Large Exposures of Licensed Banks. b) The creation of any liabilities of the bank in the form of deposits, borrowings and investments. c) The provision of any services of a financial or non-financial nature provided to the bank or received from the bank. d) The creation or maintenance of reporting lines and information flows between the bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties. Mechanisms are in place to support business lines in identifying related party transactions, and the Bank through the Compliance Department ensures that staff maintains a high level of awareness of related parties and the required principles and processes. The Compliance Department also circulates eflyers to keep employees informed of the regulatory requirements governing related party transactions. The Management is committed to further improving these mechanisms including the introduction of system support to detect such transactions. With improved clarity and revamped procedure in place, the related party transactions carried out in 2025 were in line with the newly applicable laws and regulations.	Compliant
7.3	Applicability of Banking Act Provisions The Board has implemented a Related Party Transactions Policy and Procedure Manual, which outlines procedures for granting accommodations to Related Parties (other than, transactions that the CEO and Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff). These transactions are conducted in compliance with the CBSL rules and regulations, under terms and conditions applicable to other customers of the Bank.	Compliant
7.4	Accommodation Granted to Directors and Connected Parties The Board has established the Related Party transactions Procedure Manual which ensures that the necessary security as approved by the Central Bank of Sri Lanka is provided within 1 year of the appointment to the Board of the Bank for any accommodation granted to a Director or to his connected parties prior to such appointment. It further provides that, in the event approved securities are not provided, such accommodation together with interest if any, should be settled within the period specified at the time of grant of accommodation or at the expiry of a period of eighteen months from the date of appointment of the director, whichever is earlier.	Compliant
7.5	Accommodation granted to Employees The Bank is cognizant of the requirements under the Direction and has in operation a staff schemes applicable to Bank employees. If any accommodation is granted to an employee or close relation/s of the employee, outside a scheme applicable to employees, such accommodation should be secured by security as may be approved by the Central Bank of Sri Lanka in respect of accommodation granted under Sections 47(3) and 47 (5) of the Banking Act. Further, Two third board approval is required in respect of accommodation granted to KMPs. Operational circulars are in place to prevent the granting of more favourable treatment to employees or their close relations or to any concern in which an employee or close relation has a substantial interest.	Compliant

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Direction	Principles, Compliance and Implementation	Complied
7.6	Writing-off of Accommodation to Related Parties The Related Party Transaction Procedure Manual covers the process to be adopted for the Writing-off of Accommodation to Related Parties. However, there have not been instances where such accommodation have been written off in 2025.	Compliant
8	Senior Management	Compliant
8.1	Board Oversight on Senior Management The duties and responsibilities of KMPs are documented in their respective job descriptions and scorecards. The Board through the HRRC evaluated the performance of the KMPs against set goals and targets, ensuring that the actions of senior management are consistent with the business strategy and policies approved by the Board. The Board is also conscious of setting the right tone at the top and in line with same, the standards of conduct expected of Senior Management are high and are scrutinised by the HRRC, NGC and the Board. The Board regularly interacts with the Bank's KMPs through reports tabled at both Board, Subcommittee meetings and at any special meetings convened on a needs basis. KMPs make regular presentations to the Board on matters under their purview and are also called in by the Board to explain matters relating to their areas. Banking operations carried out in line with the Bank's strategic objectives including any issues faced by the Bank are discussed on an ongoing basis at Board meetings and also at special meetings scheduled with Directors based on the exigencies of times through which Directors provide the required oversight and guidance to the KMPs. The CEO, at bi-monthly meetings held with The Leadership Team, updates them on key decision points taken by the Board. After assessing the collective knowledge and expertise of the KMP cadre, the Board through the NGC and HRRC renewed the skills, knowledge and gaps, and identified appropriate changes.	Compliant
8.2	Criteria to Assess the Fitness and Propriety of Senior Management All KMP have satisfied the fit and proper criteria set out in Section 42 (2) of the Banking Act and all new appointments are subject to approval of CBSL. During 2025, CBSL approval was sought for six (06) KMP appointments/movements. When promotions, extensions or lateral moves take place too, the fitness of KMPs have been re-assessed to ensure that they are fit for the job.	Compliant
8.3	Responsibilities of Senior Management The Senior Management is well aware of their responsibilities set out in this Direction and has taken all necessary measures to ensure full adherence to its provisions. The independence of control functions has been well established and strengthened at the Bank including the provision of resources and training/ advisory to ensure a robust risk and compliance culture at the Bank. The talent development, leadership training and such other training opportunities provided to the Senior Management has assured enhanced competencies and that they are up to date on relevant developments taking place in this challenging environment.	Compliant
9	Disclosures	Compliant
	Please see pages 222 to 225 for a detailed tick-off of the Bank's compliance with disclosure requirements.	Compliant

STATEMENT OF COMPLIANCE - CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE 2023 (THE CODE) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (ICASL).

The Bank has over the years been cognizant of the standards set forth in the Code of Best Practices on Corporate Governance 2023 (the "Code") and has been fully compliant therewith. The Code is intended to provide a corporate governance framework that supports strong business ethics, sound policies and procedures and an effective monitoring system which is in line with international best practices.

The Code is broadly divided into three areas, namely the Company, Shareholders and other matters

I. The Company

Key principles are detailed under the following broad areas viz. Directors, Directors' Remuneration, Relations with shareholders, and Accountability and Audit.

II. Shareholders

Key principles are detailed under the following broad areas viz. Institutional Investors and Other Investors.

III. Other Matters

This section covers the areas: Internet of Things and Cyber-security, Sustainability: Environmental, Social and Governance (ESG) Risk and Opportunities, and Special Considerations for listed entities.

The Bank's adherence with the Code is detailed below with explanatory comments as follows;

(Compliance with the specific **disclosure requirements** of the Code are detailed from pages 231 - 232)

Rule No.	Corporate Governance Principles	Compliance Status
A.	Disclosures	
A.1	The Board	
	As at 31 December 2025 the Board comprised nine (09) Directors, eight of whom, including the Board Chair, functioned in a non-executive capacity. Subsequently, on 13 January 2026, Mr. Shanil Fernando was appointed to the Board as a Non-Executive Independent Director. The members of the Board consists of professionals in the fields of banking, finance, management, treasury, law, accounting, auditing, IT, economics, investments, private sector exposures and possess the skills, experience and leadership required to direct, lead and control the Bank. The Chief Executive Officer (CEO) is the only Executive Director. The Board has appointed several Board Subcommittees to assist in the discharge of their collective responsibilities. The Bank is mindful of the need to maintain an appropriate mix of skills and experience in the Board through a regular review of its composition in ensuring that the skill representation is in alignment with current and future needs of the Bank. Additionally, individual Directors are encouraged to seek expert opinion and/or professional advice on matters where they may not have full knowledge or expertise.	Compliant
A.1.1	Regular Board meetings	
	The Board usually meets on monthly intervals, but meets more frequently whenever it is necessary. The Board met fourteen (14) times during the year which included two (02) special meetings. Scheduled Board and Board Subcommittee meetings are arranged at the end of the previous calendar year. Attendance at Board and Subcommittee meetings is provided on page 214.	Compliant

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Rule No.	Corporate Governance Principles	Compliance Status
A.1.2	Role and responsibilities of the Board Business Strategy Throughout a significant portion of 2025, the Board of Directors played a pivotal role in shaping the Bank's medium-term strategy, with the objective of strengthening internal processes, enhancing competitive capabilities, and positioning the institution to compete more effectively with larger market players in the years ahead. This strategic initiative was led from the top, with the Board providing overarching direction and governance, while execution was driven in collaboration with international subject matter experts. From the outset, the Board was instrumental in defining the strategic vision and guiding the subject matter experts on the desired outcomes and priorities. It undertook a rigorous review of the diagnostic findings presented by the experts and constructively challenging assumptions and recommendations of the formulated strategy, where necessary. The Board also played a key role in prioritizing critical workstreams that required immediate attention to ensure the strategy would deliver optimal results. The Board continues to maintain active oversight of the strategy's execution, receiving regular progress updates from both management and the experts. It provides timely guidance to facilitate course corrections where needed, ensuring that the strategic plan remains on track and is delivered as envisioned. This approach reflects the Board's commitment to strong governance—offering strategic direction while entrusting day-to-day decision-making and execution to management. All staff members were kept thoroughly informed of the organisation's strategy and ongoing developments through a structured communication approach. Awareness sessions provided clarity on key objectives, while regular town hall meetings created opportunities for open dialogue and collective alignment. In addition, timely email updates ensured that information was accessible to everyone, reinforcing transparency and inclusivity. This multi-channel engagement not only kept employees apprised but also fostered a sense of ownership, making them active participants in the overall process.	Compliant
	Senior Independent Director In terms of the Bank's Article of Association the Bank's Board Chair is mandatorily an Independent Director therefore the need to appoint a Senior Independent Director does not arise.	Compliant
	The CEO and Management Team skills, experience and knowledge to implement the strategy The Nominations and Governance Committee (NGC) and The Human Resources and Remuneration Committee (HRRC) ensure that the CEO and Key Management Personnel (KMPs) have the required skills, experience and knowledge to implement strategy. The CEO and The Leadership Team consist of senior bankers with substantial experience in the field of banking and finance. The profiles of The Leadership Team are available on page 36.	Compliant
	Succession strategy of CEO and KMPs The Board, through the HRRC advised on talent identification, talent mapping, and leadership competency development plan covering all key roles at the Bank, which resulted in the NGC updating and improving succession planning at the Bank. The HRRC deliberated in detail on the identified Talent pool, the details of the interventions etc. and has committed to regularly monitor the progress of this exercise.	Compliant
	Budgets and major capital expenditure The Annual Budget for 2026 was approved before the commencement of the year. Major capital expenditure requires the approval of the Board.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
	Delegation of Authority To enable the Board to discharge its stewardship and fiduciary responsibilities effectively it delegates authority to the Board Subcommittees to oversee specific responsibilities based on clearly defined Terms of References which are also detailed under the respective Subcommittee reports from page 238 to 263. For more information on the responsibilities of the Board, Delegation to Management and the powers retained by the Board, please see page 208 of this report.	Compliant
	Integrity of information, internal controls, cyber security, business continuity and risk management The Board is responsible for the overall risk framework of the Bank and there is in place an adequate system of internal controls. In line with Directions issued by the Central Bank of Sri Lanka, Bank has established the Information Security Committee (ISC) as the apex management level body responsible for information security and technology resilience of the bank. The ISC has the responsibility for both strategic and operational aspects of information security and technology risk management. As a new development in 2025, the ISC also assumed the mandate of a Personal Data Protection (Privacy) Committee. Policies relating to securing information, cyber security, business continuity and risk management have been approved by the Board. These policies have been reviewed by the ISC and thereafter with ISC's recommendation the Board Integrated Risk Management Committee (BIRMC). The BAC reviews Internal Audit reports submitted by the Internal Audit Department and monitors follow up action. Further, based on the assessment of Internal Control Over Financial Reporting (ICOFR), Directors concluded that the Bank's Internal Control Over Financial Reporting is effective. The BIRMC appointed by the Board, reviews and recommends to the Board, the Bank's risk policies and procedures defining the Bank's risk appetite, identifying principal risks, setting governance structures and implementing policies and systems in line with the Integrated Risk Management Framework to measure, monitor and manage the principal risks of the Bank. The Board has approved risk management policies and procedures as reviewed and recommended by the BIRMC, based on these parameters and as required by Regulation. The following reports provide further insight in this regard: ■ The Risk Management Report (pages 473 to 511) ■ Report of the Board Integrated Risk Management Committee (pages 245 to 247) ■ The Directors' Statement on Internal Control (pages 266 to 267) ■ Report of the Board Audit Committee (pages 248 to 251)	Compliant
	Availability of Information and Communications Technology (ICT) roadmap in line with business strategy The Bank has established an ICT roadmap in line with the Bank's business strategy. The Bank diligently monitors the implementation progress of the ICT roadmap through the Bank Digital Subcommittee and the IT Steering Committee.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
	Compliance with laws, regulations and ethical standards The compliance function is an independent function of the Bank that supports the Board of Directors and Senior Management of the Bank to manage compliance risks by supporting the Bank to embed a culture of compliance within the Bank, disseminate new laws and regulations in a timely manner, provide guidance on the interpretation of regulatory requirements, support business with the creation and implementation of regulatory compliant policies and procedures, undertake independent compliance monitoring of business with relevant laws and regulations and take measures to mitigate compliance risks. The Compliance Officer submits to the BIRMC and the Board a detailed report on the Compliance status of the Bank each quarter.	Compliant
	All stakeholder interests are considered in corporate decisions The Board of Directors considers the views/impact on the stakeholders of the Bank when decisions are made at Board meetings.	Compliant
	Sustainable business development and “integrated reporting” Sustainable business development is one of the areas of focus considered by the Board. The Bank is committed to funding sustainable development projects across all its Business Lines/ segments and core areas in this regard are renewable energy generation projects, SMEs, export oriented businesses and women led businesses among others. Please refer pages 76 to 79 for more details. The Bank's Annual Report is presented in line with the Integrated Reporting framework issued by the International Integrated Reporting Council (IIRC) and related guidelines issued by ICASL from time to time.	Compliant
	Accounting policies and fostering compliance with financial regulations The BAC and the Board reviews accounting policies annually to ensure that the Financial Reporting Model of the Bank is in line with such policies, financial regulations, evolving international and local accounting standards and industry best practices. The Board ensures that the Financial Statements of the Bank are prepared in accordance with the approved accounting policies.	Compliant
	Monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks The Management monitors budgets on frequent intervals (daily/weekly/monthly) and is reviewed by the Board on a monthly basis. Strategy is approved by the Strategic Issues Committee and the Board. The Board also reviews the implementation progress regularly.	Compliant
	Corporate reporting relevant to the Bank The Bank is listed on the Colombo Stock Exchange and conforms to the reporting requirements in the Listing Rules issued by the Colombo Stock Exchange and also adheres to the regulations applicable to Licensed Commercial Banks. Therefore corporate reporting on an annual and quarterly basis is carried out in line with the regulations	Compliant
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned The Board makes every endeavour to fulfil its stewardship obligations on behalf of stakeholders. The Board is committed to fulfilling their functions in line with laws, regulations and good governance practices adopted by the Bank.	Compliant
A.1.3	Act in accordance with laws There is significant emphasis across the Bank to ensure compliance with applicable laws and regulations. In order to preserve the independence of the Board and to strengthen the decision making, the Board seeks independent professional advice when deemed necessary. The Board-approved Corporate Governance Process Manual contains the procedure to be followed when a Director or the Board wishes to obtain independent professional advice on any matter.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
A.1.4	Access to advice and services of Company Secretary	
	The Company Secretary advises the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary and she possesses the required qualifications as set out in the Companies Act and the Banking Act. For the year 2025 the Company Secretary has provided assistance to the Directors when requested. The Company Secretary exclusively serves in the capacity of Company Secretary and does not hold simultaneous employment in another capacity within the Bank. Please refer page 213 for more details on the role of the Company Secretary. The Bank has in place an insurance cover for the Directors and its Officers.	Compliant
A.1.5	Independent judgment	
	The Board combines an appropriate and diverse balance of skills, industry experience and perspective to objectively discharge its responsibilities. All Directors bring their independent judgment to matters discussed at Board meetings. Details of Directors' deliberations are contained in the minutes maintained by the Company Secretary.	Compliant
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	
	Every member of the Board has dedicated adequate time and effort for the affairs of the Bank by attending Board meetings, Board Subcommittee meetings and by making decisions via circular resolutions. In addition, the Board members have meetings and discussions with the Management when required. Board papers are circulated to the Board at least seven days prior to each Board meeting. Any request for additional information is made to the Company Secretary. The relevant member of staff is informed by the Company Secretary and the requisite information is forwarded. All matters that require follow up are discussed at the immediately succeeding Board meeting under 'Matters Arising'. Business heads regularly update the Board on the status and development in their respective fields. The CEO on a regular basis updates the Board on business changes, operational risks and controls relevant to the Bank. Please refer page 215 which illustrates how the Board spent its time in 2025.	Compliant
A.1.7	Call for a resolution to be presented to the Board	
	All Directors are entitled to include matters and proposals in the agenda for Board meetings and this right has been entrenched in the Bank's Policy on Corporate Governance and the Corporate Governance Process Manual. Additionally a separate agenda item has been included in the monthly Board meeting agenda for Directors to raise any matters relating to the Bank's business and operations. Monthly meetings are scheduled and informed to the Board at the beginning of each calendar year to enable submission of proposals in the agenda for regular meetings. This process supports the requirement detailed in this Code.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
A.1.8	Board induction and training	
	The Board Chair is responsible for ensuring that the Directors continually update their skills, knowledge and awareness of the Bank's policies and procedures as required to fulfill their roles both on the Board and on Committees appointed by the Board. Directors were extensively updated and awareness levels were improved throughout 2025. Please refer page 211 for details. New Directors are provided with a comprehensive induction pack on appointment to the Board and taken through an induction program by the CEO and/or the Board Chair. Please refer the section on "Director Induction" on page 211 for more details. During their onboarding, new Directors are also made aware of internal policies and external laws regulating Directors' conduct, thus ensuring that the new Directors give due consideration to responsibilities of their role, their ability to dedicate time and possessing required competencies. Directors also submit a declaration when they are appointed (and thereafter on a quarterly basis) disclosing all potential conflicts of interest.	Compliant
A.2	Separating the business of the Board from the executive responsibilities for management of the Bank	
A.2.1	Divisions of Responsibilities between the Board Chair and CEO	Compliant
A.5.7 A.5.8	The posts of Board Chair and CEO of the Bank are held by two separate persons and there is a clear division of responsibilities between them thereby maintaining the balance of power between the two roles as set out in the Banks Policy on Corporate Governance and the Corporate Governance Process Manual. Please refer page 212 for more information.	
A.3	Board Chair's role in preserving good corporate governance	
	Conducting Board proceedings in a proper manner The Board-approved Corporate Governance Process Manual formally details the role of the Board Chair. The Board Chair ensures that the affairs of the Board are conducted in an effective manner. He encourages Directors to share their views on matters discussed and ensures the participation of both Executive and Non-Executive Directors thereby maintaining a balance of power between Executive and Non-Executive Directors. The Board Chair approved the agenda for each meeting in consultation with the CEO and the Company Secretary and ensured that all Board proceedings were conducted in a proper manner. All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings. The views of Directors on issues under consideration are well ascertained and records of such deliberations are reflected in the minutes.	Compliant
A.4	Availability of financial acumen and knowledge to offer guidance on matters of finance	
A.4.1	Financial Acumen and Knowledge	Compliant
	The Chairperson of the BAC who is a Non-Executive Independent Director is a Fellow Member of the ICASL ensuring a sufficiency of financial acumen within the Board on matters of finance. Further, seven (07) of the ten (10) Directors have vast experience on matters of finance	
A.5	Board balance	
A.5.1	Board to have a balance of Executive and Non-Executive Directors	Compliant
	Nine (09) of the ten (10) Directors currently on the Board are Non-Executive Directors. The CEO is the only Executive Director. The Board Chair is a Non-Executive Independent Director.	
A.5.2 – A.5.5	Board Independence	Compliant
	There were eight (08) Non-Executive Directors on the Board as at 31 December 2025. Of them, seven (07) are (as per the criteria in the Code) independent of management and free of business dealings that may be perceived to interfere with the exercise of their unfettered and independent judgment. Each Non-Executive Director has submitted signed and dated declarations in 2025 of his/her independence and any developments bearing an impact on their status of independence are disclosed to the Company Secretary immediately.	

Rule No.	Corporate Governance Principles	Compliance Status
	The names of Non-Executive Independent Directors are given on page 213 of this report. Accordingly, the number of Non-Executive Independent Directors exceeds two-thirds of the total number of Directors on the Board.	
A.5.6	Appointing an Alternate Director Directors appoint Alternate Directors in line with the Listing Rules, the Articles of the Bank and the Banking Act as and when required for a particular meeting. An Alternate Director of a Non-Executive Director will not be an Executive Director, and an Alternate Director appointed to act for an Independent Director is also required to be independent. No Alternate Director appointments were made in 2025.	Compliant
A.5.9	Board Chair to meet only with Non-Executive Directors as necessary and at least once each year As and when needed the Board Chair meets with and discusses matters related to the Executive Director only in the presence of Non-Executive Directors. The Executive Director/Chief Executive Officer is excused/ not invited to Board deliberations where the Non-Executive Directors discuss matters concerning the CEO such as his own performance etc. and such a deliberation took place in 2025.	Compliant
A.5.10	Recording of a dissenting view Dissenting views are recorded in the Board minutes in detail. Directors' concerns regarding matters which are not resolved unanimously are also recorded in the minutes and the Directors are provided ample opportunity to scrutinise minutes prior to adopting to ensure their views are adequately recorded.	Compliant
A.6	Supply of Information	
A.6.1 - A.6.2	Provision of providing appropriate and timely information to the Board The Management provides comprehensive information including both quantitative and qualitative information for the monthly Board meetings generally seven (07) days prior to the Board meetings. Urgent information is forwarded to the Directors through secure channels as and when needed without holding out for a Board meeting. Members of The Leadership Team make presentations to Directors on important issues relating to financial performance, strategy, risk management, investment proposals, systems and procedures, where necessary. The Directors have access to the Management to obtain further information or clarify any concerns they may have and they also have the right to seek independent professional advice at the Bank's expense.	Compliant
A.7	Appointments to the Board	
A.7.1	Nominations and Governance Committee The Board has established a Nominations and Governance Committee in line with the Listing Rules of the Colombo Stock Exchange and the Banking Act which Committee makes recommendations to the Board on new Board appointments. The Committee comprises four (04) Non-Executive Directors, with three (03) of them serving as Independent Directors. The role of Committee Chairperson is held by a Non-Executive Independent Director, underscoring the Bank's commitment to impartial and diligent decision making in shaping the composition of the Board and selection of the CEO and KMPs of the Bank.	Compliant
A.7.2	Ensure Board appointees are fit and proper There is in place a Board-approved policy and process for appointment of Directors to the Board whilst being guided by applicable regulations as well. The Nominations and Governance Committee also assesses the Board composition against pre-defined criteria of skills, diversity and knowledge to ensure that Board appointees are fit and proper. The Committee has actively prioritised diversity in Board composition, taking into account gender, age and any other factors that are relevant to the Banking industry and to the Bank. The Members of the Committee have not participated in decision making relating to their own appointment/reappointment. Please refer pages 238 to 241 for the report of the Nominations and Governance Committee.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
A.7.3	Succession plan for the Chief Executive Officer and KMPs The Nominations and Governance Committee has ensured that there is a succession plan for the Chief Executive Officer and KMPs. The Committee together with the HRRC has determined the training and development requirements for those identified for succession.	Compliant
A.7.4	Disclosure to shareholders on new appointments to the Board When there are new Director appointments or Alternate Director appointments, disclosures are made to shareholders in terms of the Listing Rules issued by the Colombo Stock Exchange.	Compliant
A.7.5	Nominations and Governance Committee (NGC) Members to be disclosed in the Annual Report The Chairperson and Members of the Nominations and Governance Committee have been identified in the Annual Report. Please refer pages 238 to 241 for the report of the Nominations and Governance Committee for a description of its scope of work and processes.	Compliant
A.8	Re-election	
A.8.1- A.8.2	Re-election of Directors at regular intervals Directors to retire at the Annual General Meeting (AGM): As per the Articles of the Bank, 1/3rd of the Directors (except the CEO, any Director appointed to fill a casual vacancy and the Nominee Director of the Ministry of Finance in terms of the Articles of Association of the Bank) should retire at each AGM and be subject to re-election. Such Directors who retire are those who held office for the longest time period since the election/re-appointment. In accordance with this provision, The NGC/Board in January 2026 has considered the re-election of Ms. Kasturi Chellaraja and Mr. Sujeewa Mudalige and their re-election has been recommended at the upcoming AGM to be held in March 2026. The committee has also recommended for re-appointment, Mr. Sanjaya Mohottala and Mr. Shanil Fernando who were appointed to fill casual vacancies on the Board. Prior to recommending the above re-election/re-appointments of Directors the NGC considered the fitness and propriety of each Director. This process and practice has been followed annually by the NGC and the Board.	Compliant
A.8.3	Resignation of a Director There was one resignation during 2025 and the relevant disclosures were made forthwith.	Compliant
A.9	Appraisal of Board and Committee Performance	
A.9.1 - A.9.4	Self-evaluation process of Board Members & Subcommittees The Board carried out its self-evaluation process in respect of the year 2025. The process is led by the Board Chair and all Directors were required to complete a detailed questionnaire. Bank reviewed this process and made necessary revisions thereto. The feedback of the directors and any action plans and improvements/changes are deliberated in detail and carried forward by the Board. The processes adopted are detailed on page 212 of this report. All Subcommittees also carried out a self-evaluation process in 2025 to determine the effectiveness of their performance in 2025 and to identify areas for improvement which are subsequently discussed at their respective meetings, the minutes of which are submitted to the Board.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status																						
A.10	Disclosure of Information in Respect of Directors																							
A.10.1	Annual Report to disclose specified information regarding Directors <table><tr><th>Information Required</th><th>Page Reference</th></tr><tr><td>Name, qualification and brief profile</td><td>30-33</td></tr><tr><td>Nature of his/her expertise in the relevant functional areas</td><td>30-33</td></tr><tr><td>Immediate family and/or material business relationships with other Directors of the Bank</td><td>None to disclose</td></tr><tr><td>Whether Executive, Non-Executive and/or Independent Director</td><td>207, 213</td></tr><tr><td>Names of listed companies in which the Director concerned serves as a Director</td><td>30-33</td></tr><tr><td>Names of other companies or companies in a group in Sri Lanka in which the Director concerned serves as a Director</td><td>30-33</td></tr><tr><td>Board meeting attendance</td><td>214</td></tr><tr><td>The total number of Board seats held by each Director</td><td>30-33</td></tr><tr><td>Board committees served as the Chairperson/member</td><td>207</td></tr><tr><td>Committee meeting attendance</td><td>214</td></tr></table>	Information Required	Page Reference	Name, qualification and brief profile	30-33	Nature of his/her expertise in the relevant functional areas	30-33	Immediate family and/or material business relationships with other Directors of the Bank	None to disclose	Whether Executive, Non-Executive and/or Independent Director	207, 213	Names of listed companies in which the Director concerned serves as a Director	30-33	Names of other companies or companies in a group in Sri Lanka in which the Director concerned serves as a Director	30-33	Board meeting attendance	214	The total number of Board seats held by each Director	30-33	Board committees served as the Chairperson/member	207	Committee meeting attendance	214	Compliant
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The total number of Board seats held by each Director	30-33																							
Board committees served as the Chairperson/member	207																							
Committee meeting attendance	214																							
A.11	Appraisal of the CEO																							
A.11.1 - A.11.2	Setting annual targets and the appraisal of the CEO The Board discussed and set financial and non-financial targets to be achieved during the year by the CEO with reference to the short, medium and long term objectives of the Bank at the beginning of 2025. The HRRC/Board has evaluated the performance of the CEO against the said goals and targets.																							
B	Directors’ remuneration																							
B.1	Remuneration procedure The Bank has a formal and transparent Remuneration Policy for Directors, CEO and KMPs. No Director is involved in fixing his/her own remuneration.	Compliant																						
B.2	Level and make-up of remuneration Level and make-up of remuneration of Non-Executive Directors are sufficient to attract and retain the Directors in order to run the Bank successfully. The CEO being the only Executive Director is not remunerated separately on account of this ex-officio role. As is the case with all staff, the CEO’s remuneration is structured to link rewards to corporate and individual performance ensuring the balance between short, medium and long-term perspectives of the performance outcomes.	Compliant																						
B.2.1	Establishment of a Remuneration Committee The Board has established a Human Resources and Remuneration Committee (HRRC) which Committee has developed the Remuneration Policy based on which, remuneration for the Directors and KMPs are determined.	Compliant																						
B.2.2 B.2.15	Composition of the Remuneration Committee The HRRC consists of five (05) Non-Executive Directors out of which four (04) are independent. The Chairperson Kasturi Chellaraja is a Non-Executive Independent Director. Please refer pages 242 to 244 for the report of the HRRC for more details on the composition and activities carried out by the HRRC in the year 2025.	Compliant																						
B.2.3	Seek professional advice The HRRC has access to professional advice from within and from external consultants. During the year, HRRC reviewed the information provided by the Bank’s Human Resources Department as well as outcomes of a comprehensive market survey to determine market and industry trends in remuneration and perquisites for its Senior Management team.	Compliant																						

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
B.2.4	Remuneration for Executive Directors	Compliant
B.2.5	The Executive Director is an ex-officio Director on account of being the CEO of the Bank and as such is not paid any additional remuneration or benefits by virtue of him being an Executive Director. The CEO's remuneration is linked to the Bank's performance as well as his individual performance and is designed to promote the short medium and long-term performance of the Bank. The Executive Director participates in the HRRC only by invitation and does not participate when matters pertaining to his remuneration are discussed.	
B.2.6	Positioning the Bank's remuneration levels relative to other companies in the industry The HRRC reviews information relating to remuneration and perquisites of CEO and Senior Management of the Bank and due care is taken to ensure that remuneration is commensurate with industry standards, the Bank's risk culture, risk appetite and both the Bank's and individual performance. A comprehensive salary survey was carried out in 2025 and the HRRC considered same in its deliberations and recommendations in 2025.	Compliant
B.2.7	Comparison of remuneration levels with other Companies in the Group Size, scale and business of the Bank are not comparable with Group Companies and hence the remuneration too is not comparable.	Compliant
B.2.8	Performance related remuneration of CEO & Executive Directors The goals and targets of the CEO are set at the beginning of the year and cascaded to the rest of the Bank. The CEO's (being the only Executive Director) remuneration and performance bonus is decided based on achievement of the goals and targets agreed upon. The Committee reviews annually the performance of the CEO against the set targets and goals, which have been approved by the Board, and recommends the basis for revising remuneration, benefits and other payments of performance-based incentives. The Committee has ensured that the fair and transparent procedures recommended by the Committee and approved by the Board have been followed when evaluating senior management's performance and revising their remuneration, benefits and other payments of performance-based incentives.	Compliant
B.2.9	Employee Share Options An employee share scheme was established in 2016 which was approved by the shareholders in line with the listing rules of the CSE and shares were issued under this scheme in 2025. Details are given in the Financial Statements on page 365. The scheme concluded in June 2025.	Compliant
B.2.10	Designing schemes of performance related remuneration No remuneration or benefits are paid to the only Executive Director who is the CEO on account of his Executive Directorship. Please refer pages 242 to 244 for the report of the HRRC for more details on remuneration.	Compliant
B.2.11 – B.2.12	Early termination of Executive Director Termination of service of the Executive Director will be in accordance with his contract of employment as he is an ex-officio Director.	Compliant
B.2.13	Determining the remuneration of the Non-Executive Directors including the members of the Remuneration Committee The HRRC determines the remuneration of the Non-Executive Directors in line with the Board approved Remuneration Policy and approvals for the remuneration are obtained from shareholders at the AGM.	Compliant
B.2.14	Levels of remuneration of Non-Executive Directors Non-Executive Directors are remunerated in line with the prevailing regulations and market practices as stated in the Remuneration Policy and this has been reviewed periodically. However they are not entitled to receive any performance-based remuneration which includes shares.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
B.3	Disclosure of remuneration	
B.3.1	Disclosures related to remuneration in Annual Report Please refer pages 242 to 244 of the Annual Report for the Report of the HRRC. Also refer Note 15 on page 309 of the Financial Statements for aggregate remuneration paid to Executive and Non- Executive Directors.	Compliant
B.3.2	Annual Report to disclose the number and aggregate remuneration of the Senior Management personnel reporting directly to the CEO The aggregate values of remuneration to the KMPs of the Bank are disclosed on page 224.	Compliant
C	Relations with shareholders	
C.1	Constructive use of the AGM and conduct of General Meetings	
C.1.1	Notice of the AGM The AGM provides a forum for all shareholders to participate in decision making matters reserved for the shareholders. Notice of the AGM is circulated fifteen (15) working days in advance with the Annual Report and Accounts.	Compliant
C.1.2	Separate resolutions for substantially separate issues Separate resolutions are obtained for substantially separate matters to provide shareholders with an opportunity to deal with each significant matter separately. The Annual Report of the Board of Directors and Accounts are laid before the shareholders of the Bank for their consideration as a separate item on the agenda at the AGM.	Compliant
C.1.3	Valid proxy appointments The Bank has in place an effective mechanism to record all proxy votes to indicate to the Board Chair the level of proxies lodged on each resolution and the number of votes for and against each resolution. As a matter of practice, proxy votes together with the votes of shareholders present at the AGM are considered for each resolution and duly recorded in the minutes.	Compliant
C.1.4	Board subcommittee Chairpersons available at AGM The Board Chair ensures that the Chairpersons of Board Subcommittees participate at the AGM to answer all queries that may be raised. The Chairpersons of the Board Subcommittees participated at the AGM held in 2025.	Compliant
C.1.5	Adequate notice of all meetings to shareholders The notice of meeting and related documents are circulated to the shareholders fifteen (15) working days prior to the AGM. Summary of the procedures governing voting at the AGM is provided in the proxy form, which is circulated to shareholders together with the notice of meeting fifteen (15) working days prior to the AGM. The Board encourages all shareholders to actively participate in the AGM. The shareholders may raise any queries they have on the annual accounts and the annual report with the Directors.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
C.2	Communication with shareholders	
C.2.1 C.2.2 - C.2.3 C.2.4 - C.2.7	Effective communication with shareholders The Board approved Policy on Relations with Shareholders and Investors sets out the Bank's policy on effective communications and relations with the shareholders and investors of the Bank and it was available for perusal upon request by shareholders. The principal forum for shareholders is the AGM, while matters can also be raised through the Company Secretary. The Company Secretary keeps the Board apprised of major issues and concerns raised by the shareholders to ensure that they are addressed in an appropriate manner keeping in line with the corporate values of the Bank. Matters raised in writing are responded by the Company Secretary in writing. Shareholder correspondences on major issues are handled by the Board Chair with the concurrence of the Board/ the CEO as appropriate and the Board Chair communicates them to the Board of Directors as and when necessary. Refer page 219 for more information on the Bank's Shareholder Engagement. Details of the contact personnel are provided in the "Corporate Information" section on page 551 of this Report. In addition, shareholders are encouraged to provide their feedback to the Board Chair and/or the Company Secretary. The Bank's website's Investor Relations page also carries contact details of the Company Secretary and a dedicated e-mail for investor relations is also provided.	Compliant
C.3	Major and material transactions	
C.3.1 - C.3.2	Disclosure of major and material transactions During 2025 there were no major transactions as defined by Section 185 of the Companies Act No. 7 of 2007 which materially affected the Bank's net asset base.	Compliant
C.3.3	Disclosure requirements and shareholder approval by special resolution The Bank being a public listed company complies with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission and by the Colombo Stock Exchange as well as the Companies Act and the Bank's Articles of Association.	Compliant
D	Accountability and audit	
D.1	Financial and business reporting	
D.1.1	True, fair, balanced and understandable presentation of Annual Report including Financial Statements with the relevant laws and regulations Declarations by the Directors as required by the Code of Best Practice on Corporate Governance are provided on page 264 to 267 in the 'Statement of Directors' Responsibilities for Financial Reporting.	Compliant
D.1.2	Balanced and understandable assessment of interim and other price-sensitive public reports to regulators The Board is aware of its responsibility to present regulatory and statutory reports in a balanced and understandable manner. A statement to this effect is provided on page 264 to 267 of this Report. The Interim Accounts and Annual Financial Statements were published on a timely basis in 2025. Regulatory reports were filed by the Bank on or before the due dates in 2025. Price sensitive information was disclosed to the Colombo Stock Exchange on a timely basis in accordance with the Bank's Board-approved Disclosure Policy. The Bank makes every effort to provide a detailed and transparent analysis of strategies, performance and future strategies to support investors in making an informed decision. In addition to the information provided in the reports mentioned above, a summary of the Interim Accounts and a section on understanding our financials in Financial Capital are provided in the Annual Report. Please refer pages 527 to 529 and 110 to 117 of this Report.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
D.1.3	Declarations by the CEO, Vice President - Finance and the Board on Financial Statements Please refer the Responsibility Statement of Chief Executive Officer and Vice President Finance- from page 268 to 269 and the Directors' Statement on Internal Control over Financial Reporting on pages 266 to 267.	Compliant
D.1.4	Declarations by the Directors in the Directors' Report Declarations by the Directors as required by the Code are provided on page 232 in the Compliance Disclosures section.	Compliant
D.1.5	Preparation of Financial Statements and reporting responsibilities of auditors The Statement of Directors' Responsibility, Statement on Internal Controls and Report of the Auditors are provided on pages 264 to 267 and 276 to 278 respectively in the Annual Report.	Compliant
D.1.6	Management Discussion and Analysis See page 80 onwards for the "Management Discussion and Analysis"	
D.1.7	Notify serious loss in Net Assets In the unlikely event of the net assets of the Company falling below 50% of Shareholders' Funds, the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. This situation has not arisen during 2025.	Compliant
D.1.8	Disclosure of Related Party Transactions The Bank maintains a sound Related Party Transaction framework comprising of a Related Party Transactions Policy and a Related Party Transactions Procedure Manual, underpinned by strong governance, preventive system controls, independent oversight, arm's length validation and transparent disclosure, ensuring that related party dealings do not compromise the Bank's safety, soundness, or integrity	Compliant
D.2	Risk management and internal control	Compliant
D.2.1	Adoption of a framework for risk management The Board has adopted a framework for risk management and the processes to identify, assess, monitor and manage risks with clear delegation of responsibilities to ensure its effectiveness in supporting achievement of the strategic, operational, and financial objectives of the Bank.	Compliant
D.2.1.1	Robust assessment of the principal risks The Bank has carried out a robust assessment of the top risks faced by the Bank and an overview of the same is given in the Risk Management Report on pages 473 to 511.	Compliant
D.2.1.2	Description of the risk management framework in the Annual Report Please see the Risk Management Report on pages 473 to 511 for a description of the risk management framework, and how identified risks are being managed or mitigated.	Compliant
D.2.2	Establishment of a process to ensure internal control have been designed, implemented and monitored The Board has established a process to ensure that internal controls are designed, implemented and monitored in order to provide reasonable assurance of the achievement of the Bank's objectives on reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.	Compliant
D.2.2.1	Establishment of internal controls in respect of financial, operational and compliance system The Board has established an effective system of internal controls in respect of financial, operational and compliance system. The processes and practices have been monitored regularly. The Board annually reviews the effectiveness of the internal control systems and has provided a report in the Annual Report.	Compliant
D.2.2.2	Internal audit function The Bank has a fully-fledged Audit Department over which the BAC has oversight. The BAC reviews the Internal Audit function at regular intervals.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
D.2.2.3	The Board Audit Committee to review the process and effectiveness of risk management and internal controls, and document to the Board The BAC reviewed the internal controls and procedures at seven (07) meetings held during 2025. The minutes of the BAC meetings are tabled at the meetings of the Board. The Internal Audit Department carries out regular reviews on the internal control system including internal control over financial reporting. The BAC reviews and evaluates the effectiveness of the internal control system including the internal controls over financial reporting. The BIRMC reviews processes relating to the risk management framework of the Bank. The BAC Report and the BIRMC Report are detailed on pages 248 to 251 and 245 to 247 of this Annual Report.	Compliant
D.2.2.4	Maintaining a sound system of internal control and the contents of the Statement of Internal Control Please refer pages 248 to 251 for the BAC Report and refer pages 266 to 267 for Directors' Statement of Compliance on Internal Controls for information on the manner in which the Board complied with this requirement.	Compliant
D.3	Audit Committee	
D.3.1 D.2.1.5 D.2.1.7	Composition of Audit Committee The Board Audit Committee consists of three Non-Executive Independent Directors. The Chairperson is a Non- Executive Independent Director who has relevant qualifications and experience in financial reporting and control. Other Members also have financial, commercial and other relevant experience to meet the Committee's objectives. Members are selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives.	Compliant
D.3.2 D.2.1.6	Terms of reference of the Audit Committee Terms of Reference of the BAC is clearly defined in the Charter of the Board Audit Committee approved by the Board of Directors, which was last revised and updated in May 2025. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee mainly deals with matters pertaining to statutory and regulatory compliance in financial reporting and matters with regard to the External Auditors and Internal Audit.	Compliant
D.3.3	Disclosures regarding Audit Committee. Please refer pages 248 to 251 for the Report of the BAC.	Compliant
D.4	Risk Committee	
D.2.1.3 D.2.1.4 D.2.1.8	Establishment of a Risk Committee Considering regulatory requirements and the industry specific business risks, the Board has established an Board Integrated Risk Management Committee to oversee risk management.	Compliant
D.4.1	Composition of the Risk Committee The Committee comprised 4 Non-Executive Independent Directors. The Chairperson is a Non-Executive Independent Director. Please refer pages 245 to 247 for the report of the BIRMC for more details on the composition and activities carried out by the BIRMC for the year 2025.	Compliant
D.4.2	Risk Committee to have written TOR Terms of Reference of the BIRMC is clearly defined in the Charter of the BIRMC approved by the Board of Directors, which was last revised and updated in February 2026. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee.	Compliant
D.4.3	Regular Risk Meetings The Committee held 4 meetings, during the year under review to discuss the scope of work. The quorum for a meeting shall be at least half of the Committee members. The proceedings of the Committee meetings have been regularly reported to the Board of Directors.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
D.4.4	External Professional Advice The Committee has the authority to seek external professional advice in connection with the performance of its duties.	Compliant
D.4.5	Disclosure on the roles and responsibilities The Committee has published a report of the BIRMC (see page 245- 247) setting out its role and how the committee has discharged its responsibilities.	Compliant
D.5	Related Party Transactions Review Committee	
D.5.1	The Bank has in place a Board-approved Related Party Transactions Policy and a supplementary Process Manual which ensure that necessary processes are implemented by the Bank to identify, clarify, approve, monitor and disclose related party transactions as required under Corporate Governance Directions, Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance and identification and disclosure requirements in accordance with LKAS 24.	Compliant
D.5.2	Composition of the Related Party Transactions Review Committee The Related Party Transactions Review Committee consists exclusively of Non-Executive Independent Directors.	Compliant
D.5.3	Terms of Reference of the Related Party Transactions Review Committee (RPTRC) The RPTRC has a Board-approved TOR and a Board-approved Related Party Transactions Policy and Process Manual in place which addresses requirements under this Code.	Compliant
D.6	Code of business conduct and ethics	
D.6.1 D.6.5 D.6.6 D.6.7	Code of Conduct for Directors and Senior Management The employees of the Bank are governed by a number of robust policies, including the Code of Business Conduct and Ethics for employees, Anti-Bribery and Corruption Policy and the Securities Trading Policy. The Board of Directors and KMPs follow the Corporate Governance Policy and Corporate Governance Process Manual which broadly addresses inter alia share dealing, confidentiality, conflict of interest and bribery and corruption.	Compliant
D.6.2	Identification and reporting of material and price sensitive information The Bank has in place a Board-approved Disclosure Policy which ensures that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Compliant
D.6.3	Monitoring and disclosure of shares purchased by any Director, KMPs or any other employee involved in financial reporting The Bank has in place a Board-approved Securities Trading Policy which strictly reiterates the law prohibiting insider trading and restricts Directors and employees from trading in the NDB share during certain specified blackout periods to ensure that they do not trade based on price sensitive information.	Compliant
D.6.3 D.6.4	Establishment of a Whistleblower Policy The Bank has implemented a comprehensive procedure to address concerns raised by Whistleblower, under the Bank's Whistleblower Policy. The Bank also has an established external informational mechanism, known as the "NDB Ombudsman" further strengthening the whistle blowing mechanism.	Compliant
D.7	Corporate Governance disclosures	
	Disclosure of Corporate Governance The Bank's Corporate Governance practices are in accordance with the Corporate Governance Directions issued by CBSL, the Code, as well as the Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. The requirement is met with the presentation of this Corporate Governance Report from pages 201 to 235 of the Annual Report and its relevant annexures on pages 428 to 472.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
Section 2	Shareholders	
E	Institutional investors	
E.1	Shareholder voting	
	Encourage voting at AGM All shareholders are encouraged to participate at General Meetings and cast their votes. The AGM is used as an effective channel to create a dialogue between the shareholders and the Board of Directors. Also, the Board Chair and CEO have regular structured meetings with institutional shareholders. Board members are briefed about the matters discussed at such meetings. Please refer the Investor Relations section on pages 512 to 532 and the shareholder engagement section on page 219.	Compliant
E.2	Evaluating the corporate governance initiatives of the Bank Institutional investors are encouraged to give due weight to all relevant factors in Board structure and composition.	Compliant
F	Other investors	
F.1	Investing in NDB shares The Annual Report contains sufficient information for a potential investor to carry out his/her own analysis. The following reports aim to provide a balanced overall assessment of the Bank's activities, performance and prospects. - Reflections from the Board Chair on pages 20 to 23. CEO's Review on pages 24 to 27. - Management Discussion and Analysis on page 80 onwards. Annual Financial Statements on pages 273 to 424. Further, Interim Financial Statements published each quarter, provide sufficient information to enable the retail investors to make informed judgments regarding the performance of the Bank. Additionally, there is a separate part of the Bank's website dedicated to Investor Relations which provides this information online to all investors/shareholders. Shareholders are encouraged to carry out adequate analysis or seek Independent advice in investing or divesting decisions	Compliant
F.2	Encourage voting by individual shareholders in General Meetings Individual shareholders are encouraged to participate at the General Meetings of the Bank and exercise their voting rights.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
G	Internet of Things and Cyber Security	
G.1 - G.5	The Board has established robust processes to identify, assess, and manage cyber security risks arising from the Bank's business model, digital platforms, and interconnected information systems. To keep the Board informed of the evolving cyber threat landscape, annual cyber security awareness sessions are conducted for the Board by industry experts. The Bank's Information Security Policy Framework, including the Information Security Policy (ISP), is reviewed and updated annually by the Chief Information Security Officer (CISO), reviewed by the Information Security Committee (ISC), and approved by the Board. The Bank has a dedicated IT Security function to ensure the implementation of appropriate security controls to support infrastructure resilience and information security. Mechanisms such as a 24x7 Security Operations Centre (SOC) are in place to monitor, detect, and prevent unauthorised access to systems and infrastructure at both network and user levels. IT equipment, solutions, and hardware including underlying software and firmware are securely hardened through configuration in line with industry best practices. Board-approved Information Security and Cyber Security policies are aligned with internationally recognised standards such as ISO/IEC 27001:2022 and ISO 22301. The Bank is certified against both standards, demonstrating its commitment to information security and operational resilience. Please refer page 494 of the Risk Management Report which details the process to identify and manage cyber-security risks.	Compliant
H	Sustainability: ESG Risk and Opportunities	
H.1	ESG risk and opportunities The Board ESG Subcommittee has taken into consideration the ESG risk and opportunities in the Bank's business model, operations, short and medium-term planning, and its long-term strategy to ensure that the Bank has remained resilient and is able to deliver durable and sustainable value over the short, medium and long-term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders. The Board also has taken note of the same.	Compliant
H.1.1	Impact of ESG risks and opportunities The Bank has included the impact of ESG risks and opportunities in its business plans, strategic plans and these plans will be submitted to the Board when required.	Compliant
H.2	Views of Stakeholders The Board and KMPs have engaged with and have considered the views of its stakeholders, gathered via a Stakeholder Engagement Survey in order to understand and manage the Bank's ESG risk and opportunities since stakeholder expectations have heightened across various issues relating to the protection of environment and other ESG issues.	Compliant
H.2.1	Process to recognise significant stakeholders The Bank has a system in place to recognise significant stakeholders and material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence. This process was carried out in 2025.	Compliant
H.3	Governance Framework The Board has established a governance framework and structure which includes conformance, performance and ESG factors.	Compliant
H.3.1	Sustainability factors The Board has addressed sustainability factors through an Environmental, Social and Governance (ESG) Framework and Environmental and Social Risk Management (ESRM) framework.	Compliant

Corporate Governance

Rule No.	Corporate Governance Principles	Compliance Status
H.3.1.1	Environmental Governance The Bank has adopted an integrated approach in relation to Environmental Governance which takes into account the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations.	Compliant
H.3.1.2	Social Governance The Bank has adopted an integrated approach in relation to Social Governance in order to be able to engage with representative groups of the community, customers, employees, suppliers, outsourced providers and any other party that could influence the Bank's business model in relation to aspects material to the Bank's sustainable growth. Relationship with community. The Bank has adopted an integrated approach to building relationships with the community for sustainable development. Relationship with Customers The Service Quality team under the Customer Experience Function (CX) has a mechanism and process to document in order to obtain customer QR based feedback. The feedback assists CX to identify the process and service gaps compared to the customer's expectations. Further, these feedback are shared with the relevant branches and departments to bridge the gap and enhance the service levels/ customer experience. Labour Practice Governance. The Bank's labour practice related governance encompasses all policies and practices in relation to work performed by or on behalf of the Bank. The governance also contains policies and practices such as health and safety, equal opportunity, gender balance, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.	Compliant
	Suppliers and Outsourced Providers The Bank has policies and procedures in place to ensure that suppliers and outsourced providers comply with social and governance norms of the Bank.	Compliant
H.4	Establishment of a governance structure to support ESG factors The Board has established a governance structure to support ESG factors.	Compliant
H.4.1	Recognition of key resources/capital The Board has recognised its key resources/capital deployed in its business and stakeholders.	Compliant
H.4.2	Process in ascertaining, assessing and managing ESG factors The Board has implemented a process to ascertain, assess and manage ESG factors which has an impact on the sustainability of the Bank.	Compliant
H.4.3	Establishment of financial and non-financial measures The Board has established financial and non-financial measures in respect of all material matters relating to significant stakeholders, environmental and social factors.	Compliant
H.5	Disclose ESG risks and opportunities The Board has disclosed how all its ESG risks and opportunities are recognised, managed, measured and reported in the annual report.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
H.5.1 - H.5.4	ESG Reporting The Board has implemented ESG policies and practices into the Bank's strategy, business model, governance and risk management and reports on its likely impacts and implications. The Board has disclosed on how the Bank has complied with the mandatory and voluntary codes of corporate governance. The Bank's leadership structure, organisational culture, code of conduct and business model supports the sustainability of the Bank in the short, medium and long term. Please refer pages 76 to 79 for more information on the Bank's Commitment to Sustainability.	Compliant
I Special Considerations For Listed Entities		
I.1	Establishment and maintenance of policies and other requirements	Compliant
I.1.1 - I.1.4	The Bank has established and maintains 12 mandatory policies which the shareholders can peruse upon request. Details are available on the Bank's website below; https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure	
I.2	Policy on Matters Relating to the Board of Directors	
I.2.1 - I.2.2	Establishing policies relating to the Board of Directors The Bank has a comprehensive policy framework for Corporate Governance. The Policy on Matters Relating to Board of Directors forms part of this framework and aligns with the requirements in the Code as well.	Compliant

Corporate Governance

STATEMENT OF COMPLIANCE - SECTION 9 - THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

In September 2023, the Colombo Stock Exchange (CSE) introduced a new section to its Listing Rules entitled “Section 9 - Corporate Governance” which specifies the minimum standards of corporate governance to be followed by listed entities.

The Rules broadly cover areas such as Policies, Board Committees (specifically Nominations and Governance Committee, Remuneration Committee, Board Audit Committee and Related Party Transactions Review Committee), Shareholder relations, Chairperson and CEO, Fitness and Propriety of Directors, Board Composition, Alternate Directors and Director related disclosures.

The Bank’s adherence with Section 9 of the Listing Rules is detailed below with explanatory comments as follows; **(Compliance with the specific disclosure requirements of Section 9 of the Listing Rules is detailed on pages 225 - 231)**

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/ Page reference
9.1	Applicability	
9.1.3	Statement of Compliance This detailed statement along with the statement outlining the Bank’s compliance with the specific disclosure requirements from page 220 to 235 covers this requirement.	Compliant
9.2	Policies	
9.2.1	Requirement to establish, maintain and disclose policies	Compliant
9.2.3	The Bank has established the following Policies in line with Section 9 of the Listing Rules of the Colombo Stock Exchange. (Please see https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure) 01) Policy on matters relating to the Board of Directors 02) Policy on Board Committees 03) Policy on Corporate Governance 04) Policy on Nominations and Re-election 05) Policy on Remuneration 06) Policy on internal Code of Business Conduct and Ethics for Directors 07) Policy on Internal Code of Business Conduct and Ethics for Employees 08) Securities Trading Policy 09) Policy on Risk management and Internal controls 10) Policy on Relations with Shareholders and Investors 11) Policy on Environmental, Social and Governance Sustainability 12) Policy on Control and Management of Company Assets and Shareholder Investments 13) Policy on Corporate Disclosures 14) Policy on Whistle blowing 15) Policy on Anti-Bribery and Corruption Please refer page 204 for more information and changes made to the above policies.	
9.2.2	Waivers from compliance The Bank has not granted any waivers or exemptions from compliance with the Internal Code of Business Conduct and Ethics.	None
9.2.4	Availability upon request to shareholders Policies referenced in Section 9.2.1 are available to shareholders upon a written request made to the Company Secretary.	Compliant
9.3	Board Committees	
9.3.1/	Mandatory Board Subcommittees	Compliant
9.3.2	The Board has established ten (10) Subcommittees including the five (05) mandatory Subcommittees of which two separate committees have been established to perform risk and audit functions. Refer page 205 for “A fit for purpose structure” and pages 238 to 263 for the reports of the respective Subcommittees, which set out the composition, responsibilities and disclosures of each Subcommittee.	

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/ Page reference
9.3.3	Chairpersons of above committees cannot be board chair The Bank has ensured compliance with this requirement. Please refer the respective Subcommittee reports for the Board subcommittee compositions.	Compliant
9.4	Principles of democracy in shareholder dealings	
9.4.1	Records of Shareholder resolutions The Company Secretary maintains records of all shareholder resolutions and requisite information and is able to provide extracts of such resolutions to the Securities and Exchange Commission (SEC) and CSE if required.	Compliant
9.4.2	A shareholder communications and relations policy The Board approved Policy on Relations with Shareholders and Investors sets out the Bank's policy on effective communications and relations with the shareholders and investors of the Bank and it is available for perusal upon request to shareholders. The Company Secretary keeps the Board apprised of major issues and concerns raised by the shareholders to ensure that they are addressed in an appropriate manner keeping in line with the corporate values of the Bank. Shareholder correspondences on major issues are handled by the Board Chair with the concurrence of the Board/the CEO as appropriate. Refer page 219 for more information on the Bank's Shareholder Engagement. Details of the contact personnel are provided in the "Corporate Information" section on page 551 of this Report. In addition, shareholders are encouraged to provide their feedback to the Board Chair and/or the Company Secretary. The bank website's Investor Relations page also carries contact details of the Company Secretary and a dedicated e-mail for investor relations has also been provided.	Compliant
	Shareholder meetings The Bank ensures that virtual/hybrid shareholder meetings, if any, are conducted in compliance with the Guidelines issued by the CSE as incorporated in the Articles of Association of the Bank.	Compliant
9.5	Policy on Board related matters	
9.5.1	The Bank has established a Policy on Matters relating to Board of Directors covering the requisites in 9.5.1 and it is available for perusal upon request to shareholders.	Compliant
9.6	Chairperson and CEO	
	The Articles of Association of the Bank requires that the Chairperson of the Bank should be an Independent Director. As such, the positions of Chairperson and CEO are not held by the same person and the requirement for a Senior Independent Director does not arise	Compliant
9.7	Fitness of Directors and CEO	
9.7.1/ 9.7.2/ 9.7.3/ 9.7.4	The Company Secretary obtains declarations from the Directors on a quarterly basis. In view of these Rules, a declaration confirming each Director's fitness and propriety in line with the Listing Rules has also been included in these declarations and a declaration in the format of an affidavit is obtained annually. The said declarations are submitted to the Nominations and Governance Committee to assess and ensure that the Directors are fit and proper persons to hold office as specified in the criteria given in laws applicable to the Bank.	Compliant
9.8	Board Composition	
9.8.1	Minimum number of Directors The number of Directors during the year 2025 was in compliance with the thresholds detailed in these Rules. As at 31 December 2025, the Board comprised nine (09) Directors Mr. Shanil Fernando was subsequently appointed to the Board on 13 January 2026.	Compliant

Corporate Governance

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/ Page reference
9.8.2	Minimum number of Independent Directors	Compliant
9.8.3	The Bank diligently monitors the composition of its Board. The frequency of obtaining declarations from the Directors was increased from annual basis to quarterly basis. Additionally, a declaration confirming each Director's independence in the format prescribed by the Listing Rules is also obtained at the end of each year. The declarations obtained are submitted to the Nominations and Governance Committee to assess and ensure that the standards of Board composition stipulated in laws applicable to the Bank are met. As at 31 December 2025 there were 8 Non-Executive Independent Directors on the Board as per the criteria in the CSE Listing Rules which is above the regulatory requirement. Mr. Shanil Fernando was subsequently appointed to the Board as a Non-Executive Independent Director on 13 January 2026. The Non-Executive Independent Directors are detailed on page 207 of this report.	
9.8.5		
9.9	Alternate Directors	
9.9	Directors appoint Alternate Directors in line with the Articles of Association of the Bank and the Banking Act as and when required for a particular meeting. Alternate Directors appointed by an Independent Director are required to be independent. The Bank's Articles of Association are in conformity with these Rules and immediate Market Announcements are made when an Alternate Director is appointed. No alternate director appointments were made in year 2025.	Compliant
9.10	Director Disclosures	
9.10.1	Maximum number of Directorships As required by the Banking Act Directions, no Director holds Directorships of more than 20 companies. The Directorships of each of the Directors are disclosed on pages 30 to 33 of the Annual Report.	Compliant
9.10.2 and 9.10.3	Immediate Market Announcement on changes to Board and Board Committees The Bank ensures compliance with the applicable disclosure requirements and continues to make Immediate Market Announcements in a timely manner. During 2025, several announcements were issued to inform the market of changes to the Board and its Subcommittees	Compliant
9.11	Nominations and Governance Committee (NGC)	
9.11.1	Terms of Reference	Compliant
9.11.3	The Bank has comprehensive Terms of Reference (TOR) for the NGC. Please refer pages 238 to 241 for the Report of the NGC.	
9.11.2	Establish and maintain a formal procedure for appointment and re-election of Directors through the NGC The NGC considers Board vacancies and recommends suitable candidates when necessary in accordance with the Board-approved Procedure for Selection and Appointment of Directors and in line with applicable laws and regulations. Refer page 210 for more details on this process.	Compliant
9.11.4	Functions and Composition of the NGC	Compliant
9.11.5	The NGC comprises four (04) Non-Executive Directors, three (03) of whom are independent. The Chairperson is also an independent director. Please see detailed report on pages 238 to 241 for the functions and composition of the NGC.	
9.12	Human Resources and Remuneration Committee	
9.12.2	Terms of Reference	Compliant
9.12.5	The Bank has a Human Resources and Remuneration Committee (HRRC) with a comprehensive TOR consistent with the Listing Rules. Please refer page 242 to 244 for the Report of the HRRC.	
9.12.3	Remuneration Policy	Compliant
9.12.4	The Bank has a comprehensive Board-approved Remuneration Policy for Directors, CEO and KMPs. It addresses the process for fixing the remuneration packages of individual directors and executive directors and stipulates that remuneration of Non-Executive Directors should be non- discriminatory.	

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/ Page reference
9.12.6	Functions and Composition of the HRRC The HRRC comprises five (05) members, four (04) of which are Independent Non-Executive Directors. The Chairperson is an independent director and is not the Chair, Board of Directors. Please see detailed report on pages 242 to 244 for the functions and composition of the HRRC.	Compliant
9.13	Board Audit Committee and Board Integrated Risk Management Committee	
9.13.1	Terms of Reference	Compliant
9.13.2	The Bank has a separate Board Audit Committee(BAC) and a Board Integrated Risk Management Committee (BIRMC) with written Terms of Reference. See detailed reports on pages 248 to 251 and 245 to 247.	
9.13.3 (1) (4) & 9.13.4	Functions and Composition of the BAC Please see detailed report on pages 248 to 251 for the functions and composition of the BAC. The Committee complied with the composition requirements in this Rule.	Compliant
9.13.3 (2) and (5)	Quorum In accordance with the Committee Charter, a valid quorum for meetings requires that a majority of members present be Non-Executive Independent Directors. The CEO and VP-Finance attend meetings by invitation. During 2025, the Board Audit Committee convened seven (07) times, with at least one meeting held each quarter. The Committee fully complied with the quorum requirements at all meetings. Further, the BIRMC has had four (04) meetings in 2025 and the CEO attended these meetings by invitation.	Compliant
9.13.3 (3)	Meeting frequency In line with its Charter, the BAC is required to convene on a quarterly basis prior to recommending the Bank's financial statements for release to the market. During 2025, the Committee met seven (07) times, ensuring that all financial reporting obligations were reviewed in a timely and compliant manner.	Compliant
9.13.3 (6)	The Chairperson of the BAC shall be a Member of a recognised professional accounting body The Chairperson of the BAC, Mr. Sujeewa Mudalige has over 35 years of experience as a Chartered Accountant. His qualifications are FCA (ICA - SL), FCMA (CIMA - UK), FCCA (BACCA - UK) and FCPA (CPA - Australia).	Compliant
9.13.5	Please see pages 225 to 231 for a detailed tick-off of the Bank's compliance with disclosure requirements.	Compliant
9.14	Related Party Transactions Review Committee	
9.14.1	The RPTRC of the Bank conforms to the requirements stipulated in Section 9.14 of the Listing Rules. Please see detailed report on pages 252 to 254	Compliant
9.14.2 9.14.3	Functions and Composition of the RPTRC RPTRC comprises three (03) Non-Executive Independent Directors. The Chairperson is an independent director and is not the Chair, Board of Directors. The TOR of the RPTRC is amended from time to time to keep the Committee abreast of any regulatory changes to the scope and composition of the Committee. Please see detailed report on pages 252 to 254 for a comprehensive overview of the functions of the RPTRC.	Compliant
9.14.4	General Requirements	
9.14.4 (1)	Meeting frequency and minutes In 2025, the RPTRC had four (04) meetings, with 1 meeting per quarter. Minutes of meetings are properly documented and communicated to the Board of Directors and the minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.	Compliant

Corporate Governance

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/ Page reference
	Members of the RPTRC to ensure they have or have access to adequate knowledge, expertise and advice. The RPTRC ensures this through this being enshrined in the Terms of Reference of the RPTRC. The members being aware of the same exercises this right as and when needed.	Compliant
	Board approval for certain related party transactions Where necessary, the RPTRC requests the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors is obtained prior to entering into the relevant Related Party Transaction. This has not arisen in 2025.	Compliant
	Interested directors Interested directors did not vote on or participate in any discussions during deliberations on the interested matters in 2025. They were also not given access to any Board Papers pertaining to such transactions either physically or electronically.	Compliant
9.14.5	Review of Transactions by the RPTRC The RPTRC reviews all transactions that fall within the scope of its Terms of Reference, which comprehensively incorporate the requirements of the applicable laws. The Committee exercised its oversight responsibilities diligently throughout the year and sought additional information or clarifications from the Management where necessary to ensure that all related party transactions were considered with due care and in full compliance with the regulatory framework. Further details on the activities of the RPTRC during the year are provided in the RPTRC Report on pages 252 to 254.	Compliant
9.14.6	Bank to obtain shareholder approval by Special Resolution for the RPTs specified in 9.14.6 No such transactions took place in 2025.	Not Applicable
9.14.7	The Bank shall make an immediate Market Announcement to the Exchange for RPTs as set out in Section 9.14.7 (a) and (b). There were no RPTs during the year which required immediate Market Announcement as set out in Section 9.14.7.	Not Applicable
9.14.9	Acquisition and Disposal of substantial assets from/to related parties to be done with shareholder approval as per Rule 9.14.9. No such transactions took place in 2025.	Not Applicable
9.17	Disclosures Please see pages 225 to 231 for a detailed tick-off of the Bank's compliance with disclosure requirements.	Compliant

Risk Management

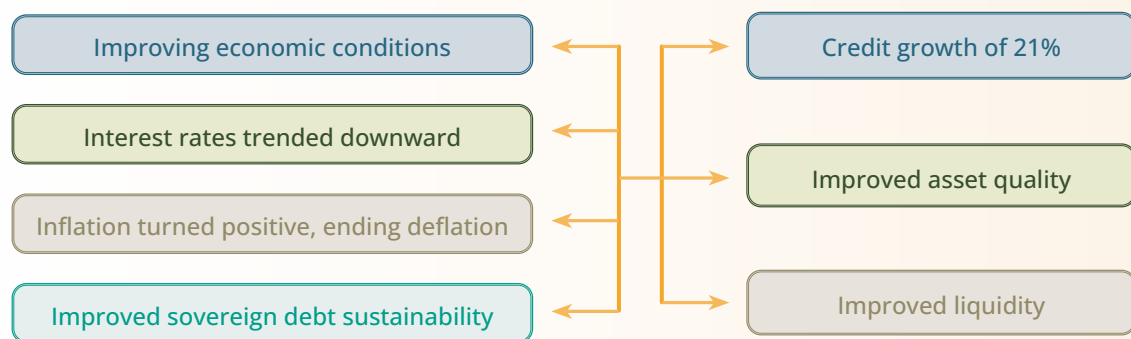
THE RISK LANDSCAPE IN 2025

The risk landscape for 2025 was influenced largely by improving macroeconomic indicators and a more stable operating environment, signaling a fire recovery for the Sri Lankan economy. Supported by political stability the Sri Lankan economy rebounded strongly in 2025, with all key sectors of the economy recording steady progress throughout the year.

Headline inflation, which had remained in deflation since late 2024, turned positive in August 2025 and remained within low single digits, enabling further monetary easing. This led to a sustained decline in lending and deposit rates, supporting a notable acceleration in private sector credit growth. The Sri Lankan rupee remained broadly stable, supported by robust foreign exchange inflows from exports, tourism, and remittances, as well as active reserve management by the Central Bank. Policy measures such as revised tax thresholds and the removal of foreign exchange restrictions on vehicles also bolstered economic activity and tax revenue.

Encouraging progress was also made on debt restructuring and the implementation of structural reforms, culminating in Sri Lanka receiving the fifth tranche of the IMF Extended Fund Facility in July 2025, a fact that further reinforced economic confidence and fiscal stability.

On the back of improving macroeconomic fundamentals, the banking sector stepped up lending efforts in response to the surge in private sector credit appetite. Consequently, credit granted by the banking sector expanded significantly in 2025. The stability of the banking sector also improved, amid supportive macroeconomic conditions with the sector reporting improvements across all key metrics including asset quality and profitability while maintaining strong liquidity well above regulatory minimum thresholds.



NDB Bank continues to remain vigilant and build resilience while embracing a higher level of risk against the backdrop of restored stability in the business landscape and outlook recognising the catalytic role the Bank plays in growth of the economy. Key aspects of our risk management process in 2025 are summarised below and detailed in subsequent sections of the report.

CYCLONE DITWAH IMPACT AND NDB'S RISK MANAGEMENT APPROACH

Cyclone Ditwah, regarded as one of the most severe climate disasters in Sri Lanka's history, struck several regions in late November 2025, leaving a trail of devastation far beyond immediate environmental damage. The scale of the disaster extended across human, social, and economic dimensions, disrupting national infrastructure, livelihoods, and economic activity, and underscoring the urgent need for resilience and proactive risk management.

Impact on Credit Risk Management

In response to Cyclone Ditwah, NDB Bank conducted a proactive assessment of potential credit exposures across the affected regions and sectors. Customer portfolios were carefully scrutinised to identify vulnerabilities and understand the extent of the impact. The assessment indicated that the overall impact on the Bank's credit portfolio was limited.

Nevertheless, Business lines were advised to temporarily slow down disbursements of approved and pipeline facilities until the assessment was completed, while all new proposals were reviewed with more rigour supported by stringent due diligence protocols. Additionally, all loans maturing in December 2025 were reviewed on a case-by-case basis to evaluate the need for moratoria and restructuring. For customers requiring support, NDB is prepared to implement appropriate relief measures, including case-specific repayment extensions, fast-tracked approvals in strict alignment with CBSL guidelines. Relief measures are targeted only to existing customers to ensure focused support.

Risk Management

Impact on Business Continuity Management

Cyclone Ditwah caused significant operational disruptions, resulting in the temporary closure of 47 branches on 28 November 2025, in turn affecting both staff operations and customer access. In response, NDB's Business Continuity Plan was activated to support the continuity of critical functions. As part of safeguarding employees, necessary safety measures were implemented to ensure staff wellbeing during the adverse conditions. Accordingly, payment and clearing operations were performed centrally to minimise disruption, service availability was sustained through digital channels, alternate work arrangements for critical staff were implemented, while clear communication protocols were implemented to keep staff and customers informed. ATM networks and digital banking platforms were closely monitored in collaboration with IT teams to ensure system uptime and reinforce cybersecurity safeguards helped to maintain uninterrupted service availability.

In parallel, insurance coverage was activated to mitigate the operational and financial impact of the disaster.

Future Resilience Initiatives

While NDB Bank's customer base was not materially affected by the cyclone Ditwah impact, the event reinforced the importance of robust credit, operational, and liquidity risk management practices. Recognising the increasing significance of climate-related risks, the Bank has outlined initiatives to further strengthen resilience. These include upgrading infrastructure in flood-prone areas with elevated designs and waterproofing, expanding remote banking capabilities to reduce reliance on physical branches, integrating climate risk assessments into strategic planning, and enhancing staff training programs for effective emergency response and customer support during adverse events. These efforts will be further supported through proactive planning and structured recovery measures to strengthen organisational readiness for future disruptions.

At the same times, the Bank will continue to monitor external developments through forward-looking risk assessments to ensure resilience under evolving conditions.



BANK'S RISK MANAGEMENT APPROACH

In 2025, global uncertainties, domestic fiscal reforms, rapid technological change and natural disasters created a challenging risk environment. The Bank responded by strengthening its proactive risk management culture to ensure stability and sustainability. The Bank's approach to risk management is underpinned by a comprehensive Integrated Risk Management (IRM) Framework, which is regularly reviewed and strengthened to remain relevant in an increasingly dynamic operating landscape. The Board-approved framework clearly defines governance structures and the process for identifying, measuring, monitoring, and controlling the Bank's risk exposures. The framework was reviewed and revised during the year, in view of the rapid changes in the operating environment.

STRENGTHENING RISK MANAGEMENT IN 2025

Credit Risk Management

- Strengthened Credit Policies and Product Programme Guidelines (PPGs) to reflect market conditions, regulatory requirements, and clarify approval processes, risk appetite, and exposure limits
- Underwriting standards were developed to cater for the challenging economic environment
- Enhanced Risk Assessment Framework through implementation of advanced data analytics, Risk Models and stress tests
- Expanded independent evaluation of credit facilities by Credit Review Department for borrower risk ratings and Business Banking (MM) approvals
- Improved portfolio monitoring via granular Key Risk Indicator tracking, frequent reviews in view of emerging conditions, and a dedicated Stage 2 Monitoring Task Force



Market Risk Management

- Reviewed and streamlined the Bank's Market Risk Management Policies to eliminate redundancies and incorporate expert-recommended enhancements, and approved by the Board of Directors to ensure full compliance with applicable regulatory requirements
- Annual review of Treasury and ALM limits with evolving micro/macro-economic conditions, market best practices and Bank's strategy
- Introduction of loss limits and stress testing parameters for restructured USD Bond portfolio. Frequent monitoring of market risk parameters to ensure positions are maintained within the Bank's risk appetite
- Timely pricing strategies of asset and liabilities carried out for the growth of balance sheet and NIMs addressing negative liquidity gaps to minimize the adverse impacts

Information Security Risk Management

- Stringent security measures and raised staff and customer awareness on avoiding cyber-attacks/ security threats
- Deployment of technical controls to mitigate cyber risks such as multi-layer firewalls, network separation and intrusion prevention systems
- Continuous monitoring and security hardening of online channels and related infrastructure as per industry best practices
- Subscribes to threat intelligent services to defend against emerging threats
- Internal and external penetration tests by employing external service providers
- Aligned with ISO 27001 standard, demonstrating steadfast commitment to robust information security practices

Operational Risk Management

- Operational loss was within the Bank's Risk Appetite
- Majority of losses during the year categorised as high frequency/ low impact events

Technology & Cyber Risk

- Established technology risk appetite with clearly delineated and measurable technology risk indicators with approved risk tolerance levels
- Conducting of root-cause analysis on discrepancies identified through user access privilege reviews and other technology driven risks
- Established quarterly Risk and Control Self-Assessment (RCSA) for technology driven banking products and services and third-party risk assessment
- Strengthening perimeter defenses and establishment of SOC and SIEM
- Upgrade digital defenses and collaborations with financial sector threat intelligence providers

Liquidity Risk Management

- Strengthened the Bank's Liquidity Risk Management Framework with review of Board approved Liquidity Risk Management Policy, Investment Policy, and Liquidity Contingency Funding Plan/ TOR
- Introduction of additional Stress Testing parameters to enhance liquidity risk concerns in line with micro/ macro-economic conditions
- Enhanced the monitoring of key liquidity indicators through the segregation of foreign currency (FCY) and local currency (LCY)
- Review of Transfer Pricing Policy to enhance transparency in pricing mechanism
- Enhanced engagement through ALCO to manage liquidity constraints

Risk Appetite Framework

- Re-aligning the Bank's risk appetite objectives to recent market developments
- Risk appetite defined and monitored at more granular level for KRI reporting
- Expanding the limit framework for key areas
- Stringent limits for Credit Risk, and Market Risk

Risk Management

Risk Appetite & Strategy

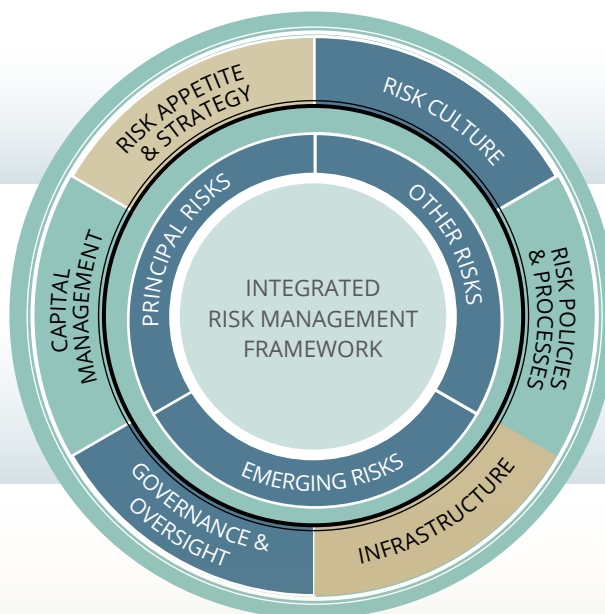
Board-approved articulation of the type and level of risk the Bank is willing to assume

Capital Management

Driven by the Bank's strategic aspirations and relevant considerations from the external environment

Governance & Oversight

Robust governance structure with clearly-defined, transparent and consistent lines of responsibility



Risk Culture

Strong culture that promotes responsible, ethical and professional behaviour

Risk Policies & Processes

Sound risk management processes to actively identify, measure, control, monitor and report risks inherent in products, activities, processes, systems and exposures

Infrastructure

Sufficient resources and systems infrastructure to enable effective risk management

MAIN OBJECTIVES

- To establish common principles and standards for the management and control of all risks
- To provide a shared framework and language to improve awareness of risk management processes among all stakeholders
- To provide clear accountability and responsibility for risk management
- To ensure consistency throughout the Bank in risk management

RISK UNIVERSE

In addition to the main risks (viz. Credit Risk, Market Risk and Operational Risk) the Bank considers several other material risks such as Liquidity Risk, Sovereign Risk, Cyber Risk, Technology Risk, Underestimation of Credit Risk in Standardised Approach, Residual Credit Risk, Concentration Risk, Regulatory and Compliance Risk, Financial Crime Risk, Legal Risk, Strategic Risk, Governance Risk, Cross-border Risk, Settlement Risk, Reputational Risk, Model Risk, Risk in Off Balance Sheet items, Environmental and Social Responsibility Risk and Group Risk. The Risk framework permeates all levels of the organisation and has underpinned the creation of a risk-conscious culture.

The Risk Management narrative set out in the subsequent pages has been structured in accordance with the key elements of the Bank’s Integrated Risk Management Framework.

RISK APPETITE & STRATEGY

Risk Appetite is defined as the quantum of risk the Bank is willing to assume in achieving its strategic objectives and ensuring maintenance of the desired risk profile. The Bank’s risk appetite is twofold. The top level risk appetite statement indicates the objectives that the Bank is trying to achieve, which is followed by the sum of mechanisms linking this top level statement to the firm’s day-to-day risk management operations. The Risk Appetite framework and Risk Tolerance limits are defined by the Board in consultation with the management and are articulated through limits or qualitative checkpoints.

The top level statement which is set to guide management and to inform investors about the Bank’s risk appetite is given below.

RISK APPETITE STATEMENT OF NDB

NDB Bank’s risk appetite statement defines the amount of risk we are willing to assume in pursuit of our strategic and financial objectives. We recognise the challenges in the current operating environment in our risk approach and capital planning and strive to maintain resilience.

Our guiding principle is to practice sound risk management, supported by optimal capital and funding positions, as we pursue our client focused strategy. In defining our risk appetite, we take into consideration our vision, values, strategy and Corporate Social Responsibility along with our risk capacity (defined by regulatory framework).

Our risk appetite defines how we conduct business in a manner that is consistent with the objectives specified under each risk category

■ Credit Risk	■ Liquidity Risk
■ Concentration Risk	■ Operational Risk
■ Exchange Rate Risk	■ Compliance Risk
■ Interest Rate Risk	■ Environmental & Social Risk

The Risk appetite framework is aligned to the Bank’s overall business strategy and reviewed and updated based on emerging developments thereby, providing clear direction for on-going operations and risk management. In the event of a breach of a risk appetite threshold, risk management strategies and controls are implemented to normalise the exposures to the accepted range.

During the year, the risk appetite of the Bank was reviewed considering the challenges in operating environment and further strengthened by expanding and fortifying the limit framework in order to achieve risk appetite objectives.

CAPITAL MANAGEMENT

Effective capital management through proactively managing the Bank’s capital position, capital mix and capital allocation is crucial in protecting the Bank against insolvency while safeguarding the financial position and reputation of the Bank. The Bank’s approach to capital management is driven by strategic objectives and guided by the Basel principles.

Risk Management

BASEL III FRAMEWORK

Basel III capital standards endeavour to strengthen the quantity and quality of capital in Banks.

PILLAR I – MINIMUM CAPITAL REQUIREMENT

The objective of minimum capital requirements under Pillar I of the Basel III framework is to ensure that banks hold sufficient capital for Credit, Market and Operational Risks.

Credit Risk	- Currently using Standardised Approach for Credit Risk minimum capital computation purposes - Bank uses an inventory of Credit Rating and Scoring models
Market Risk	- Use of Standardised Measurement Approach to compute minimum capital requirement - Use of Advanced Measurement Approach such as VaR models in measuring Market Risk
Operational Risk	Use of the Basic Indicator Approach (BIA) to compute the capital charge

PILLAR II – SUPERVISORY REVIEW PROCESS

The Pillar II (Supervisory Review Process - SRP) requires banks to implement an internal process, called the Internal Capital Adequacy Assessment Process (ICAAP), for assessing capital adequacy in relation to the risk profiles as well as a strategy for maintaining capital levels. The Pillar II also requires the supervisory authorities to subject all banks to an evaluation process/ SRP. The Bank has in place an ICAAP since January 2013 which has strengthened its risk management practices and capital planning process.

The Bank's capital management objectives can be summarised as follows:

- Maintain sufficient capital to meet minimum regulatory capital requirements
- Hold sufficient capital to support the Bank's risk appetite
- Allocate capital to businesses to support the Group's strategic objectives

- Ensure that the Bank maintains capital in order to withstand the impact of potential stress events

The Bank identified twenty one material risks based on directions given by CBSL and self-assessment of most important risk categories which require a separate mention from an ICAAP perspective. These risks are Credit Risk, Market Risk, Operational Risk, Concentration Risk, Liquidity Risk, Sovereign Risk, Cyber Risk, Technology Risk, Underestimation of Credit Risk, Residual Risk, Strategic Risk, Reputational Risk, Legal Risk, Compliance Risk, Governance Risk, Model Risk, Settlement Risk, Environmental and Social Responsibility Risk, Group Risk, Cross-border Risk and Risks in Off Balance Sheet exposures.

The annual Capital Planning process involves detailed planning of the strategic capital plan over at least a three-year horizon. The plan highlights the capital projections, capital requirements, levels of capital and capital mix to support the Bank's business plan and strategic

objectives. The projected capital also takes into consideration the Bank's organic growth. NDB Group also has the option to raise capital under normal and stressed scenarios by way of equity/ capital infusion, issue of innovative perpetual debt instrument, issue of sub-ordinate bonds or hybrid capital instruments.

Efficient capital and balance sheet management will remain a key priority of the Bank's strategy as it focuses on strengthening resilience. Capital retention would happen through profit capitalisation and based on the Bank's dividend policy.

STRESS TESTING

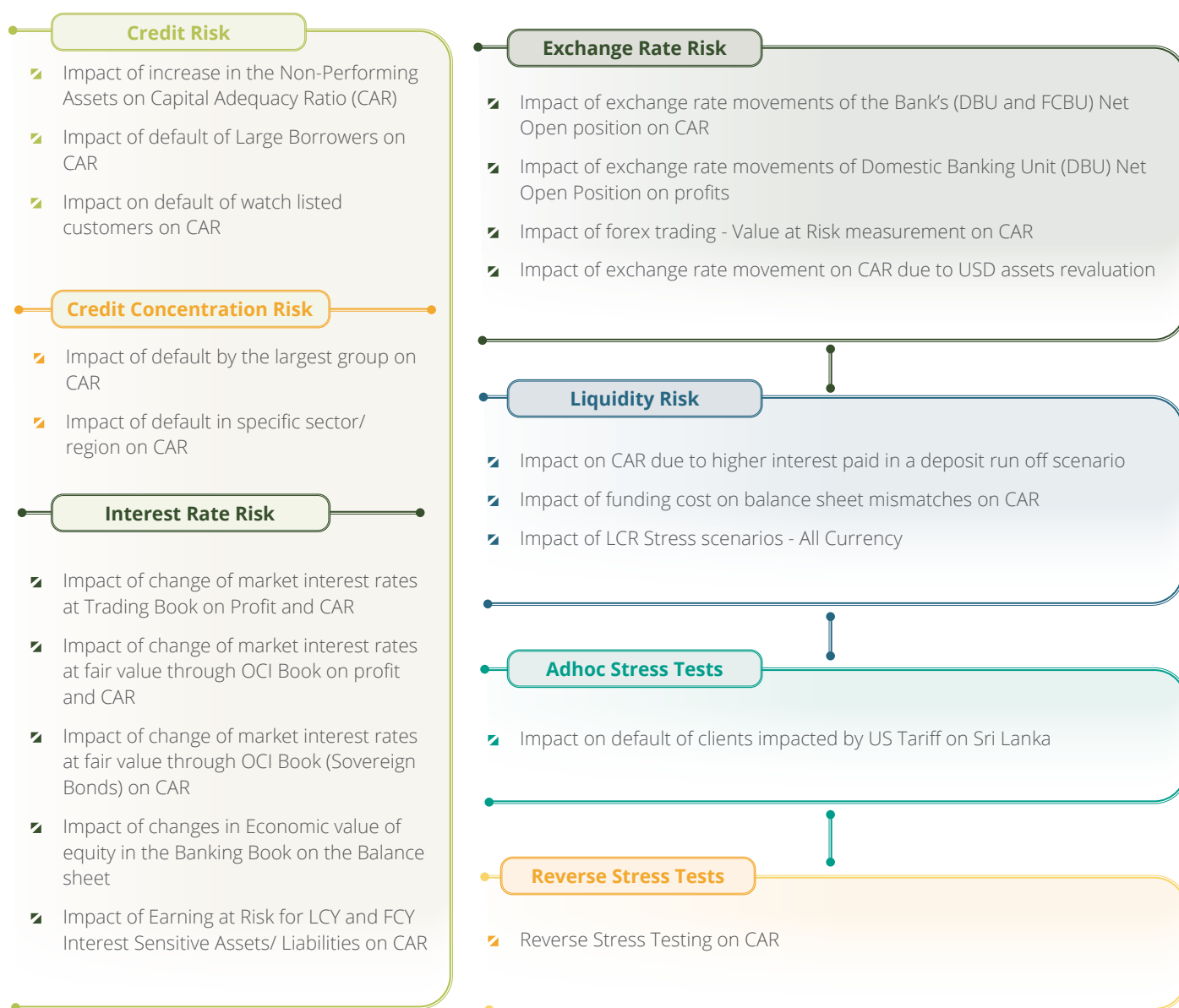
The Bank's comprehensive stress testing policy has been formulated in line with regulatory guidelines and global best practices. Stress tests are conducted at various frequencies in line with the Board-approved framework and results are reported to the Board. Considering the changes in the operating environment, the Bank carried out a comprehensive review of its stress testing policy and framework where the adequacy of stress tests, frequency, shock levels and assumptions were critically reviewed and changes were incorporated to policy and framework

as required. Reverse stress testing is also included in stress testing policy and framework to overcome the possibility of a false sense of security that might arise from regular stress testing in which the Bank may identify manageable impacts. The outcome of stress testing process is proactively monitored and remedial actions taken in case of breaches. The Bank also carried out certain adhoc stress tests to understand the impact of specific scenarios on capital adequacy/ liquidity given the challenges.

Stress testing results are not only used for regulatory compliance but are integrated

into the Bank's capital adequacy planning, ensuring that capital buffers remain sufficient under adverse conditions. Furthermore, these insights inform the Bank's long-term corporate strategy, influencing decisions on risk appetite, portfolio diversification, and contingency planning. Stress testing outcomes also guide other business activities, including liquidity management, funding strategies, and operational resilience measures.

The Stress Tests carried out as at 31 December 2025 are given below.



Risk Management

PILLAR III – DISCLOSURES

The Bank provides enhanced quantitative and qualitative disclosures in line with the Basel III requirements in Annual Report, website and press to provide a meaningful assessment of the extent and nature of various risks that the Bank is exposed to and the efficiency of the Bank's risk management practices.

GOVERNANCE AND OVERSIGHT

The Bank's Board of Directors holds apex responsibility for risk management and sets the tone at the top for the effective management of risks. In discharging its risk-related responsibilities, it is supported by two key committees, namely the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC) which have been formed in compliance with the CBSL Direction No. 5 of 2024 on Corporate Governance.

Board of Directors

The ultimate governing body with overall risk oversight responsibility

Board Sub Committees

Board Integrated Risk Management Committee (BIRMC)

Reviews the risk profile and policies of the Bank, its Group companies and their application in the operations of the business in respect of the main risk categories viz. Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Technology Risk, Information Security Risk, Cyber Risk, Environmental & Social Risk, Strategic Risk, Legal Risk, Reputational Risk, Compliance Risk and ensures such risks are managed within the prudent levels decided by the Board of Directors.

Composition – Minimum of three Non - Executive Directors (with a majority of independent directors).

Board Audit Committee (BAC)

Assists the Board in the general oversight of financial reporting, internal controls and functions relating to internal and external audit.

Composition - Three members of the Board of Directors. The Vice President Internal Audit functions as the Secretary to the Committee. VP – Finance, Head of Internal Audit and External auditor normally attend meetings. Other Board members, CEO and other members of the Senior Management attend the meetings on invitation as necessary.

Board Credit Committee (BCC)

Reviews and approves Credit Proposals coming under Committee's delegated lending authority.

Composition – Minimum of two Non - Executive Directors and CEO

Management Level Committees

Executive Integrated Risk Management Committee (EIRMC)

Reviews the Bank's risk policy framework, overall performance and the potential risks faced by specific lines of business and support functions.

Composition - CEO, DCEO, CRO/ VP - Risk Management, VP - Finance, Heads of Business Units, Head of Treasury, Head of Credit Review, Head of Recoveries & Remedial Management, Head of Credit Risk Management, Head of Retail Risk Management, Head of Market Risk Management and Compliance Officer

Operational Risk Management Committee (ORMC)

Reviews the Operational Risk management framework and the Bank's Operational Risk Policy. Regularly assesses the Operational risk profile of the Bank and deliberate on any potential/ emerging Operational Risks that the bank needs to counteract.

Composition - CEO, DCEO, CRO/ VP - Risk Management, VP - Finance, Compliance Officer, Heads of Business Units and Support functions and Head of Operational Risk Management

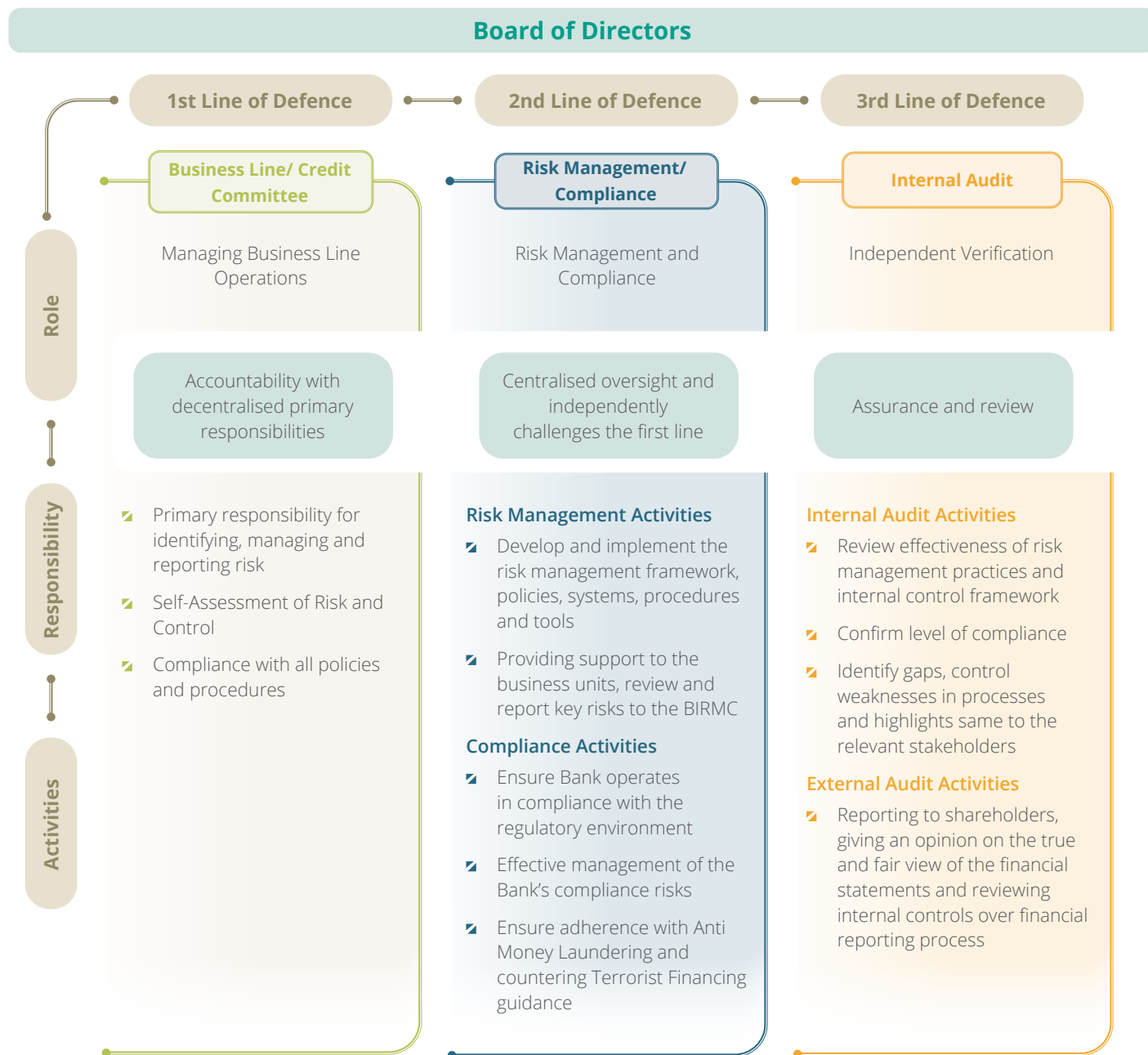
Asset Liability Committee (ALCO)

Reviews all Market and Liquidity related exposures on a monthly/ more frequent basis and decisions are made to facilitate business requirements and make investment/ policy decisions.

Composition - CEO, CRO/ VP- Risk Management, VP - Treasury, VP - Finance, VP - Strategy, Head of Market Risk Management, Heads of Business Units

GOVERNANCE STRUCTURE

The risk governance structure ensures accountability and ownership, whilst facilitating an appropriate level of independence and segregation of duties. The structure is based on the three lines of defence and defines the lines of authority, roles and responsibilities to efficiently manage risk across the Bank. The activities carried out during the year by the above mentioned Board Subcommittees is covered in detail in the Board Subcommittee Reports.



Risk Management

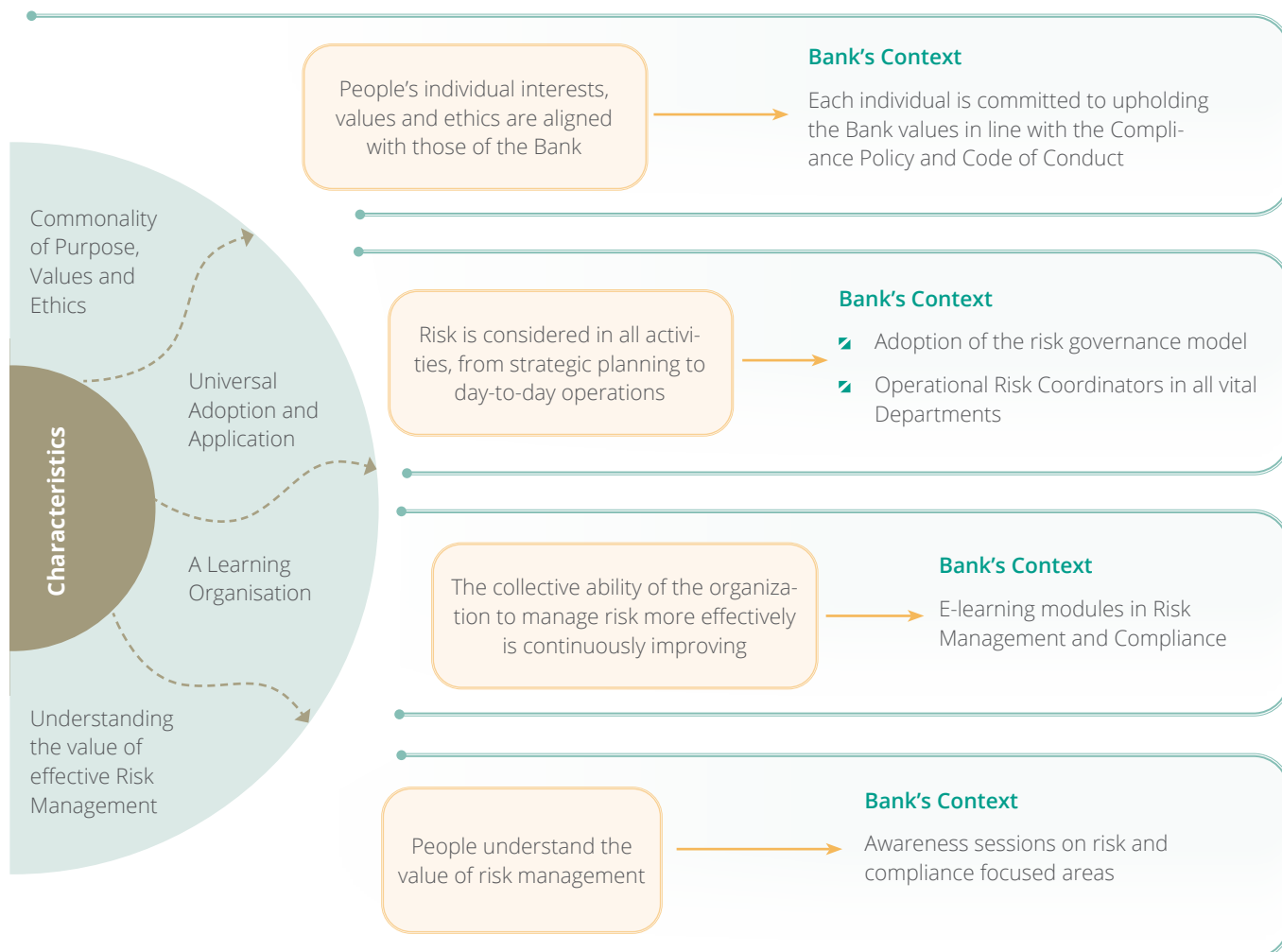
RISK MANAGEMENT DIVISION

The Bank's Risk Management Division is independent of the business units and profit targets and reports directly to the Board Integrated Risk Management Committee. Each unit within the Risk Division contributes to the management of risk and co-ordinates with business functions to ensure that risk considerations are proactively integrated into the Bank's culture.

Further, the Loan Review unit within the Risk Management department carries out Loan Review Mechanism (LRM) activities as prescribed by the regulator. Its responsibilities extend to identifying potential problematic loans/ facilities (post approval/ granting) and providing rational, objective and professional recommendations for remedial action for implementation by line management. In order to ensure the independence and to strengthen the credit approval process the Credit Review Division which handles the pre credit review/ approvals was taken under the Risk Management Division.

RISK CULTURE

A culture of risk awareness is fundamental to the effective management of risks within the Bank and serves as the foundation upon which a strong risk management structure is built. The Bank's commitment is clearly demonstrated through the establishment of strong policies and guidelines and ensuring that non-compliance risks are effectively managed. The key characteristics of a strong risk culture are identified as follows:



RISK POLICIES & PROCESSES

CREDIT RISK

Credit Risk is inherent in the Bank's lending and investment activities. Credit Risk is the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It arises principally from direct lending, trade finance and leasing business, and from off balance sheet products such as letters of credit and guarantees. As the Bank's most significant risk exposure, Credit Risk generates the largest regulatory capital requirement.

OBJECTIVES OF CREDIT RISK MANAGEMENT

- Ensure optimal risk-reward pay-off for the Bank to maximise returns
- Maintain the quality of the portfolio by minimising the non-performing loans and probable losses
- Maintain a well-diversified portfolio by prudently managing the risk asset portfolio to ensure that the risk of excessive concentration to any industry, sector or individual customer is minimised
- Ensure that exposures to any industry or customer are determined by the regulatory guidelines, clearly defined internal policies, debt service capability and balance sheet management guidelines
- Avoid all situations of conflict of interest and report all insider-related credits to appropriate bodies

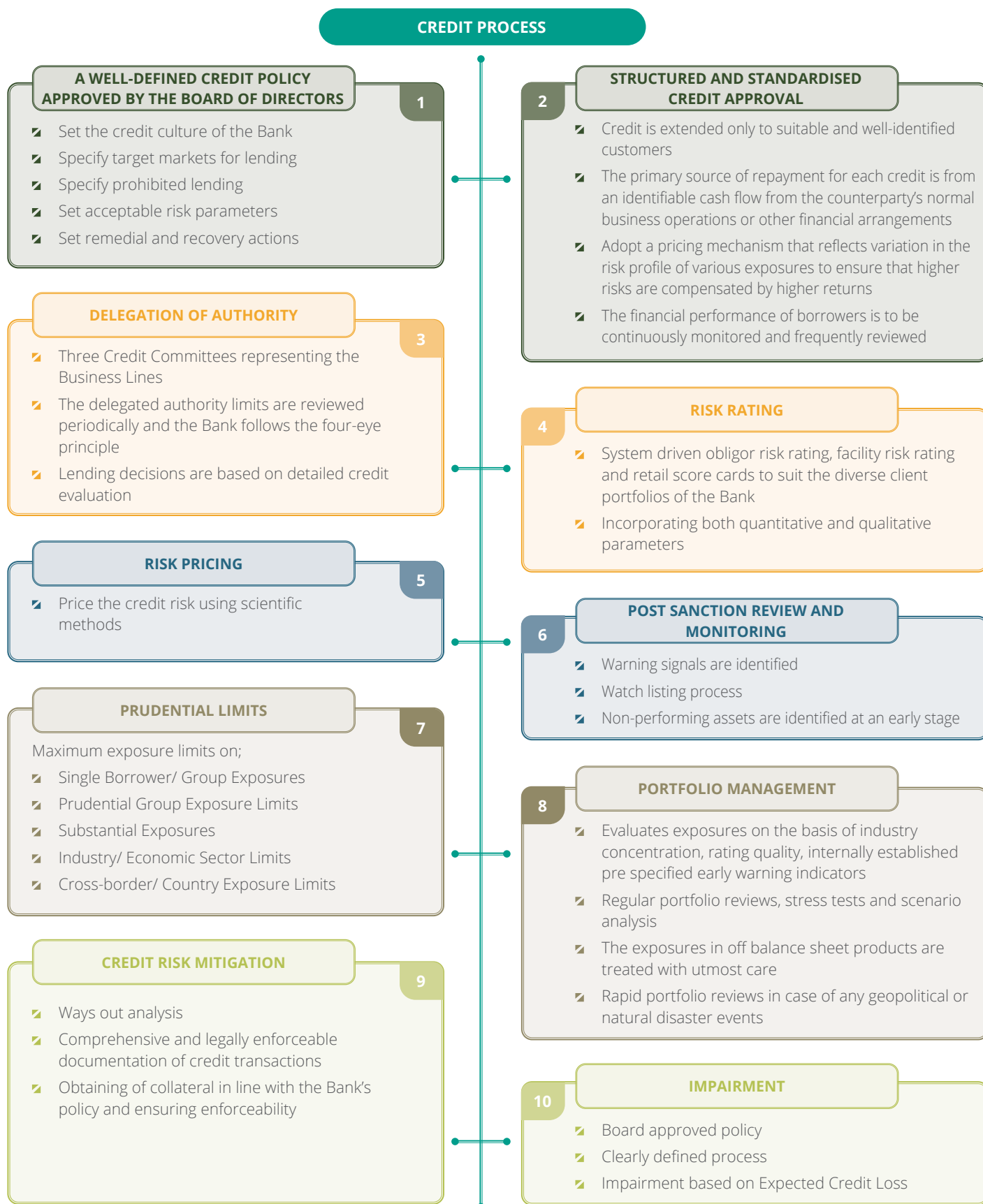
Credit Risk Components

The risk of financial loss to the Bank if a customer or a counterparty to a financial instrument fails to meet its contractual obligations

- Credit Default Risk
- Credit Concentration Risk
- Cross-border Risk
- Residual Risk (Collateral Risk)
- Underestimation of Credit Risk in Std Approach
- Risk in Off Balance Sheet Exposures

	2025 Maximum Exposure LKR '000	2024 Maximum Exposure LKR '000	%
Maximum Credit Exposures			
- Total Assets Subject to Credit Risk	716,852,906	577,734,542	24.1%
- Off Balance Sheet Commitment Subject to Credit Risk	296,814,957	221,452,953	34.0%
- Maximum Exposure to Credit Risk Gross Loans and Receivables to Customers	593,603,756	460,707,258	28.8%
- Net Exposure to Credit Risk of Loans and Receivables to Customers	347,057,980	204,362,106	69.8%
Provisions for Impairment	52,446,857	50,934,053	3.0%
- Individual Impairment	35,767,439	32,476,427	10.1%
- Collective Impairment	16,679,418	18,457,626	-9.6%
Stage 3 Loans	69,553,123	71,426,653	-2.6%

Risk Management



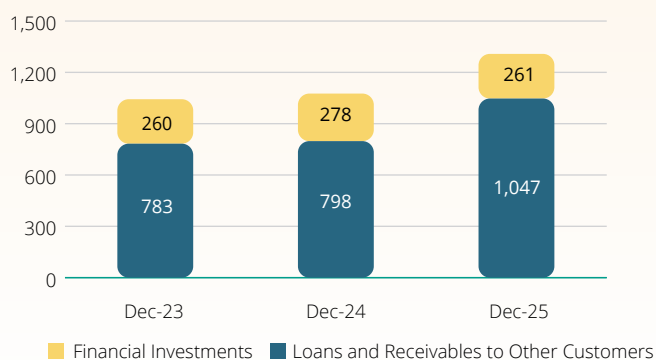
PORTFOLIO AT A GLANCE

Credit Risk Exposure – 31 December 2025

	On-Balance Sheet Exposure	Off-Balance Sheet Exposure	Total Exposure	Individual Impairment	Collective Impairment	Net exposure
Financial Investments	260,739,300	-	260,739,300	245,000	252,737	260,241,563
Loans and Receivables to Other Customers	643,860,095	402,998,561	1,046,858,656	35,767,439	16,679,417	994,411,800

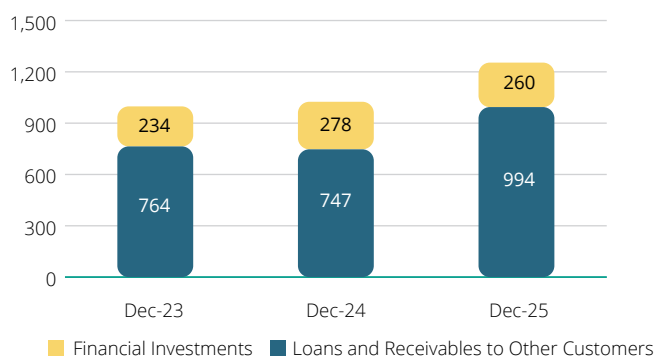
Total Exposure

(LKR Bn)



Net Exposure

(LKR Bn)

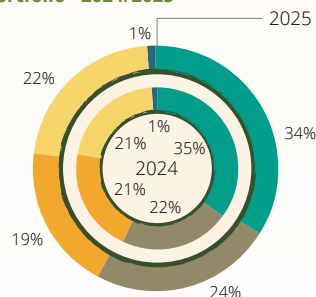


Risk Management

Business Segment-wise Composition

Bank's Project Finance portfolio registered the highest growth in 2025, followed by the Retail segment.

Business Line-wise Composition of Portfolio - 2024/2025



■ Wholesale Banking
 ■ Retail
 ■ Project Finance
 ■ Business Banking

Group/ Single Borrower Concentration

- The Bank was in compliance with regulatory limits
- The aggregate of the substantial exposures of the Bank accounted for only 84.72% of the capital base and was well within the internal limit

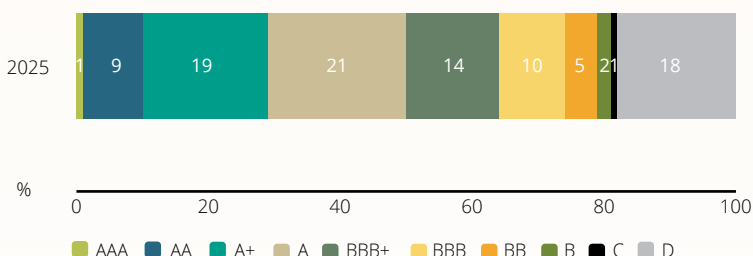
Sector Concentration

- The Bank maintained a well-diversified portfolio with no over concentration to any particular sector. Sector concentrations were managed carefully during the year considering the stresses seen in certain sectors. The Bank was also in compliance with the minimum lending requirement of 10% to Agricultural sector

Rated Portfolio Composition

The rated portfolio composition (Business Banking Middle Market, Project Finance and Wholesale Banking) was well within the Risk Appetite levels set by the Board.

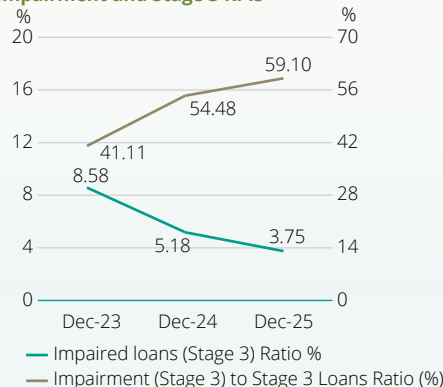
Rated Portfolio Concentration



NPL and Impairment

- The Bank's Impairment (Stage 3) to Stage 3 Loans Ratio rose to 59.10% (compared to 54.48% in 2024), while the Impaired Loans (Stage 3) Ratio stood at 3.75% compared to 5.18% in 2024.

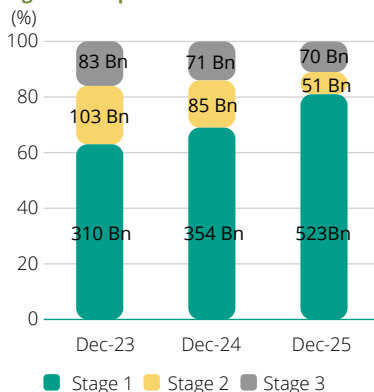
Impairment and Stage 3 KPIs



Stage-wise Exposure

- The proportions of Stage 2 and Stage 3 have steadily declined over the year

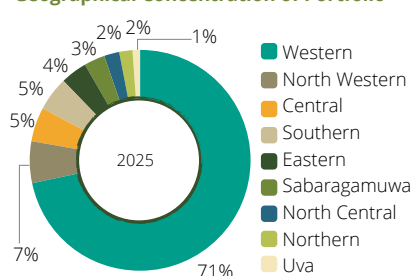
Stage-wise Exposure



Geographical Concentration of Portfolio

Based on Sri Lanka's economic activity, the highest concentration of domestic portfolio was in the Western Province with a contribution of 71% during the year.

Geographical Concentration of Portfolio



STRATEGIC FOCUS FOR 2026

- Strengthen credit risk frameworks with robust early warning systems
- Invest in data analytics and digital technologies to enhance risk assessment
- Align with regulatory reforms while exploring new growth opportunities in sustainable finance and underserved markets

MARKET RISK

Effective market risk management is essential for safeguarding earnings and supporting sustainable growth by actively managing the Bank's market risk exposures. Market risk represents the potential for losses arising from adverse movements in market variables. As most of the bank transactions carry some degree of market risk, exposures are aggregated, categorised and reviewed frequently to ensure risk and rewards within the risk appetite established by the Board.

MARKET RISK CATEGORIES

Key Market risk category	Risk component	Description	Measurement Tools	Probability	Impact	Risk Level
Interest rate	Risk of loss arising from movements or volatility in interest rates					
	Re-pricing	Holding assets and liabilities and off-balance sheet positions with different principal amounts, maturity dates or re-pricing dates, which creates exposure to interest rate changes	Re-pricing gaps and interest rate sensitivity limits	Possible	Moderate	Medium
	Yield curve	Arises when unanticipated shifts occur in the slope and the shape of the yield curves	Duration, PVBP, Price sensitivity analysis, VaR (Value at Risk), Holding period monitoring and MIS reports			
	Basis	Differences in the relative movement of rate indices that are used to price instruments with similar characteristics	Price sensitivity analysis and MIS reports			
Foreign Exchange		Risk of losses arising from the movements in foreign exchange rates by holding foreign currency denominated assets and liabilities with different currencies and maturities	Regulatory Net Open Position (NOP) limit, individual and aggregate currency exposure limits, VaR analysis, gap limits, scenario analysis, stress testing and stop loss limits	Possible	Moderate	Medium
Equity		Possible losses arising out of prices or volatilities in individual equities	Mark to Market calculations	Possible	Minor	Low

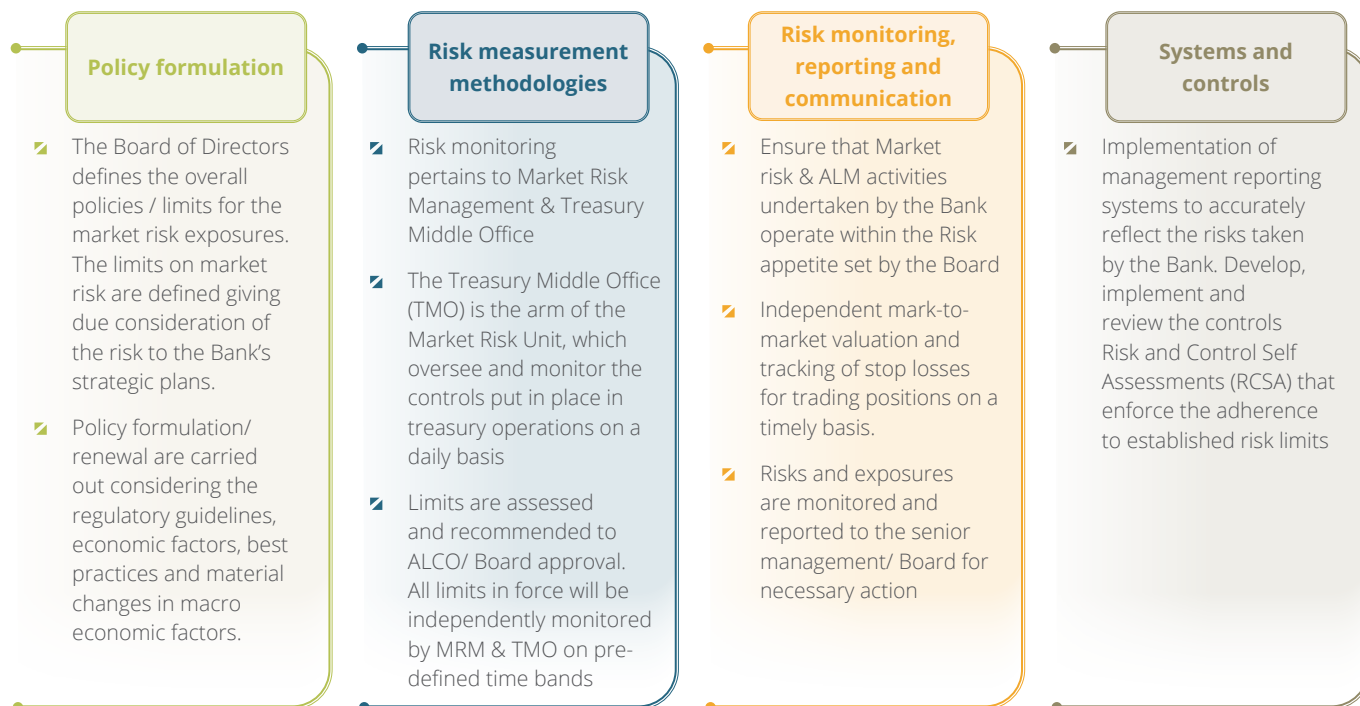
Risk Management

MARKET RISK MANAGEMENT

The Board has overall responsibility for managing the Market Risks and is assisted in its duties by the Board Integrated Risk Management Committee (BIRMC), while the Executive Integrated Risk Management Committee (EIRMC) approves policy to monitor risks. Market Risk exposures and profitability is governed by the Asset and Liability Committee (ALCO).

The Market Risk Management Unit of Risk Management Department (RMD) independently measures, monitors and reports on market risk exposures using Market Risk Dashboards and assists in review of the Bank's Market Risk related policies and exposure limits.

The Market Risk management process (as set out below) provides guidance on the procedure for Market Risk management within the overall risk appetite of the Bank. The implementation of the Bank's risk management policies, procedures and systems are delegated to the Head of Market Risk Management & Treasury Middle Office who reports to the Chief Risk Officer.



MANAGING INTEREST RATE RISK

The Bank manages interest rate risk through a comprehensive framework that covers both trading (IRR) and non-trading activities (IRRBB), supported by Board-approved policies, defined risk appetite, and robust governance processes.

Interest rate risk arising from trading activities are actively monitored and controlled using quantitative risk measures such as VaR, duration, sensitivity analysis and stress testing. Further, exposure limits, mark to market loss limits are established to ensure risks remain within approved thresholds, and positions are managed through diversification to mitigate adverse market movements.

The Interest Rate Risk in the Banking Book (IRRBB) arises mainly through non-trading assets and liabilities such as loans and advances, which are measured and managed through price sensitivity /EVE (Economic Value of Equity), NII (Net Interest Income) and interest rate sensitivity gap analysis.

Price Sensitivity of Assets and Liabilities	2025 LKR Mn	2024 LKR Mn
Average for the year	1,235	-406
Maximum for the year	1,666	987
Minimum for the year	741	-966
Price Sensitivity - sum of value change in portfolio due to a 1% change in interest rate		

Interest Rate Sensitivity of Assets & Liabilities



MANAGING FOREIGN EXCHANGE RISK

To mitigate the potential losses arising from fluctuations of foreign exchange (FX) rates, The Bank adhere to stringent risk tolerance limits on currency positions for regulatory & internal limits. Below shows the Bank's consolidated foreign exchange position and the exposure held against the Bank's capital base which is managed well within the regulatory limit of 30%.

Currency	Overall exposure in respective foreign currency '000	Overall exposure in LKR '000
USD	1,257	389,159
GBP	(4)	1,489
EUR	33	11,965
JPY	27,516	54,386
AUD	(2)	451
CAD	(2)	376
Other currencies (in USD)	1,413	92,255
Total exposure (in LKR)		550,081
Total capital funds as at 31 December 2025		86,020,859
Total exposure as a % of total capital funds		0.64%

Value at Risk (VaR)

In accordance with the BASEL guidelines the Bank's foreign exchange trading portfolio is subject to VaR measurement on historical simulation on a daily basis, with the objective of measuring the maximum potential loss due to holding of an investment/ position in the Bank's trading book and exposures are maintained within the set limits.

Stress testing on Net open position (NOP)

The Bank's exposure to FX risk as at the end of the reporting period is given below. Foreign exchange exposures are subject to stress testing by applying shocks between 5% to 25% to estimate the impact on profitability of the Bank.

Bank's Foreign Currency DBU Open Position and Stress Test results as at 31 December 2025					
	Net open position	Scenario 1	Scenario 2	Scenario 3	USD/LKR Scenario 4
Magnitude of shock (adverse)		5%	10%	15%	25%
Spot rate movement	309.65	294.17	278.69	263.20	232.24
Net open position-DBU (USD)/ Stress P&L (LKR)	1,761,345	(27,270,023)	(54,540,046)	(81,810,070)	(136,350,116)

Risk Management

EQUITY PRICE RISK

The Equity price risk arises due to adverse movement in the value of the individual stock price or equity index. The Bank does not engage in equity trading at present. However, the investment held in the fair value through other comprehensive income portfolio is subject to mark to market valuation.

TYPE	Carrying value	Fair value	Realised gains/ losses	Unrealised gains/ losses	Amount included in capital adequacy calculation	
					Amount adjusted from CET 1 capital	Amount considered for market risk
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets measured at fair value through profit or loss *	-	-	-	-	-	-
Financial Assets measured at fair value through other comprehensive income	2,312,672	2,953,676	-	641,003	2,091,501	-

* No outstanding portfolio as at 31 December 2025

COMMODITY RISK

Commodity price risk arises due to volatilities in the commodity exposure of the Bank. The commodity exposures are limited to gold loan and pawning portfolio as no commodity trading activities are performed by the Bank.

LIQUIDITY RISK

Liquidity risk management ensures that the Bank has the appropriate amount, diversification and tenor of funding and liquidity to support its business needs. Liquidity risk management ensures that all anticipated funding commitments can be met as and when due, without compromising the Bank's financial position or strategic objectives. It is designed to be adaptable to changing business models, market dynamics and regulations.

LIQUIDITY RISK MANAGEMENT

The liquidity risk management governance structure lays out the authority and scope of responsibilities of the Board of Directors and the delegated authorities granted to the Board Integrated Risk Management Committee, Assets & Liability Committee and the Market Risk Management Department in the execution of the Bank's strategic objectives and day-to-day risk management of the Bank.

The Bank manages liquidity risk through a structured process that ensures sufficient funds are available to meet obligations under both normal and stressed conditions. The process involves identifying potential liquidity risks, measuring and monitoring exposures, maintaining adequate high-quality liquid assets, and diversifying funding sources. Regular stress testing, scenario analysis, and robust reporting to ALCO, BIRMC, and the Board ensure proactive risk mitigation, regulatory compliance, and the continuity of business operations.

The Bank is also equipped with a comprehensive Liquidity Contingency Funding Plan (LCFP) linked to the business continuity plan in line with the regulatory guidelines. Further the Bank developed a recovery plan that defines a wide range of stress scenarios and recovery options to safeguard the Bank from Market & Liquidity Risk aspects which were aligned to the LCFP. In addition, the Bank has entered into a reciprocal liquidity funding agreement with an identified counterpart Bank to ensure stability.

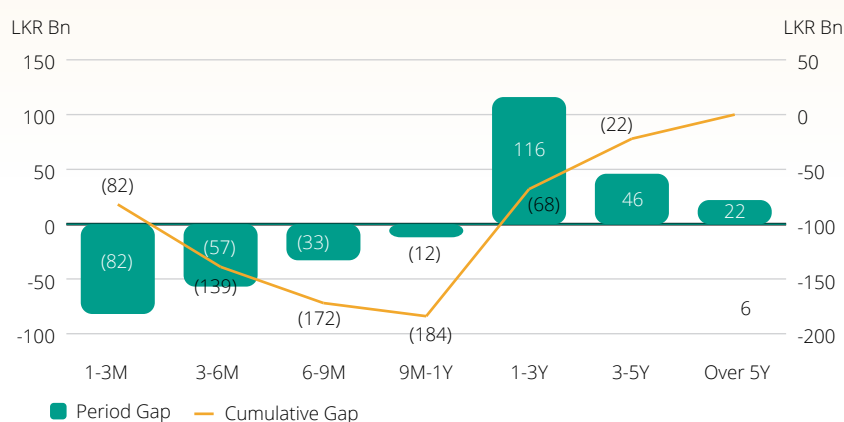
KEY RISK INDICATORS

The Bank's liquidity profile is measured and managed using a structured framework that incorporates Stock and Flow approaches for domestic currency (LKR) and major foreign currencies, as applicable. The stock approach utilises key ratios which portray the liquidity levels in the balance sheet while the flow approach is based on a statement of maturities of assets and liabilities in time bands according to the residual time to maturity.

Limits are set for key liquidity measures which give an early warning signal of tightened liquidity positions of the Bank. Factors such as market liquidity, exposure to interbank market, movement on loans and advances and deposit mix are regularly monitored to ensure that asset and liability portfolios of the Bank are geared to maintain a healthy liquidity position.

Liquidity Ratios	2025	2024
Liquidity Coverage Ratio – local currency	257.29	358.12
Liquidity Coverage Ratio – all currency	208.54	308.26
Net Stable Funding Ratio	129.67	152.43
Advances to Deposit	91.05	80.70
Net Loans to total Assets	63.43	57.90
Liquid Assets to Short Term Liabilities	24.79	43.80

Liquidity Gap Analysis

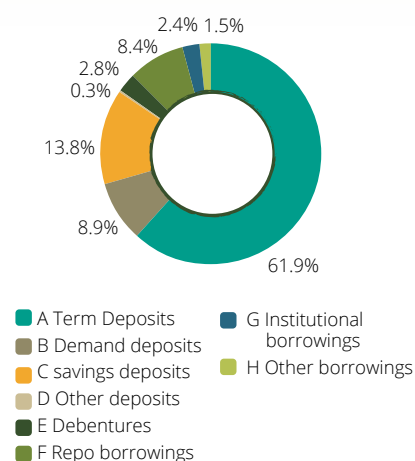


Diverse funding profile

The Bank's funding profile is monitored to ensure that it depends on diverse sources with cost efficiencies to manage the liquidity and profitability at optimum levels.

The Bank benefits from a diverse funding profile, which includes low cost CASA deposits and funding lines. .

Funding Diversification by Product



KEY DEVELOPMENTS IN 2026 FOR MARKET RISK & LIQUIDITY RISK

Bank reflect resilience to market in 2025, looks forward for 2026 with the same strong focus to continue to safeguard the balance sheet on uncertainties to optimise the profits followed with risk and opportunities in future.

- Further strengthen the management of liquidity risk, interest rate risk and foreign exchange risk through extensive discussions at Board and Management level committees including ALCO

- Review Treasury limit structures to reflect the macroeconomic environment of Sri Lanka in 2026, with particular focus on interest rate caps, loss limits, and asset allocation/ investment limits
- Implement timely and well-priced deposit campaigns to mobilise LKR and FCY funds, support balance sheet growth, enhance NIMs, and manage liquidity gaps effectively
- Improve IT infrastructure capabilities in monitoring Market and Liquidity Risk, ALM function and Treasury activities to enhance the efficiency of risk control mechanisms

- Comprehensive validation of the Market risk and Liquidity risk policies with external consultation for prudence
- The Bank to use different in depth stress levels/ scenarios for continuous monitoring of Market and Liquidity Risk parameters as per the ICAAP to maintain CAR at healthy levels

Risk Management

OPERATIONAL RISK

Operational Risk refers to the potential for losses resulting from inadequate or failed internal processes, people, systems, or external events. It also encompasses the risk of loss arising from legal factors, while excluding strategic and reputational risks. These risks can occur across all business and operational activities and may lead to financial or non-financial impacts.

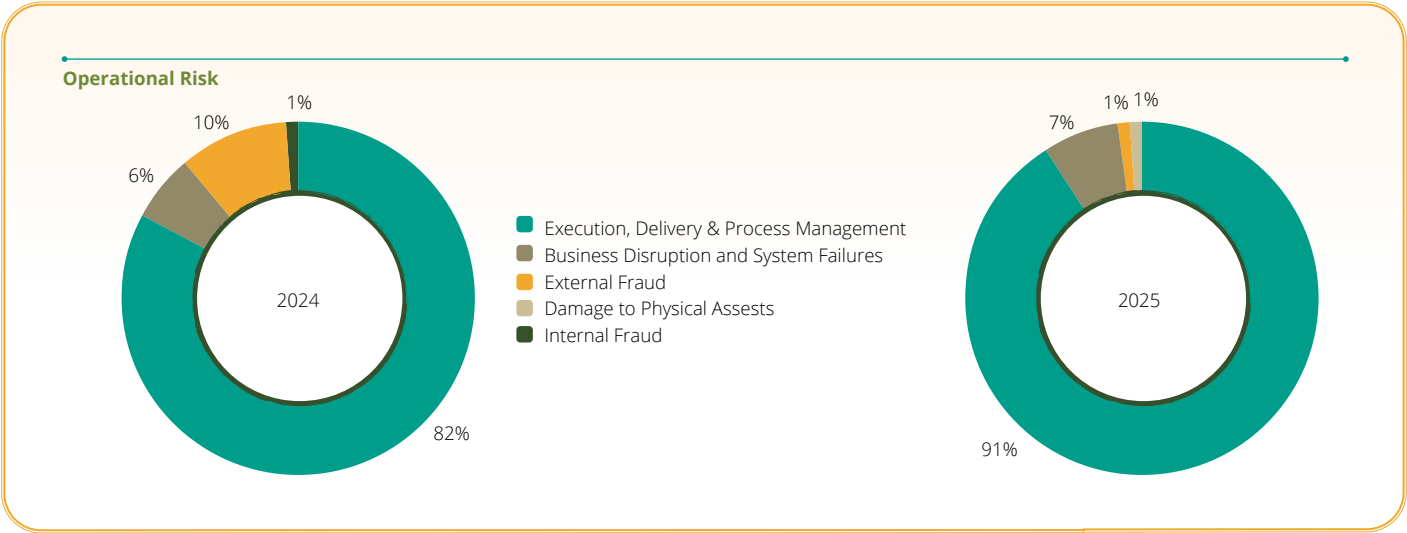
Operational Risk is an inherent aspect of all banking activities, and the Bank allocates substantial resources to managing this critical risk category. During the year, the Bank reinforced its Operational Risk framework through strengthened governance structures, advanced monitoring capabilities, and proactive risk mitigation strategies. A key initiative included the launch of on-site process reviews designed to validate control effectiveness and ensure strict compliance with established policies and procedures across all business units.

Technology and Cyber Risk, while classified under Operational Risk by the CBSL and Basel III regulatory frameworks, is managed as a distinct pillar due to its growing importance. The Bank continues to invest in advanced cybersecurity infrastructure, robust IT controls, and resilience strategies to safeguard operations and customer data.

As the second line of defence, the Operational Risk Management Unit (ORMU) operates within the Bank's robust risk culture and Integrated Risk Management Framework, which facilitates the systematic identification, assessment, management,

monitoring and reporting of material operational risks. ORMU undertakes periodic reviews of banking products, operational processes, and procedures, providing strategic recommendations to enhance control effectiveness from a risk perspective.

Significant and emerging risks are evaluated using the Operational Risk Matrix, offering a consolidated view of potential exposures. This approach enables the Bank to prioritize actions based on risk criticality, ensuring timely and effective implementation of mitigation strategies.



Consistent with prevailing operational risk trends, the majority of losses incurred by the Bank in 2025 were high-frequency, low-impact events classified under Basel's

category of 'Execution, Delivery & Process Management.' Importantly, the operational risk losses reported during the year remained well within the risk appetite

thresholds established by the Board of Directors.

OPERATIONAL RISK GOVERNANCE & FRAMEWORK

The Bank has established a comprehensive Operational Risk Management Policy that is fully aligned with regulatory guidelines issued by the Central Bank of Sri Lanka, the Basel Committee on Banking Supervision (BCBS), and international best practices. This policy defines the governance structure, roles, and responsibilities for operational risk management across all levels of the organization from the Board of Directors to the first line of defense.

Operational risk is managed through a structured governance framework led by the Operational Risk Management Committee (ORMC) and the Board Integrated Risk Management Committee (BIRMC). These committees ensure timely corrective actions and risk mitigation. Risks requiring senior management attention are escalated from ORMC to BIRMC and ultimately, to the Board.

Additionally, the Operational Risk Management Unit (ORMU) meets at defined intervals to review progress on rectifying operational risk events. This process is supported by the Business Operational Risk Sounding Board (BORSB), which includes representatives from business units and support functions.

This structured escalation and review mechanism enables effective monitoring, evaluation, and enterprise-wide management of operational risk exposures.

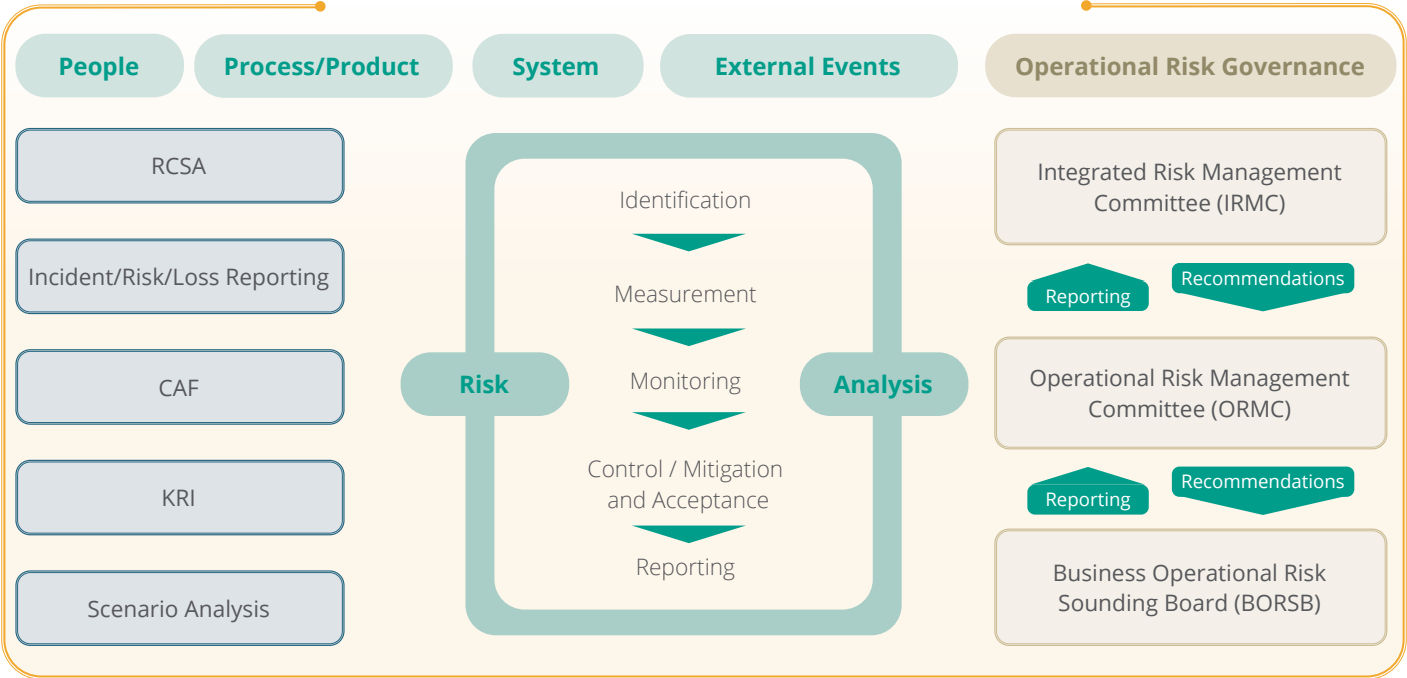
The governance framework also supports the maintenance of adequate capital buffers for operational risk losses and institutes mechanisms to mitigate or control risks. Mitigating actions are prioritised based on the criticality of exposures, with escalation protocols ensuring that management remains fully aware of potential or emerging risks. External global operational risk events are factored and evaluated as an when applicable to understand the vulnerabilities and threats to the bank's operational risk culture.

To strengthen resilience, the Bank has established several other Operational Risk related policies and guidelines, including the Fraud Risk Management Policy, Business Continuity Management Policy and Outsourcing Policy. Together, these policies provide a structured approach to managing Operational Risk across diverse business activities.

Tools and Methodologies

The Bank employs a range of tools and methodologies to ensure consistent application of operational risk practices:

- a. Risk and Control Self-Assessment (RCSA): Structured assessments by business and support units to identify key and emerging risks, with findings used to strengthen controls and manage residual risks
- b. Collection and Analysis of Operational Risk Events/ Loss Event Data: Captures Operational Risk events, near misses, and loss data to evaluate criticality and identify root causes, supported by a defined procedure for timely regulatory reporting. Additionally, reviews critical customer complaints to assess associated risks and determine appropriate risk treatments
- c. Control Assessment Form (CAF): Provides a standardised mechanism to evaluate the effectiveness of controls across business units
- d. Key Risk Indicators (KRIs): Quantitative thresholds that provide early warnings of significant changes in risk exposure, triggering mitigation actions
- e. Scenario Analysis: Expert driven evaluations of potential operational risk vulnerabilities, enabling proactive mitigation. Given the subjectivity of the scenario process, a robust governance framework is essential to ensure the integrity and consistency of the process



Risk Management

KEY INITIATIVES IMPLEMENTED IN 2025

- The Bank successfully transformed its Business Continuity Management System to align with ISO 22301:2019 standards, ensuring robust preparedness and resilience against potential business disruptions
- Business Assurance Staff were appointed across all departments and units, and their competencies were enhanced through structured training programs and continuous development initiatives, reinforcing the Bank's control environment
- The Bank strengthened governance around new product development and operational process reviews, embedding risk considerations at every stage to ensure sound practices and compliance
- The Bank strengthened its operational risk appetite framework by tightening tolerance thresholds, reinforcing its commitment to prudent risk management and alignment with strategic objectives
- Comprehensive reviews of outsourcing arrangements were conducted, and control mechanisms were reinforced to mitigate associated risks and ensure compliance with regulatory expectations
- The Bank ensured the full integration of the principles of the Financial Consumer Protection Regulation into its operational processes, guiding reviews and control enhancements to promote transparency, fairness, and strengthened customer confidence

PLANS FOR 2026

In 2026, the Bank's Operational Risk Management (ORM) framework will continue to evolve in alignment with our digital transformation agenda, regulatory expectations, and strategic growth initiatives.

- Enhance risk governance to strengthen the Bank's digital journey by embedding robust methodologies into new platforms, ensuring resilience and customer trust across all digital initiatives
- Further strengthen the Bank's ability to proactively identify and address emerging vulnerabilities through

advanced analytics, scenario testing and early warning mechanisms that anticipate risks before they materialise

- Alignment with PDPA requirements will be reinforced by enhancing data governance frameworks, implementing stronger privacy controls, and conducting comprehensive staff awareness programs. These measures to ensure robust protection of customer information in accordance with regulatory standards
- Optimise the Operational Risk Management System by automating key workflows and reducing manual processes for greater efficiency and transparency
- Transform the Operational Risk Management culture in line with the Bank's strategic plan, embedding risk management as a core driver of growth and resilience

OUTSOURCING AND AGENT BANKING ACTIVITIES

With the intent of focusing on the core banking functions, the Bank has outsourced certain non-core functions to external vendors who are specialized in their respective fields. The management of outsourcing arrangements is strictly in accordance with the CBSL Outsourcing and Agency Banking Directions. Outsourcing is an effective cost-saving and risk transfer strategy for the Bank. The Bank is committed to ensuring that the outsourced parties uphold and extend high standards of customer care and service excellence. All outsourcing/agency banking arrangements of the Bank are evaluated by the Outsourcing Sub Committee to be in line with the regulatory provisions. Due diligence tests on outsourced vendors are carried out prior to executing new agreements/renewal of existing agreements to ensure the capabilities of service providers to perform the outsourced activities as per the requirements of the Bank.

INSURANCE

The Bank positions insurance as a core element of its operational risk transfer strategy, providing additional assurance in reducing potential operational losses. These policies are structured to mitigate

insurable risks that could result in financial loss, thereby strengthening resilience against unforeseen events and minimizing overall risk exposure.

TECHNOLOGY & CYBER RISK MANAGEMENT

GOVERNANCE & FRAMEWORK

The Bank maintains a robust governance structure for technology risk management in line with the CBSL Technology Risk Resilience Framework No.16 of 2021. Oversight begins with the Board of Directors and is executed through the Chief Information Officer (CIO), Chief Risk Officer (CRO), Chief Information Security Officer (CISO), and the Information Security Committee, the apex body for technology resilience. The framework is built on four pillars: Risk Governance, Risk Resilience, Technology Operations, and Third-Party Risk Management. These pillars encompass policy development and enforcement, continuous monitoring and reporting, comprehensive risk assessments, and cyber resilience measures. The Bank aligns its practices with CBSL Baseline Security Standards and international best practices, supported by ISO certifications ISO 27001:2022 for Information Security, ISO 22301:2019 for Business Continuity Management, and ISO 20000:2018 for IT Service Management. Through strategic leadership, advanced monitoring tools, and mandatory employee awareness programs, the Bank ensures confidentiality, integrity, and availability of information while proactively mitigating technology and cyber risks.

KEY INITIATIVES IMPLEMENTED IN 2025

- Reviewed the Technology Risk appetite with measurable technology risk indicators along with approved tolerance levels with Board Approvals
- Implemented a robust procedure for IT and Cybersecurity incident reporting, in compliance with CBSL Circular No. 02 of 2025 on reporting Information Technology and Cybersecurity incidents by licensed banks

- Strengthening and automation of the User Access Review process by Information Security unit
- Strengthened oversight of online channels with stringent controls to prevent unauthorized access, data leakage, and malware threats
- Ongoing upgrades to digital defenses and collaboration with industry-wide threat intelligence networks to proactively address emerging risks
- Regular internal and external penetration testing through independent experts to validate system robustness against cyberattacks
- Further reinforcement of perimeter defenses to safeguard critical information assets from evolving threats
- Implemented an AI-driven SIEM (Security Information and Event Management) solution for security monitoring
- Engaged with an industry expert having global exposure for SOC (Security Operations Center) operations
- On boarded a continuous cyber risk scoring platform that assesses externally facing digital assets, enabling rapid identification and remediation of cyber security gaps

PLANS FOR 2026

- A security assessment will be undertaken with the support of a globally accredited security partner
- Implementation of a mobile threat defense solution
- Implementation of a layered vulnerability management approach, incorporating compensating controls to protect systems against potential threats

BUSINESS CONTINUITY MANAGEMENT

The Bank's Business Continuity Management (BCM) Policy requires comprehensive and timely plans to be in place encompassing a minimum of a Business Continuity Plan (BCP) and IT Disaster Recovery Plan (IT DRP). This BCM Framework is designed to comply with the requirements of the Central Bank of Sri Lanka and is approved by the Board

of Directors. These plans are formulated following the integration of bank risk management culture with effective Business Impact Analysis (BIA) processes and methodologies which anticipate all forms of threats, crisis and disasters that are inherent in the ever-changing business environment.

The Bank has a fully equipped Disaster Recovery (DR) Site and BCP facility to ensure resilience to business disruption all identified mission critical operations. The Governance of Business Continuity management is steered through The Leadership Team (TLT) comprising of senior management and coordinated by the Bank's Business Continuity Manager. The staff is allowed to operate from BCP site, split locations, on roster/shift basis and work from home. The IT DR site ensures business continuity and operational readiness.

OTHER RISKS

STRATEGIC RISK

In 2025, NDB embarked on a strategic transformation aimed at achieving its long-term objectives of market leadership, enhanced profitability, and an exceptional customer experience. This transformation centers on reinforcing the Bank's strengths in key segments through targeted investments and initiatives, strengthening its digital and risk infrastructure, driving enterprise-wide process re-engineering and digitisation, and empowering a high-performing, customer-focused branch sales team. These initiatives have been developed through a close collaboration between the bank and a leading international consulting firm, incorporating extensive analysis and strategic thinking to address current and anticipated risks within the bank, the industry and the broader economy.

The execution of these initiatives is expected to significantly reduce the bank's exposure to strategic risks across multiple dimensions. This includes mitigating operational risks by streamlining processes and enhancing system resilience, reducing technology risks through modernisation and robust cyber security measures and addressing regulatory and compliance risks by embedding stronger governance frameworks. Furthermore, these efforts

aim to minimise financial risks by improving portfolio quality and margin management, while also reducing reputational risks through and sustainable banking initiatives. Collectively, these measures position the bank to navigate uncertainty effectively and maintain long-term competitiveness in an evolving financial landscape.

However, the scale and ambition of the transformation project introduce a set of strategic risks that require vigilant oversight. Execution risk remains a key concern. Technology integration challenges and potential disruptions during platform migration pose additional risks, alongside heightened cyber security threats resulting from an expanded digital footprint. Regulatory compliance during system and process changes is another critical consideration, as is managing organisational change to ensure smooth adoption by employees and customers. The bank has instituted robust governance frameworks and proactive risk mitigation strategies to address these challenges, ensuring that transformation goals are achieved without compromising stability or compliance.

Beyond transformation, navigating strategic risk remains paramount in today's dynamic financial environment. Strengthening risk management and monitoring processes enhances asset quality and mitigates potential financial losses. While exploring new customer and market segments offers growth opportunities, these initiatives are carefully evaluated against the bank's risk appetite to safeguard margins. Furthermore, the bank continues to prioritise ESG governance and the integration of sustainable banking practices, recognising their importance for long-term viability. By managing these multifaceted risks through comprehensive and forward-looking strategies, the bank aims to achieve sustainable growth while successfully navigating the complexities of the financial ecosystem.

Risk Management

CROSS BORDER RISK

Cross-border Risk arises when the Bank is unable to obtain payments from customers or third parties on their contractual obligations as a result of actions taken by foreign governments, mainly relating to convertibility and transferability of foreign currency and geo-political factors.

Assets exposed to Cross-border Risk primarily comprise of loans and advances, interest-bearing deposits with other banks, trade and other bills, acceptances, foreign exchange contracts, investment securities and formal commitments where the counterparty is resident in a country other than where the assets are recorded. Cross-border exposure also includes the assets owned by the Bank that are held in a given country.

To effectively control the risk associated with Cross-border Risk, the bank has established a robust limit structure, set based on the sovereign ratings issued by International Rating agencies such as Fitch, Standard & Poor's and Moody's Corporation and also linked to the Bank's capital base.

The bank also continuously monitors macroeconomic and market conditions in the countries where counterparties are located, rigorously evaluates counterparties and undertake frequent detailed due diligence covering the economic indicators and outlook, country rating, political risk, exchange rate risk (convertibility and transferability), banking and financial sector etc. The business lines need to manage the exposures within the Board approved limits. These limits are reviewed at least annually and approved by the Board, thus mitigating the Cross-border Risk.

LEGAL RISK

Legal Risk may vary from institution to institution depending on the manner in which it conducts its business and the documentation it follows and is closely related to Compliance and Regulatory Risk. Legal Risk is understood more from its consequences, which can include liquidated damages, penalties, fines, the imposition of certain conditions and sometimes reputational damage. Legal Risk in the Bank can manifest itself through,

- Deficiencies in the security, property, defects in title and the related documentation
- Deficiencies in the documentation of the product or a transaction with an underlying contract
- Mis-selling of products, services
- Deficiencies in employee contracts
- Actions by a counterparty (for example: customers, shareholders, consortium banks, service providers and regulators etc.)
- Change in domestic and international legal environment due to legislative changes and acquisitions
- Non-adherence to laws and regulations
- Procedural failures in parate actions and litigation

Specific risks relating to Legal Risk are reported on a quarterly basis to the BIRMC.

REGULATORY, COMPLIANCE AND FINANCIAL CRIME RISK

Compliance risk refers to the risk of legal or regulatory sanctions, financial loss or reputational damage arising from non-compliance with applicable laws, regulations, rules, codes of conduct or internal policies whilst Regulatory Risk is the risk arising from changes in laws, regulations, supervisory expectations or from increased regulatory scrutiny or enforcement. In addition, Financial Crime Compliance (FCC) Risk relates to the Bank being used knowingly or unknowingly for financial crime such as money laundering, terrorist financing, fraud, bribery, corruption, sanctions breaches, or proliferation financing which also results in regulatory sanctions, financial loss, reputational damage or legal action. The aforesaid risks are managed under the Bank's Integrated Risk Management Framework through strong governance, controls, and a zero-tolerance approach.

The Bank manages Compliance, Regulatory and Financial Crime risks through a dedicated Compliance function reporting directly to the Board under a Board-approved Compliance Charter. A series of measures and stringent internal controls have been implemented which includes;

- Regulatory Risk Management: Timely dissemination and integration of new regulatory requirements into internal policies and procedures, with quarterly updates provided to the Board
- Financial Crime Risk Management: The Bank maintains a comprehensive AML/ CFT and sanctions framework, incorporating Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), sanctions and PEP screening, advanced transaction monitoring, fraud prevention tools, and whistleblower mechanisms. Financial Crime risks are identified and assessed through Enterprise-Wide Risk Assessment (EWRA), Risk and Control Self-Assessment (RCSA), Management Information (MI) reviews, typologies, and a web-based AML/ KYC tool.
- Compliance Assurance and Testing: Conduct independent risk-based compliance monitoring, along with trigger-based ad hoc reviews, to ensure effectiveness of compliance controls and adherence to internal and external regulations.
- Independent Oversight and Escalation: Compliance function reports directly to the Board, ensuring independence and accountability in managing Compliance, Regulatory and Financial Crime risks.
- Compliance Culture and Training: Mandatory training and tailored awareness sessions for high-risk regulatory requirements to reinforce strong compliance culture and ethical business conduct

The Bank is in compliance with prudential requirements, regulations, laws, and internal controls save and except for a penalty of LKR 1 Mn imposed by the CBSL for the failure to adhere to the Financial Transaction Reporting Act (FTRA). No other penalties (fines) were imposed during the year for non-compliance of laws and regulations.

Additionally, the Bank has taken steps to minimise the recurrence of such non-compliances, including the development of several core banking system changes/ enhancements, changes to the transaction processing mechanisms, staff training and awareness of regulatory reporting obligations.

MODEL RISK

A model is a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. Since models are a simplified depiction of the complex real world phenomenon which describes the relationship among observed variables based on assumptions, the use of models comes along with Model Risk. The Board has in place a risk model validation policy and a governance framework to mitigate Model Risk. The risk models are validated in line with policy.

SETTLEMENT RISK

Settlement Risk refers to the risk arising on account of failed trades with counterparty banks in the foreign currency transactions. Settlement Risk arises from possible losses when the Bank is in a foreign exchange transaction pays the currency it sold but does not receive the currency it bought. Forward contract settlement failures can arise from counterparty default, operational problems, and other factors. Settlement Risk exists for any traded product. Currently, the Bank has a procedure for monitoring limit utilisation, failed trades and excess monitoring. Settlement Risk is currently controlled by way of prudent allocation and monitoring of counterparty limits including Maximum Daily Delivery Risks (MDDR) limits for counterparties. Due to the current foreign currency liquidity stresses faced by the banking sector the bank cautiously monitor and manage the counterparty settlements.

GOVERNANCE RISK

The Board of Directors is responsible for the overall governance of the Bank which includes formulating the strategic direction, providing leadership and oversight to operationalise same, supervising the management of the business and reporting to shareholders on their stewardship. Bank's Corporate Governance framework has been developed with the objective of balancing the attainment of corporate objectives while ensuring the highest standards of corporate conduct and transparency.

Several policies and codes have been developed and implemented to manage Governance Risk at the Bank. The Corporate Governance Policy and the Corporate Governance Process Manual which applies to all Directors and Key Management Personnel of the Bank sets out policies and processes for implementing the Corporate Governance Directions issued by the Central Bank of Sri Lanka, Section 9 of the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 7 of 2007 and the Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, to the extent adopted. The Bank has in place a Code of Conduct for Employees governing all employees which outlines standards of professional and ethical conduct that all employees of the Bank are expected to conform to including areas such as general conduct and competence, confidentiality and misuse of material confidential information, managing conflicts of interest situations gifts and inducements and insider dealing provisions.

The Bank recognises the importance of sound management of Governance Risk.

Following is a summary of activities undertaken by the Bank for management of Governance Risk.

- Quarterly declarations obtained from Directors and quarterly review of director independence/conflicts of interest by the Nominations and Governance Committee
- Implementation of the Corporate Governance Policy and the Corporate Governance Process Manual and training Directors in the areas of Governance
- Code of Conduct for Employees which incorporates several policies of the Bank including the Bank's policy on Confidentiality, Insider Trading prohibitions, Securities Trading policy, Gift Policy, Anti-bribery and Corruption policy, Information Security policy, conflicts of interest provisions etc.

- Review and monitoring of transactions carried out by the Bank with related parties in terms of the Bank's Related Party Transactions Policy and Process Manual.
- Handling complaints of customers of the Bank as per agreed service standards in accordance with the Complaint Handling Procedure
- Robust framework of communication related policies including Whistleblowing, Disclosure and Communications Policy
- Document Retention and Destruction Policy, Staff Transaction Policy

REPUTATIONAL RISK

Reputational Risk is risk of indirect loss (current or prospective) arising from stakeholders' negative experience while dealing with the institution or negative publicity regarding the Bank's business practices which could lead to implications on market share, costly litigation expenses and revenue impacts over the long term. Reputational Risk can be triggered by a risk event in any or all of the above risk categories hitherto described.

Reputational Risk management and mitigation aspects are embedded in the Bank's policies and procedures, training programs, the Business Continuity Plan and through the Audit and Board Risk Management Committees.

Risk Management

The Bank monitors its Reputational Risk profile through a set of early warning indicators based on the Reputational Risk drivers within the Reputational Risk scorecard. The risk mitigation and control processes for Reputational Risk are designed to consider appropriate response actions to address the risks identified. Based on Customer Charter and FCPR of CBSL, the Bank has facilitated the following channels for customers to raise their expression of dissatisfaction and complaints to the Bank. Complaints could be made, verbally or in any form of written options, such as through the island wide branch network by contacting the Branch Manager or the QR option at branches, Relationship Managers, 24/7 Contact Centre, Bank's general email box (contact@ndbbank.com), write to Customer Experience Officer via post, NEOS online/ mobile banking inbox message service, 'Web forms' facilitated in our general bank website for customer complaint submission. All complaints received through these channels are directly entered into the Customer Service Request Management (CSRM) workflow for immediate processing. The Customer Experience team tracks the complaints as an independent unit and liaise with the responsible branch/ department for resolution and revert to the customers in a timely manner. The Customer Experience team follows up with the customers to ensure satisfaction and gather feedback for improvement.

Awards and accolades given by independent, external third parties serve as a main source in driving the Bank's reputation and brand image. The Bank selectively takes part in awards programmes that are known for their

independence, transparency and impact, and also which align with the ethos of the Bank and brand identity. The full list of awards won by the Bank during 2025 is found in page 426 of this Annual Report.

ENVIRONMENT and SOCIAL RISK MANAGEMENT (ESRM)

The Environmental and Social Risk Management plays a vital role in effectively managing the environmental and social risks stemming from debt and equity financing and strategic investments in businesses, which in turn will strengthen the Bank's resilience. Environmental and Social (E&S) risks of the Bank's customers are inherent and dynamic, given increasing complexities in the operating landscape. Accordingly, the Risk Management Department proactively sought to strengthen the Bank's E&S risk assessments by revising the Environmental and Social Management System (ESMS) in 2025 to align with international best ESG practices.

KEY DEVELOPMENTS IN 2025

- The 2025 revision introduced new processes in the Loan Originated System (LOS) around credit facilities appraisal and approval which further strengthened the scrutiny on environmental and social aspects linked to Bank's lending
- The function continued to cover the operations of the Bank as well as the Group Companies
- Increased internal stakeholder engagement by introducing added ESG responsibilities to encourage dynamic contribution towards E&S function

- The BIRMC was updated on a quarterly basis on ESMS related matters
- Conducted several capacity building programs to the staff members involved in lending, credit process and ESRM related process of the Bank with the external resource contribution of eminent professionals in the field and internal resources contributors
- Continued allocation of a dedicated resource at the Associate Manager grade to oversee the processes related to ESMS covering the Bank and the group
- The escalation process for a credit facility, investment, or transaction is determined by the E&S risk rating and the exposure level, and is carried out in accordance with the relevant approving authority defined in the ESRM Framework's approval-escalation matrix
- NDB's Largest shareholder, Norfund, facilitated an audit on the ESMS function of the Bank in the previous year and the recommendations have been implemented accordingly in order to strengthen the ESMS process

The Bank is consistent and conscious in its approach to mitigate and/ or manage adverse impacts to the environment and the community through its ESRM Framework/ ESMS and continues to set an example of responsible corporate behavior in an increasingly ESG conscious business environment.

Key aspects of the ESRM Framework

ESRM Framework, Policy and Manual has been developed in line with the international best practices

Dedicated coordinator to monitor and administer the ESMS/ ESRM operations of the network and the group of companies

A specific learning and development curriculum is in place in order to effectively develop the capacities of the relevant staff members

Ongoing capacity building on ESMS/ ESRM including the addition of a special session in to the Bank's orientation programme

GROUP RISK

The NDB Group Companies are engaged in Unit Trust Management, fee and fund based Investment Banking, Private equity fund management and property management activities. Based on these activities, the Group Companies are confronted with an array of financial and non-financial risks such as credit, interest rate, foreign exchange rate, liquidity, equity price, commodity price, legal, regulatory, reputational, operational, etc. These risks are highly interdependent and events that affect one area of risk can have consequences on a range of other risk categories. Considering the diverse nature of business models and risk profiles each group company remains responsible for the management of their risks, including associated controls and on-going monitoring processes.

The following measures ensure that Group Risk is proactively monitored and mitigated;

- Bank's capital at risk is limited to the amount of equity invested in these companies at the time the companies were incorporated.
- There is representation by the Bank's Directors/ Key Management Personnel on the Boards of Directors/ Board Audit, Risk and Compliance Committee of its subsidiaries, thereby ensuring full and sufficient knowledge of subsidiaries' operations and risk profiles.
- Due to the governance structure mandated by the laws governing banking and limited liability companies, all inter-company transactions are at arms-length and full disclosure of such transactions is made.
- Natural mitigation from the fact that the Bank is the ultimate parent company and owns the largest balance sheet in the Group.
- NDB Securities is licensed as a Stock Broker and NDB Wealth Management is licensed as a managing company and investment manager and NDB Investment Bank is licensed as a Corporate Finance Advisor respectively and are regulated by the SEC.
- Risk reporting framework by the Group Companies includes reviews by the Risk Management Department of the Bank/ BIRMC and Board.

Risks identified by Group Companies are reported to Risk Management Department periodically, through appropriate risk indicators (using a risk dashboard) and management information for review and escalation. Top risks and associated mitigants are also highlighted. The main risk categories being reviewed are as investment/ Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Interest Rate Risk, Concentration Risk, Regulatory/ Compliance Risk, Legal/ Reputational Risk, Strategic Risk and any other risks relevant to the specific line of business of the Group Company.

All Group Companies are required to have relevant policies and limits for monitoring purposes and to ensure that risks are within acceptable levels in line with internal policies and risk appetite.

SOVEREIGN RISK

Sovereign Risk is the potential that the government will default on its sovereign debt by failing to meet its interest and/ or principal payments.

The consequences of a default by sovereign include:

- A rating downgrade
- A loss of reputation along with an increased difficulty in raising funds for several years
- A lack of investors willing to buy the debt and equity of corporations based on the country
- An economic downturn
- Political instability

A default negatively affects GDP growth, the country's credit rating for many years, can hurt exports, and can make the defaulting country's banking systems more fragile. It can seriously impede the economic development and growth of the country.

The Bank is exposed to Sovereign Risk through investments and credit exposures. After successful implementation of external debt restructuring, lower inflation expectations and excess liquidity in the market provides positive insights on the improvement of systemic factors.

Number of high impact downside risk factors stabilised positively during 2025, GDP growth momentum persisted as the economy registered a robust 5.4% expansion in third quarter of 2025. Following 11 consecutive months of deflation from September 2024, headline inflation turned positive in August 2025, marking the end of the deflationary phase and stood at 2.1% in December 2025. It is expected to accelerate towards the target of 5% over the medium term and stabilise thereafter. Market liquidity remained at healthy levels during 2025 and market interest rates have commenced adjusting downward further in response to yields on government securities. Gross official reserves remained healthy at USD 6.8Bn by the end of 2025, supported by large net forex purchases of the Central Bank and multilateral fund inflows.

The rupee depreciated by 6% during the year against the US dollar due to surge in import demand, resumed foreign debt repayments and global economic tension. At the same time, the Central Bank allowed a market-driven exchange rate and purchased dollars to build reserves, which increased rupee liquidity and weakened its value.

With the credit growth recorded during the year, the Bank continues to maintain a portfolio of readily available High Quality Liquid Assets (HQLA) including reasonable amount in government securities. This strategic positioning ensures strong and resilient liquidity buffers in line with regulatory and prudential requirements.

The Bank continues to closely monitor the Sovereign Risk through credit rating outlooks mapping it to its internal risk grades and capital requirements, country risk limits, stress testing and scenario analysis on dynamic leading indicators. Investment decisions and portfolio exposures are discussed at ALCO in line with the vulnerabilities for prudential actions.

Risk Management

CLIMATE RISK

Sri Lanka continues to face heightened climate-related challenges, with 2025 marked by severe floods, prolonged droughts, and coastal erosion impacting agriculture, infrastructure, and livelihoods. These events underscore the growing exposure of financial institutions to physical risks arising from damage to assets, collateral, and borrower cash flows due to acute and chronic climate hazards. Such disruptions can impair repayment capacity and increase credit risk across vulnerable sectors.

In parallel, transition risks are emerging as the economy moves towards a low-carbon trajectory. Regulatory developments, including the implementation of SLFRS S1 and S2 effective January 2025, and the Central Bank's expanded Sustainable Finance Roadmap, are driving businesses to adopt climate-resilient practices. Companies that fail to adapt may face operational challenges, reduced profitability, and reputational pressures. For banks, this transition could lead to portfolio re-pricing, sectoral shifts, and compliance obligations, while investor expectations for ESG alignment continue to rise.

Recognizing these dynamics, the Bank has identified the following Climate Risks and Opportunities:

- Climate related risk 1 - Transition risk, stemming from re-pricing and re-allocation risk across the lending portfolio as the economy and regulation move to climate-resilient outcomes
- Climate related risk 2 - Physical risk, stemming from damage and performance-risk to loan collateral and borrower cash-flows from acute and chronic climate hazards
- Climate-related Opportunity: Growth in green financing and on-lending to climate-resilient projects, for both current and new.

The Bank is strengthening its risk management framework to address these challenges, including plans to commence climate-related stress testing in 2026, develop robust methodologies, enhance access to reliable climate data, and build internal capacity for climate risk assessment. These initiatives position the Bank to manage emerging risks effectively while leveraging opportunities in sustainable finance.

Refer the Risk Management section of the S2 Disclosure on Climate-Related Risks and Opportunities (CRROs) on page 184.

FUTURE OF RISK MANAGEMENT

The dynamic nature of the operating environment has prompted banks to continuously monitor emerging trends and enhance risk management frameworks to align with strategic goals effectively. Our commitment lies in surpassing mere compliance standards by adopting global best practices in risk management and actively addressing emerging risks to navigate the intricate risk landscape ahead.

BASEL III - PILLAR III MARKET DISCIPLINE DISCLOSURES

Pillar III Market Discipline disclosures of the Bank and the Group for the year ended 31 December as required by the Banking Act Direction No. 01 of 2016 on capital requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks are given below.

1. REGULATORY REQUIREMENTS ON CAPITAL & LIQUIDITY

TEMPLATE I - Key Regulatory Ratios - Capital and Liquidity

As at 31 December	BANK		GROUP	
	2025	2024	2025	2024
Regulatory Capital (LKR '000)				
Common Equity Tier 1 Capital	67,686,969	62,094,115	72,431,658	66,298,084
Tier 1 Capital	67,686,969	62,094,115	72,431,658	66,298,084
Total Capital	87,126,666	86,665,636	91,748,726	90,776,819
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	12.35	13.68	12.92	14.24
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	12.35	13.68	12.92	14.24
Total Capital Ratio (Minimum Requirement - 12.5%)	15.89	19.09	16.36	19.50
Leverage Ratio (Minimum Requirement - 3%)	6.93	7.46	7.35	7.89
Regulatory Liquidity				
Total stock of high quality liquid assets (LKR ' 000) - Rupee	160,269,695	248,244,913	NA	NA
Total stock of high quality liquid assets (LKR ' 000) - All currency	185,954,692	267,384,555	NA	NA
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement -100%)	257.29	358.12	NA	NA
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -100%)	208.54	308.26	NA	NA
Net Stable Funding Ratio (%) – (Minimum Requirement - 100%)	129.67	152.43	NA	NA

Risk Management

TEMPLATE II - Basel III Computation of Capital Ratios

As at 31 December	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Common Equity Tier 1 (CET1) Capital after Adjustments	67,686,969	62,094,115	72,431,658	66,298,084
Common Equity Tier 1 (CET1) Capital	77,374,588	70,187,273	82,800,190	74,771,446
Equity Capital (Stated Capital/Assigned Capital)	23,042,558	21,756,865	23,042,558	21,756,865
Reserve Fund	4,073,979	3,521,479	4,073,979	3,521,479
Published Retained Earnings/(Accumulated Retained Losses)	49,506,519	42,822,179	54,870,043	47,349,783
Published Accumulated Other Comprehensive Income (OCI)	751,532	2,086,750	813,610	2,143,319
General and other Disclosed Reserves	-	-	-	-
Total Adjustments to CET1 Capital	9,687,619	8,093,158	10,368,532	8,473,362
Intangible Assets (net)	1,628,982	1,766,615	1,682,400	1,814,985
Deferred tax assets (net)	5,421,860	4,158,040	5,489,018	4,216,721
Defined benefit pension fund assets	203,403	346,273	203,403	346,273
Shortfall of the cumulative impairment to specific provisions	-	-	-	-
Reciprocal cross holdings in the capital of banking and other financial institutions	7,023	-	7,023	-
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	2,091,501	1,439,262	2,776,607	1,892,559
Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity	124,769	180,144	-	-
Shortfall of capital in financial subsidiaries	210,081	202,824	210,081	202,824
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	19,439,697	24,571,521	19,317,068	24,478,735
Tier 2 Capital	19,439,697	24,571,521	19,439,697	24,571,521
Qualifying Tier 2 Capital Instruments	12,396,400	18,689,486	12,396,400	18,689,486
Revaluation Gains	876,672	876,672	876,672	876,672
Loan Loss Provisions	6,166,625	5,005,363	6,166,625	5,005,363
Total Adjustments to Tier 2	-	-	122,629	92,786
Others- Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	-	-	122,629	92,786
CET1 Capital	67,686,969	62,094,115	72,431,658	66,298,084
Total Tier 1 Capital	67,686,969	62,094,115	72,431,658	66,298,084
Total Capital	87,126,666	86,665,636	91,748,726	90,776,819
Total Risk Weighted Assets (RWA)	548,200,218	453,905,427	560,696,777	465,491,168
RWAs for Credit Risk	493,330,034	400,429,044	497,293,402	403,721,624
RWAs for Market Risk	1,782,806	1,334,362	6,987,311	6,896,161
RWAs for Operational Risk	53,087,378	52,142,021	56,416,064	54,873,384
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	12.35	13.68	12.92	14.24
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	12.35	13.68	12.92	14.24
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.89	19.09	16.36	19.50
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-

Note

The Bank has created a special reserve in end of December 2024 named "Special reserve on SLISBs - Step-up bonds" imposing a capital charge of 15% for USD Bonds which carry the LKR option, issued in connection with restructured SLISBs, as per the CBSL letter dated 13 February 2025 and the said reserve was excluded in the Regulatory Capital computation. Accordingly, this special reserve amounting to LKR 4.2 Bn has not been considered in computing the Tier 1 and Total Capital ratios as at 31 December 2025.

TEMPLATE III (a) - Basel III Computation of Leverage Ratios

As at 31 December	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Tier 1 Capital	67,686,969	62,094,115	72,431,658	66,298,084
Total Exposures	976,464,317	832,315,033	984,938,792	839,988,532
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	924,604,804	786,397,264	932,756,056	794,110,929
Derivative Exposures	3,933,939	2,994,187	3,933,939	2,994,187
Securities Financing Transactions Exposures	6,642,947	1,094,659	6,642,947	1,094,659
Other Off-Balance Sheet Exposures	41,282,626	41,828,924	41,605,850	41,788,757
Basel III Leverage Ratio (%) (Minimum Requirement - 3%)	6.93%	7.46%	7.35%	7.89%

TEMPLATE III (b) - Basel III Computation of Net Stable Funding Ratios (NSFR)

As at 31 December	BANK	
	2025 LKR '000	2024 LKR '000
Total Available Stable Funding	599,761,796	574,129,684
Required Stable Funding - On Balance Sheet Assets	460,441,990	375,140,501
Required Stable Funding - Off Balance Sheet Items	2,076,350	1,503,663
Total Required Stable Funding	462,518,340	376,644,164
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	129.67%	152.43%

TEMPLATE IV - Basel III Computation of Liquidity Coverage Ratio - All Currency Liquidity Requirement

As at 31 December	BANK			
	2025		2024	
	Total Un-weighted Value LKR '000	Total Weighted Value LKR '000	Total Un-weighted Value LKR '000	Total Weighted Value LKR '000
Total Stock of High-Quality Liquid Assets (HQLA)	190,411,908	185,954,692	270,706,705	267,384,555
Total Adjusted Level 1A Assets	164,814,889	164,814,889	248,941,430	248,941,430
Level 1 Assets	160,697,134	160,697,134	248,559,039	248,559,039
Total Adjusted Level 2A Assets	29,714,774	25,257,558	22,147,666	18,825,516
Level 2A Assets	29,714,774	25,257,558	22,147,666	18,825,516
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	920,433,015	173,439,353	806,962,747	158,279,946
Deposits	462,807,100	37,647,311	441,814,920	36,457,551
Unsecured Wholesale Funding	223,254,855	131,618,064	195,579,581	115,162,784
Secured Funding Transactions	43,359,705	-	3,284,635	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	190,194,197	3,356,820	165,291,314	5,667,313
Additional Requirements	817,158	817,158	992,298	992,298
Total Cash Inflows	145,515,639	84,271,002	119,882,139	71,539,078
Maturing Secured Lending Transactions Backed by Collateral	44,636,496	28,236,192	53,748,086	37,802,390
Other Inflows by Counterparty which are maturing within 30 days	90,762,191	55,733,768	57,549,311	33,719,557
Operational Deposits	9,815,910	-	8,567,611	-
Other Cash Inflows	301,042	301,042	17,131	17,131
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		208.54%		308.26%

Risk Management

TEMPLATE V - Main Features of Regulatory Capital Instruments - Bank and Group

Description of the Capital Instrument	CET 1 CAPITAL	TIER 2 INSTRUMENTS			
	Stated Capital	Debtenture Issue - November	Debtenture Issue - December	Debtenture Issue - September	Debtenture Issue - December
		2021	2023	2024 - Tranch 1	2024 - Tranch 2
Issuer	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC	National Development Bank PLC
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	NDB. N0000 ISIN -LK0207N00007	Type A - LK0207D24941 Type B - LK0207D24958	Type A - LK0207D25146 Type B - LKJ0207D25153	Type A - LK0207D25484 Type B - LK0207D25468 Type C - LK0207D25476	Type A - LK0207D25534 Type B - LK0207D25542
Governing Law(s) of the Instrument	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act
Original Date of Issuance	Date listed 26-Apr-1993	24-Nov-2021	12-Dec-2023	12-Sep-2024	2-Dec-2024
Par Value of Instrument	NA	LKR 100/-	LKR 100/-	LKR 100/-	LKR 100/-
Perpetual or Dated	Perpetual	Dated	Dated	Dated	Dated
Original Maturity Date, if Applicable	NA	Type A - 23 Nov 2026 Type B - 23 Nov 2028	Type A - 11 Dec 2028 Type B - 11 Dec 2028	Type A - 11 Sep 2029 Type B - 11 Sep 2029 Type C - 11 Sep 2029	Type A - 1 Dec 2029 Type B - 1 Dec 2029
Amount Recognised in Regulatory Capital (in LKR '000 as at 31 Dec 2025)	23,042,558	1,646,400	3,000,000	3,750,000	4,000,000
Accounting Classification (Equity/Liability)	Equity	Liability	Liability	Liability	Liability
Issuer Call subject to Prior Supervisory Approval					
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	NA	NA	NA	NA	NA
Subsequent Call Dates, if Applicable	NA	NA	NA	NA	NA
Coupons/Dividends					
Fixed or Floating Dividend/ Coupon	Dividend declared as decided by the Board	Fixed coupon	Fixed coupon	Fixed coupon	Fixed coupon
Coupon Rate and any Related Index	NA	Type A - 11.90% p.a Type B - 12.00% p.a	Type A - 15.00% p.a Type B - 14.22% p.a	Type A - 13.25% p.a Type B - 12.84% p.a Type C - 12.64% p.a	Type A - 13.00% p.a Type B - 12.41% p.a
Non-Cumulative or Cumulative	NA	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative

	CET 1 CAPITAL	TIER 2 INSTRUMENTS			
Description of the Capital Instrument	Stated Capital	Debenture Issue - November 2021	Debenture Issue - December 2023	Debenture Issue - September 2024 - Tranch 1	Debenture Issue - December 2024 - Tranch 2
Convertible or Non-Convertible					
If Convertible, Conversion Trigger (s)	NA	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016	Determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016
If Convertible, Fully or Partially	NA	Fully	Fully	Fully	Fully
If Convertible, Mandatory or Optional	NA	Mandatory	Mandatory	Mandatory	Mandatory
If Convertible, Conversion Rate	NA	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.	Based on the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share during the three months (03) period, immediately preceding the date of the Trigger Event.

Note

The Board of Directors, at its meeting held on 14 November 2025, approved the issuance of up to 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, to raise a maximum amount of LKR 16 billion by way of an Initial Public Offering. The proposed issue was approved by the shareholders of the Bank at the Extraordinary General Meeting held on January 5, 2026. The proposed issue is subject to obtaining all necessary regulatory approvals and will be listed on the Colombo Stock Exchange upon completion.

Risk Management

2. RISK WEIGHTED ASSETS (RWA)

TEMPLATE VI - Summary discussion on adequacy/ meeting current and future capital requirements.

Please refer page 477 for the Capital Management section.

TEMPLATE VII - Credit Risk under Standardized Approach - Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	BANK					
	Amount (LKR'000) as at 31 December 2025					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)
Claims on Central Government and Central Bank of Sri Lanka	254,738,034	12,386,000	254,738,034	2,322,531	5,863,356	2.28%
Claims on Public Sector Entities	15,984,538	1,845,826	1,594,027	-	797,013	50.00%
Claims on Bank's Exposures	38,076,566	68,119,406	38,076,566	1,737,427	14,954,220	37.56%
Claims on Financial Institutions	50,532,066	4,677,281	49,943,860	730,269	34,678,912	68.44%
Claims on Corporates	254,246,515	266,993,370	214,739,696	26,198,710	227,902,169	94.59%
Retail Claims	241,367,251	35,213,001	211,519,944	12,497,540	157,716,054	70.40%
Claims Secured by Residential Property	16,485,346	1,079,819	16,485,346	120,591	8,269,047	49.80%
Non-Performing Assets (NPAs)(i)	27,519,086	-	27,519,086	-	27,437,955	99.71%
Higher-risk Categories	678,118	-	678,118	-	1,695,294	250.00%
Cash Items and Other Assets	30,406,195	-	30,406,195	-	14,016,014	46.10%
Total	930,033,715	390,314,703	845,700,872	43,607,068	493,330,034	

Asset Class	GROUP					
	Amount (LKR'000) as at 31 December 2025					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)
Claims on Central Government and Central Bank of Sri Lanka	254,989,819	12,386,000	254,989,819	2,322,531	5,863,356	2.28%
Claims on Public Sector Entities	15,984,538	1,845,826	1,594,027	-	797,013	50.00%
Claims on Bank's Exposures	38,793,956	68,119,406	38,793,956	1,737,427	15,081,296	37.21%
Claims on Financial Institutions	50,587,523	4,677,281	49,999,317	730,269	34,719,341	68.44%
Claims on Corporates	254,159,960	266,966,083	214,653,142	26,174,055	227,790,958	94.59%
Retail Claims	241,367,251	35,213,001	211,519,944	12,497,540	157,716,054	70.40%
Claims Secured by Residential Property	16,485,346	1,079,819	16,485,346	120,591	8,269,047	49.80%
Non-Performing Assets (NPAs)(i)	27,519,086	-	27,519,086	-	27,437,955	99.71%
Higher-risk Categories	-	695,758	-	347,879	521,818	150.00%
Cash Items and Other Assets	35,486,998	-	35,486,998	-	19,096,564	53.81%
Total	935,374,477	390,983,174	851,041,635	43,930,292	497,293,402	

Note:

- (i) NPAs – As per Banking Act Direction on classification of loans and advances, income recognition and provisioning.
- (ii) RWA Density – Total RWA/Exposures post CCF and CRM.

TEMPLATE VIII - Credit Risk under Standardized Approach: Exposures by Asset Classes and Risk Weights

Risk Weight Asset Classes	BANK									
	Amount (LKR'000) as at 31 December 2025 (Post CCF & CRM)									
	0%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	227,743,786	29,316,780	-	-	-	-	-	-	-	257,060,566
Claims on Public Sector Entities	-	-	-	1,594,027	-	-	-	-	-	1,594,027
Claims on Bank's Exposures	-	22,642,147	-	13,492,111	-	-	3,679,735	-	-	39,813,993
Claims on Financial Institutions	-	1	-	31,990,431	-	-	18,683,696	-	-	50,674,128
Claims on Corporates	-	11,059,610	-	8,377,101	-	-	221,501,694	-	-	240,938,405
Retail Claims	30,198,825	1,585,924	-	-	7,076,424	128,013,186	57,143,125	-	-	224,017,484
Claims Secured by Residential Property	-	-	12,825,984	-	-	-	3,779,953	-	-	16,605,937
Non-Performing Assets (NPAs)	-	-	-	1,249,837	-	-	25,181,676	1,087,573	-	27,519,086
Higher-risk Categories	-	-	-	-	-	-	-	-	678,118	678,118
Cash Items and Other Assets	7,274,842	11,394,173	-	-	-	-	11,737,180	-	-	30,406,195
Total	265,217,453	75,998,635	12,825,984	56,703,507	7,076,424	128,013,186	341,707,059	1,087,573	678,118	889,307,939

Risk Weight Asset Classes	GROUP									
	Amount (LKR'000) as at 31 December 2025 (Post CCF & CRM)									
	0%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	227,995,570	29,316,780	-	-	-	-	-	-	-	257,312,350
Claims on Public Sector Entities	-	-	-	1,594,027	-	-	-	-	-	1,594,027
Claims on Bank's Exposures	-	23,456,864	-	13,369,191	-	-	3,705,328	-	-	40,531,383
Claims on Financial Institutions	-	1	-	32,020,488	-	-	18,709,096	-	-	50,729,585
Claims on Corporates	-	11,059,610	-	8,377,101	-	-	221,390,484	-	-	240,827,195
Retail Claims	30,198,825	1,585,924	-	-	7,076,424	128,013,186	57,143,125	-	-	224,017,484
Claims Secured by Residential Property	-	-	12,825,984	-	-	-	3,779,953	-	-	16,605,937
Non-Performing Assets (NPAs)	-	-	-	1,249,837	-	-	25,181,676	1,087,573	-	27,519,086
Higher-risk Categories	-	-	-	-	-	-	-	347,879	-	347,879
Cash Items and Other Assets	7,275,037	11,394,247	-	-	-	-	16,817,715	-	-	35,486,999
Total	265,469,432	76,813,426	12,825,984	56,610,644	7,076,424	128,013,186	346,727,377	1,435,452	-	894,971,925

Risk Management

TEMPLATE IX - Market Risk under Standardized Measurement Method

Item	BANK		GROUP	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
(a) Capital Charge for Interest Rate Risk	144,946	107,722	155,371	116,443
General Interest Rate Risk	144,946	107,722	147,439	109,872
(i) Net Long or Short Position	144,946	107,722	147,439	109,872
(ii) Horizontal Disallowance	-	-	-	-
(iii) Vertical Disallowance	-	-	-	-
(iv) Options	-	-	-	-
Specific Interest Rate Risk	-	-	7,932	6,571
(b) Capital Charge for Equity	-	-	640,139	686,504
(i) General Equity Risk	-	-	324,954	347,586
(ii) Specific Equity Risk	-	-	315,185	338,918
(c) Capital charge for Foreign Exchange & Gold	77,904	59,073	77,904	59,073
Total Risk Weighted Amount for Market Risk [(a) + (b) + (c)] * CAR	1,782,806	1,334,362	6,987,311	6,896,161

TEMPLATE X - Operational Risk under Basic Indicator Approach

Business Lines	Capital Charge Factor	Fixed Factor	BANK		
			Gross Income (LKR'000) as at 31 December 2025		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		44,889,995	42,455,162	45,373,287
The Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
The Alternative Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	6,635,922				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	53,087,378				
The Standardised Approach					
The Alternative Standardised Approach					

TEMPLATE X - Operational Risk under Basic Indicator Approach (Contd.)

Business Lines	Capital Charge Factor	Fixed Factor	GROUP		
			Gross Income (LKR'000) as at 31 December 2025		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		47,120,270	45,335,144	48,584,745
The Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%				
Commercial Banking	15%				
The Alternative Standardised Approach					
Corporate Finance	18%				
Trading and Sales	18%				
Payment and Settlement	18%				
Agency Services	15%				
Asset Management	12%				
Retail Brokerage	12%				
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	7,052,008				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	56,416,064				
The Standardised Approach					
The Alternative Standardised Approach					

Risk Management

TEMPLATE XI & XII - Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – BANK

As at 31 December 2025

	A	B	C	D	E
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting*	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
LKR '000					
Assets	935,808,780	935,808,780	845,700,874	4,519,829	85,588,077
Cash and cash equivalents	17,566,305	17,566,305	17,566,305	-	-
Balances with the Central Banks of Sri Lanka	8,225,602	8,225,602	8,225,602	-	-
Placements with banks	24,692,505	24,692,505	24,692,505	-	-
Derivative financial instruments	1,475,777	1,475,777	1,475,777	-	-
Financial assets recognized through profit or loss measured at fair value	253,152	253,152	-	253,152	-
Financial assets at amortised cost -loans and receivables to other customers	593,603,756	593,603,756	517,493,216	-	76,110,540
Financial assets at amortised cost - debt and other instruments	181,340,088	181,340,088	181,340,088	-	-
Financial assets measured at fair value through other comprehensive income	78,648,323	78,648,323	72,283,122	4,266,677	2,098,524
Investments in subsidiary companies	1,031,037	1,031,037	906,268	-	124,769
Intangible assets	1,628,982	1,628,982	-	-	1,628,982
Property, plant and equipment	4,213,378	4,213,378	4,213,378	-	-
Right of Use Assets	1,448,611	1,448,611	1,448,611	-	-
Deferred tax assets	5,421,860	5,421,860	-	-	5,421,860
Other assets	16,259,404	16,259,404	16,056,002	-	203,402
Liabilities	849,787,923	849,787,923	-	-	-
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	-	-	-
Financial Liabilities at amortised cost - due to other borrowers	19,792,565	19,792,565	-	-	-
Debt securities issued	23,330,603	23,330,603	-	-	-
Current tax liabilities	4,038,962	4,038,962	-	-	-
Retirement benefit obligations	1,585,637	1,585,637	-	-	-
Other liabilities	11,339,408	11,339,408	-	-	-
Off-Balance Sheet Liabilities	402,998,561	402,998,561	389,352,806	-	961,898
Guarantees	40,685,126	40,685,126	36,232,986	-	672,112
Performance Bonds	9,265,583	9,265,583	9,059,381	-	206,202
Letters of Credit	16,989,263	16,989,263	16,905,679	-	83,584
Other Contingent Items	14,546,821	14,546,821	14,546,821	-	-
Undrawn Commitments	215,328,164	215,328,164	215,328,164	-	-
Other Commitments	106,183,604	106,183,604	97,279,775	-	-
Shareholders' Equity				-	-
Equity capital (Stated capital /Assigned capital)	23,042,558	23,042,558	-	-	-
of which Amount eligible for CET1	23,042,558	23,042,558	-	-	-
of which Amount eligible for AT1	-	-	-	-	-
Retained earnings	50,334,623	50,334,623	-	-	-
Accumulated Other comprehensive income	4,329,745	4,329,745	-	-	-
Other reserves	8,313,931	8,313,931	-	-	-
Total Shareholders' Equity	86,020,857	86,020,857			

* There were no difference in the carrying value under the Scope of Regulatory Reporting and the carrying values Reported in Published Financial Statements.

DSIB ASSESSMENT AS PER THE BANKING ACT DIRECTION NO. 2 OF 2025 ON DOMESTIC SYSTEMATICALLY IMPORTANT BANKS

As at 31 December	GROUP	
	2025 LKR Mn	2024 LKR Mn
Size		
Indicator 1 - Total Exposure	984,939	839,989
Interconnectedness		
Indicator 2 - Intra-financial System Assets	88,859	72,679
a. Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended)	70,837	62,991
i) Funds deposited	34,927	30,646
ii) Lending	35,910	32,345
b. Holdings of securities issued by other financial institutions	12,352	8,603
c. Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	4,112	540
d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to mark value	1,558	545
Indicator 3 - Intra-financial System Liabilities	76,440	36,378
a. Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	76,363	36,222
i) Funds deposited	15,523	15,245
ii) Borrowings	60,840	20,977
b. Net negative current exposure of securities financing transactions with other financial institutions	-	-
c. Over-the-counter derivatives with other financial institutions that have a net negative mark to mark value	77	156
Indicator 4 - Securities Outstanding	23,000	33,090
Substitutability/Financial Institution Infrastructure		
Indicator 5 - Payments made in the reporting year (excluding intragroup payments)	8,680,001	7,002,974
Indicator 6 - Gross Loans and Receivables to Non-bank Customers (excluding Government)	617,425	478,976
Indicator 7 - Deposits of Non-bank Customers (excluding Government)	685,477	621,913
Complexity		
Indicator 8 - Notional Amount of Over-the-Counter (OTC) Derivatives	106,184	66,840
Indicator 9 - Cross-jurisdictional Claims (excluding derivatives and intragroup claims)	101,994	68,563
Indicator 10 - Cross-jurisdictional Liabilities (excluding derivatives and intragroup liabilities)	47,022	30,220
Indicator 11 - Trading and Available for Sale (AFS) Securities	84,002	105,711

Investor Relations

The Bank has a dedicated function for maintaining investor relations, with the objective of fostering robust relationships with investors. Recognised as a crucial stakeholder group, investors significantly contribute to the Bank's success.

CONSTITUENTS OF THE INVESTOR RELATIONS ECOSYSTEM OF THE BANK

- Shareholders
- Debenture / Bond holders
- Potential investors including development financing institutions
- Investment analysts
- Stock brokers
- Credit rating agencies
- Financial press

UNDERLYING PRINCIPLES OF OUR INVESTOR RELATIONS

- Quality and timeliness of disclosures
- Transparency
- Fairness in disclosures
- Avoidance of selective disclosures
- Maintaining same levels of engagements at all times consistently, irrespective of the Group's performance

INVESTOR SUPPORT

Investor support is extended via a wide range of engagement activities as listed below.

- Annual General Meeting
- One-to-one investor meetings
- Financial statements released to the CSE
- Press releases
- Investor presentations
- Online investor webinars
- Investor transcripts
- Email notifications
- Local and foreign investor forums
- Earnings calls
- Road shows
- Investor relations web page within the Bank's corporate website
- Dedicated communication methods to reach us

CORPORATE MILESTONES

1979

Established under the National Development Bank of Sri Lanka Act No. 2 of 1979, the Bank commenced operations with an authorized capital of LKR 2,000 Million, consisting of 20 Million ordinary shares valued at LKR 100 each. This was subsequently subdivided into 200 Million ordinary shares of LKR 10 each.

1993

61% of the share capital of the National Development Bank of Sri Lanka (NDBSL) was transferred to private ownership through an IPO at LKR 50.00 per share.

1997

NDBSL was further privatized through the early conversion of its convertible debentures, reducing the Government's direct shareholding to 12.2%. Additionally, 2.56% of the issued shares were acquired by NDBSL for an Employees Share Ownership Plan.

2001

As a part of its long term plans, NDBSL incorporated a commercial bank under the Companies Act No. 17 of 1982 under the name 'NDB Bank Limited' (NBL) to take over the business and operations of ABN Amro NV Colombo Branch.

2005

Pursuant to the National Development Bank of Sri Lanka (Consequential Provisions) Act No. 1 of 2005, National Development Bank Limited (NDBL) was incorporated under the Companies Act No. 17 of 1982 (Registration No. N (PBS) 1252) to take over the business of NDBSL on 15 June 2005. Consequently, the National Development Bank of Sri Lanka Act No. 2 of 1979 was repealed, except for certain provisions therein.

NDBL acquired the business and operations of NBL. Consequently, NBL shareholders received NDBL shares at a ratio of 1 NDBL share for every 5.6 NBL shares held, increasing NDBL's issued capital to 54,570,257 shares. To facilitate this transition, the Central Bank of Sri Lanka granted NDBL a commercial banking license and simultaneously withdrew its specialised banking license.

2007

NDBL was re-registered as National Development Bank PLC ('Bank') in terms of the new Companies Act No. 7 of 2007 and accorded with the Registration No. PQ 27.

2021

The successful completion of a Rights Issue and a Private Placement with Norfund, the Norwegian Investment Fund for Developing Countries, resulted in Norfund acquiring a 9.99% shareholding in the Bank, becoming NDB's anchor Shareholder

SECURITIES IN ISSUE - NDB

Ordinary shares

Debentures

- Basel III compliant Listed rated unsecured subordinated redeemable debentures with a non-viability conversion issued in 2021, 2023 and 2024

New securities issued during 2025

- Ordinary shares by way of scrip dividends – please refer page 363

ORDINARY SHARES

1. Features of ordinary shares

Security type	Quoted Ordinary Shares
Listed exchange	Colombo Stock Exchange (CSE) – Main Board
Featured stock indices	All Share Price Index (ASPI) Standard & Poor's Sri Lanka 20 (S&P SL20)
GICS Sector Classification	Banks (SPCSEBP)
CSE stock symbol	NDB.N0000
ISIN	LK0207N00007
Bloomberg newswire code	NDB SL
Reuters newswire code	NDB.CM

2. Analysis of equity market performance and NDB share performance - 2025

2.1 Performance of global equity markets

Global equities delivered another strong year in 2025, though the path was less smooth. The MSCI All Country World Index rose 22.9% in USD terms, marking a third consecutive year of double-digit returns. The MSCI World ex-USA index gained 31.8%, while emerging markets rose by 33.6%, comfortably outperforming the S&P 500's 17.7% advance and ending a near-decade of relative underperformance.

The macro backdrop was supportive, but it was punctuated by bouts of political volatility. Disinflation across developed markets allowed central banks to pivot cautiously towards easier policy, with the Federal Reserve, ECB and Bank of England all delivering rate cuts as growth cooled but avoided recession. That easing helped widen participation beyond the familiar growth leaders and compress regional valuation gaps. At the same time, the return of Donald Trump to the White House injected periodic market turbulence, particularly around trade, tariffs and fiscal signaling, producing sharp but short-lived swings rather than a sustained derailment of risk appetite.

Market leadership rotated. US large-cap gains remained concentrated, though investors grew more selective within the technology complex as AI spending shifted from narrative to delivery. Europe benefited from higher fiscal outlays, defence spending and improving bank profitability. Japan extended its multi-year rerating, supported by governance reform and solid earnings, despite modest policy tightening. Emerging-market performance was broad rather than episodic, aided by cheaper starting valuations, better earnings momentum and a softer dollar.

Earnings growth remained the anchor, settling around the mid-teens across developed markets. Valuations pushed towards the upper end of post-crisis ranges in the US, while Europe, Japan and emerging markets continued to trade at discounts. Flows reflected reallocation rather than indiscriminate risk-taking, with steady inflows into non-US markets and wider dispersion supporting active management.

By year-end, the re-rating phase looked largely complete. With policy easing priced in and political noise unlikely to fade, returns in 2026 are likely to hinge more on earnings delivery, allocation and resilience to volatility than on another uniform lift from falling rates.

2.2 Performance of the Colombo Stock Exchange

The Colombo Stock Exchange extended its recovery in 2025, though the character of the rally evolved. After a 49.0% surge in 2024, the ASPI added a further 41.7% in price terms, taking total returns to around 43.8%. The S&P SL20 lagged but still delivered close to 29.0%. Sri Lanka again ranked among the world's best-performing equity markets, albeit with less of the distressed-asset rebound that defined the prior year.

The rally rested on the second year of IMF-guided stabilisation. Policy rates were held around 8.0% for most of the year, balancing disinflation with growth support. Lower borrowing costs eased pressure on balance sheets, stabilised bank asset quality and improved real incomes after tariff resets. At the same time, delays in fiscal consolidation, SOE reform and finality on the debt restructuring continued to cap valuation upside.

Investor Relations

Market structure improved. Capitalisation rose from LKR 5.8 Tn to just over LKR 8.1 Tn, largely on price appreciation. Turnover exceeded LKR 1.2 Tn by November, with average daily volumes around LKR 5.4 Bn, well above pre-crisis norms. By year-end, market-cap-to-GDP edged into the low-20s, with mid-caps absorbing a larger share of flows.

Valuations marked a clear shift from distressed to merely cheap in our view. The market traded around 10.5x earnings and 1.4x book, with multiple expansion doing more of the work than earnings upgrades. Aggregate earnings grew in the mid-teens, led by banks and diversified financials, while dividend yields settled around 2.5%.

Despite strong returns, foreign investors were net sellers, with outflows of roughly

USD 127.3Mn. The market remained domestically driven, supported by retail and local institutional flows. Sri Lanka enters 2026 with better liquidity and a sturdier local base, but foreign participation will likely hinge on reform execution and clarity on the debt settlement.

2.3 Performance of the NDB Share

During the year ended 31 December 2025, NDB's share price traded within a range of LKR 94.00 to LKR 158.00, closing at LKR 141.25. The Bank had 426.9 Mn ordinary shares in issue at year end. Market activity remained resilient, with 72,275 trades accounting for 0.1% of total market trades. A total of 140.3 Mn shares were traded, representing 0.5% of overall market volume and generating a turnover of LKR 18.2 Bn, equivalent to 1.5% of total market turnover.

Average daily turnover stood at LKR 76.3 Mn, reflecting sustained investor confidence and liquidity.

NDB ranked 36th on the CSE by market capitalisation, contributing 0.7% of total market capitalisation and representing 35.0% of the Banks sector. The share recorded a beta of 1.46 against the ASPI and 1.31 against the S&P SL20, indicating heightened responsiveness to market dynamics. A final dividend of LKR 8.00 per share for FY2024, comprising cash and scrip, was paid during the year, underscoring the Bank's disciplined capital management and commitment to delivering sustainable shareholder value

3. Analysis of Ordinary Shareholders as at 31 December 2025 as per Rule 7.6 (x) of the Listing Rules of the Colombo Stock Exchange

3.1 Distribution of Shareholders

Shareholding Range	As at 31 December 2025				As at 31 December 2024			
	Number of Shareholders	%	Number of Shares	%	Number of Shareholders	%	Number of Shares	%
1-1,000	9,942	66.04	2,685,704	0.63	7,020	60.95	1,943,487	0.47
1,001-10,000	4,029	26.76	13,233,922	3.10	3,373	29.28	11,252,806	2.71
10,001-100,000	906	6.02	25,394,716	5.95	959	8.33	27,860,864	6.70
100,001-1,000,000	149	0.99	44,873,009	10.51	132	1.15	34,782,067	8.37
Over 1,000,000	29	0.19	340,702,106	79.81	34	0.29	339,674,202	81.75
Total	15,055	100.00	426,889,457	100.00	11,518	100.00	415,513,426	100.00

3.2 Resident/non-resident Shareholding

Shareholding Range	As at 31 December 2025				As at 31 December 2024			
	Number of Shareholders	%	Number of Shares	%	Number of Shareholders	%	Number of Shares	%
Resident	14,929	99.16	342,995,553	80.35	11,393	98.91	333,808,029	80.34
Non-resident	126	0.84	83,893,904	19.65	125	1.09	81,705,397	19.66
Total	15,055	100.00	426,889,457	100.00	11,518	100.00	415,513,426	100.00

3.3 Individual/institutional Shareholding

Shareholding Range	As at 31 December 2025				As at 31 December 2024			
	Number of Shareholders	%	Number of Shares	%	Number of Shareholders	%	Number of Shares	%
Individual	14,398	95.64	89,209,011	20.90	10,898	94.62	64,816,211	15.60
Institutional	657	4.36	337,680,446	79.10	620	5.38	350,697,215	84.40
Total	15,055	100.00	426,889,457	100.00	11,518	100.00	415,513,426	100.00

4. Twenty (20) largest registered Shareholders of the Bank as at 31 December 2025 as per Rule no 7.6 (iii) of the Listing Rules of the Colombo Stock Exchange

2025			2024		
Name	Number of Shares	%	Name	Number of Shares	%
1 Standard Chartered Bank Mauritius S/A Norfund	42,448,674	9.94	Standard Chartered Bank Mauritius S/A Norfund	41,509,789	9.99
2 Employee's Provident Fund	40,384,935	9.46	Employee's Provident Fund	39,491,696	9.50
3 Bank of Ceylon No. 1 Account	33,772,098	7.91	Bank of Ceylon No. 1 Account	33,025,123	7.95
4 Richard Pieris and Co Ltd - A/C No.01	26,362,399	6.18	Richard Pieris and Co Ltd - A/C No.01	25,779,312	6.20
5 Sri Lanka Insurance Corporation Ltd-General Fund	25,823,505	6.05	Sri Lanka Insurance Corporation Ltd-General Fund	25,252,338	6.08
6 Sri Lanka Insurance Corporation Ltd-Life Fund	21,469,210	5.03	Sri Lanka Insurance Corporation Ltd-Life Fund	20,994,352	5.05
7 Commercial Bank of Ceylon PLC/Metrocorp (Pvt) Ltd	20,923,232	4.90	Softlogic Life Insurance PLC Account Number 03/Life Shareholders Fund	20,151,741	4.85
8 Mr. Y.S.H.I. Silva	17,461,045	4.09	Employees Trust Fund Board	14,093,993	3.39
9 Employees Trust Fund Board	14,412,776	3.38	BNYM Re-Terra Global Opportunity Fund, L.P	13,314,258	3.20
10 BNYM Re-Terra Global Opportunity Fund, L.P	13,615,405	3.19	Dr. S. Yaddehige	11,709,518	2.82
11 Dr. S. Yaddehige	11,974,368	2.81	Hatton National Bank PLC A/C No 1	11,517,884	2.77
12 Hatton National Bank PLC A/C No 1	11,778,400	2.76	Perpetual Treasuries Limited	10,165,367	2.45
13 Perpetual Treasuries Limited	10,395,291	2.44	SBI Ven Holdings Pte Ltd	10,086,418	2.43
14 SBI Ven Holdings Pte Ltd	10,314,556	2.42	Commercial Bank of Ceylon PLC/Metrocorp (Pvt) Ltd	8,836,939	2.13
15 Akbar Brothers Pvt Ltd	5,752,412	1.35	Softlogic Life Insurance PLC-A/C No. 05 (Non-Participating Fund)	7,326,771	1.76
HNB Investment Bank (Pvt) Ltd/ Mr. Elayathamby Thavagnanasooriyam & Mr. Elayathamby Thavagnana Sundram	5,110,252	1.20	Akbar Brothers Pvt Ltd A/C No 1	5,789,261	1.39
17 Namunukula Plantations PLC	4,039,426	0.95	Arpico Insurance PLC-Share Holders	3,950,082	0.95
18 People's Leasing & Finance PLC/Mr. D. Schaffter	3,429,114	0.80	DFCC Bank PLC A/C 1	3,687,019	0.89
19 BNYM Re-Worldwide Oppportunity Fund (Cayman) Ltd	3,403,850	0.80	Softlogic Life Insurance PLC-A/C No. 04 (Participating Fund)	3,531,146	0.85
20 Perpetual Equities (Private) Limited	3,013,599	0.71	People's Leasing & Finance PLC/Mr. D. Schaffter	3,353,269	0.81
	325,884,547	76.37		313,566,276	75.46
Others	101,004,910	23.63	Others	101,947,150	24.54
Total	426,889,457	100.00	Total	415,513,426	100.00

All Shares issued by the Bank are denominated only in LKR as at 31 December 2025.

Investor Relations

5. Percentage of the Shares held by the public

	As at 31 December 2025	As at 31 December 2024
Float adjusted Market Capitalisation (LKR Mn)	49,300	38,422
Parentage of the Shares held by the public	81.76%	81.65%
Number of public Shareholders	15,044	11,504
Option under which the Bank complies with the minimum Public Holding requirement	1*	1*

*As set out in the Listing Rules of the Colombo Stock Exchange

6. Directors' interest in Shares of the Bank

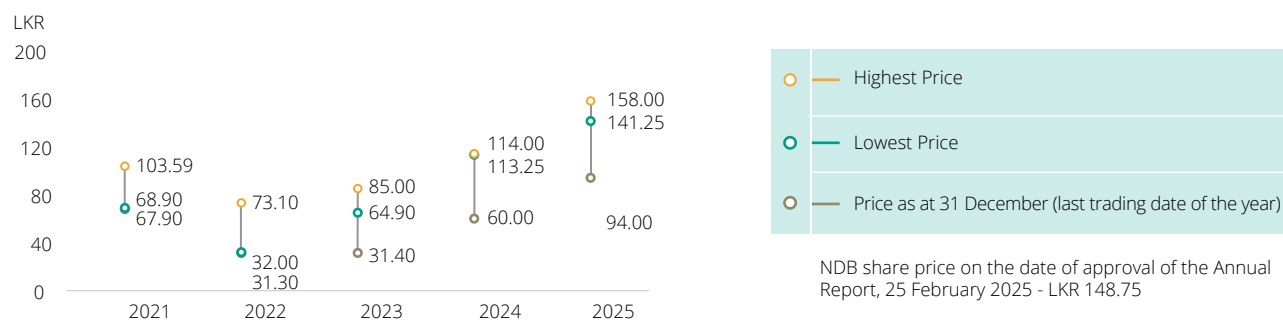
Name	As at 31 December 2025 Number of Shares	As at 31 December 2024 Number of Shares
Mr. Sriyan Cooray – Chair, Board of Directors	Nil	Nil
Mr. Kelum Edirisinghe	Nil	Nil
Mr. Bernard Sinniah	Nil	Nil
Mr. Sujeewa Mudalige	Nil	Nil
Mr. Kushan D'Alwis, PC	Nil	Nil
Ms. Kasturi Chellaraja	Nil	Nil
Mr. Hasitha Premaratne	Nil	Nil
Ms. Shweta Pandey	Nil	Nil
Mr. Sanjaya Mohottala (Appointed w.e.f. 16 May 2025)	Nil	Nil
Mr. Shanil Fernando (Appointed w.e.f. 13 January 2026)	Nil	Nil
Ms. (Fay) Piyachatr Chetnakarnkul (Resigned w.e.f. 16 May 2025)	Nil	Nil

7. Information on Share trading

7.1 Share price movement trend over the past five years

	As at 31 December 2025	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021
Highest price (LKR)	158.00	114.00	85.00	73.10	103.59
Highest price adjusted for scrip dividends (LKR)	158.00	114.00	81.72	62.83	89.04
Date/s highest price was recorded	12 November 2025	31 December 2024	10 August 2023	11 January 2022	29 January 2021
Lowest price (LKR)	94.00	60.00	31.40	31.30	67.90
Lowest price adjusted for scrip dividends (LKR)	94.00	57.49	28.72	28.63	58.36
Date/s lowest price was recorded	8 April 2025	04 March 2024	05 January 2023	22 November 2022	21, 28 and 29 December 2021
Price as at 31 December/last trading date of the year (LKR)	141.25	113.25	64.90	32.00	68.90
Price as at 31 December adjusted for scrip dividends (LKR)	141.25	113.25	62.39	29.27	59.22
Total number of shares in issue	426,889,457	415,513,426	399,464,362	380,094,722	357,123,647

Share price movement



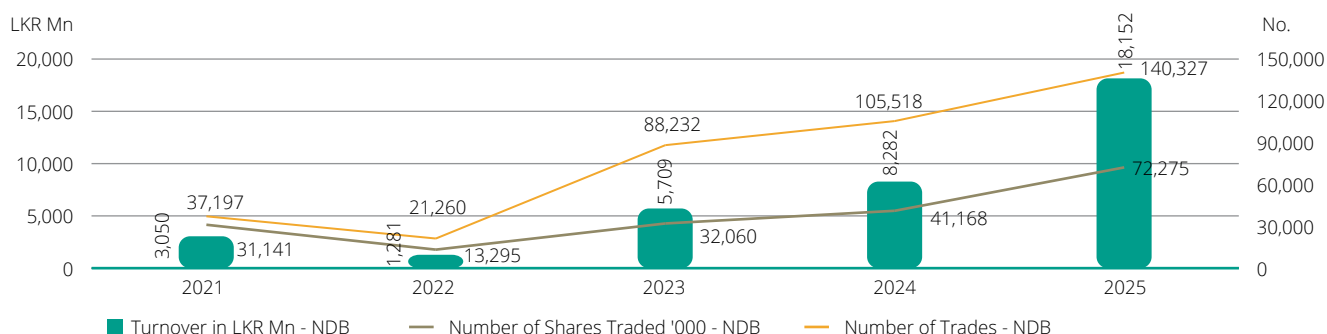
7.1.1 Share price movement over the year

Month	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Highest price (LKR)	134.00	128.00	119.50	110.00	110.00	123.25	138.00	149.50	145.00	147.00	158.00	146.00
Lowest price (LKR)	104.25	113.00	99.50	94.00	102.00	110.00	114.75	136.00	135.00	141.50	140.00	134.00
Price as at month end (LKR)	127.50	117.50	107.00	104.25	109.75	120.25	137.00	144.75	142.00	141.75	147.75	141.25

7.2 Share trading details

Year	2025	2025				2024	2023	2022	2021
		Q4	Q3	Q2	Q1				
Number of trades - NDB	72,275	13,861	20,910	15,190	22,314	41,168	32,060	13,295	31,141
Percentage of total market trades	1.0%	0.6%	0.8%	1.1%	1.6%	1.2%	0.9%	0.2%	0.4%
Number of NDB shares traded ('000)	140,327	18,397	60,392	17,614	43,924	105,518	88,232	21,260	37,197
Percentage of total shares traded in the market	0.5%	0.2%	0.4%	0.2%	0.5%	0.5%	0.5%	0.1%	0.1%
Turnover - NDB (LKR Mn)	18,152	2,660	8,293	1,947	5,252	8,282	5,709	1,281	3,050
Average daily turnover (LKR Mn)	76	44	132	34	94	35	24	6	13
Percentage of total market turnover	1.5%	0.8%	1.9%	0.9%	2.2%	1.5%	1.4%	0.2%	0.3%

Share trading details

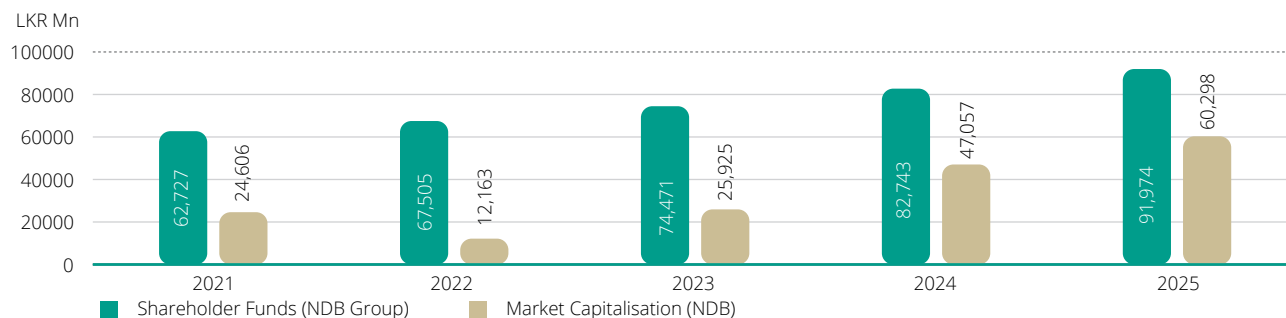


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7.3 Shareholder funds and market capitalisation

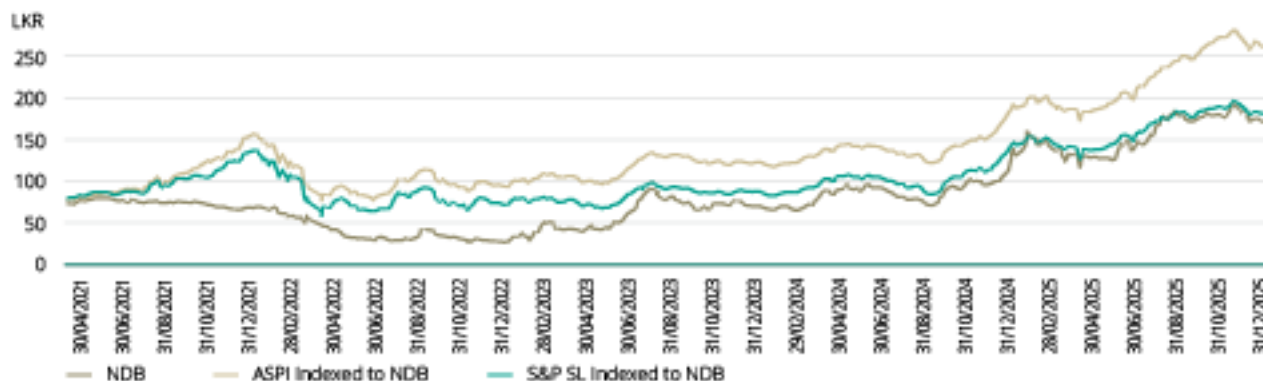
Year	2025	2024	2023	2022	2021
Shareholder funds (NDB Group) in LKR Mn	91,974	82,743	74,471	67,505	62,727
Percentage increase/decrease in shareholder funds over the prior year	10.9%	11.4%	10.3%	7.6%	30.7%
Market capitalisation (NDB) in LKR Mn	60,298	47,057	25,925	12,163	24,606
Percentage increase/decrease in NDB market capitalisation over the prior year	28.1%	81.5%	113.1%	(50.6)%	35.4%
Market capitalisation (CSE) in LKR Mn	8,068,624	5,695,560	4,248,935	3,847,150	5,489,168
Percentage increase/decrease in CSE market capitalisation over the prior year	41.7%	34.0%	10.4%	(29.9)%	85.4%
NDB's market capitalisation as a percentage of CSE market capitalisation	0.7%	0.8%	0.6%	0.3%	0.4%
Market capitalisation rank of NDB in the CSE	36	33	41	63	44
Market capitalisation (Banks sector within CSE) in LKR Mn	1,088,259	805,912	455,380	219,848	343,541
NDB's market capitalisation as a percentage of Banks sector capitalisation	5.5%	5.8%	5.7%	5.5%	7.2%
Beta value of NDB share against ASPI	1.46	1.24	2.44	0.63	0.53
Beta value of NDB share against S&P SL20	1.31	1.07	1.84	0.47	0.54

Shareholder funds and market capitalisation



7.4 NDB Share performance in comparison to selected local indices

NDB group vs. indices



7.5 NDB Share performance in comparison to key regional indices



8. Key Shareholder return indicators - NDB Group

Year	2025	2024	2023	2022	2021
Return on equity (%)	13.6	12.5	8.1	4.6	12.5
Gross dividends paid during the year (LKR Mn) *	3,330	1,997	950	1,964	349
Dividend per share (DPS) (LKR) **	-	8.00	5.00	2.50	5.50
Dividend yield (%) **	-	7.06	7.70	7.81	7.98
Dividend payout ratio (%) **	-	33.94	37.19	32.66	30.87
Earnings per share (EPS) (LKR)	27.83	23.57	13.86	7.53	20.88
Dividend cover (Times) **	-	2.95	(2.70)	3.01	3.24
Total shareholder return ratio (TSR) (%)	31.8	82.2	110.6	(45.6)	(9.9)
Price earnings ratio (PE ratio) (Times)	5.08	5.11	4.50	4.25	3.30
Net asset value per share (LKR)	215.45	199.13	186.43	177.60	175.65
Price to book value (Times)	0.66	0.61	0.35	0.18	0.39

* Gross dividends declared and paid during the year in respect of the prior financial year.

** The Board of Directors will consider the declaration of dividends for the financial year 2025 in due course. For the financial year 2024, the Bank paid a total dividend of LKR 8.00 per share, comprising LKR 5.00 in cash and LKR 3.00 in the form of scrip dividend.

9. Employee share ownership schemes

Please refer Note Number 47.3 Employee Share Option Scheme (ESOS) under Notes to the Financial Statements (page 365).

10. Capital raising initiatives 2024

Please refer Note Number 57.5 Capital Management under Notes to the Financial Statements (page 419).

DEBENTURES

11. Listed Debentures in issue as of 31 December 2025

- Rated unsecured subordinated redeemable debentures – December 2024 (2nd Tranche)
- Rated unsecured subordinated redeemable debentures – September 2024 (1st Tranche)
- Rated unsecured subordinated redeemable debentures – December 2023
- Rated unsecured subordinated redeemable debentures – November 2021

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11. (I) Key features of the Debentures

Key Features of the Debentures as at 31 December 2025	2024 December (2nd Tranche)		2024 September (1st Tranche)		
Types of Debentures	Type A	Type B	Type A	Type B	Type C
Debenture code	NDB-BD-01/12/29-C2553-13	NDB-BD-01/12/29-C2554-12.41	NDB-BD-11/09/29-C2548-13.25	NDB-BD-11/09/29-C2546-12.84	NDB-BD-11/09/29-C2547-12.64
ISIN	LK0207D25534	LK0207D25542	LK0207D25484	LK0207D25468	LK0207D25476
Issue price LKR	100.00	100.00	100.00	100.00	100.00
Tenor	5 years	5 years	5 years	5 years	5 years
Par value LKR	100.00	100.00	100.00	100.00	100.00
Interest rate per annum	13.00%	12.41%	13.25%	12.84%	12.64%
Interest payment frequency	Annually	Quarterly	Annually	Semi Annually	Quarterly
Annual Effective Rate per annum	13.00%	13.00%	13.25%	13.25%	13.25%
Date of allotment	02 December 2024	02 December 2024	12 September 2024	12 September 2024	12 September 2024
Date of redemption	01 December 2029	01 December 2029	11 September 2029	11 September 2029	11 September 2029
Interest payment dates	01 December	01 March, 01 June, 01 September, 01 December	11 september	11 March, 11 September	11 December, 11 March, 11 June, 11 September

11. (II) Trading details of the Debentures

Trading details for the year ended 31 December 2025		2024 December (2nd Tranche)		2024 September (1st Tranche)		
Types of Debentures		Type A	Type B	Type A	Type B	Type C
CSE listing		Listed	Listed	Listed	Listed	Listed
Balance as at 31 December 2025 (LKR Mn)		4,568	468	4,057	848	268
Market Value	Highest	104.54	100.03	103.80	N/A	100.00
	Lowest	104.54	99.68	98.00	N/A	100.00
	Year end	104.54	100.03	103.80	N/A	100.00
Interest Rate	Coupon rate	13.00%	12.41%	13.25%	12.84%	12.64%
	Effective annual yield	12.30%	12.31%	12.51%	12.50%	12.53%
Interest rate of comparable government security		10.75%	10.75%	12.98%	13.98%	12.98%
Other ratios as at last trade	Interest yield	12.44%	12.41%	12.77%	N/A	12.64%
	Yield to maturity	11.53%	12.40%	12.02%	N/A	12.64%

* Type D of the Debentures Issued in 2013 carrying a capital value of LKR 3,590,430,000 was redeemed on 19 December 2025.

* Debentures Issued in 2020 carrying a capital value of LKR 6,500,000,000 was redeemed on 23 September 2025.

2023 December		2021 November	
Type A	Type B	Type A	Type B
NDB/ BD/11/12/28-C2514-15 LK0207D25146	NDB-BD- 11/12/28-C2515-14.22 LKJ0207D25153	NDB-BD- 23/11/26-C2494-11.9 LK0207D24941	NDB-BD- 23/11/28-C2495-12 LK0207D24958
100.00	100.00	100.00	100.00
5 years	5 years	5 years	7 years
100.00	100.00	100.00	100.00
15.00%	14.22%	11.90%	12.00%
Annually	Quarterly	Semi-Annually	Semi-Annually
15.00%	15.00%	12.25%	12.36%
12 December 2023	12 December 2023	24 November 2021	24 November 2021
11 December 2028	11 December 2028	23 November 2026	23 November 2028
11 December	11 March, 11 June, 11 September, 11 December	23 May, 23 November	23 May, 23 November

2023 December		2021 November		2020 September	2013 December
Type A	Type B	Type A	Type B	One Type	Type D
Listed	Listed	Listed	Listed	Listed	Listed
3,355	1,676	7,973	117	-	-
108.80	N/A	101.00	N/A	N/A	N/A
100.00	N/A	100.00	N/A	N/A	N/A
100.00	N/A	100.00	N/A	N/A	N/A
15.00%	14.22%	11.90%	12.00%	9.50%	14.00%
14.05%	14.05%	11.66%	11.73%	9.16%	13.26%
14.52%	14.52%	11.14%	11.61%	6.57%	12.09%
15.00%	N/A	11.90%	N/A	N/A	N/A
14.99%	N/A	11.88%	N/A	N/A	N/A

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11. (III) Disclosures regarding the utilisation of funds as per the objectives stated in the Debenture prospectus for rated unsecured subordinated redeemable Debentures - December 2024

(Tranche I - Issued in September 2024)

Objective Number	Objective as per Prospectus	Amount Allocated as per Prospectus in LKR	Proposed Date of Utilisation as per Prospectus	Amount Allocated from Proceeds in LKR (A)	% of Total Proceeds	Amount Utilised in LKR (B)	% of Utilisation Against Allocation (B/A)	Clarification if not Fully Utilised Including where the Funds are Invested
1	Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines	5,000,000,000	Within 24 months from the date of allotment (i.e. by 12 September 2026)	5,000,000,000	100.0%	5,000,000,000	100.0%	-
2	Facilitate future expansion of business activities of the Bank	5,000,000,000	Within 24 months from the date of allotment (i.e. by 12 September 2026)	5,000,000,000	100.0%	5,000,000,000	100.0%	-

(Tranche II - Issued in December 2024)

Objective Number	Objective as per Prospectus	Amount Allocated as per Prospectus in LKR	Proposed Date of Utilisation as per Prospectus	Amount Allocated from Proceeds in LKR (A)	% of Total Proceeds	Amount Utilised in LKR (B)	% of Utilisation Against Allocation (B/A)	Clarification if not Fully Utilised Including where the Funds are Invested
1	Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines	5,000,000,000	Within 24 months from the date of allotment (i.e. by 2 December 2026)	5,000,000,000	100.0%	5,000,000,000	100.0%	-
2	Facilitate future expansion of business activities of the Bank	5,000,000,000	Within 24 months from the date of allotment (i.e. by 2 December 2026)	5,000,000,000	100.0%	5,000,000,000	100.0%	-

12. Information on Debentures of the Bank (as per Rule no. 7.6 x (i) of the Listing Rules of the Colombo Stock Exchange)

	2025	2024
Debt Equity Ratio (%)	9.7	9.0
Interest cover (Times)	1.7	1.6
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 100%)	257.29	358.12
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 100%)	208.54	308.26

13. Registrars and trustees to the Debenture issuances of the Bank

Registrar to the rated unsecured subordinated redeemable debentures issued - For all issuances of the Bank (2021, 2023 and 2024) - S S P Corporate Services (Pvt) Limited, No. 101 Inner Flower Road, Colombo 3

Trustees to the rated unsecured subordinated redeemable debentures issued:

For issuances in 2021 and 2024 - Bank of Ceylon, 7th Floor, Investment Banking Division No.1, BOC Square, Bank of Ceylon Mawatha, Colombo 1.

For issuance in 2023 - People's Bank, Treasury Operations, Treasury Back Office, People's Tower, No. 374, Dr. Colvin R.de Silva Mawatha, Colombo 2.

14. Directors' interest in listed Debentures as at 31 December 2025

None of the Directors of the Bank had any interest in any listed debentures of the Bank as at 31 December 2025 as issued in December & September 2024, December 2023 and November 2021.

15. Credit ratings summary

NDB at present engages the services of Fitch Ratings Lanka Limited for local credit ratings and the Bank's ratings are as follows.

As per Fitch's review in September 2025 with no rating action

- ✔ National long term rating: A(Ika)/ Stable Outlook
- ✔ Basel III compliant subordinated term debt: BBB+ (Ika)

Please refer our Investor Relations web page within the NDB corporate website on <http://www.ndbbank.com/to> read the full rating reports.

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16. Financial statements in USD - Bank & Group

16.1 Statement of Profit or Loss

For the year ended 31 December	BANK			GROUP		
	2025 USD '000	2024 USD '000	%	2025 USD '000	2024 USD '000	%
Gross income	325,723	330,622	(1)	336,057	340,006	(1)
Interest income	287,504	292,952	(2)	288,105	293,695	(2)
Less: Interest expenses	171,554	179,141	(4)	171,235	178,943	(4)
Net interest income	115,950	113,811	2	116,870	114,752	2
Fee and commission income	27,358	26,027	5	35,673	32,747	9
Less: Fee and commission expenses	599	87	589	599	87	589
Net fee and commission income	26,759	25,940	3	35,074	32,660	7
Net gains/(losses) from trading	3,499	3,464	1	3,499	3,464	1
Net gains/(losses) from financial assets at fair value through profit or loss	(139)	(470)	70	613	452	36
Net gains/(losses) from derecognition of financial assets	3,468	13,081	(73)	3,753	13,462	(72)
Other operating income	4,033	(4,432)	191	4,414	(3,814)	216
Total operating income	153,570	151,394	1	164,223	160,976	2
Less: Impairment charges	19,619	(33,190)	159	19,619	(33,449)	159
Less: Loss on restructuring of SLISBs	-	47,717	(100)	-	47,717	100
Net operating income	133,951	136,867	(2)	144,604	146,708	(1)
Less: Operating expenses						
Personnel expenses	31,722	29,113	9	34,844	31,954	9
Depreciation and amortisation expenses	3,960	3,628	9	4,253	3,886	9
Other expenses	27,342	23,143	18	29,981	25,398	18
Total operating expenses	63,024	55,884	13	69,078	61,238	13
Operating profit before tax on financial services	70,927	80,983	(12)	75,526	85,470	(12)
Less: Tax on financial services	16,744	18,378	(9)	16,744	18,378	(9)
Operating profit after tax on financial services	54,183	62,605	(13)	58,782	67,092	(12)
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit before taxation	54,183	62,605	(13)	58,782	67,092	(12)
Less: Income tax expenses/(reversals)	17,563	32,564	(46)	19,139	34,182	(44)
Profit for the year	36,620	30,041	22	39,643	32,910	20
Profit attributable to equity holders of the parent	36,620	30,041	22	39,357	32,583	21
Non-controlling interests	-	-	-	286	327	(13)
Profit for the year	36,620	30,041	22	39,643	32,910	20
Basic Earnings per share (USD)	0.09	0.07	22	0.09	0.08	20
Diluted Earnings per share (USD)	0.09	0.07	22	0.09	0.08	21
Dividend per share (USD)	0.00	0.03	-	-	-	-

16.2 Statement of Comprehensive Income

	BANK			GROUP		
	2025 USD '000	2024 USD '000	%	2025 USD '000	2024 USD '000	%
Profit for the year	36,620	30,041	22	39,643	32,910	20
Other comprehensive income						
Items that will be reclassified to the Statement of Profit or Loss						
Exchange differences on translation of foreign operations	-	-	-	22	(153)	114
Gains/(losses) on investments in debt instruments - fair value through other comprehensive income						
Net change in fair value during the year	(4,986)	(4,598)	(8)	(4,951)	(4,589)	(8)
Changes in impairment allowances	460	-	-	460	-	-
Deferred tax effect on gains/ (losses) in above financial instruments	1,358	1,379	(2)	1,342	1,372	(2)
Net gains/(losses) on investments	(3,168)	(3,219)	2	(3,149)	(3,217)	2
Gains/(losses) on cash flow hedge reserve	(1,341)	(2,582)	48	(1,341)	(2,582)	48
Deferred tax effect on gains/ (losses) of cash flow hedge reserve	402	775	(48)	402	775	(48)
Net gains/(losses) on cash flow hedge reserve	(939)	(1,807)	48	(939)	(1,807)	48
Net other comprehensive income that will be reclassified to the Statement of Profit or Loss (a)	(4,107)	(5,026)	18	(4,066)	(5,177)	21
Items that will not be reclassified to the Statement of Profit or Loss						
Net gains/(losses) on investments in equity instruments - fair value through other comprehensive income	2,394	3,011	(20)	2,394	3,011	(20)
Revaluation of freehold land and buildings	1,050	172	510	1,211	321	277
Deferred tax effect on revaluation gains/(losses)	(315)	(52)	(506)	(363)	(96)	(278)
Net gains/(losses) on revaluation of freehold land and buildings	735	120	513	848	225	277
Actuarial gains/(losses) on defined benefit plans	(749)	(297)	(152)	(779)	(330)	(136)
Deferred tax effect on actuarial gains/(losses)	54	10	440	63	20	215
Net actuarial gains/(losses) on defined benefit plans	(695)	(287)	(142)	(716)	(310)	(131)
Net other comprehensive income that will not be reclassified to the Statement of Profit or Loss (b)	2,434	2,844	(14)	2,526	2,926	(14)
Total other comprehensive income for the year, net of taxes (a+b)	(1,673)	(2,182)	23	(1,540)	(2,251)	32
Total comprehensive income for the year	34,947	27,859	25	38,103	30,659	24
Attributable to:						
Equity holders of the parent	34,947	27,859	25	37,818	30,371	25
Non-controlling interests	-	-	-	285	288	(1)
Total comprehensive income for the year	34,947	27,859	25	38,103	30,659	24

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16.3 Statement of Financial Position

As at 31 December	BANK			GROUP		
	2025 USD '000	2024 USD '000	%	2025 USD '000	2024 USD '000	%
Assets						
Cash and cash equivalents	56,729	61,510	(8)	58,197	63,709	(9)
Balances with the Central Bank of Sri Lanka	26,564	27,463	(3)	26,564	27,463	(3)
Placements with banks	79,743	75,360	6	79,743	75,360	6
Derivative financial instruments	4,766	3,909	22	4,766	3,909	22
Financial assets recognised through profit or loss - measured at fair value	818	23,107	(96)	11,028	33,778	(67)
Financial assets at amortised cost - loans and receivables to other customers	1,917,015	1,571,066	22	1,917,342	1,571,316	22
Financial assets at amortised cost - debt and other instruments	585,629	566,730	3	587,187	567,293	4
Financial assets measured at fair value through other comprehensive income	253,991	321,388	(21)	255,485	322,799	(21)
Investments in subsidiary companies	3,330	3,516	(5)	-	-	-
Investments in associate companies	-	-	-	-	-	-
Investment property	-	-	-	10,808	10,598	2
Property, plant & equipment	13,607	10,733	27	16,673	13,882	20
Right of use assets	4,678	4,299	9	4,802	4,559	5
Intangible assets	5,261	6,024	(13)	5,433	6,189	(12)
Current tax receivables	-	-	-	105	115	(9)
Deferred tax assets	17,510	14,179	23	17,727	14,380	23
Other assets	52,509	24,099	118	54,814	25,637	114
Total assets	3,022,150	2,713,383	11	3,050,674	2,740,987	11
Liabilities						
Due to banks	40,199	16,510	143	40,199	16,510	143
Derivative financial instruments	812	1,175	(31)	812	1,175	(31)
Financial liabilities at amortised cost						
Due to depositors	2,283,763	2,154,113	6	2,281,407	2,152,062	6
Due to debt securities holders	225,527	27,291	726	225,527	27,291	726
Due to other borrowers	63,919	75,104	(15)	63,919	75,104	(15)
Debt securities issued	75,345	114,460	(34)	75,345	114,460	(34)
Current tax liabilities	13,044	17,748	(27)	14,277	18,666	(24)
Deferred tax liabilities	-	-	-	3,299	3,329	(1)
Retirement benefit obligations	5,121	4,821	6	5,625	5,309	6
Other liabilities	36,620	37,316	(2)	38,346	39,942	(4)
Total liabilities	2,744,350	2,448,538	12	2,748,756	2,453,848	12
Equity						
Stated capital	74,415	74,193	0	74,415	74,193	0
Statutory reserve fund	13,157	12,009	10	13,157	12,009	10
Retained earnings	162,553	148,346	10	180,638	164,628	10
Other reserves	27,675	30,297	(9)	28,816	31,332	(8)
Total equity to equity holders of the Bank	277,800	264,845	5	297,026	282,162	5
Non-controlling interests	-	-	-	4,892	4,977	(2)
Total equity	277,800	264,845	5	301,918	287,139	5
Total liabilities and equity	3,022,150	2,713,383	11	3,050,674	2,740,987	11
Contingent liabilities and commitments	1,301,465	983,112	32	1,303,624	983,366	33
Net asset value per share (USD)	0.65	0.64	2	0.70	0.68	2

17. Interim Financial Performance - Bank & Group

17.1 Statement of Profit or Loss

BANK LKR '000	Quarter 4 12/31/25	Quarter 3 9/30/25	Quarter 2 6/30/25	Quarter 1 3/31/25	Quarter 4 12/31/24	Quarter 3 9/30/24	Quarter 2 6/30/24	Quarter 1 3/31/24
Net interest income	9,007,151	9,003,691	8,513,244	8,432,456	9,822,523	7,892,148	8,420,367	8,076,029
Other operating income	2,998,065	2,990,125	2,754,991	2,598,275	3,158,951	1,694,850	4,438,061	2,005,379
Total operating income	12,005,216	11,993,816	11,268,235	11,030,731	12,981,474	9,586,998	12,858,428	10,081,408
Impairment charges for loans and other losses	28,549	1,406,429	1,847,521	2,632,345	(6,682,862)	2,652,286	4,040,812	4,356,479
Net operating income	11,976,667	10,587,387	9,420,714	8,398,386	19,664,336	6,934,712	8,817,616	5,724,929
Total operating expenses	5,131,340	4,693,364	4,761,633	4,414,204	4,720,623	4,081,789	4,100,378	3,895,812
Profit from operations	6,845,327	5,894,023	4,659,081	3,984,182	14,943,713	2,852,923	4,717,238	1,829,117
Profit before taxation	6,845,327	5,894,023	4,659,081	3,984,182	14,943,713	2,852,923	4,717,238	1,829,117
Taxation	3,313,223	2,611,172	2,359,355	2,059,024	10,450,500	1,524,302	2,228,453	1,109,515
Profit for the period	3,532,104	3,282,851	2,299,726	1,925,158	4,493,213	1,328,621	2,488,785	719,602
Profit attributable to:								
Equity holders of the parent	3,532,104	3,282,851	2,299,726	1,925,158	4,493,213	1,328,621	2,488,785	719,602
Basic Earnings per Share (LKR)	8.29	7.71	5.41	4.52	10.81	3.20	5.99	1.80

GROUP LKR '000	Quarter 4 12/31/25	Quarter 3 9/30/25	Quarter 2 6/30/25	Quarter 1 3/31/25	Quarter 4 12/31/24	Quarter 3 9/30/24	Quarter 2 6/30/24	Quarter 1 3/31/24
Net interest income	9,086,909	9,069,030	8,578,091	8,499,648	9,881,949	7,968,286	8,495,469	8,148,041
Other operating income	3,948,701	3,806,366	3,392,569	3,128,141	4,097,822	2,252,352	5,012,554	2,531,817
Total operating income	13,035,610	12,875,396	11,970,660	11,627,789	13,979,771	10,220,638	13,508,023	10,679,858
Impairment charges for loans and other losses	28,549	1,406,429	1,847,521	2,632,345	-6,746,848	2,647,585	4,031,764	4,356,479
Net operating income	13,007,061	11,468,967	10,123,139	8,995,444	20,726,619	7,573,053	9,476,259	6,323,379
Total operating expenses	5,749,843	5,115,049	5,190,045	4,770,722	5,158,887	4,465,405	4,509,488	4,274,101
Profit from operations	7,257,218	6,353,918	4,933,094	4,224,722	15,567,732	3,107,648	4,966,771	2,049,278
Share of associate companies' profit								
Profit before taxation	7,257,218	6,353,918	4,933,094	4,224,722	15,567,732	3,107,648	4,966,771	2,049,278
Taxation	3,445,082	2,725,109	2,478,720	2,169,048	10,614,872	1,629,014	2,348,916	1,206,292
Profit for the period	3,812,136	3,628,809	2,454,374	2,055,674	4,952,860	1,478,634	2,617,855	842,986
Profit attributable to:								
Equity holders of the parent	3,761,572	3,615,063	2,447,561	2,040,559	4,876,082	1,472,093	2,608,335	837,651
Non-controlling interests	50,564	13,746	6,813	15,115	76,778	6,541	9,520	5,335
Basic Earnings per Share (LKR)	8.82	8.49	5.75	4.79	11.74	3.54	6.28	2.10

17.2 Statement of Financial Position

BANK LKR '000	As at				As at			
	12/31/25	9/30/25	6/30/25	3/31/25	12/31/24	9/30/24	6/30/24	3/31/24
Cash and cash equivalents	50,484,412	49,110,035	35,823,822	61,561,568	48,189,817	60,286,849	56,497,899	45,887,415
Net loans and advances	593,603,756	585,378,484	557,020,838	485,234,206	460,707,258	453,869,144	459,029,394	439,638,046
Investments	260,241,563	246,228,348	299,569,853	283,501,808	267,212,307	224,059,824	224,186,794	248,250,255
Other assets	31,479,048	24,164,711	24,262,535	22,118,719	19,576,969	24,988,881	24,769,922	23,595,382
Total	935,808,779	904,881,578	916,677,048	852,416,301	795,686,351	763,204,698	764,484,009	757,371,098
Customer deposits	707,167,366	702,936,153	696,075,188	642,283,242	631,682,926	611,533,701	619,165,933	614,395,787
Borrowings	125,405,102	102,766,099	121,348,083	115,186,127	68,432,698	64,692,820	60,107,640	56,150,012
Other liabilities	17,215,453	16,357,608	19,535,563	18,158,082	17,905,972	15,244,683	14,344,466	16,643,710
Shareholders' funds	86,020,858	82,821,718	79,718,214	76,788,849	77,664,755	71,733,494	70,865,970	70,181,589
Total	935,808,779	904,881,578	916,677,048	852,416,301	795,686,351	763,204,698	764,484,009	757,371,098
Net Asset Value	201.51	194.01	186.81	180.29	186.91	172.64	170.55	175.69

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17.2 Statement of Financial Position

GROUP LKR '000	As at				As at			
	12/31/25	9/30/25	6/30/25	3/31/25	12/31/24	9/30/24	6/30/24	3/31/24
Cash and cash equivalents	50,938,405	49,912,410	36,766,748	62,229,925	48,834,566	60,871,317	57,238,072	46,664,903
Net loans and advances	593,705,105	585,463,299	557,090,738	485,304,572	460,780,610	453,958,503	459,120,472	439,727,116
Investments	264,348,329	250,227,997	303,387,772	287,373,304	270,920,069	227,490,401	227,206,912	251,135,341
Other assets	35,649,122	27,991,158	27,997,349	25,817,602	23,244,975	28,344,893	28,281,620	27,051,971
Total	944,640,961	913,594,864	925,242,607	860,725,403	803,780,220	770,665,114	771,847,076	764,579,331
Customer deposits	706,437,565	702,581,480	695,813,197	642,006,719	631,081,461	611,062,967	618,716,756	613,940,806
Borrowings	125,405,102	102,766,099	121,348,083	115,186,128	68,432,698	64,692,820	60,107,640	56,150,012
Other liabilities	19,309,428	18,267,766	21,551,931	20,056,199	20,063,838	17,095,912	16,199,587	18,420,039
Shareholders' funds	91,974,132	88,513,315	85,078,549	82,001,798	82,742,635	76,400,625	75,431,982	74,642,517
Non-controlling interests	1,514,734	1,466,204	1,450,847	1,474,559	1,459,588	1,382,790	1,391,111	1,425,957
Total	944,640,961	913,594,864	925,242,607	860,725,403	803,780,220	770,635,114	771,847,076	764,579,331
Net Asset Value	215.45	207.34	199.37	192.53	199.13	183.87	181.54	186.86

18. Ten years at a glance (Group performance)

18.1 Statement of Profit or Loss - Group

LKR Mn	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Income										
Net interest income	8,861	11,086	15,103	17,971	17,925	21,741	31,130	32,381	34,494	35,234
Other operating income	4,816	5,597	7,450	6,835	8,479	11,255	13,318	14,743	13,895	14,276
Total operating income	13,677	16,683	22,553	24,806	26,404	32,996	44,448	47,124	48,388	49,509
Impairment for loans & receivables and other losses	1,425	1,290	3,764	4,405	6,794	10,253	29,277	21,137	4,289	5,915
Net operating income	12,252	15,393	18,789	20,401	19,610	22,743	15,171	25,987	44,099	43,595
Less operating expenses										
Personnel costs	3,793	4,025	4,899	5,460	5,748	6,323	6,277	7,379	9,909	10,505
Other operating costs	3,366	4,176	4,468	4,949	4,653	5,192	6,222	7,704	8,498	10,321
Total operating expenses	7,159	8,201	9,367	10,409	10,401	11,515	12,499	15,083	18,408	20,826
Operating profit before share of Associate co's	5,094	7,192	9,422	9,992	9,209	11,228	2,672	10,904	25,691	22,769
Share of Associate co's profit	-	-	-	-	-	-	-	-	-	-
Profit before taxation	5,094	7,192	9,422	9,992	9,209	11,228	2,672	10,904	25,691	22,769
Taxation	2,279	3,797	4,146	5,107	3,992	4,166	-404	5,046	15,799	10,818
Profit after taxation	2,815	3,395	5,276	4,885	5,217	7,062	3,076	5,858	9,892	11,951
Minority interest	124	57	140	109	101	158	67	99	98	86
Profit attributable to Group	2,691	3,453	5,136	4,776	5,117	6,904	3,009	5,758	9,794	11,865

18.2 Statement of Financial Position - Group

LKR Mn	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assets										
Liquid assets	20,252	21,549	37,855	26,259	29,993	38,468	58,024	69,365	48,835	50,938
Investments	84,437	83,062	82,715	99,405	161,188	148,744	201,291	236,358	270,920	264,348
Loans & advances	227,717	274,079	344,276	396,672	425,682	504,374	545,920	452,740	460,781	593,705
Investments in associate companies	-	-	-	-	-	-	-	-	-	-
Property & equipment	2,913	3,314	3,541	4,266	4,603	4,952	5,721	5,715	4,071	5,163
Investment property	1,776	1,895	2,111	2,273	2,362	2,528	2,879	3,112	3,108	3,347
Other assets	3,637	4,747	7,930	6,725	8,305	11,765	25,363	19,669	16,067	27,140
Total assets	340,732	388,645	478,428	535,600	632,132	710,832	839,198	786,959	803,780	944,641
Liabilities										
Borrowings	96,279	68,617	78,189	72,958	79,837	79,350	80,781	77,338	68,433	125,405
Deposits with customers	203,516	273,041	347,170	404,668	489,659	551,257	671,713	615,233	631,081	706,438
Taxation	1,597	3,372	3,618	2,909	3,159	3,155	7,508	8,351	6,450	5,443
Other liabilities	8,326	9,637	9,340	10,527	10,273	13,003	10,300	10,141	13,614	13,867
Total liabilities	309,718	354,667	438,317	491,062	582,928	646,765	770,302	711,063	719,578	851,152
Shareholders' funds										
Stated capital	1,246	2,209	6,469	7,685	8,794	18,264	19,871	20,738	21,757	23,043
Statutory reserves	1,246	1,336	1,636	1,896	2,196	2,571	2,746	3,046	3,521	4,074
Other reserves	497	923	239	579	842	(839)	3,772	5,608	9,188	8,923
Retained earnings	26,946	28,544	30,668	33,233	36,143	42,731	41,116	45,079	48,276	55,935
Total shareholders' funds	29,937	33,012	39,012	43,383	47,976	62,727	67,505	74,471	82,743	91,974
Minority interest	1,077	966	1,099	1,155	1,227	1,339	1,391	1,425	1,460	1,515
Total equity	31,013	33,978	40,111	44,538	49,203	64,066	68,896	75,896	84,202	93,489
Total liabilities and equity	340,732	388,645	478,428	535,600	632,132	710,832	839,198	786,959	803,780	944,641

18.3 Share information - Group

LKR Mn	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market price per share (LKR)	156.00	136.40	106.80	100.00	78.10	68.90	32.00	64.90	113.25	141.25
Basic earnings per share (LKR)	15.69	19.66	26.33	20.53	21.99	20.88	7.53	14.42	21.73	27.83
Interim dividends per share (LKR)*	-	2.00	-	-	1.50	-	-	-	-	-
Final dividends per share (LKR)*	8.00	7.00	8.00	7.00	-	5.50	2.50	-	-	-
Total dividends per share (LKR)*	8.00	9.00	8.00	7.00	1.50	5.50	2.50	-	-	-
Dividend cover (Times)*	1.96	2.18	3.29	2.93	14.66	3.80	3.01	-	-	-
Price earnings ratio (Times)	9.94	6.94	4.06	4.87	3.55	3.30	4.25	4.50	5.20	5.08
Net asset value per share (LKR)	181.23	192.51	185.49	195.60	206.23	175.65	177.60	186.43	186.91	201.51

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19. Compliance report in terms of section 7.6 - contents of the Annual Report in terms of the Listing Rules of the Colombo Stock Exchange

Tabulated below is how we complied with the contents of the Annual Report as specified in Section 7.6 of the Listing Rules issued by the Colombo Stock Exchange. The table provides the disclosure requirements of Section 7.6, the compliance level of the Bank and where you will find the respective disclosures within this Annual Report.

Rule No:	Disclosure Requirement	Cross Reference/ within the Report (page/s)																		
7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	551																		
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	10-11																		
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any Other Class of Shares denominated in Foreign Currency and the percentage of such shares held.	515																		
7.6 (iv)	(a) In respect of a Local Entity which has its LKR denominated Shares listed on the Exchange, such Entity shall disclose the float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement, in respect of voting ordinary shares. The public holding percentage (%) in respect of nonvoting ordinary Shares (where applicable). Provided however, this Rule shall not be applicable to Entities whose Securities are listed on the Empower Board in the Alternate Market Segment. (b) In respect of a Local Entity which has its Foreign Currency denominated Shares listed on the Exchange, such Entity shall disclose the public holding percentage (%) and the number of public shareholders.	Not applicable 516 Not applicable Not applicable																		
7.6 (v)	A statement of each director's holding and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency (as applicable).	516																		
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	473																		
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	137																		
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	339																		
7.6 (ix)	Number of shares representing the Entity's stated capital.	363																		
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the following categories: <table> <tr> <th>Number of Holders </th><th>Holdings</th><th> Total Holdings %</th></tr> <tr> <td></td><td>1-1,000 shares</td><td></td></tr> <tr> <td></td><td>1,001-10,000 shares</td><td></td></tr> <tr> <td></td><td>10,001-100,000 shares</td><td></td></tr> <tr> <td></td><td>100,001-1,000,000 shares</td><td></td></tr> <tr> <td></td><td>Over 1,000,000 shares</td><td></td></tr> </table>	Number of Holders	Holdings	Total Holdings %		1-1,000 shares			1,001-10,000 shares			10,001-100,000 shares			100,001-1,000,000 shares			Over 1,000,000 shares		514
Number of Holders	Holdings	Total Holdings %																		
	1-1,000 shares																			
	1,001-10,000 shares																			
	10,001-100,000 shares																			
	100,001-1,000,000 shares																			
	Over 1,000,000 shares																			

Rule No:	Disclosure Requirement	Cross Reference/ within the Report (page/s)
7.6 (xi)	The following ratios and market price information: EQUITY 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share (highest and lowest values recorded during the financial year, value as at the end of financial year) DEBT (only if listed) 1. Interest rate of comparable government security 2. Debt/equity ratio 3. Interest cover 4. Quick asset ratio 5. Debt Service Coverage Ratio (where applicable) 6. The market prices and yield during the year (ex interest) (Highest Price, Lowest price, Last traded price (as at 31 December 2025) 7. Any changes in credit rating (for the Entity or any other instrument issued by the Entity), if applicable	For Equity ratios 1 - 3 - page 519 For Equity ratio 4 (Market value per share) - page 517 For Debt - pages 519 - 521 Changes in credit rating - page 523
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value;	Not applicable
7.6 (xiii)	If during the financial year the Entity has raised funds through an Initial Public Offering and/or a further issue of Securities (as applicable); a. the manner in which the funds of such issue/s have been utilised in conformity with the format provided by the Exchange from time to time; b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and c. any material change in the use of funds raised through an issue of Securities In the event the funds raised through the Initial Public Offering and/or the further issue of Securities (as applicable) have been fully utilised by the Listed Entity as disclosed in the Prospectus and/or Circular to shareholders between two financial periods, the Entity shall disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first	363
7.6 (xiv)	a. Employee share option schemes b. Employee share purchase schemes	365 Not applicable
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	201-235, 428-472
7.6 (xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum: i. The date of the transaction; ii. The name of the Related Party; iii. The relationship between the Entity and the Related Party; iv. The amount of the transaction and terms of the transaction; v. The rationale for entering into the transaction. For the purpose of Rule 7.6 (xvi): Equity' shall mean net assets of the Listed Entity excluding Preference Shares issued by the Entity; Related Party shall have the same meaning as defined in Sri Lanka Accounting Standard 30 (Revised 2005) - Related Party Disclosures.	252

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Rule No:	Disclosure Requirement	Cross Reference/ within the Report (page/s)
7.6 (xvii)	In the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange, the Entity shall disclose as per the requirements stated in Rule 7.6 (xvii)	All shares issued by the Bank are denominated only in LKR. Hence, this is not applicable to the Bank
7.6 (xviii) - (xxii)	In the event a Listed Entity has listed GSS+ bonds on the Exchange and other disclosures as stated therein	The Bank has not issued any bonds/ debt securities that are listed in Rule (xviii) - (xxii). Hence, this is not applicable to the Bank.

20. Shareholder enquiries and communications

Please refer Corporate Information (page 551).

Branch Network

No	Branch Code	Branch Name	Contact No	Address	Region	District	Province
1	94	Akkaraipattu	067 7448000/1	No 71, Ampara Road, Akkaraipattu	North East Region	Ampara	Eastern
2	65	Akuressa	041 7448000/1	No. 21, Main Street, Akuressa	Southern Region	Matara	Southern
3	59	Aluthgama	0347448010/1	No. 267, Galle Road, Aluthgama	Southern Region	Kalutara	Western
4	47	Ambalangoda	091 7448000/1	No. 333, Galle Road, Ambalangoda	Southern Region	Galle	Southern
5	48	Ambalantota	047 7448000/1	No. 127, Main Street, Ambalantota	Southern Region	Hambanthota	Southern
6	40	Ampara	063 7448000/1	No. 75, D S Sennanayake Street, Ampara	Uva-Sabaragamuwa Region	Ampara	Eastern
7	19	Anuradhapura	025 7448000/1	No. 522/C, Maithreepala Senanayake Mw, New Town, Anuradhapura	North Central Region	Anuradhapura	North Central
8	71	Athurugiriya	011 7448060/1	No. 70/15A, Borella Road, Athurugiriya	Greater Colombo Region	Colombo	Western
9	34	Avissawella	036 7448000/1	No. 93, Ratnapura Road, Avissawella	Uva-Sabaragamuwa Region	Colombo	Western
10	18	Badulla	055 7448000/1	No. 242, Lower Street, Badulla	Central Region	Badulla	Uva
11	77	Balangoda	0457448000/1	No. 24 A, Barns Ratwatte Mawatha, Balangoda	Uva-Sabaragamuwa Region	Ratnapura	Sabaragamuwa
12	51	Bandarawela	057 7448000/1	No. 317, Main Street, Bandarawela	Central Region	Badulla	Uva
13	90	Battaramulla	011 7448090/1	No. 245, Main Street, Battaramulla	Greater Colombo Region	Colombo	Western
14	39	Batticaloa	065 7448000/1	No. 16, Liyods Avenue, Batticaloa	North East Region	Batticaloa	Eastern
15	72	Boralesgamuwa	0117448063/4	No. 39, Kesbawa Road, Boralesgamuwa	Greater Colombo Region	Colombo	Western
16	52	Borella	0117 448078/9	No. 31/5, Dr. N M Perera Mawatha, Borella	Colombo Region	Colombo	Western
17	99	Chavakachcheri	0217448013/4	No. 1,3,5, Kandy Road, Chavakachcheri	North East Region	Jaffna	Northern
18	93	Chenkalady	065 7448003/4	Trincomalee Road,Chenkalady	North East Region	Batticaloa	Eastern
19	10	Chilaw	032 7448000/1	No. 50-52, Skyline Building, Colombo Road, Chilaw	North Western Region	Puttalam	North Western
20	62	Chunnakam	021 7448018/9	No. 30, K.K.S. road, Chunnakam	North East Region	Jaffna	Northern
21	100	Colombo 7	011 7448004/5	No. 103A, Dharmapala Mawatha, Colombo 7	Colombo Region	Colombo	Western
22	64	Dambulla	066 7448000/1	No. 42, Kurunegala road, Dambulla	North Central Region	Matale	Central
23	114	Digana	081 7448003/4	No. 59/6 , Gonawala Road, Digana	Central Region	Kandy	Central
24	78	Eheliyagoda	036 7448003/4	No. 302, Main street, Eheliyagoda	Uva-Sabaragamuwa Region	Ratnapura	Sabaragamuwa
25	67	Elpitiya	091 7448003/4	No. 23, Ambalangoda Road, Elpitiya	Southern Region	Galle	Southern

Branch Network

No	Branch Code	Branch Name	Contact No	Address	Region	District	Province
26	58	Embilipitiya	047 7448003/4	No. 67, Pallegama, Embilipitiya	Uva-Sabaragamuwa Region	Ratnapura	Sabaragamuwa
27	113	Fort	011 7448111/2	No. 39, Canal Row, Colombo 01	Colombo Region	Colombo	Western
28	21	Galle	091 7448006/7	No. 1/A, Abeysekara Building, Wakwella Road, Galle	Southern Region	Galle	Southern
29	29	Gampaha	033 7448000/1	No. 03, Yakkala Road, Gampaha	North Western Region	Gampaha	Western
30	50	Gampola	081 7448000/1	No. 11 B & 11 C, Nawalapitiya Road, Gampola	Central Region	Kandy	Central
31	86	Giriulla	037 7558010/1	No. 86, Negombo Road Giriulla	North Central Region	Kurunegala	North Western
32	57	Hambanthota	047 7448006/7	No. 34, Wilmot street, Hambantota	Southern Region	Hambanthota	Southern
33	96	Hanwella	036 7448006/7	No. 130/C, Pahala Hanwella, Hanwella	Uva-Sabaragamuwa Region	Colombo	Western
34	3	Havelock Town	0117 448006/7	No. 117, Havelock Road, Colombo 05	Colombo Region	Colombo	Western
35	88	Hendala	011 7448094/3	No. 46A Hendala Road, Hendala	North Western Region	Gampaha	Western
36	106	Hikkaduwa	091 7448009/10	No. 245, Galle Road, Hikkaduwa	Southern Region	Galle	Southern
37	102	Hingurakgoda	027 7558010/1	No. 10, Airport Road, Hingurakgoda	North Central Region	Polonnaruwa	North Central
38	30	Homagama	011 7448045/6	No. 64A, Highlevel Road, Homagama	Greater Colombo Region	Colombo	Western
39	27	Horana	034 7448013/5	No. 85, Sri Somananda Mawatha, Horana	Colombo Region	Kalutara	Western
40	44	Ja-Ela	011 7448075/6	No. 121, Colombo Road, Ja-Ela	North Western Region	Gampaha	Western
41	37	Jaffna	021 7448011/24	No. 62/6, Stanley Road, Jaffna	North East Region	Jaffna	Northern
42	26	Kadawatha	011 7448036/7	No. 147, Kandy Road, Kadawatha	North Western Region	Gampaha	Western
43	60	Kaduruwela	027 7558003/4	No. 25, Batticaloa Road, Polonnaruwa	North Central Region	Polonnaruwa	North Central
44	55	Kaduwell	011 7448081/2	No. 501/2, Awissawella Road, Kaduwella	Greater Colombo Region	Colombo	Western
45	84	Kahawatte	045 7448003/4	No. 149, Main Street, Kahawatte	Uva-Sabaragamuwa Region	Ratnapura	Sabaragamuwa
46	53	Kalmunai	067 7448003/4	No. 165, Batticaloa Road, Kalmunai	North East Region	Ampara	Eastern
47	16	Kalutara	034 7448016/7	No. 290, Galle Road, Kalutara South	Southern Region	Kalutara	Western
48	28	Kandana	011 7448039/40	No. 677, Negombo Road, Kandana	North Western Region	Gampaha	Western
49	2	Kandy	081 7448015/6	No. 133, Kotugodella Veediya, Kandy	Central Region	Kandy	Central

No	Branch Code	Branch Name	Contact No	Address	Region	District	Province
50	80	Kandy City Centre	081 7448006/7	No. L 1 - 3, Level 1, Kandy City Center, No. 05, Dalada weediya, Kandy	Central Region	Kandy	Central
51	109	Katana	031 7448000/1	No. 05, Koongashandiya, Katana	North Western Region	Gampaha	Western
52	110	Katugastota	081 7448009/10	No. 111, Kurunegala Road, Katugastota	Central Region	Kandy	Central
53	82	Katunayake	011 7448096/7	No. 745, Baseline Road, Aweriwatta, Katunayaka	North Western Region	Gampaha	Western
54	17	Kegalle	035 7448003/4	No. 261/1, Kandy Road, Kegalle	Central Region	Kegalle	Sabaragamuwa
55	83	Kekirawa	0257448003/4	No. 61, Opposite Government Hospital, Main Street, Kekirawa	North Central Region	Anuradhapura	North Central
56	25	Kiribathgoda	011 7448033/4	No. 540, New Hunupitiya Road, Dalugama, Kelaniya	North Western Region	Gampaha	Western
57	89	Kochchikade	031 7448003/4	No. 96, Chilaw Road, Kochchikade	North Western Region	Gampaha	Western
58	32	Kohuwela	0117 448051/2	No. 143, S De S Jayasinghe Mawatha, Nugegoda	Greater Colombo Region	Colombo	Western
59	14	Kollupitiya	011 7448018/9	No. 321, Galle Road, Colombo 3	Colombo Region	Colombo	Western
60	024	Kotahena	0117 448030/1	No. 295, George R De Silva Mw, Co -13	Colombo Region	Colombo	Western
61	111	Kottawa	011 7448099/100	No. 365/1 A, High Level Road, Kottawa	Greater Colombo Region	Colombo	Western
62	42	Kuliyapitiya	037 7558003/4	No. 133, Main Street, Kuliyapitiya	North Central Region	Kurunegala	North Western
63	7	Kurunegala	037 7558006/7	No. 6, Rajapihilla Mw, K'Gala	North Central Region	Kurunegala	North Western
64	12	Maharagama	011 7448015/6	No. 108 A, Highlevel Road, Maharagama	Greater Colombo Region	Colombo	Western
65	105	Mahawewa	032 7448003/4	Chilaw Road, Mahawewa	North Western Region	Puttalam	North Western
66	75	Mahiyanganaya	055 7448003/4	No. 02, New Town, Mahiyanganaya	Central Region	Badulla	Uva
67	31	Malabe	0117448049/8	No. 760, New Kandy Road, Malabe	Greater Colombo Region	Colombo	Western
68	097	Manipay	021 7448021/2	No. 260, Manipay Road, Manipay	North East Region	Jaffna	Northern
69	103	Marine Drive	011 7448102/3	No. 42, Sagara Road, Marine Drive, Colombo 4	Colombo Region	Colombo	Western
70	46	Matale	066 7448003/4	No. 144, Main Street, Matale	Central Region	Matale	Central
71	6	Matara	041 7448003/4	No. 60, Uyanwatte Rd, Matara	Southern Region	Matara	Southern
72	45	Mathugama	034 7448022/3	No. 98, Agalawatta Road, Mathugama	Southern Region	Kalutara	Western
73	63	Minuwangoda	011 7448084/5	No. 49, Negombo Road, Minuwangoda	North Western Region	Gampaha	Western
74	70	Monaragala	055 7448006/7	No. 29, Pothuwil Road, Monaragala	Uva-Sabaragamuwa Region	Monaragala	Uva
75	15	Moratuwa	011 7448021/2	No. 255, Galle Road, Idama, Moratuwa	Colombo Region	Colombo	Western

Branch Network

No	Branch Code	Branch Name	Contact No	Address	Region	District	Province
76	20	Mount Lavinia	011 7448024/5	No. 431/433, Galle Road, Mount Lavinia	Colombo Region	Colombo	Western
77	74	Narahenpita	011 7448105/6	No. 92, Kirula Road, Narahenpita, Colombo 5	Colombo Region	Colombo	Western
78	091	Narammala	037 7558013/4	No. 144, Kurunegala Road, Narammala	North Central Region	Kurunegala	North Western
79	95	Nattandiya	032 7448006/7	No. 82, Marawila Road, Nattandiya	North Western Region	Puttalam	North Western
80	61	Nawalapitiya	054 7448000/1	No. 70B, Gampola Road, Nawalapitiya	Central Region	Kandy	Central
81	1	Nawam Mawatha	011 7448000/1	No. 40, Nawam Mw, Colombo 02	Colombo Region	Colombo	Western
82	9	Negombo	031 7448006/7	No. 121, St. Joseph Street, Negombo	North Western Region	Gampaha	Western
83	66	Nelliady	021 7448012/27	No. 109, Jaffna Road, Nelliady	North East Region	Jaffna	Northern
84	69	Nikaweratiya	037 7558016/7	No. 65, Puttalam Road, Nikaweratiya	North Central Region	Kurunegala	North Western
85	54	Nittambuwa	033 7448003/4	No. 496, Kandy Road, Nittambuwa	North Western Region	Gampaha	Western
86	4	Nugegoda	011 7448009/10	No. 152, Nawala Rd, Nugegoda	Greater Colombo Region	Colombo	Western
87	76	Nuwara Eliya	052 7448000/1	No. 50/1, New Bazaar Street, Nuwara Eliya	Central Region	Nuwara Eliya	Central
88	79	Old Moor Street	011 7448108/9	No. 311, Old Moor Street, Colombo 12	Colombo Region	Colombo	Western
89	35	Panadura	038 7448000/1	No. 319, Galle Road, Panadura	Colombo Region	Kalutara	Western
90	22	Pelawatte	011 7448027/8	No. 301, Pannipitiya Road, Battaramulla	Greater Colombo Region	Colombo	Western
91	43	Pettah	011 7448072/3	No. 137,133/1, Main Street, Colombo 11	Colombo Region	Colombo	Western
92	49	Pilimathalawa	081 7448012/3	No. 240, Colombo Road, Pilimathalawa	Central Region	Kandy	Central
93	23	Piliyandala	011 7448057/8	No. 120 , Horana Road, Piliyandala	Greater Colombo Region	Colombo	Western
94	87	Pitakotte	011 7448114/5	No. 322B, Kotte Road, Pitakotte	Greater Colombo Region	Colombo	Western
95	112	Private Wealth Centre	011 7448087/8	No. 135, Rainbow Business Centre, Baudhaloka Mawatha, Colombo 04	Colombo Region	Colombo	Western
96	33	Puttalam	032 7448009/10	No. 104, Kurunegala Road, Puttalam	North Central Region	Puttalam	North Western
97	5	Rajagiriya	011 7448012/3	No. 505, Sri Jayawardenapura Ethul Kotte, Kotte	Greater Colombo Region	Colombo	Western
98	73	Ratmalana	011 7448066/7	No. 151, Galle Road, Ratmalana	Colombo Region	Colombo	Western
99	13	Ratnapura	045 7448006/7	No. 211, Main Street, Rathnapura	Uva-Sabaragamuwa Region	Ratnapura	Sabaragamuwa
100	115	Shangri-la	011 7448117/8	One Galle Face Mall, Premises no L 1 - 77, No 1 A, Colombo 02	Colombo Region	Colombo	Western

No	Branch Code	Branch Name	Contact No	Address	Region	District	Province
101	116	Tangalle	047 7448009/10	No. 90A, Matara Road, Tangalle	Southern Region	Hambanthota	Southern
102	104	Thambuttegama	025 7448006/7	No. 255A, Main Street, Thambuttegama	North Central Region	Anuradhapura	North Central
103	098	Thirunelveli	021 7448016/17	No. M102, Palaly Road, Jaffna	North East Region	Jaffna	Northern
104	92	Tissamaharama	047 7448012/3	No. 133 E, New Town, Tissamaharama	Southern Region	Hambanthota	Southern
105	38	Trincomalee	026 7448000/1	No. 91 & 93, North Coast Road, Trincomalee	North East Region	Trincomalee	Eastern
106	81	Uragasmanhandiya	091 7448012/3	No. 131, Main Street, Uragasmanhandiya	Southern Region	Galle	Southern
107	41	Vauniya	024 7448000/1	No. 188, 190, 192 & 190/1, Kandy Road, Vavuniya	North East Region	Vavuniya	Northern
108	101	Warakapola	035 7448000/1	No. 96 & 98, Main Street, Warakapola	Central Region	Kegalle	Sabaragamuwa
109	56	Wariyapola	037 7558019/20	Navinna Bldg, Puttlam Road, Wariyapola	North Central Region	Kurunegala	North Western
110	11	Wattala	011 7448042/3	No. 378A, Negombo Road, Wattala	North Western Region	Gampaha	Western
111	8	Wellawatte	011 7448120/1	No. 302, Galle Road, Colombo 6	Colombo Region	Colombo	Western
112	36	Wennappuwa	031 7448009/10	No. 204, Chilaw Road, Wennappuwa	North Western Region	Puttalam	North Western
113	68	Yakkala	033 7448006/7	No. 65/5 B, Kandy Road, Yakkala	North Western Region	Gampaha	Western

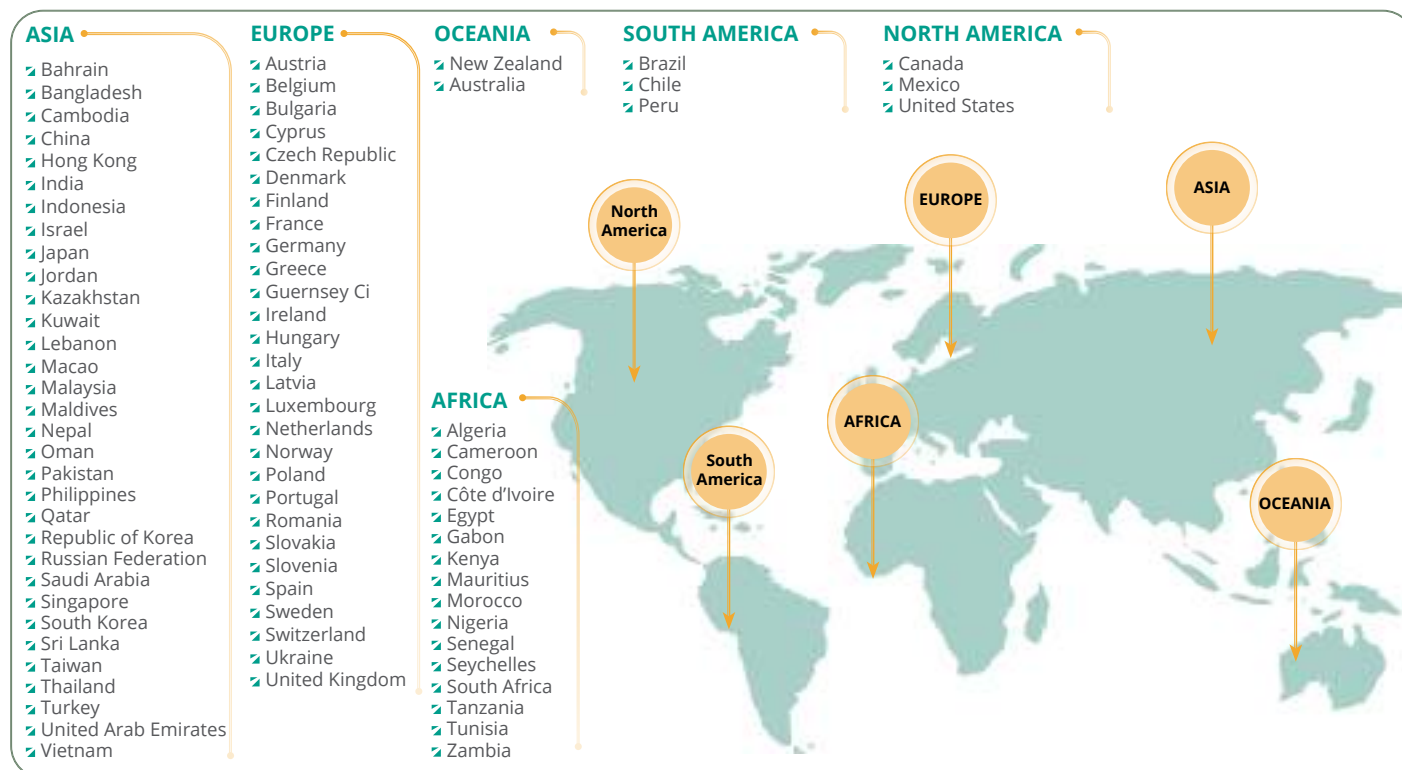
REGIONAL OFFICES NETWORK

Region	Regional Office Address	Contact No	Regional Manager	Number of branches in Region
Colombo Region	No. 31/5, Dr. N M Perera Mawatha, Borella	011 2 685 711 / 2	Sydney Downall	19
Greater Colombo Region	No. 143, S De S Jayasinghe Mawatha, Nugegoda	011 2 812 564	Senaka Perera	14
Southern Region	No. 60, Uyanwatte Rd, Matara	041 2 227 161 / 3	Sisira Herath	14
North Western Region	No.677, Negombo Road,Kandana	011 2 071 493	Chaminda Jayasingharachchi	18
North Central Region	No. 6, Rajapihilla Mw, Kurunegala	037 4 692 421	Nalin Abeyratne	13
Central Region	No. 133, Kotugodella Veediya, Kandy	081 2 238 786	Thilina Hewage	14
Uva - Sabaragamuwa Region	No. 211, Main Street, Rathnapura	045 2 223 839	Devapriya De Silva	9
North East Region	No. 62/6, Stanley Road, Jaffna	021 2 217 395	Brinthapan Selvanayakam	12

Network of Group Companies

Company	Postal address	Address of registered office	Contact person	Telephone	Fax	Email
NDB Capital Holdings Limited	Level 1, NDB Capital Building, No: 135, Bauddhaloka Mawatha, Colombo 4	No: 40, Nawam Mawatha, Colombo 2	Mr. Senaka Kakiriwaragodage	011 2 300 385	011 2 300 393	senaka@ ndbch.com
NDB Investment Bank Limited	Level 1, NDB Capital Building, No: 135, Bauddhaloka Mawatha, Colombo 4	No: 40, Nawam Mawatha, Colombo 2	Mr. Harshana Jayaweera	011 2 300 385	011 2 300 393	harshana@ ndbib.com
NDB Wealth Management Limited	NDB Capital Building, Level G, 135 Bauddhaloka Mawatha, Colombo 4	No: 40, Nawam Mawatha, Colombo 2	Mr. Ruwan Perera	011 2 303 232	0112 303 237	ruwan@ ndbinvestors. com
NDB Securities (Pvt) Limited	Level 2, NDB Capital Building, No: 135, Bauddhaloka Mawatha, Colombo 4	No: 40, Nawam Mawatha, Colombo 2	Mr. Gihan Cooray	011 2 131 000	011 2 314 181	gihan@ ndbs.lk
NDB Capital Limited [Bangladesh]	Udaya Tower, 6th Floor, (South - West Side) 57 & 57/A, Gulshan Avenue, Circle 1 Dhaka 1212, Bangladesh	Udaya Tower, 6th Floor, (South - West Side) 57 & 57/A, Gulshan Avenue, Circle 1 Dhaka 1212, Bangladesh	Mr. Ali Nahid Khan	880 1819 214776		nahid@ ndbcapital.com
NDB Zephyr Partners Lanka (Pvt) Limited	Level 1, NDB Capital Building, No.135, Bauddhaloka Mawatha, Colombo 4.	No: 40, Nawam Mawatha, Colombo 2	Mr. Senaka Kakiriwaragodage	011 2 303 810	011 2 307 155	senaka@ ndbch.com
NDB Zephyr Partners Limited	6th Floor, Two Tribeca, Tribeca Central, Trianon 72261, MAURITIUS	6th Floor, Two Tribeca, Tribeca Central Trianon 72261, MAURITIUS	Ms Dilshaad Rajabalee	+230 467 3000	+230 467 4000	Dilshaad. Rajabalee@ apexgroup.com

Correspondent Relationships



GRI Content Index

Statement of use	National Development Bank PLC has reported in accordance with the GRI Standards for the period from 1st January 2025 to 31st December 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard/Other Source	Disclosure	Location	Omission		
			Requirement (s) omitted	Reason	Explanation

General Disclosures

GRI 2: General Disclosures 2021	2-1 Organisational details	10-13,551	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
7.6 (xiv)	2-2 Entities included in the organisation's sustainability reporting	4,11			
	2-3 Reporting period, frequency and contact point	4,551			
	2-4 Restatements of information	4			
	2-5 External assurance	5,196			
	2-6 Activities, value chain and other business relationships	11,74-75			
	2-7 Employees	130-131			
	2-8 Workers who are not employees	131			
	2-9 Governance structure and composition	207,209			
	2-10 Nomination and selection of the highest governance body	210			
	2-11 Chair of the highest governance body	212			
	2-12 Role of the highest governance body in overseeing the management of impacts	212			
	2-13 Delegation of responsibility for managing impacts	205,206			
	2-14 Role of the highest governance body in sustainability reporting	9			
	2-15 Conflicts of interest	208-209			
	2-16 Communication of critical concerns	217,219			
	2-17 Collective knowledge of the highest governance body	211			
	2-18 Evaluation of the performance of the highest governance body	211-212			
	2-19 Remuneration policies	211,242-244			
	2-20 Process to determine remuneration	211,242-244			
	2-21 Annual total compensation ratio		2-21 a,b,c	Confidentiality constraints	Constraints in disclosing total compensation ratio
	2-22 Statement on sustainable development strategy	20-23			
	2-23 Policy commitments	204			

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (s) omitted	Reason	Explanation
	2-24 Embedding policy commitments	206			
	2-25 Processes to remediate negative impacts	216, 217, 219			
	2-26 Mechanisms for seeking advice and raising concerns	137,217			
	2-27 Compliance with laws and regulations	216,496			
	2-28 Membership associations	143			
	2-29 Approach to stakeholder engagement	60-66			
	2-30 Collective bargaining agreements		2-30 a,b	Not applicable	The Bank does not have collective agreements with its employees
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	68-69	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	70-73			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	79,173,356			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	79			
	201-2 Financial implications and other risks and opportunities due to climate change	173-183			
	201-3 Defined benefit plan obligations and other retirement plans	356-360			
	201-4 Financial assistance received from government		201-4 a,b,c	Not applicable	NDB does not receive any financial assistance from the government
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	114,310,313,353-355,369			
GRI 207: Tax 2019	207-1 Approach to tax	114,310-313,353-355,369			
	207-2 Tax governance, control, and risk management	114,310-313,353-355,369			
	207-3 Stakeholder engagement and management of concerns related to tax	63			
	207-4 Country-by-country reporting		207-4 a,b,c	Not applicable	The Bank has a subsidiary in Bangladesh - NDB Capital Limited, the financial performance of which is presented in the consolidated financial statements of the Group prepared in accordance with SLFRSs and other applicable mandatory guidelines for the preparation and presentation of financial statements.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (s) omitted	Reason	Explanation
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	160-161			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	160			
	302-2 Energy consumption outside of the organisation		302-2,a,b,c	Not available	The Bank does not track this
	302-3 Energy intensity		302-2,a,b,c	Not available	The Bank does not track this
	302-4 Reduction of energy consumption	160			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	190			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	191			The Bank's emissions are calculated and reported using the location-based approach in the absence of adequate market-based figures.
	305-2 Energy indirect (Scope 2) GHG emissions	191			
	305-3 Other indirect (Scope 3) GHG emissions	190			
	305-4 GHG emissions intensity	161			
	305-5 Reduction of GHG emissions	161			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6 a,b,c,d	Not applicable	The Bank's operations do not generate ODS
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions		305-7 a,b,c	Not available	The Bank does not currently track NOx and SOx emissions
	Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	130-134			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	132-133			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	133			
	401-3 Parental leave	134			
Labour/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	137			
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	137			

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (s) omitted	Reason	Explanation
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	135			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	135-136			
	404-2 Programmes for upgrading employee skills and transition assistance Programmes	136			
	404-3 Percentage of employees receiving regular performance and career development reviews	135			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	130			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	131,209			
	405-2 Ratio of basic salary and remuneration of women to men	130			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	154			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development Programmes	151, 154-155			
	413-2 Operations with significant actual and potential negative impacts on local communities	151			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	150			
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	150			

Glossary of Financial and Banking Terms

A

Acceptances

Promise to pay, created when the drawee of a time draft, stamps or writes the word 'accepted' above his signature and a designated payment date.

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognising the effects of transaction and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Actuarial Gain/Loss

Gains or losses arising from the difference between estimates and actual experience in the entity's pension plan and retirement gratuity.

Actuarial Assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variable that will determine the ultimate cost of providing post-employment benefits.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost

The amount at which the financial asset or financial liability is measured at initial recognition minus principal prepayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Asset and Liability Committee (ALCO)

A risk-management committee in a bank that generally comprises the Senior Management of the institution. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the Bank's forecast and strategic balance sheet allocations.

Associate

An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Average Weighted Deposit Rate (AWDR)

AWDR is calculated by the Central Bank weekly, based on Commercial bank's deposit rates offered to their prime customers during the week.

Average Weighted PRIME Lending Rate (AWPLR) AWPLR is calculated by the Central Bank weekly based on commercial banks' lending rates offered to their prime customers during the week.

B

Basel III

The Basel Committee on Banking Supervision's details of strengthened global regulatory standards on Bank capital adequacy and liquidity.

Basis point (BP)

One hundredth of a percentage point, i.e. 100bp equals 1%, used in quoting movements in interest rates, security yields, etc.

C

Capital Adequacy Ratios

The relationship between capital and risk weighted assets as defined in the framework developed by the Bank for International Settlements (BIS) and as modified by the Central Bank of Sri Lanka to suit local requirements.

Capitals

Refer to any stock of value such as customer base, staff strength, relationships with the community, etc. that will increase, decrease or transform through the activities of an organisation and that will help it generate earnings in the future.

Cash Equivalents

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows

Cash flows are inflows and outflows of cash and cash equivalents.

Cash Generating Unit (CGU)

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Collectively Assessed Impairment Allowance Provisions Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date. Typically, assets within the Retail Banking business (housing, personal, leasing, credit cards etc.) are assessed on a portfolio basis.

Glossary of Financial and Banking Terms

Climate-related risks and opportunities (CRRO)

Risks and opportunities that arise from climate-related events that could reasonably be expected to affect the entity's financial performance, position and prospects.

Commitments

Credit facilities approved but not yet utilised by the clients at the date of the Statement of Financial Position.

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Consolidated Financial Statements

Consolidated Financial Statements are the Financial Statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic activity.

Contingencies

A condition or situation existing at the date of the Statement of Financial Position where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

Contractual Maturity

Contractual Maturity refers to the final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal will be repaid and interest is due to be paid.

Control

Control is the power over an investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its powers over the investee to affect the amount of the investor's returns.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Correspondent Bank

A bank in a foreign country that offers banking facilities to the customers of a bank in another country.

Cost to Income Ratio

Operating expenses excluding impairment for loans and receivables and other losses as a percentage of total operating income.

Country Risk

The risk that a foreign government will not fulfil its obligations or obstructs the remittance of funds by debtors, either for financial reasons (transfer risk) or for other reasons (political risk).

Credit Ratings

An evaluation of a corporates ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Currency Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Credit Risk Mitigation

A technique to reduce the credit risk associated with an exposure by application of credit risk mitigates such as collateral, guarantee and credit protection.

Credit Risk

Credit risk or default risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

Currency swaps

The simultaneous purchase of an amount of currency for spot settlement and the sale of the same amount of the same currency for forward settlement.

Customers Deposits

Money deposited by account holders. Such funds are recorded as liabilities.



Debt Restructuring/Rescheduling

This is when the terms and provisions of outstanding debt agreements are changed. This is often done in order to improve cash flow and the ability of the borrower to repay the debt. It can involve altering the repayment schedules as well as debt or interest charge reduction.

Deferred Taxation

Sum set aside for tax in the Financial Statements that may become payable/receivable in a financial year other than the current financial year.

Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and receivables are considered to be delinquent when consecutive payments are missed. Also known as 'Arrears'.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Derecognition

Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g., an interest rate).

Discount Rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

Dividend Cover

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by current year's distributable profits.

Dividend Yield

Dividend earned per share as a percentage of its market value.

Documentary Credits

Commercial letters of credit provided for payment by a bank to the named beneficiary usually the seller of merchandise, against delivery of documents specified in the credit.

Domestic Debt Optimisation (DDO)

The extension of the maturity period of the debt instruments, which would help the government to reduce the annual repayment obligation and to spread it over a longer period.



Earnings per Ordinary Share (EPS)

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Economic Value Added (EVA)

A measure of productivity which takes into consideration cost of total invested equity

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate a shorter period to the net carrying amount of the financial asset or financial liability.

Effective Tax Rate

Provision for taxation including deferred tax divided by the operating profit before tax on financial services.

Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Employee Share Option Scheme (ESOS)

A method of giving employees shares in the business for which they work.

Equity Method

This is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Equity risk

The risk arising from positions, either long or short, in equities or equity-based instruments, which create exposure to a change in the market price of the equities or equity instruments.

Equity Instrument

Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events after the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue.

Ex-Dividend

Date A classification of trading shares when a declared dividend belongs to the seller rather than the buyer. A stock will be give ex-dividend status if a person has been confirmed by the company to receive the dividend payment. The date on or after which a security is traded without a previously declared dividend or distribution.

Expected Credit Loss

The amount expected to be lost on an exposure over the life of the asset. ECL is calculated by multiplying the Probability of Default (a percentage) by the Exposure at Default (an amount) and Loss Given Default (a percentage).

Exposure

A claim, contingent or position which carries a risk of financial loss.



Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair Value Adjustment

An adjustment to the fair value of a financial instrument which is determined using a valuation technique (level 2 and level 3) to include additional factors that would be considered by a market participant that are not incorporated within the valuation model.

Fair Value Through Profit or Loss

A financial asset/liability: Acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of a short-term profit taking, or a derivative (except for a derivative that is a financial guarantee contract).

Finance Lease

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

Glossary of Financial and Banking Terms

Financial Assets

Any assets that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Liabilities

A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial Risk

The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates or credit rating or credit index or other variable that the variable is not specific to the party to the contract.

Foreign Exchange Income

The realised gains recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan rates which differ from those rates in force at inception or on the previous reporting date. Foreign exchange income also arises from trading in foreign currencies.

Forward Exchange Contract

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.



Global Reporting Initiative (GRI)

GRI is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

Going Concern

The Financial Statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially or the scale of its operations.

Goodwill

An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.

Gross Dividend

The portion of profits distributed to the shareholders.

Group

A Group is a parent and all its subsidiaries and associates.

Guarantees

Three party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.



Hedging

A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (Interest rate, Prices and Commodities, etc.).

Held-for-Trading

Debt and equity investments that are purchased with the intent of selling them within a short period of time (usually less than one year).

Held-to-Maturity

Investments and debt securities that a Company has the ability and intent to hold until maturity.

High Quality Liquid Assets

(HQLA) HQLA are assets that can be easily and immediately converted into cash at little or no loss of value that can be readily sold or used as collateral to obtain funds in a range of stress scenarios and are unencumbered, i.e. without legal, regulatory or operational impediments.

Historical Cost

Historical cost is the original nominal value of an economic item.



Impaired Loans

Loans where identified impairment allowances have been raised and also include loans which are collateralised or where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.

Impairment charges for Loans and Receivables

Amounts set aside against possible losses on loans, receivables and other credit facilities as a result of such facilities becoming partly or wholly uncollectible.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred (under LKAS 39)/expected (under SLFRS 9) loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

Individually Significant Loans

Exposures which are above a certain threshold decided by the Bank's management which should be assessed for objective evidence, measurement, and recognition of impairment on an individual basis.

Intangible Asset

An intangible asset is an identifiable non monetary asset without physical substance.

Integrated Reporting

A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long term in its economic, social and environmental context.

Interest Cover

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

Interest Margin

Net interest income expressed as a percentage of average interest earning assets.

Interest Rate Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate SWAP

An agreement between two parties where one stream of future interest payments is exchanged for another stream of future interest payments based on a specified principal amount.

Interest Spread

This represents the difference between the average interest rate earned and the average interest rate paid on funds.

Investment banking

A specific division of banking related to the creation of capital for other companies.

Investment banks underwrite new debt and equity securities for all types of corporations. Investment banks also provide guidance to issuers regarding the issue and placement of stock.

Investment Property

A real estate property that has been purchased with the intention of earning a return on the investment (purchase), either through rent (income), the future resale of the property, or both.

K

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity and key employees who are holding directorships in subsidiary companies and other key employees who meet the criteria mentioned above.

L

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange, Treasury Bills and Bonds.

Liquidity coverage ratio (LCR)

Ratio of stock of high quality liquid assets available to total net cash outflows over next 30 calendar days. LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus, reducing the risk of spillover from the financial sector to the real economy.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loan-to-Value Ratio

The loan-to-value (LTV) ratio is a financial term used by lenders to express the ratio of a loan to the value of an asset purchased. The term is commonly used to represent the ratio of the first mortgage lien as a percentage of the total appraised value of real property.

Loss Given Default (LGD)

The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of counterparty.

M

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of a share as at a date.

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N

Net Assets Value per Ordinary Share

Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

Net Assets Value per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Interest Income (NII)

The difference between the amounts a bank earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

Net Interest Margins (NIM)

Net interest income expressed as a percentage of average Total Assets.

Glossary of Financial and Banking Terms

Net stable funding ratio (NSFR)

The ratio of available stable funding to required stable funding over a one year time horizon, assuming a stressed scenario.

Available stable funding would include items such as equity capital, preferred stock with a maturity of over one year and liabilities with an assessed maturity of over one year. The Basel III rules require this ratio to be over 90% with effect from 01 January 2019. The NSFR is still subject to an observation period and review to address any unintended consequences.

Non-Controlling Interest/Minority Interest

Equity in a subsidiary not attributable, directly or indirectly, to a Parent.

Non-Performing Loans (NPLs)

A loan or a receivable placed on cash basis (i.e. Interest income is only recognised when cash is received) because, in the opinion of management, there is reasonable doubt regarding the collectability of principal or interest.

Nostro Account

A bank account held in a foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to facilitate the settlement of foreign exchange trade transactions.

NPL Ratio

Total non-performing loans and receivables (net of interest in suspense) divided by total loans and receivables portfolio (net of interest in suspense).



Open Credit Exposure Ratio

Total net non-performing loans and receivables expressed as a percentage of shareholders' fund.

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.



Parent

A parent is an entity that has one or more subsidiaries.

Past Due

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Power

The power is the existing rights that give the current ability to direct the relevant activities.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Probability of default (PD)

The probability that an obligor will default on an obligation within a given period of time.

Projected Unit Credit Method (PUC)

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method). Prudence Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.



Related Party Transactions (RTP)

RPT is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

Remittances

A remittance is a transfer of money by a foreign worker to an individual in his or her home country.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Retained Earnings

Reserves that are set aside for future distribution and investments.

Return on Average Assets (ROA)

Profit after tax divided by the average assets.

Return on Average Equity (ROE)

Net profit for the year, less preference share dividends, if any, expressed as a percentage of average ordinary shareholders' equity.

Revaluation Reserve

Part of the shareholders' equity that arises from changes in the current value of property, plant and equipment.

Revenue Reserve

Reserves set aside for future distribution and investment.

Risk-Weighted Assets

The sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk weighting factors.

Rights Issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

S

Segment Reporting

Segment reporting indicates the contribution to the revenue derived from business segments such as banking operations, leasing operations, stock broking and securities dealing, property and insurance.

Segmental Analysis

Analysis of financial information by segments of an entity specifically, the different industries and the different geographical areas in which it operates.

Shareholders' Funds

Total of stated capital and revenue reserves.

Significant influence

If an entity holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated otherwise.

Single Borrower Limit (SBL)

33% of the regulatory capital base.

Statutory Reserve Fund

A capital reserve created as per the provisions of the Banking Act, No. 30 of 1988.

Subsidiary

An entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the Parent).

Substance Over Form

The consideration that the accounting treatment and the presentation in Financial Statements of transactions and events should be governed by their

substance and financial reality and not merely by legal form.

Sustainability-related risks and opportunities (SRRO)

Risks and opportunities that arise from sustainability-related events that could reasonably be expected to affect the entity's financial performance, position and prospects

Swaps

The simultaneous purchase of an amount of a currency for spot settlement and the sale of the same amount of the same currency for forward settlement.

T

Tier I Capital

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Total Capital

Capital base is summation of the core capital (Tier I) and the supplementary capital (Tier II).

Transaction Costs

Incremental costs that is directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Transfer Pricing Arrangement

Transfer pricing involves the terms and prices at which related parties sell (or should sell) goods or services to each other. When the parties are located in different taxing jurisdictions, opportunities exist for the movement of income to a lower-taxing jurisdiction. A transfer pricing arrangement is developed to combat potential losses of income tax revenue.

U

Unit Trust

An undertaking formed to invest in securities under the terms of a trust deed.

Useful Life

Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

Value Added

Value of wealth created by providing banking and other related services less the cost of providing such services.

Value-at-risk (VaR)

A measure of the loss that could occur on risk positions as a result of adverse movements in market risk factors (e.g. rates, prices, volatilities) over a specified time horizon and to a given level of confidence.

Vostro Account

A local currency account maintained by a local bank for a foreign (correspondent) bank. For the foreign bank, it is a nostro account. The domestic bank acts as custodian or manages the account of a foreign counterpart.

Y

Yield-to-Maturity

The discount rate at which a security's present value of future cash flows will be equal to the security's current price.

Notice of Meeting

Notice is hereby given that the Twenty First (21) Annual General Meeting (AGM) of National Development Bank PLC (Bank) will be held at the DHPL Auditorium, 3rd Floor, NDB – EDB Tower, No. 42, Nawam Mawatha, Colombo 2 at 02.30 p.m. on Friday, the Twenty Seventh (27) day of March, Two Thousand and Twenty Six (2026) and the business to be brought before the meeting will be:

1. To lay before the Shareholders for consideration, the Annual Report for the year ended 31 December 2025.
2. To re-appoint Mr. Sanjaya Mohottala, in terms of Article 44 (2) of the Articles of Association of the Bank.
3. To re-appoint Mr. Shanil Fernando, in terms of Article 44 (2) of the Articles of Association of the Bank.
4. To re-elect Ms. Kasturi Chellaraja as a Director, in terms of Article 42 of the Articles of Association of the Bank.
5. To re-elect Mr. Sujeewa Mudalige as a Director, in terms of Article 42 of the Articles of Association of the Bank.
6. To appoint Messrs. KPMG, Chartered Accountants, as Auditors of the Bank as set out in Section 154 of the Companies Act No. 7 of 2007 (as amended) and Section 39 of the Banking Act No. 30 of 1988 (as amended) and to authorise the Board of Directors to fix the fees and expenses of such Auditors.
7. To determine the aggregate remuneration payable to Non-Executive Directors including the Chair, Board of Directors in terms of Article 58 of the Articles of Association of the Bank and to authorise the Board of Directors to approve other remuneration and benefits to the Directors (including the remuneration of the Executive Director/s) in terms of Section 216 of the Companies Act No. 7 of 2007 (as amended).
8. To authorise the Board of Directors to determine donations for the financial year 2026 (in accordance with the provisions of the Companies Donations Act No. 26 of 1951) through which the corporate social activities of the Bank in 2026 will be carried out (similar to the activities carried out in 2025 as detailed in the Annual Report).

By Order of the Board,



Ms. Shehani Ranasinghe
Company Secretary

25 February 2026
Colombo

Notes:

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy holder to attend and vote in his/her stead. Please read the reverse of the Form of Proxy for further details.
2. Shareholders/Proxy holders attending the meeting are requested to bring their National Identity Cards.
3. Voting shall be by any one of the following methods as determined by the Chair, Board of Directors unless a poll is demanded;
 - a) voting by voice
 - b) voting by show of hands (every member who is present in person or is represented by a proxy or attorney or an authorised representative shall have one (01) vote).
4. A declaration by the Chair, Board of Directors that a resolution is carried by the requisite majority or lost is conclusive evidence of that fact.
5. At a meeting of Shareholders, a poll may be demanded on a particular question as provided for in the Companies Act No. 7 of 2007. If a poll is taken, votes must be counted according to the votes attached to the shares of each Shareholder present and voting. In the case of an equality of votes, whether on a show of hands or on a poll, the Chair, Board of Directors shall be entitled to a second or casting vote.

Corporate Information

NAME

National Development Bank PLC

COMPANY REGISTRATION NUMBER

PQ 27

LEGAL FORM

Established under the National Development Bank of Sri Lanka Act No. 2 of 1979 and incorporated as a company under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 and also licensed as a Licensed Commercial Bank in terms of the Banking Act No. 30 of 1988 as amended from time to time.

STOCK EXCHANGE LISTING

Ordinary shares, and rated unsecured subordinated redeemable debentures are listed on the Colombo Stock Exchange.

HEAD OFFICE/REGISTERED OFFICE

Address – No. 40, Nawam Mawatha, Colombo 2, Sri Lanka

Tel: +94 11 2448448

Fax: +94 11 2305031

Swift Code: NDBSLKLX

E-mail: contact@ndbbank.com

Web: www.ndbbank.com

Accounting Year-end

31 December

Tax Payer Identification Number (TIN)

409000266

VAT Registration Number

409000266-7000

Credit Ratings

National long-term ratings: A(lka)/ Stable Outlook

Basel III compliant subordinated debentures

ratings: BBB+ (lka)

BOARD OF DIRECTORS AND BOARD SUBCOMMITTEES AS AT 31 DECEMBER 2025*

Board of Directors

Mr. Sriyan Cooray – Chair, Board of Directors - Independent

Mr. Kelum Edirisinghe – Chief Executive Officer - Non-Independent

Mr. Bernard Sinniah – Non-Independent

Mr. Sujeewa Mudalige - Independent

Mr. Kushan D'Alwis, PC - Independent

Ms. Kasturi Chellaraja - Independent

Mr. Hasitha Premaratne – Independent

Ms. Shweta Pandey - Independent

Mr. Sanjaya Mohottala - Non-Independent (Appointed w.e.f. 16 May 2025)

Ms. (Fay) Piyachitr Chetnakarnkul - Non-Independent (Resigned w.e.f. 16 May 2025)

*Mr. Shanil Fernando – Independent (Appointed w.e.f. 13 January 2026)

BOARD SUBCOMMITTEES

Nominations and Governance Committee

Human Resources and Remuneration Committee

Board Integrated Risk Management Committee

Board Audit Committee

Related Party Transactions Review Committee

Strategic Issues Committee

Board Credit Committee

Bank Digital Subcommittee

Discretionary and Capital Expenditure Committee

Board ESG Subcommittee

Please refer pages 238 to 263 for Board Subcommittee Reports

BOARD OF DIRECTORS OF SUBSIDIARY COMPANIES AS AT 31 DECEMBER 2025

NDB Capital Holdings Limited - 99.9%

Mr. Bernard Sinniah – Chairperson

Mr. Sarath Wickramanayake

Mr. Arjun Fernando

Mr. Senaka Kakiriwaragodage

Mr. Kelum Edirisinghe

NDB Wealth Management Limited - 99.9%

Mr. Sarath Wikramanayake – Chairperson

Mr. Bernard Sinniah

Mr. Senaka Kakiriwaragodage

Ms. Surekha Alles

NDB Investment Bank Limited - 99.9%

Mr. Sarath Wikramanayake – Chairperson

Mr. Bernard Sinniah

Mr. Jehan Peruma

Mr. Senaka Kakiriwaragodage

Mr. Harshana Jayaweera

NDB Securities (Pvt) Limited - 99.9%

Mr. Arjun Fernando – Chairperson

Mr. Bernard Sinniah

Mr. Senaka Kakiriwaragodage

Mr. Udul Isuru Sri Tillakawardana (Appointed 01 January 2026)

Mr. Indrajit Wickramasinghe (Resigned 31 December 2025)

NDB Capital Limited (Bangladesh) - 84.2%

Mr. Sarath Wikramanayake – Chairperson

Mr. Mohammed Al Maruf Khan – Vice Chairman

Mr. Hafiz Firoz Chowdhury

Mr. C.M. Alam

Mr. Bernard Sinniah

Ms. Zakia Chowdhury

NDB Zephyr Partners Limited (Mauritius) - 60%

Ms. Dilshaad Rajabalee

Mr. Thomas Barry

Mr. Mukul Gulati

Mr. Arjun Fernando

Mr. Ramsamy Sandiren

NDB Zephyr Partners Lanka (Pvt) Limited - 100%

Mr. Sarath Wikramanayake – Chairperson

Mr. Thomas Barry

Mr. Mukul Gulati

Mr. Bernard Sinniah

Development Holdings (Pvt) Limited – 58.6%

Mr. Kelum Edirisinghe – Chairperson

Mr. K V Vinoj

Mr. Sanjaya Perera

Mr. Mangala Wijesinghe

Ms. Thakshila Wijayarathne

Mr. Kusal Perera

Mr. Azzam A. Ahamat

Ms. Dinali Dunuwille

Mr. Erandika Dissanayake

Ayojana Fund (Pvt) Limited (Under liquidation)

OTHER INFORMATION

Company Secretary:

Ms. Shehani Ranasinghe (Attorney-at-Law)

Compliance Officer

Ms. Vidisha Jayawardena (Attorney-at-Law)

Auditors

Ernst & Young, Rotunda Towers, No. 109, Galle Road, Colombo 3

Registrar to the Rated Unsecured Subordinated Redeemable Debentures issued

S S P Corporate Services (Pvt) Limited, No. 101 Inner Flower Road, Colombo 3

Trustees to the Rated Unsecured Subordinated Redeemable Debentures

➤ Issued in 2021 and 2024 - Bank of Ceylon, 7th Floor, Investment Banking Division No.1, BOC Square, Bank of Ceylon Mawatha, Colombo 1.

➤ Issued in 2023 - People's Bank, Treasury Operations, Treasury Back Office, People's Tower, No. 374, Dr.Colvin R.de Silva Mawatha, Colombo 2.

DUNS NUMBER

659412840

QUERIES

ON THE 2025 NDB ANNUAL REPORT

Mr. Azzam A. Ahamat

Vice President - Finance

National Development Bank PLC

No: 40, Nawam Mawatha, Colombo 2

Email: azzam.ahamat@ndbbank.com

investor.relations@ndbbank.com

Tel.: +94 11 2448448 Ext: 35301

ON SHAREHOLDER RELATIONS

Company Secretarial Department

Ms. Shehani Ranasinghe

Company Secretary/ Vice President

National Development Bank PLC

No. 40, Nawam Mawatha, Colombo 2

Email: shehani.ranasinghe@ndbbank.com

Tele: + 94 11 2448448 (Ext: 35013)

ON INVESTOR RELATIONS

Investor Relations Team

Mr. Azzam A. Ahamat

Vice President - Finance

(See above)

Notes

Handwriting practice lines consisting of 25 horizontal dotted lines.

Form of Proxy

I/We.....
(holder/s of NIC/s) of
.....being a Shareholder / Shareholders of National Development Bank PLC ('the Bank') hereby appoint;
1.(holder of NIC No.)
of
..... or failing him/her

2. Mr. Sriyan Cooray (Chair, Board of Directors) or failing him,
Mr. Bernard Sinniah or failing him,
Mr. Sujeewa Mudalige or failing him,
Mr. Kushan D'Alwis, PC or failing him,
Ms. Kasturi Chellaraja or failing her,
Ms. Shweta Pandey or failing her,
Mr. Hasitha Premaratne or failing him,
Mr. Sanjaya Mohottala or failing him,
Mr. Shanil Fernando or failing him,
Mr. Kelum Edirisinghe (Director/ CEO of the Bank)

as my/our Proxy to represent me/us and to vote for me/us and on my/our behalf at the Twenty First (21) Annual General Meeting of the Bank to be held on Friday, the Twenty Seventh (27) day of March, 2026 and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our Proxy to vote on my/our behalf in accordance with the preferences indicated below:

	For	Against	Abstained
1. To re-appoint Mr. Sanjaya Mohottala, in terms of Article 44 (2) of the Articles of Association of the Bank.	☐	☐	☐
2. To re-appoint Mr. Shanil Fernando, in terms of Article 44 (2) of the Articles of Association of the Bank.	☐	☐	☐
3. To re-elect Ms. Kasturi Chellaraja as a Director, in terms of Article 42 of the Articles of Association of the Bank.	☐	☐	☐
4. To re-elect Mr. Sujeewa Mudalige as a Director, in terms of Article 42 of the Articles of Association of the Bank.	☐	☐	☐
5. To appoint Messrs. KPMG, Chartered Accountants, as Auditors of the Bank as set out in Section 154 of the Companies Act No. 7 of 2007 (as amended) and Section 39 of the Banking Act No. 30 of 1988 (as amended) and to authorise the Board of Directors to fix the fees and expenses of such Auditors.	☐	☐	☐
6. To determine the aggregate remuneration payable to Non-Executive Directors including the Chair, Board of Directors in terms of Article 58 of the Articles of Association of the Bank and to authorise the Board of Directors to approve other remuneration and benefits to the Directors (including the remuneration of the Executive Director/s) in terms of Section 216 of the Companies Act No. 7 of 2007 (as amended).	☐	☐	☐
7. To authorise the Board of Directors to determine donations for the financial year 2026 (in accordance with the provisions of the Companies Donations Act No. 26 of 1951) through which the corporate social activities of the Bank in 2026 will be carried out (similar to the activities carried out in 2025 as detailed in the Annual Report).	☐	☐	☐

As witness I/We have set my/our hand/s hereunto this day of
.....Two Thousand and Twenty Six (2026).

.....
Signature of the Shareholder/Shareholders

Instructions for Completion of Form of Proxy

1. In order to appoint a Proxy holder, kindly complete the Form of Proxy. The full name and the registered address of the Shareholder appointing the Proxy should be legibly entered in the Form of Proxy and should be signed and dated by the Shareholder. The duly completed Form of Proxy must be deposited at the Registered Office of the Bank, at No. 40, Nawam Mawatha, Colombo 2 or via email to the Company Secretary (companysecretary@ndbbank.com) not less than twenty four (24) hours before the time appointed for the meeting.

Shareholders should duly complete the Form of Proxy clearly setting out their preference of vote in the Form of Proxy.

Please indicate an "X" in the cage provided on how your Proxy should vote for each resolution. If no indication is given, or if there is, in the view of the Proxy holder, any doubt (by reason of the manner in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder in his/her discretion may vote as he/she thinks fit.

2. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney, if executed before 25 October 2022 should be registered at the Registrar General's Office (RGO) in terms of the Power of Attorney (Amendment) Act No. 3 of 2024 and if executed after 25 October 2022, should be duly executed and attested as per the Power of Attorney (Amendment) Act No. 28 of 2022 and registered at the RGO. A certified copy thereof duly certified by an Attorney-At-Law, should also accompany the completed Form of Proxy.
3. If you wish to appoint a person other than the Chair, Board of Directors or a Director of the Bank as your Proxy, please insert the relevant information in the Form of Proxy.
4. The Proxy holder appointed need not be a Shareholder of the Bank.
5. In case of a corporate member, the Proxy must be executed under its Common Seal (if applicable) or in such other manner prescribed by its Articles of Association or other constitutional documents.
6. The first joint holder shall have the power to sign the Form of Proxy without the concurrence of the other joint holder/s.

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