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BV/RJ

Board of Directors
National Development Bank PLC
No. 40, Nawam Mawatha
Colombo 02

4 March 2026

Accountants' Report National Development Bank PLC

Dear Sirs/Madam,

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the proposed issue of up to 160 Million (160,000,000) BASEL III compliant - Tier 2, listed, rated, unsecured, subordinated, redeemable GSS+ Bonds ("Bonds") with a non-viability conversion, at par value of Rs. 100/- each to raise Rs. 16 Billion (LKR 16,000,000,000/-).

We have examined the Financial Statements of the National Development Bank PLC (the "Bank") and the Consolidated Financial Statements of the Bank and its Subsidiaries (the "Group") for the years ended 31 December 2021 to 31 December 2025, and report as follows.

1. Incorporation

Bank

The Bank was incorporated in Sri Lanka on 15 June 2005 as a public limited liability company under the National Development Bank of Sri Lanka Act no 1 of 2005. The Bank was re-registered pursuant to the provisions of The Companies Act No 07 of 2007. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The registered office of the Bank is located at No 40, Nawam Mawatha, Colombo 02. The principal activities of the Bank involve providing financial services encompassing retail banking, small and medium enterprise (SME) banking, corporate banking, project and infrastructure financing, investment banking, leasing, housing finance, cash management, correspondent banking, remittance services, margin trading, pawning, treasury and investment services, bancassurance and card operations.

2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Profit or Loss, Statement of Comprehensive Income, Statements of Financial Position, Statement of Changes in Equity and Statement of Cash Flow of the Bank and a summary of Consolidated Statements of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

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Flow of the Group for the financial years ended 31 December 2021 to 31 December 2025, based on the audited Financial Statements are set out on annexure of this Accountants' Report.

2.2 Audited Financial Statements for the Year Ended 31 December 2025

Our audit report on the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its Subsidiaries for the year ended 31 December 2025 together with such Financial Statements comprising the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows along with the accounting policies and notes thereon is available on the websites of CSE, www.cse.lk, where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditor's report on the website is identical to the final signed hard copy version.

2.3 Audit Reports

We have audited the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2021 to 31 December 2025. Unmodified audit opinions have been issued for the said financial years by our reports dated 22 February 2022, 21 February 2023, 20 February 2024, 20 February 2025 and 25 February 2026 respectively.

2.4 Accounting Policies

The Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2021 to 31 December 2025 comply with Sri Lanka Accounting Standards.

The accounting policies of the Bank and its Subsidiaries are stated in detail in the audited Financial Statements of National Development Bank PLC for the year ended 31 December 2025.

2.5 Dividends

2.5.1 Bank has paid dividend for the years ended 31 December 2021 to 31 December 2025 as follows.

Year	Dividend Per Share (Rs.)	Dividend Paid (LKR'000)
2021	1.50	348,956
2022*	5.50	1,964,180
2023**	2.50	950,237
2024***	5	1,997,322
2025****	8	3,330,328

* Dividend paid on ordinary shares includes LKR 4.50 paid as scrip dividends in 2022.

** Dividend paid on ordinary shares includes LKR 2.50 paid as scrip dividends in 2023.

*** Dividend paid on ordinary shares includes LKR 3.00 paid as scrip dividends in 2024.

**** Dividend paid on ordinary shares includes LKR 3.00 paid as scrip dividends in 2025.



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2.6 Events after Reporting Date

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.

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of National Development Bank PLC for usage in the application for the purpose of issue of up to 160 Million (160,000,000) BASEL III compliant - Tier 2, listed, rated, unsecured, subordinated, redeemable GSS+ Bonds ("Bonds") with a non-viability conversion, at par value of Rs. 100/- each to raise Rs. 16 Billion (LKR 16,000,000,000/-).

Yours faithfully,

STATEMENT OF PROFIT OR LOSS		
	Bank	Group
	Year ended 31/12/2021 (Audited) LKR '000	Year ended 31/12/2021 (Audited) LKR '000
Gross Income	62,110,530	64,082,873
Interest Income	52,692,866	52,794,763
Interest Expenses	31,070,098	31,053,468
Net Interest Income	21,622,768	21,741,295
Fee and Commission Income	5,634,797	7,384,660
Less: Fee and commission Expenses	33,260	33,260
Net Fee and Commission Income	5,601,537	7,351,400
Net gain/(loss) from trading	2,096,455	2,096,455
Net gain/(loss) from financial assets at fair value Through Profit or Loss	433,106	560,482
Net gains/(losses) from derecognition of financial assets	186,248	186,248
Other operating income	1,067,059	1,060,265
Total Operating Income	31,007,172	32,996,146
Less: Impairment charges	10,264,662	10,252,695
Net operating income	20,742,510	22,743,451
Operating Expenses		
Personnel Expenses	5,672,007	6,322,751
Depreciation and amortization	831,643	914,110
Other Expenses	3,930,726	4,277,911
Total operating expenses	10,434,377	11,514,772
Operating Profit Before Tax on Financial Services	10,308,133	11,228,679
Less: Value Added Tax (VAT) on Financial services	2,014,671	2,014,671
Operating Profit After Tax on Financial Services	8,293,462	9,214,008
Share of associate companies' profits/(losses)	-	-
Profit Before Taxation	8,293,462	9,214,008
Less : Income tax expenses	1,930,986	2,151,277
Profit for the year	6,362,476	7,062,731
Profit Attributable to:		
Equity Holders of the parent	6,362,476	6,904,264
Non Controlling Interests	-	158,467
	6,362,476	7,062,731
Basic Earnings per share (in LKR)	20.68	22.44
Diluted Earnings per share (in LKR)	20.68	22.44

STATEMENT OF COMPREHENSIVE INCOME		
	Year ended 31/12/2021 LKR '000	Year ended 31/12/2021 LKR '000
Profit for the year	6,362,476	7,062,731
Items that will be reclassified to Statement of Profit or loss		
Exchange differences on translation of foreign operations	-	22,916
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	(2,353,240)	(2,367,024)
Changes in Impairment allowance for Expected credit losses	135,571	135,571
Net Gains/(losses) on cash flow hedges	-	-
Less : Tax expense relating to items that will be reclassified to Income Statements	593,038	589,819
	(1,624,630)	(1,618,717)
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	(49,406)	(49,406)
Revaluation of Freehold Land & Buildings	22,794	54,102
Actuarial gains/(losses) on defined benefit plans	316,361	350,148
Less : Tax expense relating to items that will not be reclassified to Income Statements	(51,674)	(60,755)
	238,075	294,089
Total Other Comprehensive Income after Tax A + B	(1,386,555)	(1,324,628)
Total Comprehensive Income for the year	4,975,922	5,738,103
Attributable to:		
Equity holders of the parent	4,975,922	5,575,669
Non Controlling Interests	-	162,434
	4,975,922	5,738,103



NATIONAL DEVELOPMENT BANK PLC
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40, NAWAM MAWATHA,
COLOMBO 02.

The Management is responsible for the financial information extracted from the audited financial statements.
Signed for and on behalf of the Management of the Bank.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	BANK	Group
	Current Year	Current Year
	As at 31/12/2021 (Audited) LKR '000	As at 31/12/2021 (Audited) LKR '000
Assets		
Cash and cash equivalents	13,411,819	13,765,270
Balances with the Central Bank of Sri Lanka	16,403,362	16,403,362
Placements with banks	8,299,403	8,299,403
Derivative Financial Instruments	1,338,204	1,338,204
Financial assets recognized through profit or loss measured at fair value	2,441,833	4,784,124
Financial assets at amortised cost -loans and receivables to other customers	502,509,458	502,344,786
Financial assets at amortised cost - debt and other instruments	54,262,976	54,262,976
Financial assets measured at fair value through other comprehensive income	89,552,196	89,696,611
Investments in subsidiary companies	1,130,916	-
Investment Property	-	2,528,228
Intangible assets	1,203,940	1,217,111
Property, plant & equipment	3,143,829	3,735,298
Right of Use Assets	1,094,607	1,285,385
Current Tax Assets	-	27,701
Deferred tax Assets	3,417,315	3,443,207
Other assets	4,693,249	5,670,716
Total assets	702,903,107	708,802,382
Liabilities		
Due to Banks	24,770,644	24,821,158
Derivative Financial Instruments	1,048,644	1,048,644
Financial Liabilities at amortised cost -due to depositors	552,039,792	551,256,595
Financial Liabilities at amortised cost		
- due to debt securities holders	1,341,060	1,341,060
- due to other borrowers	25,228,865	25,228,865
Debt securities issued	27,960,731	27,960,731
Retirement benefit obligations	735,666	829,873
Current Tax Liabilities	2,407,243	2,585,975
Deferred Tax Liabilities	-	569,213
Other liabilities	8,346,435	9,001,903
Dividends payable	91,823	91,823
Total liabilities	643,970,902	644,735,840
Equity		
Stated Capital	18,263,609	18,263,609
Statutory Reserve Fund	2,571,479	2,571,479
Retained Earnings	39,134,379	42,730,949
Other Reserves	(1,037,261)	(838,868)
Total shareholders' equity	58,932,206	62,727,169
Non Controlling Interests	-	1,339,373
Total Equity	58,932,206	64,066,542
Total liabilities and equity	702,903,107	708,802,382
Net Book Value Per Share (LKR)	165.02	175.65
Contingent liabilities and commitments	312,072,435	311,978,390



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Signed for and on behalf of the Management of the Bank.

NATIONAL DEVELOPMENT BANK PLC
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STATEMENT OF CHANGES IN EQUITY

	Stated Capital		Other Reserves					Retained Earnings	Total	Non Controlling Interests	Total	Equity LKR '000
	LKR '000	LKR '000	Statutory Reserve Fund	Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve					
For the year ended 31 December												
Balance as at 1 January 2020	7,685,334	1,896,479		1,262,453	-	(854,367)	(1,613)	5,805,707	23,689,842		39,483,836	39,483,836
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	5,530,476	-	5,530,476	5,530,476
Profit for the period	-	-	-	68,804	-	(135,345)	1,614	-	(62,758)	-	(127,685)	(127,685)
Other Comprehensive Income before Tax	-	-	-	(19,265)	-	341,352	-	-	7,071	-	329,158	329,158
Tax on Other Comprehensive Income	-	-	-	49,539	-	206,007	1,614	-	-	-	5,731,949	5,731,949
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	5,474,789	-	5,474,789	5,474,789
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	-	(300,000)	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(5,805,707)	5,805,707	-	-	-
Final Dividend for the year 2019 - Scrip	1,108,999	-	-	-	-	-	-	-	(1,108,999)	-	-	-
Final Dividend for the year 2019 - Cash	-	-	-	-	-	-	-	-	(434,761)	-	(434,761)	(434,761)
Balance as at 31 December 2020	8,794,334	2,196,479	1,311,992	1,311,992	-	(648,360)	-	-	33,126,579	-	44,781,023	44,781,023
Balance as at 1 January 2021	8,794,333	2,196,479		1,311,992		(648,360)			33,126,579		44,781,023	44,781,023
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	6,362,476	-	6,362,476	6,362,476
Profit for the period	-	-	-	22,794	-	(2,402,647)	-	-	451,932	-	(1,927,920)	(1,927,920)
Other Comprehensive Income before Tax	-	-	-	67,409	-	567,069	-	-	(93,114)	-	541,365	541,365
Tax on Other Comprehensive Income	-	-	-	90,203	-	(1,835,577)	-	-	6,721,295	-	4,975,922	4,975,922
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	6,721,295	-	6,721,295	6,721,295
Transactions with equity holders												
Issue of Shares	9,469,276	-	-	-	-	-	-	-	-	-	9,469,276	9,469,276
Transfer to statutory reserve fund	-	375,000	-	-	-	-	-	-	(375,000)	-	-	-
Transfer from share based payment reserves	-	-	44,481	-	-	-	-	-	-	-	44,481	44,481
Dividend for the year 2020 - Cash	-	-	-	-	-	-	-	-	(338,494)	-	(338,494)	(338,494)
Balance as at 31 December 2021	18,263,609	2,571,479	1,402,196	1,402,196	44,481	(2,483,937)	-	-	39,134,379	-	58,932,206	58,932,206

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NATIONAL DEVELOPMENT BANK PLC
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STATEMENT OF CHANGES IN EQUITY

GROUP	For the year ended 31 December	Other Reserves							Total	Non Controlling Interests	Equity
		Stated Capital	Statutory Reserve Fund	Revaluation Reserve	Fair Value Reserve	Cash Flow Hedge Reserve	General Reserve	Retained Earnings			
		LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	
	Balance as at 1 January 2020	7,685,334	1,896,479	1,397,955	(825,209)	(1,613)	5,805,707	27,424,697	1,155,280	44,598,630	
	Total Comprehensive Income for the period	-	-	-	-	-	-	5,116,806	100,542	5,217,348	
	Profit for the period	-	-	90,499	(137,667)	1,613	(356,774)	(390,947)	2,382	(390,947)	
	Other Comprehensive Income before Tax	-	-	(25,339)	341,838	-	(3,328)	313,171	-	313,171	
	Tax on Other Comprehensive Income	-	-	65,160	204,171	1,613	4,756,704	5,027,648	102,924	5,130,572	
	Total Comprehensive Income for the period	-	-	-	-	-	-	(300,000)	-	(300,000)	
	Transactions with equity holders	-	300,000	-	-	-	(5,805,707)	5,805,707	-	-	
	Transfer to statutory reserve fund	-	-	-	-	-	-	(1,108,999)	-	(1,108,999)	
	Transfer to retained earnings	-	-	-	-	-	-	(434,761)	-	(434,761)	
	Final Dividend for the year 2019-Scrip	1,108,999	-	-	-	-	-	-	-	(2,382)	
	Final Dividend for the year 2019 - Cash	-	-	-	-	-	-	-	-	(28,667)	
	Group Adjustments	-	-	-	-	-	-	-	-	(28,667)	
	Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(2,382)	
	Balance as at 31 December 2020	8,794,333	2,196,479	1,463,115	(621,038)	-	-	36,143,348	1,227,155	49,203,392	
	Balance as at 1 January 2021	8,794,333	2,196,479	1,463,115	(621,038)	-	-	36,143,348	1,227,155	49,203,392	
	Profit for the period	-	-	-	-	-	-	6,904,264	158,467	7,062,731	
	Other Comprehensive Income before Tax	-	-	54,102	(2,416,430)	-	-	504,668	3,967	(1,853,692)	
	Tax on Other Comprehensive Income	-	-	66,614	570,288	-	-	(107,838)	-	529,064	
	Total Comprehensive Income for the period	-	-	120,716	(1,846,142)	-	-	7,301,094	162,434	5,738,103	
	Transactions with equity holders	-	-	-	-	-	-	-	-	-	
	Issue of shares	9,469,276	-	-	-	-	-	-	-	9,469,276	
	Transfer from share based payment reserves	-	-	-	-	-	-	-	-	44,481	
	Transfer to statutory reserve fund	-	375,000	-	-	-	-	(375,000)	-	-	
	Dividend for the year 2020 - Cash	-	-	-	-	-	-	(338,494)	-	(338,494)	
	Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	(50,216)	
	Balance as at 31 December 2021	18,263,610	2,571,479	1,583,831	(2,467,180)	-	-	42,730,949	1,339,373	64,066,542	

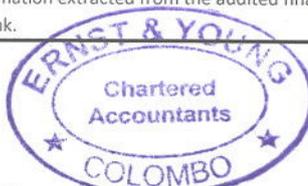
The Management is responsible for the financial information extracted from the audited financial statements given above. Signed for and on behalf of the Management of the Bank.



STATEMENT OF CASH FLOW

For the year ended 31 December	BANK	GROUP
	2021 LKR '000	2021 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	53,092,776	53,119,744
Fee based income received	5,619,088	7,239,763
Dividend income received	279,634	88,036
Other Operating income received	2,859,551	3,340,113
Interest paid	(30,571,312)	(30,587,546)
Personnel costs paid	(5,515,441)	(5,938,969)
Other expenses paid	(3,686,369)	(4,281,674)
Operating Profit before changes in operating assets and liabilities (Increase)/decrease in operating assets	22,077,927	22,979,467
Deposits held for regulatory or monetary control purposes	(9,591,263)	(9,591,263)
Financial Assets at amortised cost - loans and receivables to other customers	(85,091,814)	(85,319,264)
Net (increase)/decrease in operating assets	(998,290)	(1,936,083)
(Increase)/decrease in operating liabilities		
Financial liabilities at amortised cost - due to depositors	61,744,822	61,744,822
Financial liabilities at amortised cost - due to debt securities holders	(158,947)	(158,947)
Financial liabilities at amortised cost - due to other borrowers	(6,463,987)	(6,463,987)
Repayment of principal portion of lease liabilities	(417,479)	(478,738)
Net increase/(decrease) in other liabilities	547,569	1,360,858
Net cash generated/(used in) from operating activities before taxation	(18,351,462)	(17,863,135)
Tax on Financial Services paid	(2,220,632)	(2,220,632)
Income taxes paid	(2,821,270)	(3,106,562)
Net cash generated/(used in) from operating activities	(23,393,364)	(23,190,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net changes in financial Investments	8,510,963	8,476,433
Purchase of Intangible assets	(432,197)	(437,758)
Purchase of property, plant & equipment	(610,610)	(669,403)
Proceeds from sale of property, plant & equipment	8,503	16,338
Net cash generated/(used in) from investing activities	7,476,659	7,385,610
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary of shares (as a right issue/private placement)	9,469,276	9,469,276
Repayment of debts securities issued	-	-
Proceeds of debts securities issued	8,000,000	8,000,000
Interest paid on debts securities issued	(2,396,033)	(2,396,033)
Dividends paid to non-controlling interests	-	(49,875)
Dividends paid to shareholders of the Bank	(333,024)	(333,024)
Net cash provided by/(used in) financing activities	14,740,218	14,690,344
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,176,487)	(1,114,375)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22,890,469	23,181,808
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21,713,982	22,067,433
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	13,411,819	13,765,270
Placements with banks	8,299,403	8,299,403
Cash and cash equivalents at the end of the year (Net)	21,711,222	22,064,673
Add : Impairment allowance	2,760	2,760
Cash and cash equivalents at the end of the year (Gross)	* 21,713,982	22,067,433

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Signed for and on behalf of the Management of the Bank.



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STATEMENT OF PROFIT OR LOSS						
	Bank			Group		
	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %
Gross Income	132,326,003	109,902,478	20	134,472,594	111,551,511	21
Interest Income	119,372,564	97,917,822	22	119,722,233	98,217,310	22
Interest Expenses	87,425,434	67,174,164	30	87,341,751	67,086,940	30
Net Interest Income	31,947,130	30,743,658	4	32,380,482	31,130,370	4
Fee and Commission Income	7,164,891	6,274,698	14	8,566,191	7,438,752	15
Less: Fee and commission Expenses	7,084	16,929	(58)	7,084	16,929	(58)
Net Fee and Commission Income	7,157,807	6,257,769	14	8,559,107	7,421,823	15
Net gain/(loss) from trading	2,905,753	(340,346)	954	2,905,753	(340,346)	954
Net gain/(loss) from financial assets at fair value Through Profit or Loss	1,745,982	(389,767)	548	1,947,286	(340,388)	672
Net gains/(losses) from derecognition of financial assets	4,057,348	15,127	26,722	4,108,332	15,127	27,059
Other operating income	(2,920,535)	6,424,944	(145)	(2,777,201)	6,561,056	(142)
Total Operating Income	44,893,485	42,711,385	5	47,123,759	44,447,642	6
Less: Impairment Charges	21,144,038	29,291,660	(28)	21,137,016	29,276,538	(28)
Net operating income	23,749,447	13,419,725	77	25,986,743	15,171,104	71
Operating Expenses						
Personnel Expenses	6,633,355	5,650,176	17	7,379,192	6,277,028	18
Depreciation and amortization	984,510	846,634	16	1,054,459	926,034	14
Other Expenses	6,035,825	4,886,836	24	6,649,013	5,296,104	26
Total operating expenses	13,653,690	11,383,646	20	15,082,664	12,499,165	21
Operating Profit Before Tax on Financial Services	10,095,757	2,036,079	396	10,904,079	2,671,939	308
Less: Taxes on Financial services	2,749,840	1,203,092	129	2,749,840	1,203,092	129
Operating Profit After Tax on Financial Services	7,345,917	832,987	782	8,154,239	1,468,847	455
Share of associate companies' profits/(losses)	-	-	-	-	-	-
Profit Before Taxation	7,345,917	832,987	782	8,154,239	1,468,847	455
Less: Income tax expenses	1,975,590	(2,076,058)	195	2,296,029	(1,606,957)	243
Profit for the year	5,370,327	2,909,045	85	5,858,210	3,075,804	90
Profit Attributable to:						
Equity Holders of the parent	5,370,327	2,909,045	85	5,759,436	3,008,737	91
Non Controlling Interests	-	-	-	98,774	67,067	47
	5,370,327	2,909,045	85	5,858,210	3,075,804	90
Basic Earnings per share (in LKR)	13.44	7.65	76	14.42	7.92	82
Diluted Earnings per share (in LKR)	13.44	7.65	76	14.42	7.92	82

STATEMENT OF COMPREHENSIVE INCOME						
	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %	Year ended 31/12/2023 (Audited) LKR '000	Year ended 31/12/2022 (Audited) LKR '000	Change %
	Profit for the year	5,370,327	2,909,045	85	5,858,210	3,075,804
Items that will be reclassified to Statement of Profit or Loss						
Gains/(losses) from Available for Sale Investments	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(67,465)	220,997	(131)
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other Comprehensive Income	5,259,686	2,420,880	117	5,268,192	2,391,542	120
Changes in Impairment allowance for Expected credit losses	-	(181,155)	100	-	(181,155)	100
Cash Flow Hedge Reserve-SWAP	(3,191,786)	4,385,238	(173)	(3,191,786)	4,385,238	(173)
Less: Tax expense relating to items that will be reclassified to Income Statements	(620,370)	(1,991,003)	69	(620,383)	(1,991,003)	69
	1,447,530	4,633,960	(69)	1,388,558	4,825,619	(71)
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	315,123	(304,245)	204	315,123	(304,245)	204
Revaluation of Land & Buildings	50,483	249,651	(80)	92,531	316,789	(71)
Actuarial Gains/(losses) on defined benefit plans	(581,395)	68,094	(954)	(605,550)	58,168	(1,141)
Less: Tax expense relating to items that will not be reclassified to Income Statements	72,461	(143,537)	150	67,093	(172,657)	139
	(143,328)	(130,037)	(10)	(130,803)	(101,945)	(28)
Total Other Comprehensive Income after Tax	1,304,202	4,503,923	(71)	1,257,755	4,723,674	(73)
Total Comprehensive Income for the year	6,674,529	7,412,968	(10)	7,115,965	7,799,478	(9)
Attributable to:						
Equity holders of the parent	6,674,529	7,412,968	(10)	7,029,011	7,685,035	(9)
Non Controlling Interests	-	-	-	86,954	114,443	(24)
	6,674,529	7,412,968	(10)	7,115,965	7,799,478	(9)

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Signed for and on behalf of the Management of the Bank.

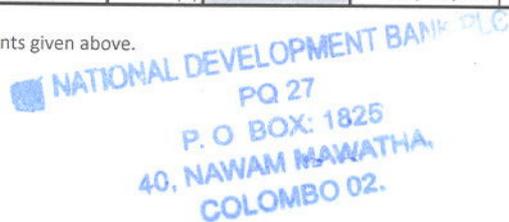


ERNST & YOUNG
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PQ 27
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Period	Previous Year	Change	Current Period	Previous Year	Change
	As at 31/12/2023 (Audited) LKR '000	As at 31/12/2022 (Audited) LKR '000		As at 31/12/2023 (Audited) LKR '000	As at 31/12/2022 (Audited) LKR '000	
Assets						
Cash and cash equivalents	28,100,515	34,849,521	(19)	28,580,676	35,727,665	(20)
Balances with the Central Bank of Sri Lanka	7,040,421	18,187,547	(61)	7,040,421	18,187,547	(61)
Placements with banks	33,743,602	4,108,989	721	33,743,602	4,108,989	721
Derivative Financial Instruments	3,083,815	7,909,252	(61)	3,083,815	7,909,252	(61)
Financial assets recognized through profit or loss measured at fair value	24,021,340	19,318,483	24	26,040,046	20,788,523	25
Financial assets at amortised cost - loans and receivables to other customers	452,660,461	545,873,027	(17)	452,739,928	545,919,824	(17)
Financial assets at amortised cost - debt and other instruments	125,672,370	135,047,886	(7)	125,672,370	135,047,886	(7)
Financial assets measured at fair value through other comprehensive income	83,805,398	44,685,230	88	84,645,423	45,454,490	86
Investments in subsidiary companies	1,108,772	1,115,794	(1)	-	-	-
Investment Property	-	-	-	3,112,440	2,879,091	8
Intangible assets	1,883,447	1,804,321	4	1,898,270	1,813,213	5
Property, plant & equipment	3,141,117	3,261,362	(4)	3,817,097	3,907,994	(2)
Right of Use Assets	1,145,601	1,170,763	(2)	1,260,055	1,323,368	(5)
Current Tax Assets	-	-	-	43,102	43,488	(1)
Deferred tax Assets	9,648,118	9,004,747	7	9,717,805	9,048,896	7
Other assets	4,844,183	6,435,328	(25)	5,563,827	7,037,671	(21)
Total assets	779,899,160	832,772,250	(6)	786,958,877	839,197,897	(6)
Liabilities						
Due to Banks	7,679,195	20,251,657	(62)	7,679,195	20,298,844	(62)
Derivative Financial Instruments	93,361	96,246	(3)	93,361	96,246	(3)
Financial Liabilities at amortised cost - due to depositors	615,643,999	672,314,023	(8)	615,232,470	671,713,337	(8)
Financial Liabilities at amortised cost						
- due to debt securities holders	15,632,569	130,541	11,875	15,632,569	130,541	11,875
- due to other borrowers	24,636,539	32,372,265	(24)	24,636,539	32,372,265	(24)
Debt securities issued	29,388,875	27,979,631	5	29,388,875	27,979,631	5
Retirement benefit obligations	1,299,909	916,007	42	1,439,374	1,019,294	41
Current Tax Liabilities	7,265,070	6,470,353	12	7,430,773	6,635,188	12
Deferred Tax Liabilities	-	-	-	921,189	873,280	5
Other liabilities	8,033,112	8,606,663	(7)	8,529,555	9,084,114	(6)
Dividends payable	78,654	99,001	(21)	78,654	99,001	(21)
Total liabilities	709,751,283	769,236,387	(8)	711,062,554	770,301,741	(8)
Equity						
Stated Capital	20,738,231	19,870,665	4	20,738,231	19,870,665	4
Statutory Reserve Fund	3,046,479	2,746,479	11	3,046,479	2,746,479	11
Retained Earnings	41,027,500	37,381,043	10	45,079,167	41,116,154	10
Other Reserves	5,335,667	3,537,676	51	5,607,516	3,771,599	49
Total shareholders' equity	70,147,877	63,535,863	10	74,471,393	67,504,897	10
Non Controlling Interests	-	-	-	1,424,930	1,391,259	2
Total Equity	70,147,877	63,535,863	10	75,896,323	68,896,156	10
Total liabilities and equity	779,899,160	832,772,250	(6)	786,958,877	839,197,897	(6)
Net Book Value Per Share (LKR)	175.60	167.16	5	186.47	177.60	5
Contingent liabilities and commitments	277,965,419	293,609,756	(5)	278,127,046	294,376,707	(6)

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Signed for and on behalf of the Management of the Bank.



STATEMENT OF CHANGES IN EQUITY

	Stated Capital		Statutory Reserve Fund		Other Reserves						Total	Non Controlling Interests	Total Equity		
	LKR '000	LKR '000	LKR '000	LKR '000	Revaluation Reserve	Share Based Payment Reserves	Fair Value Reserve	Cash Flow Hedge Reserve	Retained Earnings	LKR '000				LKR '000	LKR '000
For the Year ended 31 December															
BANK															
Balance as at 01 January 2022	18,263,609	2,571,479	2,571,479	1,402,195	1,402,195	44,479.00	(2,483,938)	-	39,134,382	58,932,206	-	58,932,206			
Charge relating to surcharge tax	-	-	-	-	-	-	-	-	(2,456,403)	(2,456,403)	-	(2,456,403)			
Adjusted Balance as at 01 January 2022	18,263,609	2,571,479	2,571,479	1,402,195	1,402,195	44,479.00	(2,483,938)	-	36,677,979	56,475,803	-	56,475,803			
Total Comprehensive Income for the year															
Profit for the year	-	-	-	-	-	-	-	-	2,909,045	2,909,045	-	2,909,045			
Other Comprehensive Income before Tax	-	-	-	249,651	249,651	-	-	-	(113,060)	6,638,464	-	6,638,464			
Charge on Other Comprehensive Income	-	-	-	(185,581)	(185,581)	-	-	-	42,044	(2,134,540)	-	(2,134,540)			
Total Comprehensive Income for the Year	-	-	-	64,070	64,070	-	-	-	2,838,029	7,412,969	-	7,412,969			
Transactions with equity holders															
Transfer to statutory reserve fund	-	175,000	175,000	-	-	-	-	-	(175,000)	-	-	-			
Final Dividends for year 2021 : Scrip	1,607,056	-	-	-	-	-	-	-	(1,607,056)	-	-	-			
Final Dividends for year 2021 : Cash	-	-	-	-	-	-	-	-	(357,124)	(357,124)	-	(357,124)			
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	-	4,215	4,215	-	4,215			
Balance as at 31 December 2022	19,870,665	2,571,479	2,571,479	1,466,265	1,466,265	44,479	(1,042,735)	3,069,667	37,381,043	(352,909)	-	63,535,863			
Balance as at 01 January 2023	19,870,665	2,746,479	2,746,479	1,466,265	1,466,265	44,479	(1,042,735)	3,069,667	37,381,043	63,535,863	-	63,535,863			
Total Comprehensive Income for the Year															
Profit for the year	-	-	-	-	-	-	-	-	5,370,327	5,370,327	-	5,370,327			
Other Comprehensive Income before Tax	-	-	-	50,483	50,483	-	-	-	(581,395)	1,852,111	-	1,852,111			
Tax on Other Comprehensive Income	-	-	-	(15,145)	(15,145)	-	-	-	87,606	(547,908)	-	(547,908)			
Other Comprehensive Income before Tax	-	-	-	35,338	35,338	-	-	-	4,876,538	6,674,529	-	6,674,529			
Transactions with equity holders															
Transfer to statutory reserve fund	-	300,000	300,000	-	-	-	-	-	(300,000)	-	-	-			
Issue of Shares - Scrip Dividends	867,566	-	-	-	-	-	-	-	(950,237)	(82,671)	-	(82,671)			
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	-	20,156	20,156	-	20,156			
Balance as at 31 December 2023	20,738,231	3,046,479	3,046,479	1,501,603	1,501,603	44,479	2,954,170	835,416	41,027,500	70,147,878	-	70,147,877			

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NATIONAL DEVELOPMENT BANK PLC
P.O. BOX 1825
40, NAWAM MAWATHA,
COLOMBO 02.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December	Stated Capital		Statutory Reserve Fund	Revaluation Reserve	Share Based Reserves		Other Reserves		Cash Flow Hedge Reserve	Retained Earnings	Total	Non Controlling Interests	Total Equity
	LKR '000	LKR '000			Payment Reserves	Fair Value Reserve	LKR '000	LKR '000					
GROUP													
Balance as at 01 January 2022	18,263,609	2,571,479	-	1,583,831	44,479	(2,467,181)	-	42,730,952	62,727,169	1,339,373	64,066,542		
Charge relating to surcharge tax	-	-	-	-	-	-	-	(2,554,396)	(2,554,396)	(21,780)	(2,576,176)		
Adjusted Balance as at 01 January 2022	18,263,609	2,571,479	-	1,583,831	44,479	(2,467,181)	-	40,176,556	60,172,773	1,317,593	61,490,366		
Total Comprehensive Income for the year													
Profit for the year	-	-	-	-	-	-	-	3,008,737	3,008,737	67,067	3,075,804		
Other Comprehensive Income before Tax	-	-	-	316,789	-	2,117,126	-	20,804	4,385,238	47,377	6,887,334		
Tax on Other Comprehensive Income	-	-	-	(217,680)	-	(675,432)	-	45,022	(1,315,571)	-	(2,163,661)		
Total Comprehensive Income for the year	-	-	-	99,109	-	1,441,694	-	3,074,563	3,069,667	114,444	7,799,477		
Transactions with equity holders													
Transfer to statutory reserve fund	-	175,000	-	-	-	-	-	(175,000)	-	-	-		
Final Dividends for year 2021 : Scrip	1,607,056	-	-	-	-	-	-	(1,607,056)	-	-	-		
Final Dividends for year 2021 : Cash	-	-	-	-	-	-	-	(357,124)	(357,124)	(40,778)	(40,778)		
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-		
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31 December 2022	19,870,665	2,746,479	-	1,682,940	44,479	(1,025,487)	-	41,116,154	67,504,897	1,391,259	68,896,156		
Balance as at 01 January 2023	19,870,665	2,746,479	-	1,682,940	44,479	(1,025,487)	-	41,116,154	67,504,897	1,391,259	68,896,156		
Total Comprehensive Income for the year													
Profit for the year	-	-	-	92,531	-	5,583,315	-	5,759,436	5,759,436	98,774	5,858,210		
Other Comprehensive Income before Tax	-	-	-	(27,760)	-	(1,577,918)	-	(661,195)	1,822,865	(11,820)	1,811,045		
Tax on Other Comprehensive Income	-	-	-	64,771	-	4,005,397	-	94,853	(553,290)	-	(553,290)		
Total Comprehensive Income for the year	-	-	-	64,771	-	4,005,397	-	5,193,094	7,029,011	86,954	7,115,965		
Transactions with equity holders													
Transfer to statutory reserve fund	-	300,000	-	-	-	-	-	(300,000)	-	-	-		
Issue of Shares - Scrip Dividends	867,566	-	-	-	-	-	-	(950,237)	(82,671)	-	(82,671)		
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-		
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	-	-	(53,283)	(53,283)		
Balance as at 31 December 2023	20,738,231	3,046,479	-	1,747,711	44,479	2,979,910	-	45,079,167	74,471,393	1,424,930	75,896,323		

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NATIONAL DEVELOPMENT BANK PLC
P. O. BOX. 1525
40, NAWAM NAWATHA,
COLOMBO 02.

STATEMENT OF CASH FLOW

For the Year ended 31 December	BANK		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	115,721,380	92,732,700	116,098,876	92,930,324
Fee based income received	6,724,305	6,350,791	8,097,965	7,715,104
Dividend income received	77,194.00	345,679	15,402	56,010
Other Operating income received	296,105	5,575,291	457,150	5,771,691
Interest paid	(88,033,051)	(51,885,500)	(88,031,617)	(51,895,768)
Personnel costs paid	(6,530,159)	(5,591,768)	(7,272,194)	(6,124,495)
Other expenses paid	(7,082,535)	(4,625,884)	(7,551,205)	(5,003,505)
Operating Profit before changes in operating assets and liabilities	21,173,239	42,901,309	21,814,377	43,449,361
(Increase)/decrease in operating assets				
Deposits held for regulatory or monetary control purposes	11,147,126	(1,784,185)	11,147,126	(1,784,185)
Financial Assets at amortised cost -loans and receivables to other customers	77,234,867	(49,031,658)	77,234,867	(49,266,112)
Net (increase)/decrease in operating assets	4,984,338	(3,667,367)	5,063,435	(2,656,530)
(Increase)/decrease in operating liabilities				
Financial liabilities at amortised cost - due to depositors	(57,694,801)	106,277,952	(57,505,645)	106,460,463
Financial liabilities at amortised cost - due to debt securities holders	15,502,028	(1,210,519)	15,502,028	(1,210,519)
Financial liabilities at amortised cost - due to other borrowers	(15,280,423)	4,699,078	(15,280,423)	4,699,078
Repayment of principal portion of lease liabilities	(435,836)	(420,768)	(511,440)	(485,967)
Net increase/(decrease) in other liabilities	115,767	(2,697,938)	(2,593)	(3,611,245)
Net cash generated/(used in) from operating activities before taxation	56,746,305	95,065,904	57,461,732	95,594,344
Tax on Financial Services paid	(2,689,010)	(1,357,619)	(2,689,010)	(1,357,619)
Income taxes paid	(2,372,153)	(1,582,804)	(2,674,348)	(1,824,899)
Surcharge tax paid	-	(2,456,403)	-	(2,576,177)
Net cash generated/(used in) from operating activities	51,685,142	89,669,078	52,098,374	89,835,649
CASH FLOWS FROM INVESTING ACTIVITIES				
Net changes in financial Investments	(24,482,448)	(67,569,963)	(25,191,301)	(67,146,633)
Purchase of Intangible assets	(1,925,214)	(830,787)	(1,933,715)	(832,700)
Purchase of property, plant & equipment	(357,644)	(323,417)	(398,262)	(346,237)
Proceeds from sale of property, plant & equipment	5,069	1,714	5,109	1,788
Net cash generated / (used in) from investing activities	(26,760,237)	(68,722,453)	(27,518,169)	(68,323,782)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debts securities issued	(3,637,980)	-	(3,637,980)	-
Proceeds of debts securities issued	5,000,000	-	5,000,000	-
Interest paid on debts securities issued	(3,348,150)	(3,348,149)	(3,348,150)	(3,348,149)
Dividends paid to non-controlling interests	-	-	(53,283)	(40,549)
Dividends paid to shareholders of the Bank	-	(345,731)	-	(345,731)
Net cash provided by / (used in) financing activities	(1,986,130)	(3,693,880)	(2,039,413)	(3,734,429)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,938,775	17,252,745	22,540,792	17,777,438
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	38,958,510	21,713,982	39,836,654	22,067,433
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	61,897,285	38,966,727	62,377,446	39,844,871
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	28,100,515	34,849,521	28,580,676	35,727,665
Placements with banks	33,743,602	4,108,989	33,743,602	4,108,989
Cash and cash equivalents at the end of the year (Net)	61,844,117	38,958,510	62,324,278	39,836,654
Add : Impairment allowance	53,168	8,217	53,168	8,217
Cash and cash equivalents at the end of the year (Gross)	61,897,285	38,966,727	62,377,446	39,844,871



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Signed for an on behalf of the Management of the Bank.

NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX: 1825
40, NAVAM MAWATHA
COLOMBO 02.
(Company Reg No. PQ 27)

	STATEMENT OF PROFIT OR LOSS					
	Bank			Group		
	Year ended 31/12/2025 Audited LKR '000	Year ended 31/12/2024 Audited LKR '000	Change %	Year ended 31/12/2025 Audited LKR '000	Year ended 31/12/2024 Audited LKR '000	Change %
Gross income	98,198,448	99,383,382	(1)	101,313,799	102,203,733	(1)
Interest income	86,676,326	88,059,931	(2)	86,857,356	88,282,978	(2)
Interest expenses	51,719,784	53,848,864	(4)	51,623,678	53,789,233	(4)
Net interest income	34,956,542	34,211,067	2	35,233,678	34,493,745	2
Fee and commission income	8,247,983	7,823,528	5	10,754,486	9,843,646	9
Less: Fee and commission expenses	180,666	26,210	589	180,666	26,210	589
Net Fee and commission income	8,067,317	7,797,318	3	10,573,820	9,817,436	8
Net gain/(loss) from trading	1,054,913	1,041,326	1	1,054,913	1,041,326	1
Net gain/(loss) from financial assets at fair value through profit or loss	(41,896)	(141,276)	70	184,886	135,793	36
Net gains/(losses) from de-recognition of financial assets						
- at fair value through profit or loss	113,685	881,748	(87)	201,693	978,163	(79)
- at fair value through OCI	931,695	3,050,319	(69)	929,760	3,068,427	(70)
Other operating income	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: Impact of the debt restructuring	-	14,343,580	(100)	-	14,343,580	100
Less :Impairment charges/(reversals) on loans and other investments	5,914,844	(9,976,865)	159	5,914,844	(10,054,600)	159
Net operating income	40,383,154	41,141,593	(2)	43,594,611	44,099,310	(1)
Operating expenses						
Personnel expenses	9,563,485	8,751,357	9	10,504,739	9,605,375	9
Depreciation and amortization	1,193,967	1,090,584	9	1,282,293	1,167,989	10
Other expenses	8,243,088	6,956,661	18	9,038,627	7,634,517	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: Taxes on financial services	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)	-	-	-	-	-	-
Profit before taxation	16,334,734	18,818,789	(13)	17,721,072	20,167,227	(12)
Less : Income tax expenses	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)
	11,039,840	9,030,221	22	11,950,993	9,892,335	21
Basic earnings per share (in LKR)	25.90	21.25	22	27.83	23.05	21
Diluted earnings per share (in LKR)	25.90	21.19	22	27.83	22.98	21

	STATEMENT OF COMPREHENSIVE INCOME					
	Year ended 31/12/2025 Audited LKR '000	Year ended 31/12/2024 Audited LKR '000	Change %	Year ended 31/12/2025 Audited LKR '000	Year ended 31/12/2024 Audited LKR '000	Change %
	Profit for the year	11,039,840	9,030,221	22	11,950,993	9,892,335
Items that will be reclassified to statement of profit or loss						
Exchange differences on translation of foreign operations	-	-	-	6,712	(45,860)	115
Net Gains/(losses) on Investments in debt Instruments measured at fair value through other comprehensive income	(1,503,053)	(1,382,089)	(9)	(1,492,756)	(1,379,562)	(8)
Changes in Impairment allowance for expected credit losses	138,732	-	100	138,732	-	100
Cash flow hedge reserve-SWAP	(404,404)	(776,202)	48	(404,404)	(776,202)	48
Less :Tax expense relating to items that will be reclassified to income statements	530,615	647,488	(18)	525,829	645,324	(19)
A	(1,238,110)	(1,510,803)	18	(1,225,887)	(1,556,300)	21
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	721,714	905,099	(20)	721,714	905,099	(20)
Revaluation of Land & Buildings	316,504	51,735	512	365,022	96,364	279
Actuarial Gains/(losses) on defined benefit plans	(225,772)	(89,354)	(153)	(234,966)	(99,177)	(137)
Less :Tax expense relating to items that will not be reclassified to Income statements	(78,611)	(12,429)	(532)	(90,407)	(22,872)	(295)
B	733,835	855,051	(14)	761,363	879,414	(13)
Total other comprehensive income after Tax A + B	(504,275)	(655,752)	23	(464,524)	(676,886)	31
Total comprehensive income for the year attributable to:	10,535,565	8,374,469	26	11,486,469	9,215,449	25
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)
	10,535,565	8,374,469	26	11,486,469	9,215,449	25

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Signed for an on behalf of the Management of the Bank.



NATIONAL DEVELOPMENT BANK OF SRI LANKA
P.O. BOX: 1825
40, NAWAM MAWATHA,
COLOMBO 02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	Current Year	Previous Year	Change	Current Year	Previous Year	Change
	As at 31/12/2025 Audited LKR '000	As at 31/12/2024 Audited LKR '000		As at 31/12/2025 Audited LKR '000	As at 31/12/2024 Audited LKR '000	
Assets						
Cash and cash equivalents	17,566,305	18,037,627	(3)	18,020,298	18,682,376	(4)
Balances with the Central Bank of Sri Lanka	8,225,602	8,053,358	2	8,225,602	8,053,358	2
Placements with banks	24,692,505	22,098,832	12	24,692,505	22,098,832	12
Derivative financial instruments	1,475,777	1,146,236	29	1,475,777	1,146,236	29
Financial assets recognized through profit or loss measured at fair value	253,152	6,776,131	(96)	3,414,968	9,905,171	(66)
Financial assets at amortised cost - loans and receivables to other customers	593,603,756	460,707,258	29	593,705,105	460,780,610	29
Financial assets at amortised cost - debt and other instruments	181,340,088	166,190,761	9	181,822,394	166,355,792	9
Financial assets measured at fair value through other comprehensive income	78,648,323	94,245,415	(17)	79,110,967	94,659,106	(16)
Investments in subsidiary companies	1,031,037	1,031,037	-	-	-	-
Investment property	-	-	-	3,346,703	3,107,671	8
Intangible assets	1,628,982	1,766,615	(8)	1,682,400	1,814,985	(7)
Property, plant & equipment	4,213,378	3,147,459	34	5,162,749	4,070,740	27
Right of use assets	1,448,611	1,260,740	15	1,486,814	1,337,042	11
Current tax assets	-	-	-	32,391	33,727	(4)
Deferred tax Assets	5,421,860	4,158,040	30	5,489,018	4,216,721	30
Other assets	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	12,447,544	4,841,342	157	12,447,544	4,841,342	157
Derivative financial instruments	251,448	344,586	(27)	251,448	344,586	(27)
Financial liabilities at amortised cost - due to depositors	707,167,366	631,682,926	12	706,437,565	631,081,461	12
Financial liabilities at amortised cost						
- due to debt securities holders	69,834,390	8,002,850	773	69,834,390	8,002,850	773
- due to other borrowers	19,792,565	22,023,798	(10)	19,792,565	22,023,798	(10)
Debt securities issued	23,330,603	33,564,708	(30)	23,330,603	33,564,708	(30)
Retirement benefit obligations	1,585,637	1,413,872	12	1,741,645	1,556,937	12
Current tax liabilities	4,038,962	5,204,643	(22)	4,421,027	5,473,755	(19)
Deferred tax liabilities	-	-	-	1,021,505	976,244	5
Other liabilities	11,215,309	10,860,883	3	11,749,708	11,630,328	1
Dividends payable	124,099	81,988	51	124,099	81,988	51
Total liabilities	849,787,923	718,021,596	18	851,152,099	719,577,997	18
Equity						
Stated capital	23,042,558	21,756,865	6	23,042,558	21,756,865	6
Statutory reserve fund	4,073,979	3,521,479	16	4,073,979	3,521,479	16
Retained earnings	50,334,623	43,501,855	16	55,934,684	48,276,283	16
Other reserves	8,569,697	8,884,556	(4)	8,922,907	9,188,008	(3)
Total shareholders' equity	86,020,857	77,664,755	11	91,974,128	82,742,635	11
Non controlling interests	-	-	-	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
Net book value per share (LKR)	201.51	186.91	8	215.45	199.13	8
Contingent liabilities and commitments	402,998,561	288,292,666	40	403,667,032	288,367,118	40

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Signed for an on behalf of the Management of the Bank.



NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX: 1825
40, NAWAM MAWATHA,
COLOMBO 02

STATEMENT OF CHANGES IN EQUITY											
For the year ended 31 December											
BANK	Stated Capital		Other Reserves			Retained			Total	Non	Total Equity
	LKR '000	LKR '000	Statutory reserve fund	Revaluation reserve	Share based payment reserves	Fair value reserve	Cash flow hedge reserve	Special reserve			
Balance as at 01 January 2024	20,738,231	3,046,479	1,501,603	44,479	2,954,169	835,416	-	41,027,500	-	-	70,147,877
Total comprehensive income for the year	-	-	-	-	-	-	-	9,030,221	-	-	9,030,221
Profit for the year	-	-	51,735	-	(476,990)	(776,202)	-	(89,354)	-	-	(1,290,811)
Other comprehensive income before tax	-	-	(15,520)	-	414,627	232,861	-	3,091	-	-	635,059
Tax on other comprehensive income	-	-	36,215	-	(62,363)	(543,341)	-	8,943,958	-	-	8,374,469
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	475,000	-	-	-	-	-	(475,000)	-	-	-
Transfer to the special reserve on SLSBs step up bonds	-	-	-	-	-	-	4,014,429	(4,014,429)	-	-	-
Adjustment to share based payment reserve	-	-	-	103,949	-	-	-	-	-	-	103,949
Final dividends for year 2023 - Cash	-	-	-	-	-	-	-	(798,929)	-	-	(798,929)
Final dividends for year 2023 - Scrip	1,018,634	-	-	-	-	-	-	(1,198,393)	-	-	(179,759)
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	17,148	-	-	17,148
Balance as at 31 December 2024	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
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
Total Comprehensive Income for the year	-	-	-	-	-	-	-	11,039,840	-	-	11,039,840
Profit for the year	-	-	-	-	-	-	-	(87,040)	-	-	(87,040)
Other Comprehensive Income before Tax	-	-	316,504	-	(781,339)	(404,404)	-	(25,280)	-	-	(956,279)
Tax on Other Comprehensive Income	-	-	(94,952)	-	450,915	121,321	-	452,004	-	-	452,004
Total comprehensive income for the year	-	-	221,552	-	(330,424)	(283,083)	-	10,927,520	-	-	10,535,565
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	-
Issue of Shares	224,151	-	-	(67,334)	-	-	-	-	-	-	156,817
Transfer to special reserve on SLSBs - Step up Bonds	-	-	-	-	-	-	225,524	(225,524)	-	-	-
Adjustment to share based payment reserves	-	-	-	(81,094)	-	-	-	-	-	-	(81,094)
Transfer to Statutory Reserve Fund	-	552,500	-	-	-	-	-	(552,500)	-	-	-
Final Dividends for year 2024 - Cash	-	-	-	-	-	-	-	(2,081,455)	-	-	(2,081,455)
Final Dividends for year 2024 - Scrip	1,061,542	-	-	-	-	-	-	(1,248,873)	-	-	(187,331)
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	13,600	-	-	13,600
Balance as at 31 December 2025	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

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Signed for and on behalf of the Management of the Bank.



NATIONAL DEVELOPMENT BANK PLC
P.O. BOX. 1825
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COLOMBO 02.

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STATEMENT OF CHANGES IN EQUITY														
For the year ended 31 December														
GROUP	Stated Capital		Statutory Reserve Fund		Other Reserves		Share Based Payment Reserves		Fair Value Reserve		Retained	Total	Non	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	Revaluation Reserve LKR '000	Share Based Payment Reserves LKR '000	Fair Value Reserve LKR '000	Cash Flow Hedge Reserve LKR '000	Special Reserve ISB LKR '000	Rs '000				
Balance as at 01 January 2024	20,738,231	3,046,479	1,747,711	44,479	2,979,910	835,416	-	-	45,079,167	74,471,393	1,424,930	25,896,323		
Total Comprehensive Income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	9,794,161	98,174	9,892,335		
Other Comprehensive Income before Tax	-	-	96,364	-	(474,463)	(776,202)	-	-	(133,479)	(1,287,780)	(11,558)	(1,299,338)		
Tax on Other Comprehensive Income	-	-	(28,909)	-	412,463	232,861	-	-	6,037	622,452	-	622,452		
Total Comprehensive Income for the year	-	-	67,455	-	(62,000)	(543,341)	-	-	9,666,719	9,128,833	86,616	9,215,449		
Transactions with equity holders														
Transfer to statutory reserve fund	-	475,000	-	-	-	-	-	-	(475,000)	-	-	-		
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	-	4,014,429	(4,014,429)	-	-	-		
Adjustment to share based payment reserves	-	-	-	103,949	-	-	-	-	-	103,949	-	103,949		
Final Dividends for year 2023 : Cash	-	-	-	-	-	-	-	-	(798,929)	(798,929)	-	(798,929)		
Final Dividends for year 2023 : Scrip	1,018,634	-	-	-	-	-	-	-	(1,198,393)	(179,759)	-	(179,759)		
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-		
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	-	17,148	17,148	(51,958)	(51,958)		
Balance as at 31 December 2024	21,756,865	3,521,479	1,815,166	148,428	2,917,910	292,075	4,014,429	48,276,283	82,742,635	1,459,588	84,202,223	84,202,223		
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	48,276,283	82,742,635	1,459,588	84,202,223	84,202,223		
Total Comprehensive Income for the year														
Profit for the year	-	-	365,022	-	(771,042)	(404,404)	-	-	11,864,755	11,864,755	86,238	11,950,993		
Other Comprehensive Income before Tax	-	-	(109,506)	-	446,129	121,321	-	-	(89,080)	(89,080)	(442)	(89,946)		
Tax on Other Comprehensive Income	-	-	255,516	-	(324,913)	(283,083)	-	-	(22,522)	435,422	-	435,422		
Total Comprehensive Income for the year	-	-	255,516	-	(324,913)	(283,083)	-	-	11,753,153	11,400,673	85,796	11,486,469		
Transactions with equity holders														
Issue of Shares	224,151	-	-	(67,334)	-	-	-	-	(552,500)	156,817	-	156,817		
Transfer to statutory reserve fund	-	552,500	-	-	-	-	-	-	(552,500)	-	-	-		
Transfer to special reserve on SLISBs - Step up Bonds	-	-	-	-	-	-	225,524	-	(225,524)	-	-	-		
Adjustment to share based payment reserves	-	-	-	(70,811)	-	-	-	-	-	(70,811)	11	(70,800)		
Final Dividends for year 2024 - Cash	-	-	-	-	-	-	-	-	(2,081,455)	(2,081,455)	-	(2,081,455)		
Final Dividends for year 2024 - Scrip	1,061,542	-	-	-	-	-	-	-	(1,248,873)	(187,331)	-	(187,331)		
Dividend attributable to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-		
Reversal of dividends declared in prior years	-	-	-	-	-	-	-	-	13,600	13,600	(30,661)	(30,661)		
Balance as at 31 December 2025	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	93,488,862		

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NATIONAL DEVELOPMENT BANK PLC
PQ 27
P. O. BOX: 1826
40, NAWAM MAWATHA,
COLOMBO 02.



STATEMENT OF CASH FLOW

For the year ended 31 December	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 based 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	(604,395)	3,251,864	(520,369)
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	28,769,663	28,118,762	29,750,284	29,011,761
(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)	(990,332)	(9,855,426)	(1,247,252)
(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	61,831,540	(7,629,719)	61,831,540	(7,629,719)
Financial liabilities at amortised cost - due to other borrowers	8,877,695	(1,966,494)	8,877,695	(1,966,494)
Repayment of principal portion of lease liabilities	(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 generated/(used in) 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	(7,272,392)	(5,723,858)	(7,613,085)	(6,043,944)
Net cash generated/(used in) from operating activities	13,152,056	114,781	13,210,524	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	(150,444.00)	(132,480)	(173,833)	(172,283)
Purchase of property, plant & equipment	(1,404,264)	(431,408)	(1,531,671)	(482,147)
Proceeds from sale of property, plant & equipment	12,068	4,146	12,094	4,157
Net cash generated /(used in) from investing activities	5,272,391	(21,738,189)	5,059,532	(22,282,297)
Cash flows from financing activities				
Proceeds from issue of ordinary of shares	163,028	-	163,028	-
Repayment of debt securities issued	(10,090,430)	(5,561,200)	(10,090,430)	(5,561,200)
Proceeds from debt securities issued	-	10,000,000	-	10,000,000
Interest paid on debts 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 dividends	(480,790)	(278,027)	(484,937)	(278,027)
Net cash provided by /(used in) financing activities	(16,267,855)	(43,918)	(16,304,220)	(95,876)
Net increase in cash and cash equivalents	2,156,592	(21,667,326)	1,965,836	(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	42,747,044	40,821,540
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	17,566,305	18,037,627	18,020,298	18,682,376
Placements with banks	24,692,505	22,098,832	24,692,505	22,098,832
Cash and cash equivalents at the end of the year (Net)	42,258,810	40,136,459	42,712,803	40,781,208
Add: Impairment allowance	34,241	40,332	34,241	40,332
Cash and cash equivalents at the end of the year (Gross)	42,293,051	40,176,791	42,747,044	40,821,540

The Management is responsible for the financial information extracted from the audited financial statements given above.

Signed for an on behalf of the Management of the Bank.



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