

6<sup>th</sup> April 2026

Ms. Nilupa Perera  
Chief Regulatory Officer  
Colombo Stock Exchange  
Level 4- 01 West Block  
World Trade Centre, Echelon Square  
Colombo 01

Dear Madam,

## **NATIONAL DEVELOPMENT BANK PLC - CORPORATE DISCLOSURE**

### **NDB Addresses Fraud Incident, Estimates Loss and Reinforces Financial Strength and Stability**

Further to the disclosure made on April 2, 2026, the Board of Directors ("Board") of National Development Bank PLC (Bank) wishes to provide the following update to its shareholders, depositors, customers, and other stakeholders.

#### **1. CUSTOMER BALANCES UNAFFECTED**

The Board wishes to reiterate that customer balances remain intact as per the investigations carried out. The Bank remains well capitalised with sound levels of liquidity. The Bank's day-to-day operations continue without any disruption.

#### **2. BACKGROUND**

Based on its internal investigation, the Bank has now established that the fraud, which was limited to a certain area of operations to be approximately LKR 13.2 billion.

The Board and the Management of the Bank recognises this is a serious matter and is treating it with the highest urgency with effort being made - on multiple fronts - to recover the said Funds with the support of the law enforcement authorities.

#### **3. PROMPT DECISIVE ACTIONS ALREADY TAKEN**

The Board wishes to assure stakeholders that it has moved swiftly and decisively since the fraud was detected. The following actions have already been completed:

- All implicated employees have been suspended and their system access revoked
- Individuals connected to the fraud have been arrested by law enforcement authorities
- The affected operational unit has been placed under separate oversight, with new staff and revised reporting lines

- Additional access controls have been implemented across operations
- Central Bank of Sri Lanka (CBSL) has been kept fully informed
- All transaction logs, records, and evidence have been secured for the ongoing investigation

#### 4. INDEPENDENT FORENSIC REVIEW TO COMMENCE

The Board has decided to appoint an independent forensic auditor to conduct a thorough and an impartial review of the fraud, its causes and to ensure that the Bank's systems and processes meets stringent standards. The scope, timeline, and findings of this review will be communicated to stakeholders in due course.

#### 5. THE BANK REMAINS RESILIENT AND FINANCIALLY STRONG

Even considering the worst-case scenario, the Bank's financial performance and position will be impacted as follows:

- **Financial Impact:** The Bank's unaudited Loss After Tax for the Quarter ended 31 March 2026 is estimated to be approximately LKR 4.0 billion, after making a full provision for the maximum loss expected from this incident. In addition, during the year ended December 31, 2025 - the Bank reported a net profit after tax of LKR 11.0 billion with a net profit of LKR 3.5 billion for the Quarter ended 31 December 2025.
- **Financial Position:** The unaudited total Asset base of the Bank which is approximately LKR 990.0 billion at March 31, 2026 would be impacted by 0.7% due to this incident.
- **Solvency:** Notwithstanding this impact, the Bank's Common Equity Tier I, Tier I and Total CAR will continue to be above the minimum regulatory requirements of 7.0%, 8.5% and 12.5%, respectively.
- **Liquidity:** It will have no impact of the Bank's Liquidity Coverage Ratios across both Rupee and All Currency at the said reporting period end. The Bank's access to liquidity as required, remains further augmented by access to CBSL facilities.

#### 6. REGULATORY SUPPORT EXTENDED BY THE CENTRAL BANK OF SRI LANKA

The Bank has received a regulatory statement dated 05<sup>th</sup> April 2026, issued by the CBSL, extending appropriate regulatory support and oversight, within its mandate, to assist the Bank in maintaining adequate levels of liquidity and capital, to ensure smooth functioning and stability of the Bank.

#### 7. REGULATORY DIRECTIVES

The CBSL has directed the Bank to suspend the payment of cash dividend payable to the Bank's shareholders which was scheduled to be directly credited to bank accounts on 6<sup>th</sup> April 2026 for shareholders who have given banking instructions and dispatched before 21<sup>st</sup> April 2026 for other shareholders. The scrip dividend will proceed as planned. The CBSL has also directed the Bank to

restrict discretionary payments and suspend branch expansions. These directives will come in to immediate effect and will be in force until specifically varied by a decision of CBSL.

#### **8. COMMITMENT TO TRANSPARENCY**

The Board is committed to keeping shareholders, depositors and the public fully informed and will provide updates as material information becomes available.

The Board wishes to thank all stakeholders for their continued confidence and support.

By order of the Board of Directors  
**National Development Bank PLC**

  
Shehani Ranasinghe  
Vice President/Company Secretary