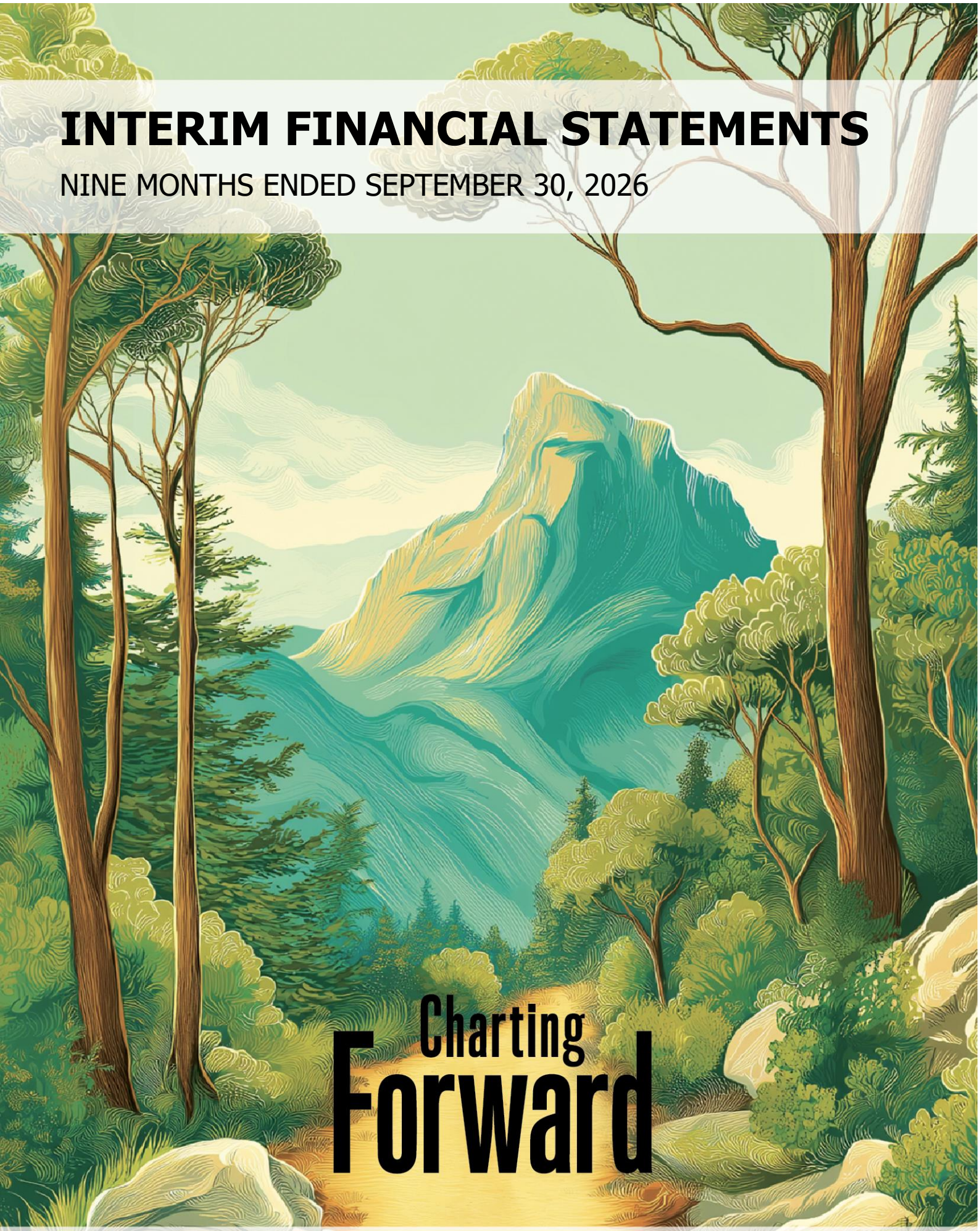
INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2026



National Development Bank PLC

CSE stock code: NDB.N0000 | Bloomberg: NDB SL | Reuters: NDB.CM

Released to Colombo Stock Exchange on: October 21, 2026

NDB bank
The future is banking on us

Classification: Public

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*The financial statements presented herewith are the unaudited financial statements for the nine months ended 30 September 2026 and are prepared in accordance with the Sri Lanka Financial Reporting Standards.

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

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

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

Final financial impact due to the fraud

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

Further details on the accounting treatment and recognition of the fraud-related impact are provided in Notes 3 and 10 to the financial statements.

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

The Bank reported an operating profit before taxes on financial services of LKR 15.1 billion for 9M 2026, after recognising the gross financial impact of the fraud attributable to the period amounting to LKR 2.6 billion, which related entirely to the quarter ended March 31, 2026. This

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compares with an operating profit before taxes on financial services of LKR 10.1 billion for 9M 2025, which has been restated to reflect the applicable fraud impact of LKR 4.5 billion recognised for that period.

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

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

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

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

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

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

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

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

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

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

Liquidity and solvency continue to remain above the regulatory requirements

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

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

Investor Key Performance Indicators (KPIs)

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

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

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

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

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

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

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

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

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

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STATEMENT OF PROFIT OR LOSS

	Bank					Group				
	Period ended 30/09/2026	Period ended 30/09/2025 Restated	Change	Quarter ended 30/09/2026 Restated	Quarter ended 30/09/2025 Restated	Period ended 30/09/2026	Period ended 30/09/2025 Restated	Change	Quarter ended 30/09/2026 Restated	Quarter ended 30/09/2025 Restated
	LKR '000	LKR '000	%	LKR '000	LKR '000	LKR '000	LKR '000	%	LKR '000	LKR '000
Gross income	**80,584,908**	72,848,382	11	**26,764,845**	25,132,294	**82,020,556**	75,020,557	9	**27,141,241**	26,010,881
Interest income	**69,920,451**	64,409,466	9	**24,059,682**	22,101,234	**70,137,884**	64,597,956	9	**24,123,676**	22,163,580
Interest expenses	**44,535,659**	38,460,075	16	**16,094,340**	13,097,543	**44,499,079**	38,451,187	16	**16,073,892**	13,094,550
Net interest income	**25,384,792**	25,949,391	(2)	**7,965,342**	9,003,691	**25,638,805**	26,146,769	(2)	**8,049,784**	9,069,030
Fee and commission income	**6,986,410**	5,863,157	19	**2,287,207**	2,171,468	**8,427,919**	7,557,654	12	**2,698,516**	2,806,050
Less: Fee and commission expenses	**402,966**	95,525	322	**156,305**	40,935	**402,966**	95,525	322	**156,305**	40,935
Net Fee and commission income	**6,583,444**	5,767,632	14	**2,130,902**	2,130,533	**8,024,953**	7,462,129	8	**2,542,211**	2,765,115
Net gain/(loss) from trading	**781,592**	808,896	(3)	**221,669**	230,141	**781,592**	808,896	(3)	**221,669**	230,141
Net gain/(loss) from financial assets at fair value through profit or loss	**1,057**	(42,586)	102	**13,643**	(33,805)	**(50,045)**	166,041	(130)	**(91,950)**	95,568
Net gains/(losses) from de-recognition of financial assets										
- at fair value through profit or loss	**133,229**	112,954	18	**103,444**	26,740	**186,569**	182,192	2	**108,130**	63,636
- at fair value through OCI	**776,869**	847,020	(8)	**118,809**	378,604	**776,869**	847,098	(8)	**118,809**	378,604
Other operating income	**1,985,300**	849,475	134	**(39,609)**	257,912	**1,759,768**	860,720	104	**(37,609)**	273,302
Total operating income	**35,646,283**	34,292,782	4	**10,514,200**	11,993,816	**37,118,511**	36,473,845	2	**10,911,044**	12,875,396
Less: Impairment charges/(reversals) on loans and other investments	**3,037,626**	5,886,295	(48)	**(417,794)**	1,406,429	**3,037,626**	5,886,295	(48)	**(417,794)**	1,406,429
Net operating income	**32,608,657**	28,406,487	15	**10,931,994**	10,587,387	**34,080,885**	30,587,550	11	**11,328,838**	11,468,967
Operating expenses										
Personnel expenses	**7,577,937**	7,410,068	2	**2,619,809**	2,530,272	**8,241,487**	8,058,364	2	**2,842,593**	2,771,863
Depreciation and amortization	**1,115,466**	850,509	31	**458,762**	305,050	**1,191,607**	899,418	32	**486,477**	321,470
Other expenses (Note 03)	**8,823,554**	10,085,624	(13)	**2,248,239**	2,073,042	**9,367,239**	10,595,034	(12)	**2,463,107**	2,236,716
Total operating expenses	**17,516,957**	18,346,201	(5)	**5,326,810**	4,908,364	**18,800,333**	19,552,816	(4)	**5,792,177**	5,330,049
Operating profit before tax on financial services	**15,091,700**	10,060,286	50	**5,605,184**	5,679,023	**15,280,552**	11,034,734	38	**5,536,661**	6,138,918
Less: Taxes on financial services	**3,661,712**	2,818,390	30	**1,313,426**	1,300,301	**3,661,712**	2,818,390	30	**1,313,426**	1,300,301
Profit before taxation	**11,429,988**	7,241,896	58	**4,291,758**	4,378,722	**11,618,840**	8,216,344	41	**4,223,235**	4,838,617
Less : Income tax expenses /(reversals)	**3,718,632**	2,148,807	73	1,406,213	1,212,388	**3,975,223**	2,492,133	60	**1,446,327**	1,326,325
Profit for the period	**7,711,356**	5,093,089	51	**2,885,545**	3,166,334	**7,643,617**	5,724,211	34	**2,776,908**	3,512,292
Profit attributable to:										
Equity holders of the parent	**7,711,356**	5,093,089	51	2,885,545	3,166,334	**7,603,087**	5,688,537	34	**2,766,942**	3,498,546
Non controlling interests	-	-	-	-	-	**40,530**	35,674	14	**9,966**	13,746
	7,711,356	5,093,089	51	**2,885,545**	3,166,334	**7,643,617**	5,724,211	34	**2,776,908**	3,512,292
Basic earnings per share (in LKR)	**17.84**	11.78		**6.68**	7.33	**17.59**	13.16		**6.40**	8.09
Diluted earnings per share (in LKR)	**17.84**	11.78		**6.68**	7.33	**17.59**	13.16		**6.40**	8.09

STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30/09/2026	Period ended 30/09/2025 Restated	Change	Quarter ended 30/09/2026 Restated	Quarter ended 30/09/2025 Restated	Period ended 30/09/2026	Period ended 30/09/2025 Restated	Change	Quarter ended 30/09/2026 Restated	Quarter ended 30/09/2025 Restated
	LKR '000	LKR '000	%	LKR '000	LKR '000	LKR '000	LKR '000	%	LKR '000	LKR '000
Profit for the period	**7,711,356**	5,093,089	51	**2,885,545**	3,166,334	**7,643,617**	5,724,211	34	**2,776,908**	3,512,292
Items that will be reclassified to statement of profit or loss										
Exchange differences on translation of foreign operations	-	-	-	-	-	**8,377**	3,626	131	**(2,221)**	2,196
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other comprehensive income	**(2,953,332)**	(896,400)	(229)	**2,146**	(1,028,652)	**(2,980,728)**	(888,894)	(235)	**(3,708)**	(1,038,928)
Changes in Impairment allowance for expected credit losses	**(75,600)**	135,138	(156)	**(91,293)**	4,373	**(75,600)**	135,138	100	**(91,293)**	4,373
Cash flow hedge reserve-SWAP	**96,818**	(378,381)	126	**(88,592)**	77,990	**96,818**	(378,381)	126	**(88,592)**	77,990
Less :Tax expense relating to items that will be reclassified to income statements	**879,635**	382,434	130	**53,322**	285,199	**879,636**	382,434	130	**53,322**	283,645
(A)	**(2,052,479)**	(757,209)	(171)	**(124,417)**	(661,090)	**(2,071,497)**	(746,077)	(178)	**(132,492)**	(670,724)
Items that will not be reclassified to statement of profit or loss										
Net Gains/(losses) on investments in equity instruments measured at fair value through other comprehensive income	**(42,144)**	585,893	(107)	-	569,914	**(42,144)**	585,893	(107)	-	569,914
(B)	**(42,144)**	585,893	(107)	-	569,914	**(42,144)**	585,893	(107)	-	569,914
									-	-
Total other comprehensive Income after Tax **(A + B)**	**(2,094,623)**	(171,316)	(1,123)	**(124,417)**	(91,176)	**(2,113,641)**	(160,184)	(285)	**(132,492)**	(100,810)
Total comprehensive income for the period	**5,616,733**	4,921,773	14	**2,761,128**	3,075,158	**5,529,976**	5,564,027	(1)	**2,644,417**	3,411,481
attributable to:										
Equity holders of the parent	**5,616,733**	4,921,773	14	**2,761,128**	3,075,158	**5,488,781**	5,525,204	(1)	**2,634,399**	3,396,135
Non controlling interests	-	-	-	-	-	**41,195**	38,823	6	**10,018**	15,346
	5,616,733	4,921,773	14	**2,761,128**	3,075,158	**5,529,976**	5,564,027	(1)	**2,644,417**	3,411,481

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK				GROUP			
	As at 30/09/2026 LKR '000	As at 31/12/2025 (Restated) LKR '000	As at 01/01/2025 (Restated) LKR '000	YoY Change * %	As at 30/09/2026 LKR '000	As at 31/12/2025 (Restated) LKR '000	As at 01/01/2025 (Restated) LKR '000	YoY Change * %
Assets								
Cash and cash equivalents	**20,026,456**	17,566,305	18,037,627	14	**20,363,925**	18,020,298	18,682,376	13
Balances with the Central Bank of Sri Lanka	**10,811,095**	8,225,602	8,053,358	31	**10,811,095**	8,225,602	8,053,358	31
Placements with banks	**13,526,268**	24,692,505	22,098,832	(45)	**13,526,268**	24,692,505	22,098,832	(45)
Derivative financial instruments	**1,500,905**	1,475,777	1,146,236	2	**1,500,905**	1,475,777	1,146,236	2
Financial assets recognized through profit or loss measured at fair value	**7,599,973**	253,152	6,776,131	2,902	**10,391,044**	3,414,968	9,905,171	204
Financial assets at amortised cost -loans and receivables to other customers	**599,734,975**	593,603,756	460,707,258	1	**599,878,730**	593,705,105	460,780,610	1
Financial assets at amortised cost - debt and other instruments	**207,502,086**	181,340,088	166,190,761	14	**208,024,629**	181,822,394	166,355,792	14
Financial assets measured at fair value through other comprehensive income	**88,879,980**	78,648,323	94,245,415	13	**89,433,137**	79,110,967	94,659,106	13
Investments in subsidiary companies	**1,031,037**	1,031,037	1,031,037	-	**-**	-	-	-
Investment property	**-**	-	-	-	**3,346,703**	3,346,703	3,107,671	-
Intangible assets	**2,333,196**	1,628,982	1,766,615	43	**2,390,721**	1,682,400	1,814,985	42
Property, plant & equipment	**6,276,518**	4,213,378	3,147,459	49	**7,231,291**	5,162,749	4,070,740	40
Right of use assets	**1,544,299**	1,448,611	1,260,740	7	**1,553,927**	1,486,814	1,337,042	5
Current tax assets	**706,360**	-	-	100	**734,190**	32,391	33,727	2,167
Deferred tax Assets	**6,509,732**	5,421,860	4,158,040	20	**6,544,298**	5,489,018	4,216,721	19
Other assets	**7,374,009**	6,587,975	5,604,178	12	**8,159,280**	7,301,841	6,055,189	12
Total assets	**975,356,889**	926,137,351	794,223,687	5	**983,890,143**	934,969,532	802,317,556	5
Liabilities								
Due to banks	**28,636,789**	12,447,544	4,841,342	130	**28,636,789**	12,447,544	4,841,342	130
Derivative financial instruments	**1,573,497**	251,448	344,586	526	**1,573,497**	251,448	344,586	526
Financial liabilities at amortised cost -due to depositors	**717,467,904**	707,167,366	631,682,926	1	**716,849,452**	706,437,565	631,081,461	1
Financial liabilities at amortised cost								
- due to debt securities holders	**71,861,129**	69,834,390	8,002,850	3	**71,861,129**	69,834,390	8,002,850	3
- due to other borrowers	**16,931,988**	19,792,565	22,023,798	(14)	**16,931,988**	19,792,565	22,023,798	(14)
Debt securities issued	**41,169,556**	23,330,603	33,564,708	76	**41,169,556**	23,330,603	33,564,708	76
Retirement benefit obligations	**1,701,786**	1,585,637	1,413,872	7	**1,866,073**	1,741,645	1,556,937	7
Current tax liabilities	**-**	850,661	4,843,097	(100)	**290,718**	1,232,726	5,112,209	(76)
Deferred tax liabilities	**-**	-	-	-	**976,838**	1,021,505	976,244	(4)
Other liabilities	**10,396,275**	10,770,709	10,654,812	(3)	**10,727,204**	11,305,108	11,424,257	(5)
Dividends payable	**2,861,366**	124,099	81,988	2,206	**2,861,365**	124,099	81,988	2,206
	892,600,290	846,155,022	717,453,979	5	**893,744,609**	847,519,198	719,010,380	5
Equity								
Stated capital	**23,808,398**	23,042,558	21,756,865	3	**23,808,398**	23,042,558	21,756,865	3
Statutory reserve fund	**4,073,979**	4,073,979	3,521,479	-	**4,073,979**	4,073,979	3,521,479	-
Retained earnings	**48,639,886**	44,296,095	42,606,808	10	**54,139,395**	49,896,156	47,381,236	9
Other reserves	**6,234,336**	8,569,697	8,884,556	(27)	**6,568,449**	8,922,907	9,188,008	(26)
Total shareholders' equity	**82,756,599**	79,982,329	76,769,708	3	**88,590,221**	85,935,600	81,847,588	3
Non controlling interests	**-**	-	-	-	**1,555,313**	1,514,734	1,459,588	3
Total equity	**82,756,599**	79,982,329	76,769,708	3	**90,145,534**	87,450,334	83,307,176	3
Total liabilities and equity	**975,356,889**	926,137,351	794,223,687	5	**983,890,143**	934,969,532	802,317,556	5
Net book value per share (LKR)	**191.48**	187.36	184.76	2	**204.98**	201.31	196.98	2
Contingent liabilities and commitments	**447,520,555**	402,998,561	288,292,666	11	**448,263,610**	403,667,032	288,367,118	11

** YoY change indicates the percentage change from 31.12.2025 to 30.09.2026.*

Certification:

We hereby certify that the above financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
Azzam A. Ahamat
Vice President, Finance

We, the undersigned, being the Chairman and the Chief Executive Officer of National Development Bank PLC certify jointly that:

(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group.

(Sgd.)
Sriyan Cooray
Chairman

(Sgd.)
Kelum Edirisinghe
Director/ Chief Executive Officer

October 21, 2026

Classification: Public

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September (Restated)	Stated Capital	Statutory reserve fund	Other Reserves					Retained earnings	Total	Non controlling interests	Total equity
			Revaluation reserve	Share based payment reserves	Fair value reserve	Cash flow hedge reserve	Special reserve ISB				
BANK	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2025	**21,756,865**	**3,521,479**	**1,537,818**	**148,428**	**2,891,806**	**292,075**	**4,014,429**	**43,501,855**	**77,664,755**	**-**	**77,664,755**
Impact of restatement (net of tax)	-	-	-	-	-	-	-	(895,048)	(895,048)		(895,048)
Restated Balance as at 01 January 2025	**21,756,865**	**3,521,479**	**1,537,818**	**148,428**	**2,891,806**	**292,075**	**4,014,429**	**42,606,807**	**76,769,707**	**-**	**76,769,707**
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	5,093,089	5,093,089	-	5,093,089
Other comprehensive income before tax	-	-	-	-	(310,507)	(378,381)	-	135,138	(553,750)	-	(553,750)
Tax on other comprehensive income	-	-	-	-	268,920	113,514	-	-	382,434	-	382,434
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(41,587)**	**(264,867)**	**-**	**5,228,227**	**4,921,773**	**-**	**4,921,773**
Transactions with equity holders											
Issue of shares	224,151	-	-	(67,334)	-	-	-	-	156,817	-	156,817
Transfer to the special reserve on SLISBs step up bonds	-	-	-	-	-	-	137,870	(137,870)	-	-	-
Adjustment to share based payment reserve	-	-	-	(81,094)	-	-	-	-	(81,094)	-	(81,094)
Final dividends for period 2024 - Cash	-	-	-	-	-	-	-	(2,081,455)	(2,081,455)	-	(2,081,455)
Final dividends for period 2024 - Scrip	1,061,542	-	-	-	-	-	-	(1,248,873)	(187,331)	-	(187,331)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	13,607	13,607	-	13,607
Balance as at 30 September 2025	**23,042,558**	**3,521,479**	**1,537,818**	**-**	**2,850,219**	**27,208**	**4,152,299**	**44,380,443**	**79,512,024**	**-**	**79,512,024**
Balance as at 01 January 2026	**23,042,558**	**4,073,979**	**1,759,370**	**-**	**2,561,382**	**8,992**	**4,239,953**	**50,334,623**	**86,020,857**	**-**	**86,020,857**
Impact of restatement (net of tax)	-	-	-	-	-	-	-	(6,038,528)	(6,038,528)	-	(6,038,528)
Restated Balance as at 01 January 2026	23,042,558	4,073,979	1,759,370	-	2,561,382	8,992	4,239,953	44,296,095	79,982,329	-	79,982,329
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	7,711,356	7,711,356	-	7,711,356
Other Comprehensive Income before Tax	-	-	-	-	(2,995,476)	96,818	-	(75,600)	(2,974,258)	-	(2,974,258)
Tax on Other Comprehensive Income	-	-	-	-	886,000	(29,045)	-	22,680	879,635	-	879,635
Total comprehensive income for the period	-	-	-	-	(2,109,476)	67,773	-	7,658,436	5,616,733	-	5,616,733
Transactions with equity holders											
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	305,201	(305,201)	-	-	-
Transfer from Fair value Reserves	-	-	-	-	(598,860)	-	-	598,860	-	-	-
Final Dividends for period 2025 - Cash	-	-	-	-	-	-	-	(2,757,706)	(2,757,706)	-	(2,757,706)
Final Dividends for period 2025 - Scrip	765,840	-	-	-	-	-	-	(870,854)	(105,014)	-	(105,014)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	20,253	20,253	-	20,253
Balance as at 30 September 2026	**23,808,398**	**4,073,979**	**1,759,370**	**-**	**(146,954)**	**76,765**	**4,545,154**	**48,639,883**	**82,756,595**	**-**	**82,756,599**

Classification: Public

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September (Restated)	Stated Capital	Statutory Reserve Fund	Other Reserves					Retained Earnings	Total	Non Controlling Interests	Total Equity
			Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Special reserve ISB				
GROUP	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01 January 2025	**21,756,865**	**3,521,479**	**1,815,166**	**148,428**	**2,917,910**	**292,075**	**4,014,429**	**48,276,284**	**82,742,636**	**1,459,588**	**84,202,224**
Impact of restatement (net of tax)	-	-	-		-	-	-	(895,048)	(895,048)	-	(895,048)
Restated Balance as at 01 January 2025	21,756,865	3,521,479	1,815,166	148,428	2,917,910	292,075	4,014,429	47,381,236	81,847,588	1,459,588	83,307,176
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	5,688,537	5,688,537	35,674	5,724,211
Other Comprehensive Income before Tax	-	-	-	-	(304,557)	(378,381)	-	135,615	(545,767)	3,149	(542,618)
Tax on Other Comprehensive Income	-	-	-	-	268,920	113,514	-	-	382,434	-	382,434
Total Comprehensive Income for the period	-	-	-	-	(35,637)	(264,867)	-	5,824,152	5,525,204	38,823	5,564,027
Transactions with equity holders											
Issue of Shares	224,151	-	-	(67,334)	-	-	-	-	156,817	-	156,817
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	137,870	(137,870)	-	-	-
Adjustment to share based payment reserves	-	-	-	(70,812)	-	-	-	-	(70,812)	11	(70,800)
Final Dividends for period 2024 : Cash	-	-	-	-	-	-	-	(2,081,455)	(2,081,455)	-	(2,081,455)
Final Dividends for period 2024 : Scrip	1,061,542	-	-	-	-	-	-	(1,248,873)	(187,331)	-	(187,331)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(32,218)	(32,218)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	13,607	13,607	-	13,607
Balance as at 30 September 2025	23,042,558	3,521,479	1,815,166	10,282	2,882,273	27,208	4,014,429	49,750,797	85,203,618	1,466,204	86,669,822
Balance as at 01 January 2026	**23,042,558**	**4,073,979**	**2,070,682**	**10,283**	**2,592,997**	**8,992**	**4,239,953**	**55,934,684**	**91,974,128**	**1,514,734**	**93,488,862**
Impact of restatement (net of tax)	-	-	-	-	-	-	-	(6,038,528)	(6,038,528)	-	(6,038,528)
Restated Balance as at 01 January 2026	**23,042,558**	**4,073,979**	**2,070,682**	**10,283**	**2,592,997**	**8,992**	**4,239,953**	**49,896,156**	**85,935,600**	**1,514,734**	**87,450,334**
Total Comprehensive Income for the period											
Profit for the period	-	-	-	-	-	-	-	7,603,087	7,603,087	40,530	7,643,617
Other Comprehensive Income before Tax	-	-	-	-	(3,022,872)	96,818	-	(67,888)	(2,993,942)	665	(2,993,277)
Tax on Other Comprehensive Income	-	-	-	-	886,001	(29,045)	-	22,680	879,636	-	879,636
Total Comprehensive Income for the period	-	-	-	-	(2,136,871)	67,773	-	7,557,879	5,488,781	41,195	5,529,976
Transactions with equity holders											
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	305,201	(305,201)	-	-	-
Transfer from Fair value Reserves	-	-	-		(598,860)	-	-	598,860	-		-
Adjustment to share based payment reserves	-	-	-	8,298	-	-	-	-	8,298	9	8,307
Final Dividends for period 2025 - Cash	-	-	-	-	-	-	-	(2,757,706)	(2,757,706)	-	(2,757,706)
Final Dividends for period 2025 - Scrip	765,840	-	-	-	-	-	-	(870,854)	(105,014)	-	(105,014)
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	(625)	(625)
Reversal of dividends declared in prior periods	-	-	-	-	-	-	-	20,253	20,253	-	20,253
Balance as at 30 September 2026	**23,808,398**	**4,073,979**	**2,070,682**	**18,581**	**(142,734)**	**76,765**	**4,545,154**	**54,139,395**	**88,590,221**	**1,555,313**	**90,145,534**

Classification: Public

STATEMENT OF CASH FLOW

For the period ended 30 September	BANK		GROUP	
	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from operating activities				
Interest received	**71,237,895**	66,364,913	**71,319,886**	66,500,814
Fee based income received	**6,583,445**	5,767,633	**8,310,790**	7,432,549
Dividend income received	**358,571**	158,819	**93,067**	151,558
Other Operating income received	**3,318,281**	2,456,954	**3,423,957**	2,522,467
Interest paid	**(41,728,329)**	(38,301,099)	**(41,691,750)**	(38,292,357)
Personnel costs paid	**(7,325,419)**	(7,169,575)	**(7,882,591)**	(7,726,478)
Other expenses paid	**(7,023,464)**	(6,236,572)	**(7,827,979)**	(6,890,073)
Operating profit before changes in operating assets and liabilities	**25,420,979**	23,041,073	**25,745,380**	23,698,480
(Increase)/decrease in operating assets				
Deposits held for regulatory or monitory control purposes	**(2,585,493)**	(897,713)	**(2,585,493)**	(897,713)
Financial Assets at amortised cost -loans and receivables to other customers	**(11,531,410)**	(131,856,445)	**(11,538,487)**	(131,856,445)
Net (increase)/decrease in operating assets	**(3,318,516)**	(3,154,994)	**(3,236,189)**	(3,277,768)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	**9,414,382**	72,809,625	**9,525,730**	73,056,417
Financial liabilities at amortised cost - due to debt securities holders	**2,026,738**	38,112,846	**2,026,738**	38,112,846
Financial liabilities at amortised cost - due to other borrowers	**14,589,108**	2,964,788	**14,589,108**	2,964,788
Repayment of principal portion of lease liabilities	**(467,654)**	(402,234)	**(500,006)**	(579,943)
Net increase/(decrease) in other liabilities	**740,561**	(1,533,948)	**291,409**	(1,570,574)
Net cash generated/(used in) from operating activities before taxation	**34,288,694**	(917,002)	**34,318,190**	(349,912)
Tax on Financial Services paid	**(3,958,172)**	(1,124,674)	**(3,958,172)**	(1,124,674)
Income taxes paid	**(5,483,890)**	(6,832,033)	**(5,737,889)**	(7,090,292)
Net cash generated/(used in) from operating activities	**24,846,632**	(8,873,709)	**24,622,129**	(8,564,878)
Cash flows from investing activities				
Net changes in financial investments	**(44,674,713)**	19,834,996	**(44,492,508)**	19,842,822
Purchase of Intangible assets	**(928,891)**	-	**(958,966)**	(24,717)
Purchase of property, plant & equipment	**(2,591,565)**	(861,880)	**(2,635,422)**	(964,002)
Proceeds from sale of property, plant & equipment	**587**	3,837	**587**	3,863
Net cash generated /(used in) from investing activities	**(48,194,582)**	18,976,953	**(48,086,309)**	18,857,966
Cash flows from financing activities				
Proceeds from issue of ordinary of shares	**-**	163,028	**-**	163,028
Repayment of debts securities issued	**-**	(6,500,000)	**-**	(6,500,000)
Proceeds from debt securities issued	**16,000,000**	-	**16,000,000**	-
Interest paid on debts securities issued	**(1,342,844)**	(1,959,608)	**(1,342,844)**	(1,959,608)
Dividends paid to non-controlling interests	**-**	-	**(294)**	(32,218)
Dividends paid to shareholders of the Bank	**-**	(1,745,764)	**-**	(1,745,764)
Net cash provided by /(used in) financing activities	**14,657,156**	(10,042,344)	**14,656,862**	(10,074,562)
Net increase in cash and cash equivalents	**(8,690,794)**	60,900	**(8,807,318)**	218,526
Cash and cash equivalents at the beginning of the period	**42,258,810**	40,136,459	**42,712,803**	40,781,208
Cash and cash equivalents at the end of the period	**33,568,016**	40,197,359	**33,905,485**	40,999,734
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	**20,026,456**	15,680,126	**20,363,925**	16,482,501
Placements with banks	**13,526,268**	24,478,839	**13,526,268**	24,478,839
Cash and cash equivalents at the end of the period (Net)	**33,552,724**	40,158,965	**33,890,193**	40,961,340
Add: Impairment allowance	**15,292**	38,394	**15,292**	38,394
Cash and cash equivalents at the end of the period (Gross)	**33,568,016**	40,197,359	**33,905,485**	40,999,734

Classification: Public

SEGMENTAL ANALYSIS- GROUP

For the period ended 30 September	Banking		Capital Markets		Property Investment		Others		Consolidated	
	2026	2025 Restated	2026	2025 Restated	2026	2025 Restated	2026	2025 Restated	2026	2025 Restated
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revenue										
Interest Income	69,920,451	64,409,466	186,583	179,602	8,559	-	-	-	70,115,593	64,589,068
Fee and commission income	6,986,410	5,863,157	1,156,515	1,411,397	166,235	152,202	44,669	40,794	8,353,828	7,467,550
Net gain/(loss) from trading	781,592	808,896	-	-	-	-	-	-	781,592	808,896
Net gain/(loss) from financial assets at fair value through profit or loss	1,057	(42,586)	(51,102)	208,627	-	-	-	-	(50,045)	166,041
Net gains/(losses) from derecognition of financial assets - Fair Value through Profit or Loss	133,229	112,954	53,340	69,238	-	-	-	-	186,569	182,192
Net gains/(losses) from derecognition of financial assets - Fair Value Through Other Comprehensive Income	776,869	847,020	-	78	-	-	-	-	776,869	847,098
Other Operating Income	1,718,079	849,475	41,689	11,245	-	-	-	-	1,759,768	860,720
Total revenue from external customers	80,317,687	72,848,382	1,387,024	1,880,187	174,794	152,202	44,669	40,794	81,924,174	74,921,566
Inter-segment Revenue	-	-	31,956	38,181	64,426	60,810	-	-	96,382	98,991
Total Revenue	80,317,687	72,848,382	1,418,980	1,918,369	239,221	213,012	44,669	40,794	82,020,556	75,020,557
Impairment (charge) /reversal for Loans & other losses	(3,037,626)	(5,886,295)	-	-	-	-	-	-	(3,037,626)	(5,886,295)
Segment expenses	(62,419,002)	(56,879,606)	(1,205,214)	(1,160,567)	(37,952)	(28,519)	(40,210)	(30,834)	(63,702,378)	(58,099,526)
Total segment expenses	(65,456,628)	(62,765,901)	(1,205,214)	(1,160,567)	(37,952)	(28,519)	(40,210)	(30,834)	(66,740,004)	(63,985,821)
Inter-segment expenses			-	-					-	-
Segment results	14,861,059	10,082,481	213,766	757,802	201,269	184,493	4,458	9,960	15,280,552	11,034,736
Income tax expenses	-	-	-	-	-	-	-	-	3,975,223	2,492,133
Taxes on financial services	-	-	-	-	-	-	-	-	3,661,712	2,818,390
Profit After Taxation									7,643,617	5,724,213
Other information										
Segment assets	975,338,349	900,383,770	4,349,180	4,653,390	4,124,951	4,034,437	77,663	65,157	983,890,143	909,136,754
Consolidated total assets									983,890,143	909,136,754
Segment liabilities	891,973,339	820,548,718	702,888	927,211	1,024,279	965,341	44,102	25,660	893,744,609	822,466,930
Consolidated total liabilities									893,744,609	822,466,930
Segmental Cash flows										
Cash flows from operating activities	24,846,632	(8,873,709)	(303,469)	278,050	113,631	31,597	(34,666)	(816)	24,622,129	(8,564,878)
Cash flows from investing activities	(48,194,582)	18,976,953	104,481	(147,885)	3,792	28,898	-	-	(48,086,309)	18,857,966
Cash flows from financing activities	14,657,156	(10,042,344)	(294)	45,630	-	(77,848)	-	-	14,656,862	(10,074,562)

Classification: Public

Notes to the Financial Statements

1 The figures are extracted from the unaudited financial statements of the Bank and the Group.

The financial statements of the Bank and the Group have been prepared based on the accounting policies and methods which is in line with the requirements of Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Institute of Chartered Accountants of Sri Lanka.

There are no changes to the accounting policies and methods of computation since the publication of the last Annual Report.

2 These Financial Statements also comply with Sri Lanka Accounting Standard (LKAS) 34 - "Interim Financial Reporting" and provided the information as required in terms of Rule 7.4 of the Colombo Stock Exchange and Circular No 05 of 2024 of Central Bank of Sri Lanka.

3 **Restatement of Financial Statements Due to the Fraud**

Further to the corporate disclosures released to the Colombo Stock Exchange (CSE) on 2 April 2026, 6 April 2026, 23 April 2026, 26 June 2026 and 29 September 2026, the Bank wishes to provide further information relating to the fraud.

Immediately following the detection of the fraud, the Bank acted promptly to review the relevant controls and strengthened such controls to mitigate the risk of recurrence.

The Bank continues to work closely with the relevant regulatory and law enforcement authorities, including the Central Bank of Sri Lanka, and continues to extend its fullest cooperation in connection with the ongoing investigations, statutory processes and efforts to recover the affected sums.

As previously disclosed to the CSE on 23 April 2026, the Board of Directors commissioned Deloitte Touche Tohmatsu India LLP ("Deloitte") to conduct an independent forensic review into the facts and circumstances relating to the fraud, including any deficiencies in controls, oversight, accountability and governance. As disclosed to the CSE on 26 June 2026, the Bank subsequently received the interim forensic report, the observations of which were preliminary and indicative in nature.

As further disclosed to the CSE on 29 September 2026, the Bank subsequently received the final forensic report. The said final report confirmed the fraud amount at LKR 13,639,664,684/- compared with LKR 13,579,664,684/- announced in the Corporate Disclosure of 26 June 2026 following the interim report. The incremental amount has been recognized in accordance with the applicable Accounting Standards.

Accordingly, the Bank's financial statements for the period ended 30 September 2026 reflect the final fraud amount of LKR 13,639,664,684/- with comparative information relating to prior reporting periods revised and restated, where applicable, to reflect the updated assessment. The final financial impact has been allocated between the current financial year and prior reporting periods as follows:

	As per the Bank's initial internal estimate as announced via Corporate Disclosure of 6 April 2026 and as recognized in the Bank's three months ended 31 March 2026 interim financial statements	As per Interim forensic report as announced via Corporate Disclosure of 26 June 2026 as recognized in the Bank's six months ended 30 June 2026 interim financial statements	As per final forensic report as announced via Corporate Disclosure of 29 September 2026 as recognized in the Bank's nine months ended 30 September 2026 interim financial statements.
	LKR '000	LKR '000	LKR '000
Period prior to January 1, 2025	914,505	1,417,665	1,462,665
Financial year ended December 31, 2025	9,617,000	9,617,000	9,617,000
Quarter ended March 31, 2026	2,668,495	2,545,000	2,560,000
Total	13,200,000	13,579,665	13,639,665

The fraud has been fully accounted for in the financial statements for prudence and compliance with accounting standards. The Bank is pursuing all appropriate legal measures against those responsible for the fraud, including those persons who had aided and abetted in the commission of the offence. Any funds recovered through legal proceedings will be recognized in future financial statements as per the accounting standards.

Accordingly, the results reported in the Statement of Profit or Loss for the comparative nine months ended 30 September 2025 and the Statement of Financial Position as at the 1 January 2025 and the 31 December 2025 have been restated. Further details are given in Note 10 hereto.

The gross impact of the fraud has been recognized under other expenses within operating expenses. For better comparability and to illustrate the underlying business performance, the table below sets out the profit of the Bank including and excluding the impact of the fraud:

	Bank		Group	
For the period ended 30 September	**2026**	**2025**	**2026**	**2025**
	LKR 000	**LKR 000**	**LKR 000**	**LKR 000**
Profit Before Tax from core banking operations	17,651,700	14,537,286	17,840,552	15,511,734
Gross impact due to the fraud	(2,560,000)	(4,477,000)	(2,560,000)	(4,477,000)
Profit Before Tax	**15,091,700**	**10,060,286**	**15,280,552**	**11,034,734**
Profit After Tax from core banking operations	9,093,973	7,507,735	9,026,234	8,138,857
Net impact due to the fraud	(1,382,617)	(2,414,647)	(1,382,617)	(2,414,647)
Profit After Tax	**7,711,356**	**5,093,089**	**7,643,617**	**5,724,211**

	Bank		Group	
For the year ended 31 December	**2025**	**2024**	**2025**	**2024**
	LKR 000	**LKR 000**	**LKR 000**	**LKR 000**
Profit Before Tax from core banking operations	21,382,614	24,342,991	22,768,952	25,691,429
Gross impact due to the fraud	(9,565,000)	(1,462,665)	(9,565,000)	(1,462,665)
Profit Before Tax	**11,817,614**	**22,880,326**	**13,203,952**	**24,228,764**
Profit After Tax from core banking operations	11,039,840	9,030,221	11,950,993	9,892,335
Net impact due to the fraud	(5,143,480)	(895,046)	(5,143,480)	(895,046)
Profit After Tax	**5,896,360**	**8,135,175**	**6,807,513**	**8,997,289**

Classification: Public

Notes to the Financial Statements

4 **Expected Credit Losses**

The Bank assessed the Expected Credit Losses (ECL) of credit facilities based on two approaches of individual and collective basis. The customers who have been identified as individually significant were assessed under individual basis and they were staged based on the identified indicators of increase in credit risks.
The Expected Credit Losses assessed on collective impairment approach were based on Probability of Default (PD), Loss Given Default (LGD) and the Economic Factor Adjustment (EFA) by applying the recent forecasts and projections. Further, the Bank has accounted for management overlays to mitigate any expected losses by downgrading the staging of facilities included in the identified risk elevated industries where necessary to capture significant increases in credit risk due to stressed economic conditions.

5 From total debt investment portfolio ,the Bank has reclassified the Debt portfolio amounting to LKR 37.7 Bn, consisting of Sri Lanka Government Treasury Bonds of LKR 32.6 Bn and Sri Lanka USD Sovereign Bonds of USD 14 Mn held as "Fair Value through Other Comprehensive Income" to "Amortised cost" with effect from 01 April 2022. This reclassification is a one-time event in accordance with the Statement of Alternative Treatment (SoAT) on reclassification of debt portfolio issued by the Institute of Chartered Accountants of Sri Lanka and in line with the requirements of the SLFR 9-Financial Instruments paragraph 5.6.5. Sri Lanka USD Sovereign Bonds has been restructured in December 2024.
If these investments continued to be carried at fair value through other comprehensive income, the fair value of the remaining portfolio as at 30 September 2026 would have amounted to LKR 2.4 Bn and would have resulted in the recognition of fair value loss of LKR 12 Mn in other comprehensive income during the period.

Following the improvement in Sri Lanka's sovereign credit rating, the probability of default (PD) applied in the expected credit loss (ECL) assessment of the Bank's investment in Sri Lanka International Sovereign (PDI) bonds issued under the sovereign debt restructuring process was recalibrated and adjusted accordingly. The resulting impact was recognized in the financial statements in accordance with SLFRS 9 – Financial Instruments.

6 **Dividends**

On 18 March 2026, the Board of Directors of National Development Bank PLC approved a final dividend of LKR 8.50 per ordinary share for the financial year ended 31 December 2025, comprising a cash dividend of LKR 6.46 per share and a scrip dividend of LKR 2.04 per share. Subsequent to the approval of the dividend and prior to the settlement of the cash component, the Central Bank of Sri Lanka (CBSL), through a regulatory directive issued in relation to a reported fraud incident in the Bank, instructed to suspend the payment of cash dividends to shareholders. Accordingly, the cash dividend has not been paid and has been recognised as a dividend payable , whilst the scrip dividend has been duly effected through the issuance of new ordinary shares. Accordingly, 5.3 Mn Ordinary Voting Shares were issued and listed on 10 April 2026 on the Colombo Stock Exchange.

With respect to the suspended cash dividend, the Board of Directors of the Bank continues to engage closely with its regulators to evaluate possible solutions aimed at achieving a fair and meaningful resolution for its shareholders.

7 **Basel III compliant Tier 2 GSS+ Bonds**

Subsequent to all due approvals from the regulators, the Bank completed the issuance of 160 Mn Basel III Compliant – Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable GSS+ Bonds with a Non-Viability Conversion feature, at a par value of LKR 100 each, and raised LKR 16 Bn by way of an Initial Public Offering which was open in the Colombo Stock Exchange on March 10, 2026. The issuance was oversubscribed on the same day. These GSS+ Bonds were allotted on March 16, 2026.

8 **Disposal of Equity Investment in Seylan Bank PLC**

During the period ended 30th September 2026, the Bank disposed its investment in Seylan Bank PLC comprising 26,631,495 ordinary shares, at a price of LKR 104 per share and the disposal results recognized in Other Comprehensive Income in accordance with the relevant Sri Lankan Accounting Standards.
The disposal was completed on 11th May 2026, and the proceeds were received in accordance with the agreed terms of the transaction. Following the disposal, the Bank no longer holds any shares in the investee company. The transaction has been reflected in the Banks financial statements for the quarter ended 30th September 2026.

9 There were no other events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank and the Group.

Classification: Public

Notes to the Financial Statements

10 Cumulative Impact of Adjustments due to restatements

10.1 Statement of Financial Position - Cumulative impact of adjustments as at 01 January 2025

	Bank			Group		
	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000
Assets not subject to adjustment	788,619,509	-	788,619,509	796,262,367	-	796,262,367
Other assets	7,066,842	(1,462,664)	5,604,178	7,517,853	(1,462,664)	6,055,189
Total Asset	**795,686,351**	(1,462,664)	**794,223,687**	**803,780,220**	(1,462,664)	**802,317,556**
Liabilities not subject to adjustments	701,956,070	-	701,956,070	702,473,914	-	702,473,914
Current tax liabilities	5,204,643	(361,546)	4,843,097	5,473,755	(361,546)	5,112,209
Other liabilities	10,860,883	(206,070)	10,654,812	11,630,328	(206,070)	11,424,257
Total Liabilities	718,021,596	(567,616)	717,453,979	719,577,997	(567,616)	719,010,380
Equity						
Stated capital	21,756,865	-	21,756,865	21,756,865	-	21,756,865
Statutory reserve fund	3,521,479	-	3,521,479	3,521,479	-	3,521,479
Retained earnings	43,501,856	(895,048)	42,606,808	48,276,283	(895,048)	47,381,236
Other reserves	8,884,556	-	8,884,556	9,188,008	-	9,188,008
Total shareholders' equity	77,664,756	(895,048)	76,769,708	82,742,635	(895,048)	81,847,588
Non controlling interests	-			1,459,588	-	1,459,588
Total equity	77,664,756	(895,048)	76,769,708	84,202,223	(895,048)	83,307,176
Total liabilities and equity	**795,686,352**	(1,462,664)	**794,223,687**	**803,780,220**	(1,462,664)	**802,317,556**

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

	Bank			Group		
	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000
Assets not subject to adjustment	919,549,376	-	919,549,376	927,667,691	-	927,667,691
Other assets	16,259,404	(9,671,429)	6,587,975	16,973,270	(9,671,429)	7,301,841
Total Asset	935,808,780	(9,671,429)	926,137,351	944,640,961	(9,671,429)	934,969,532
Liabilities not subject to adjustments	834,533,652	-	834,533,652	834,981,364	-	834,981,364
Current tax liabilities	4,038,962	(3,188,301)	850,661	4,421,027	(3,188,301)	1,232,726
Other liabilities	11,215,309	(444,600)	10,770,709	11,749,708	(444,600)	11,305,108
Total Liabilities	849,787,923	(3,632,901)	846,155,022	851,152,099	(3,632,901)	847,519,198
Equity						
Stated capital	23,042,558	-	23,042,558	23,042,558	-	23,042,558
Statutory reserve fund	4,073,979	-	4,073,979	4,073,979	-	4,073,979
Retained earnings	50,334,623	(6,038,528)	44,296,095	55,934,684	(6,038,528)	49,896,156
Other reserves	8,569,697	-	8,569,697	8,922,907	-	8,922,907
Total shareholders' equity	86,020,857	(6,038,528)	79,982,329	91,974,128	(6,038,528)	85,935,600
Non controlling interests	-			1,514,734	-	1,514,734
Total equity	86,020,857	(6,038,528)	79,982,329	93,488,862	(6,038,528)	87,450,334
Total liabilities and equity	935,808,780	(9,671,429)	926,137,351	944,640,961	(9,671,429)	934,969,532

Classification: Public

Notes to the Financial Statements

10.3 Statement of Profit or Loss - Cumulative impact of adjustments for the period ended 30 September 2025

	Bank			Group		
	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000	As previously reported LKR '000	Adjustments LKR '000	Restated Balance LKR '000
Gross income	72,848,382	-	72,848,382	75,020,557	-	75,020,557
		-	-		-	-
Interest income	64,409,466	-	64,409,466	64,597,956	-	64,597,956
Interest expenses	38,460,075	-	38,460,075	38,451,187	-	38,451,187
Net interest income	25,949,391	-	25,949,391	26,146,769	-	26,146,769
		-				
Fee and commission income	5,863,157	-	5,863,157	7,557,654	-	7,557,654
Less: Fee and commission expenses	95,525	-	95,525	95,525	-	95,525
Net Fee and commission income	5,767,632	-	5,767,632	7,462,129	-	7,462,129
Net gain/(loss) from trading	808,896	-	808,896	808,896	-	808,896
Net gain/(loss) from financial assets at fair value through profit or loss	(42,586)	-	(42,586)	166,041	-	166,041
Net gains/(losses) from de-recognition of financial assets						
- at fair value through profit or loss	112,954	-	112,954	182,192	-	182,192
- at fair value through OCI	847,020	-	847,020	847,098	-	847,098
Other operating income	849,475	-	849,475	860,720	-	860,720
Total operating income	34,292,782	-	34,292,782	36,473,845	-	36,473,845
Less: Impact of the debt restructuring	-	-	-	-	-	-
Less :Impairment charges/(reversals) on loans and other investments	5,886,295	-	5,886,295	5,886,295	-	5,886,295
Net operating income	28,406,487	-	28,406,487	30,587,550	-	30,587,550
Operating expenses						
Personnel expenses	7,410,068	-	7,410,068	8,058,364	-	8,058,364
Depreciation and amortization	850,509	-	850,509	899,418	-	899,418
Other expenses	5,608,624	4,477,000	10,085,624	6,118,034	4,477,000	10,595,034
Total operating expenses	13,869,201	4,477,000	18,346,201	15,075,816	4,477,000	19,552,816
Operating profit before tax on financial services	14,537,286	(4,477,000)	10,060,286	15,511,734	(4,477,000)	11,034,734
Less: Taxes on financial services	3,564,957	(746,567)	2,818,390	3,564,957	(746,567)	2,818,390
Operating profit after tax on financial services	10,972,329	(3,730,433)	7,241,896	11,946,777	(3,730,433)	8,216,344
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit before taxation	10,972,329	(3,730,433)	7,241,896	11,946,777	(3,730,433)	8,216,344
Less : Income tax expenses	3,464,594	(1,315,787)	2,148,807	3,807,920	(1,315,787)	2,492,133
Profit for the quarter	7,507,735	(2,414,646)	5,093,089	8,138,857	(2,414,646)	5,724,211
Profit attributable to:						
Equity holders of the parent	7,507,735	(2,414,646)	5,093,089	8,103,183	(2,414,646)	5,688,537
Non controlling interests	-	-	-	35,674	-	35,674
	7,507,735	(2,414,646)	5,093,089	8,138,857	(2,414,646)	5,724,211
Basic earnings per share (in LKR)	17.63		11.78	19.03		13.16
Diluted earnings per share (in LKR)	17.63		11.78	19.03		13.16

Classification: Public

Notes to the Financial Statements

11. ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30 SEPTEMBER 2026

	Bank		Group	
11.1 Product wise Gross Loans and Receivables	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000
By product-Domestic Currency				
Term loans	99,005,941	102,912,945	99,005,942	102,912,946
Medium and short term loans	70,768,973	97,156,889	70,768,973	97,156,889
Overdrafts	62,817,413	67,358,673	62,817,413	67,358,673
Trade Finance	28,021,716	27,951,976	28,021,716	27,951,976
Consumer loans	73,195,653	60,640,325	73,195,653	60,640,325
Lease rentals receivable and Hire Purchase	23,912,576	25,745,281	23,912,576	25,745,281
Housing loans	17,316,455	17,023,664	17,316,455	17,023,664
Pawning	42,606,299	31,349,833	42,606,299	31,349,833
Islamic Banking facilities	16,305,357	17,021,232	16,305,357	17,021,232
Credit cards	10,362,629	9,650,602	10,362,629	9,650,602
AF Loans	19,742,977	13,533,763	19,742,977	13,533,763
Staff loans	4,105,114	3,745,038	4,248,869	3,846,387
Sub total	**468,161,103**	**474,090,221**	**468,304,860**	**474,191,570**
By product-Foreign Currency				
Term loans	115,323,674	84,480,506	115,323,674	84,480,506
Overdrafts	2,333,664	13,137,335	2,333,664	13,137,335
Medium and short term loans	18,181,071	20,955,711	18,181,071	20,955,711
Trade Finance	41,889,580	42,211,579	41,889,580	42,211,579
Islamic Banking facilities	7,206,911	8,972,912	7,206,911	8,972,912
Housing loans	-	11,831	-	11,831
Sub total	**184,934,900**	**169,769,874**	**184,934,900**	**169,769,874**
Total	**653,096,003**	**643,860,095**	**653,239,760**	**643,961,444**

	Bank		Group	
11.2 Product wise commitments and contingencies considered for Impairment	As at 30/09/2026	As at 31/12/2025	As at 30/09/2026	As at 31/12/2025
By product- Domestic Currency	LKR '000	LKR '000	LKR '000	LKR '000
Guarantees	46,440,806	37,577,605	46,440,806	37,552,950
Performance Bonds	9,542,280	8,074,222	9,542,280	8,074,222
Documentary Credits	1,111,433	1,419,964	1,111,433	1,419,964
Acceptances	583,024	687,933	583,024	687,933
Undrawn commitments	207,744,480	214,084,971	207,744,480	214,082,339
Sub Total	**265,422,023**	**261,844,695**	**265,422,023**	**261,817,408**
By product- Foreign Currency				
Guarantees	9,802,000	3,107,521	9,802,000	3,107,521
Performance Bonds	863,688	1,191,361	863,688	1,191,361
Documentary Credits	19,272,512	15,569,299	19,272,512	15,569,299
Acceptances	11,046,776	13,858,888	11,046,776	13,858,888
Undrawn commitments	1,493,311	1,243,193	2,236,366	1,938,951
Sub Total	**42,478,286**	**34,970,262**	**43,221,342**	**35,666,020**
Total	**307,900,309**	**296,814,957**	**308,643,365**	**297,483,428**

	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000
Gross loans and advances ,Commitments and Contingencies	960,996,312	940,675,052	961,883,124	941,444,872
(Less): Accumulated impairment under stage 1	7,275,318	6,598,034	7,275,318	6,598,034
Accumulated impairment under stage 2	3,878,155	3,814,785	3,878,155	3,814,785
Accumulated impairment under stage 3	44,768,871	42,034,037	44,768,871	42,034,037
Net value of loans and advances, commitments and contingencies	**905,073,968**	**888,228,196**	**905,960,780**	**888,998,016**

Classification: Public

11.3 Movement of impairment during the period	Bank		Group	
	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000
Under stage 1				
Balance at 1 January	6,598,034	6,095,524	6,598,034	6,095,524
Charge/(Write back) to Statement of Profit or Loss	605,237	502,510	605,237	502,510
Write-off during the period	-	-	-	-
Other Movement	72,047	-	72,047	-
Closing balance	**7,275,318**	**6,598,034**	**7,275,318**	**6,598,034**
Under stage 2				
Balance at 1 January	3,814,785	5,394,651	3,814,785	5,394,651
Charge/(Write back) to Statement of Profit or Loss	14,019	(1,579,866)	14,019	(1,579,866)
Write-off during the period	-	-	-	-
Other Movement	49,351	-	49,351	-
Closing balance	**3,878,155**	**3,814,785**	**3,878,155**	**3,814,785**
Under stage 3				
Balance at 1 January	42,034,037	39,443,878	42,034,037	39,443,878
Charge/(Write back) to Statement of Profit or Loss	2,643,113	6,778,969	2,643,113	6,778,969
Write-off during the period	(475,405)	(4,188,810)	(475,405)	(4,188,810)
Other movement	567,126	-	567,126	-
Closing balance	**44,768,871**	**42,034,037**	**44,768,871**	**42,034,037**

12. ANALYSIS OF DEPOSITS Due to Other Customers - By product	Bank		Group	
	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000	As at 30/09/2026 LKR '000	As at 31/12/2025 LKR '000
By product-Domestic Currency				
Demand deposits	43,410,970	51,943,704	43,392,383	51,932,071
Savings deposits	82,590,976	92,794,415	82,476,310	92,387,324
Time deposits	382,216,373	363,191,609	381,908,010	362,933,965
Other deposits	1,432,318	1,800,831	1,432,318	1,800,831
Sub total	**509,650,637**	**509,730,559**	**509,209,021**	**509,054,191**
By product- Foreign Currency				
Demand deposits	9,879,951	22,251,460	9,879,951	22,251,438
Savings deposits	23,806,242	22,487,581	23,776,149	22,439,914
Time deposits	173,784,139	152,404,824	173,637,396	152,399,080
Other deposits	346,935	292,942	346,935	292,942
Sub total	**207,817,267**	**197,436,807**	**207,640,431**	**197,383,374**
Total	**717,467,904**	**707,167,366**	**716,849,452**	**706,437,565**

Classification: Public

Selected Performance Indicators (As per regulatory Reporting)	BANK		GROUP	
	As at 30/09/2026	As at 31/12/2025 Restated	As at 30/09/2026	As at 31/12/2025 Restated
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier 1 Capital	55,125,068	61,526,452	60,453,256	66,335,287
Tier 1 Capital	55,125,068	61,526,452	60,453,256	66,335,287
Total Capital	85,892,240	80,950,633	91,144,240	85,634,291
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	9.48	11.25	10.16	11.85
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	9.48	11.25	10.16	11.85
Total Capital Ratio (Minimum Requirement - 12.5%)	14.77	14.80	15.32	15.30
Basel III Leverage Ratio (Minimum Requirement - 3%)	5.34	6.36	5.81	6.80
Regulatory Liquidity				
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement 100%)	199.03	257.29	N/A	N/A
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 100%)	161.79	208.54	N/A	N/A
Net stable Funding Ratio (%) (Minimum Requirement 100%)	126.84	131.11	N/A	N/A
Asset Quality (Quality of the Loan Portfolio)				
Impaired Loans (Stage 3) to Total Loans Ratio (%) - Gross	8.60	9.18	8.60	9.18
Impaired Loans (Stage 3) to Total Loans Ratio (%) - Net	3.00	3.75	3.00	3.75
Impairment (stage 3) to Stage 3 loans Ratio (%)	65.36	59.10	65.36	59.10
Income and Profitability				
Earnings Per Share (LKR) - Annualized	24.23	13.83	23.90	15.77
Return on Equity (%)	12.87	7.52	11.84	8.38
Return on Average Assets (after Tax (%)	1.10	0.69	1.08	0.78
Return on Average Assets (before Tax (%))	2.16	1.37	2.17	1.53
Net Interest Margin (%)	3.57	4.06	5.39	4.09
Cost to Income Ratio (%)	49.14	61.70	50.65	61.38
Income and Profitability - Excluding fraud impact				
Earnings Per Share (LKR) - Annualized	27.43	25.90	40.73	27.83
Return on Equity (%)	13.46	13.49	18.80	13.58
Return on Average Assets (after Tax (%)	1.23	1.28	1.82	1.36
Return on Average Assets (before Tax (%))	2.41	2.47	3.32	2.60
Cost to Income Ratio (%)	41.96	41.04	43.46	42.06
Debt Security - Related Ratios				
Interest Cover (Times)	1.57	1.68	1.58	1.68
Debt to Equity (Times)	10.59	10.36	9.88	9.63
Memorandum Information				
Credit Rating	A- (lka) / Negative Outlook	A(lka) / Stable Outlook	N/A	N/A
Number of Employees	2,898	2,864	N/A	N/A
Number of Branches	113	113	N/A	N/A

Classification: Public

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2026 - BANK (LKR '000) -Restated					
ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	20,026,456	-	-	20,026,456
Balances with the Central Bank of Sri Lanka	-	10,811,095	-	-	10,811,095
Placements with banks	-	13,526,268	-	-	13,526,268
Derivative Financial Instruments	1,500,905	-	-	-	1,500,905
Financial assets recognized through profit or loss measured at fair value	7,599,973	-	-	-	7,599,973
Financial assets at amortised cost -loans and receivables to other customers	-	599,734,975	-	-	599,734,975
Financial Assets at amortised cost - debt and other instruments	-	207,502,086	-	-	207,502,086
Financial assets measured at fair value through other comprehensive income	-	-	88,879,980	-	88,879,980
Other Financial Assets	-	1,532,495	-	-	1,532,495
Total Financial Assets	**9,100,878**	**853,133,375**	**88,879,980**	**-**	**951,114,233**

LIABILITIES	At fair value through profit or loss	At Amortized cost	Total
Due to Banks	-	28,636,789	28,636,789
Derivative Financial Instruments	1,573,497	-	1,573,497
Financial Liabilities at amortised cost -due to depositors	-	717,467,904	717,467,904
Financial Liabilities at amortised cost			
- due to debt securities holders	-	71,861,129	71,861,129
- due to other borrowers	-	16,931,988	16,931,988
Debt securities issued	-	41,169,556	41,169,556
Other Financial Liabilities	-	6,635,789	6,635,789
Total Financial Liabilities	**1,573,497**	**882,703,155**	**884,276,652**

MEASUREMENT OF FINANCIAL INSTRUMENTS AS AT 30 SEPTEMBER 2026 - GROUP (LKR '000) -Restated					
ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	20,363,925	-	-	20,363,925
Balances with the Central Bank of Sri Lanka	-	10,811,095	-	-	10,811,095
Placements with banks	-	13,526,268	-	-	13,526,268
Derivative Financial Instruments	1,500,905	-	-	-	1,500,905
Financial assets recognized through profit or loss measured at fair value	10,391,044	-	-	-	10,391,044
Financial assets at amortised cost -loans and receivables to other customers	-	599,878,730	-	-	599,878,730
Financial Assets at amortised cost - debt and other instruments	-	208,024,629	-	-	208,024,629
Financial Assets measured at fair value through Other comprehensive income	-	-	89,433,137	-	89,433,137
Other Financial Assets	-	1,760,361	-	-	1,760,361
Total Financial Assets	**11,891,949**	**854,365,008**	**89,433,137**	**-**	**955,690,094**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	28,636,789	28,636,789
Derivative Financial Instruments	1,573,497	-	1,573,497
Financial Liabilities at amortised cost -due to depositors	-	716,849,452	716,849,452
Financial Liabilities at amortised cost			
- due to debt securities holders	-	71,861,129	71,861,129
- due to other borrowers	-	16,931,988	16,931,988
Debt securities issued	-	41,169,556	41,169,556
Other Financial Liabilities	-	6,784,257	6,784,257
Total Financial Liabilities	**1,573,497**	**882,233,171**	**883,806,668**

Classification: Public

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

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	17,566,305	-	-	17,566,305
Balances with the Central Bank of Sri Lanka	-	8,225,602	-	-	8,225,602
Placements with banks	-	24,692,505	-	-	24,692,505
Derivative Financial Instruments	1,475,777	-	-	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	253,152	-	-	-	253,152
Financial assets at amortised cost -loans and receivables to other customers	-	593,603,756	-	-	593,603,756
Financial Assets at amortised cost - debt and other instruments	-	181,340,088	-	-	181,340,088
Financial assets measured at fair value through other comprehensive income	-	-	78,648,323	-	78,648,323
Other Financial Assets	-	1,066,526	-	-	1,066,526
Total Financial Assets	**1,728,929**	**826,494,782**	**78,648,323**	**-**	**906,872,034**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	12,447,544	12,447,544
Derivative Financial Instruments	251,448	-	251,448
Financial Liabilities at amortised cost -due to depositors	-	707,167,366	707,167,366
Financial Liabilities at amortised cost			
- due to debt securities holders	-	69,834,390	69,834,390
- due to other borrowers	-	19,792,565	19,792,565
Debt securities issued	-	23,330,603	23,330,603
Other Financial Liabilities	-	3,884,488	3,884,488
Total Financial Liabilities	**251,448**	**836,456,956**	**836,708,404**

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

ASSETS	At fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Others	Total
Cash and cash equivalents	-	18,020,298	-	-	18,020,298
Balances with the Central Bank of Sri Lanka	-	8,225,602	-	-	8,225,602
Placements with banks	-	24,692,505	-	-	24,692,505
Derivative Financial Instruments	1,475,777	-	-	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	3,414,968	-	-	-	3,414,968
Financial assets at amortised cost -loans and receivables to other customers	-	593,705,105	-	-	593,705,105
Financial Assets at amortised cost - debt and other instruments	-	181,822,394	-	-	181,822,394
Financial Assets measured at fair value through Other comprehensive income	-	-	79,110,967	-	79,110,967
Other Financial Assets	-	1,514,392	-	-	1,514,392
Total Financial Assets	**4,890,745**	**827,980,296**	**79,110,967**	**-**	**911,982,008**

LIABILITIES	At fair value through profit or loss	Amortized cost	Total
Due to Banks	-	12,447,544	12,447,544
Derivative Financial Instruments	251,448	-	251,448
Financial Liabilities at amortised cost -due to depositors	-	706,437,565	706,437,565
Financial Liabilities at amortised cost			
- due to debt securities holders	-	69,834,390	69,834,390
- due to other borrowers	-	19,792,565	19,792,565
Debt securities issued	-	23,330,603	23,330,603
Other Financial Liabilities	-	4,046,956	4,046,956
Total Financial Liabilities	**251,448**	**835,889,623**	**836,141,071**

Classification: Public

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments are determined according to the following hierarchy as described below:

Level 1 - quoted market price (unadjusted): financial instruments with quoted prices in active markets
Level 2 - valuation techniques using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.
Level 3 - valuation techniques with significant unobservable inputs: This category includes all instruments valued using valuation techniques where one or more significant inputs are unobservable.

There were no material transfers between levels of fair value hierarchy during the current period of 2026. The Bank did not changed the valuation models and assumptions used to measure the fair values of Level 03 financial instruments during the year ended 31 December 2025.

FINANCIAL ASSETS & LIABILITIES MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

Bank	2026 Fair Value Measurement Using				2025 Fair Value Measurement Using			
	Quoted prices in active markets Level 1 30/09/2026 LKR '000	Significant observable inputs Level 2 30/09/2026 LKR '000	Significant unobservable inputs Level 3 30/09/2026 LKR '000	Total 30/09/2026 LKR '000	Quoted prices in active markets Level 1 31/12/2025 LKR '000	Significant observable inputs Level 2 31/12/2025 LKR '000	Significant unobservable inputs Level 3 31/12/2025 LKR '000	Total 31/12/2025 LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,500,905	-	1,500,905	-	1,475,777	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	7,599,973	-	-	7,599,973	253,152	-	-	253,152
Financial assets measured at fair value through other comprehensive income	85,592,461	3,130,150	157,369	88,879,980	74,524,810	3,966,144	157,369	78,648,323
Total Financial Assets	93,192,434	4,631,055	157,369	97,980,858	74,777,962	5,441,921	157,369	80,377,252
Financial Liabilities								
Derivative Financial Instruments	-	1,573,497	-	1,573,497	-	251,448	-	251,448
Total Financial Liabilities	-	1,573,497	-	1,573,497	-	251,448	-	251,448

Group	2026 Fair Value Measurement Using				2025 Fair Value Measurement Using			
	Quoted prices in active markets Level 1 30/09/2026 LKR '000	Significant observable inputs Level 2 30/09/2026 LKR '000	Significant unobservable inputs Level 3 30/09/2026 LKR '000	Total 30/09/2026 LKR '000	Quoted prices in active markets Level 1 31/12/2025 LKR '000	Significant observable inputs Level 2 31/12/2025 LKR '000	Significant unobservable inputs Level 3 31/12/2025 LKR '000	Total 31/12/2025 LKR '000
Financial Assets								
Derivative Financial Instruments	-	1,500,905	-	1,500,905	-	1,475,777	-	1,475,777
Financial assets recognized through profit or loss measured at fair value	10,025,113	-	365,931	10,391,044	2,973,279	-	441,689	3,414,968
Financial assets measured at fair value through other comprehensive income	85,682,914	3,592,854	157,369	89,433,137	74,776,643	4,176,955	157,369	79,110,967
Total Financial Assets	95,708,027	5,093,759	523,300	101,325,086	77,749,922	5,652,732	599,058	84,001,712
Financial Liabilities								
Derivative Financial Instruments	-	1,573,497	-	1,573,497	-	251,448	-	251,448
Total Financial Liabilities	-	1,573,497	-	1,573,497	-	251,448	-	251,448

Classification: Public

SHARE INFORMATION

SHARE PRICE

As at	30/09/2026	31/12/2025
Number of shares	432,197,834	426,889,457
Last traded price (LKR)	109.50	141.25
For the quarter ended	**30/09/2026**	**31/12/2025**
Highest price per share (LKR)	114.25	158.00
Lowest price per share (LKR)	106.00	134.00

TOP 20 REGISTERED SHAREHOLDERS OF NATIONAL DEVELOPMENT BANK PLC AS AT 30.09.2026

	Name	Number of Shares	%
1	STANDARD CHARTERED BANK MAURITIUS S/A NORFUND	42,976,523	9.94
2	EMPLOYEE'S PROVIDENT FUND	40,887,122	9.46
3	BANK OF CEYLON NO. 1 ACCOUNT	34,192,054	7.91
4	RICHARD PIERIS AND CO LTD A/C NO.01	26,690,214	6.18
5	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	23,983,373	5.55
6	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	21,543,115	4.98
7	MR. Y.S.H.I. SILVA	18,989,094	4.39
8	SRI LANKA INSURANCE CORPORATION LIFE LTD PARTICIPATING PORTFOLIO A/C 01	18,620,807	4.31
9	EMPLOYEES TRUST FUND BOARD	14,591,999	3.38
10	DR. S. YADDEHIGE	12,123,269	2.81
11	HATTON NATIONAL BANK PLC A/C NO 1	11,924,864	2.76
12	PERPETUAL TREASURIES LIMITED	10,524,556	2.44
13	SBI VEN HOLDINGS PTE LTD	10,442,817	2.42
14	BNYM RE-TERRA GLOBAL OPPORTUNITY FUND, L.P	7,464,312	1.73
15	HATTON NATIONAL BANK PLC/PHANTOM INVESTMENTS (PRIVATE) LIMITED	7,423,455	1.72
16	AKBAR BROTHERS PVT LTD	5,823,943	1.35
17	HNB INVESTMENT BANK (PVT) LTD/ MR. ELAYATHAMBY THAVAGNANASOORIYAM & MR. ELAYATHAMBY THAVAGNANA SUNDRAM	5,407,105	1.25
18	NAMUNUKULA PLANTATIONS PLC	4,089,656	0.95
19	PEOPLE'S LEASING & FINANCE PLC/MR. D. SCHAFFTER	3,471,755	0.80
20	PERPETUAL EQUITIES (PRIVATE) LIMITED	3,051,073	0.71

PUBLIC HOLDING PERCENTAGE

	As at 30/09/2026
Float adjusted Market Capitalization in LKR ('000)	38,698,194
Percentage of shares held by the public	81.77%
Number of public shareholders	18,560
Option under which the Bank complies with the minimum Public Holding requirement	Option 1

DIRECTORS' INTEREST IN SHARES OF NDB AS AT 30.09.2026

Name	No. of shares
MR. SRIYAN COORAY	-
MR. BERNARD SINNIAH	-
MR. SUJEEWA MUDALIGE	-
MR. KUSHAN D'ALWIS, PC	-
MS. KASTURI CHELLARAJA	-
MS. SHWETA PANDEY	-
MR. HASITHA PREMARATNE	-
MR. KELUM EDIRISINGHE	-
MR. SANJAYA MOHOTTALA	-
MR. NANDIKA BUDDHIPALA (Appointed w.e.f.13.10.2026)	Not Applicable

INFORMATION ON DEBENTURES / GSS+ BOND - BANK

Type of Debenture / GSS+ Bond	CSE Listing	Interest Payable Frequency	Balance as at 30 September 2026 LKR Mn	Market Value			Interest Rate		Interest Rate of Comparable Govt. Security %	Other Ratios as at Last Trade	
				Highest LKR	Lowest LKR	Period end LKR	Coupon Rate %	Effective Annual Yield %		Interest Yield %	Yield To Maturity %
Fixed rate - GSS+Bond Issue March 2026											
A- March 2026/March 2031		Annually	16,434	Not traded during the quarter			11.50	10.97		Not traded during the quarter	
B- March 2026/March 2031	Listed	Quarterly	5	Not traded during the quarter			11.04	10.97	**9.63**	Not traded during the quarter	
C- March 2026/March 2033		Annually	493	Not traded during the quarter			11.85	11.26		Not traded during the quarter	
Fixed rate - Debenture December 2024 (Tranche 2)											
A- Dec 2024/Dec 2029	Listed	Annually	5,009	Not traded during the quarter			13.00	12.30	**10.75**	Not traded during the quarter	
B- Dec 2024/Dec 2029		Quarterly	468	Not traded during the quarter			12.41	12.31		Not traded during the quarter	
Fixed rate - Debenture September 2024 (Tranche 1)											
A- Sep 2024/Sep 2029	Listed	Annually	3,933	Not traded during the quarter			13.25	12.51		Not traded during the quarter	
B- Sep 2024/Sep 2029		Semi-annually	822	Not traded during the quarter			12.84	12.50	**12.98**	Not traded during the quarter	
C- Sep 2024/Sep 2029		Quarterly	268	Not traded during the quarter			12.64	12.52		Not traded during the quarter	
Fixed rate - Debenture December 2023											
A- Dec 2023/Dec 2028	Listed	Annually	3,727	Not traded during the quarter			15.00	14.05	**14.52**	Not traded during the quarter	
B- Dec 2023/Dec 2028		Quarterly	1,676	100	100	100 (a)	14.22	14.05		14.22	14.21
Fixed rate - Debenture November 2021											
A- Nov 2021/Nov 2026	Listed	Semi-annually	8,214	Not traded during the quarter			11.90	11.66	**11.14**	Not traded during the quarter	
B- Nov 2021/Nov 2028		Semi-annually	121	Not traded during the quarter			12.00	11.73	**11.61**	Not traded during the quarter	
Total			**41,170**								

(a) Last traded date - July 10, 2026

Classification: Public

Listed rated unsecured subordinated redeemable GSS+ Bond Issue

Disclosures regarding the utilization of funds as per the objectives stated in the GSS+ Bond Prospectus

GSS+ Bond Issue - March 2026

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR Mn	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR Mn (A)	% of total proceeds	Amount utilized in LKR Mn (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the Basel III guidelines.	16,000	Upon the allotment of the Basel III–compliant GSS+ Bonds, which took place on 16 March 2026	16,000	100%	16,000	100%	-
2	Support the Bank's balance sheet growth through financing GSS+ Projects	16,000	Within 24 months from the date of allotment (i.e. by 16 March 2028)	16,000	100%	8,694	54%	The balance proceeds of the bond are Invested in the Bank's treasury liquidity portfolio.

Classification: Public

Important Dates – 9M 2026 - Financial Results Release

Event	Date
Financial statements released to the Colombo Stock Exchange, together with a Performance Commentary	October 21, 2026
Updates to the investor relations web page within the Bank's corporate website www.ndbbank.com	October 21, 2026
Financial statements published in selected newspapers in the three languages of Sinhala, Tamil and English	October 30, 2026
Investor Webinar	October 27, 2026
Video Playback of the Investor webinar released/ uploaded to the Bank's website	Within 02 working days from the date of the webinar

Corporate Information

Name National Development Bank PLC **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.	**Head Office/Registered Office** No. 40, Nawam Mawatha, Colombo 2, Sri Lanka Tel: +94 11 2448448 SWIFT Code: NDBSLKLX Web Page: www.ndbbank.com E-mail: contact@ndbbank.com VAT Registration No.: 409000266-7000 **Credit Rating:** National long-term ratings: A-(lka)/ Negative Outlook Fitch Ratings Lanka Limited
Company Registration No. PQ 27 **Accounting Year End** 31 December	**Auditors** Messrs KPMG, Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03 **Company Secretary:** Ms. Shehani Ranasinghe – Vice President **Compliance Officer:** Ms. Vidisha Jayawardena – Vice President
Board of 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 Mr. Hasitha Premaratne- Director Ms. Shweta Pandey - Director Mr. Sanjaya Mohottala –Director Mr. Nandika Buddhipala –Director (Appointed w.e.f. 13.10.2026)	**Subsidiary Companies** NDB Capital Holdings Limited NDB Capital Limited (Bangladesh) Development Holdings (Pvt) Limited NDB Investment Bank Limited NDB Wealth Management Limited NDB Securities (Pvt) Limited NDB Zephyr Partners Limited (Mauritius) NDB Zephyr Partners Lanka (Pvt) Limited Ayojana Fund (Pvt) Limited (Under liquidation)
Investor Relations – Contact Details	
Company Secretarial Unit Ms. Shehani Ranasinghe Vice President - Company Secretary Email: shehani.ranasinghe@ndbbank.com Tel.: +94 11 2448448 Ext: 35013	**Investor Relations Team** Mr. Azzam A Ahamat Vice President - Finance Email: azzam.ahamat@ndbbank.com investor.relations@ndbbank.com Tel.: +94 11 2448448 Ext: 35301

Classification: Public



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