COMMERCIAL BANK

IN CONTEXT

Stability beneath... acceleration ahead...

Commercial Bank of Ceylon PLC
Annual Report 2025
(Integrated Report and Financial Statements)

Best Bank in Sri Lanka 2025
Global Finance Magazine

Beyond the trilogy: The voyage continues

The 2022–2024 "In Context" trilogy captured our passage from storm to calmer waters. In 2025, we build on that steadier base – strengthening the stability beneath and accelerating ahead through disciplined growth, digital transformation and selective expansion, in pursuit of sustained value creation.

COMMERCIAL BANK

IN CONTEXT

Stability beneath... acceleration ahead...

With the stabilisation of the macroeconomy in 2025, confidence returned and the banking sector regained momentum, while the economy remained cognisant of rebuilding needs and the road ahead. On this steadier base, our core strength delivered the stability beneath: strong capital and liquidity, disciplined risk governance, secure technology and trusted stakeholder relationships. Building on that base, we delivered market-leading growth, expanding our share and widening the competitive gap. As digital and technology transformation sharpens agility and convenience, we are positioned to seize opportunities ahead, from innovative propositions to selective overseas expansion, while creating enduring value.

Our vision

To be the most technologically advanced, innovative and customer-friendly financial services organisation in Sri Lanka, poised for further expansion in South Asia.

Our mission

Providing reliable, innovative, customer-friendly financial services, utilising cutting-edge technology and focusing continuously on productivity improvement whilst developing our staff and acquiring necessary expertise to expand locally and regionally.

Our purpose

To be a responsible financial services provider by enabling and empowering people, enterprises and communities towards environmentally-responsible, socially-inclusive and economically-enriching growth.

Our values

- **Honesty** – We strive to earn and retain the trust of our stakeholders through transparent actions that inspire them and align with their values.
- **Integrity** – Maintaining our integrity is of paramount importance to us in ensuring that our brand value keeps growing for all stakeholders.
- **Fairness** – We focus on doing the right thing by all our stakeholders so that their trust in us continues to deepen, enriching invaluable relationships.
- **Responsible citizenship** – Continuing our commitment to the community we focus on making lives better and being a force for good.
- **Accountability** – We live by our brand values, ready to take responsibility for our actions towards all stakeholders.

Explore our Interactive Annual Report

Smarter navigation. Faster insights. Accessible to all.

Our HTML Annual Report, designed for clarity, speed and accessibility, offers a more intuitive reading experience. Find information faster with a redesigned structure, supported by search, personalisation tools and an AI-powered, voice-enabled, multi-language Chatbot, plus a built-in screen reader.

Scan to view the interactive report

or visit: www.combank.lk/investors

Search

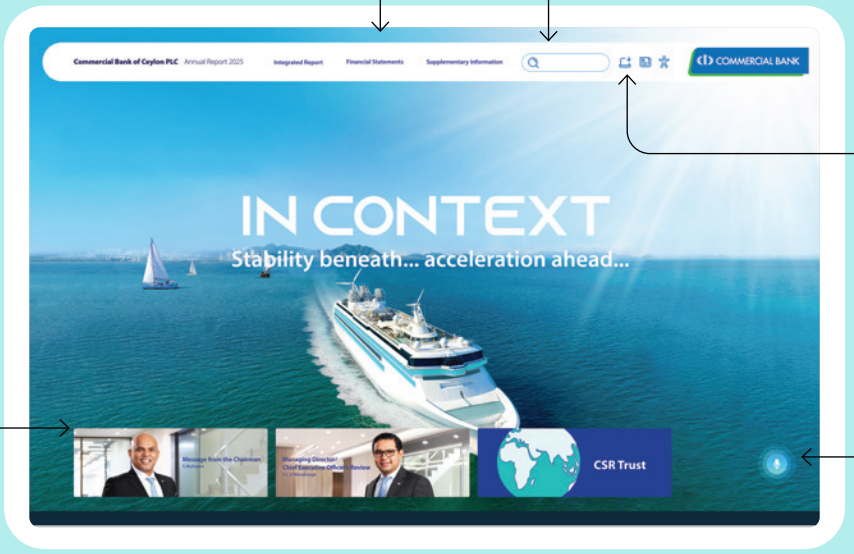
Accessibility panel – Screen reader detector

Chart generator

My report

Main Navigation

All content is now organised into three clear sections – Integrated Report, Financial Statements, and Supplementary Information – so you can go straight to what matters, without scrolling through long pages.



Power saving mode (Dark mode)

A darker viewing option for comfortable reading with reduced glare in low-light environments, which may reduce power consumption on compatible displays.

Short videos

1. Chairman's Message
2. Managing Director/ Chief Executive Officer's Review
3. Sustainability
4. Corporate Social Responsibility initiatives of the CSR Trust

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- Multi-language support
- Ask questions and get guided links to the relevant sections
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This Integrated Report and Financial Statements is published within three months of the date of the Statement of Financial Position. The comprehensive end-to-end online HTML version and the interactive PDF version are also published online on the same date as the date of issue of this Integrated Report and Financial Statements at

https://combank2025.annualreports.lk/

Scan to view the comprehensive end-to-end online HTML version

Scan to view the interactive PDF version

All the industry related figures mentioned in this Annual Report have been extracted/computed/annualised based on the information published by the CBSL up to September 30, 2025.

Look out for these throughout the report:

Reference to another page, table, figure or graph in the report

Reference to further reading online

Integrated Report

This Annual Report includes an Integrated Report section, followed by the Financial Statements and Supplementary Disclosures and Annexures, aligned to the International <IR> Framework. Due diligence has been exercised to ensure the integrity, accuracy and relevance of the information (see Annual Report of the Board of Directors on pages 04 and 05).

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Annual Report of the Board of Directors

Preamble

The Board of Directors of Commercial Bank of Ceylon PLC (the Bank) is pleased to present the Bank's 57th Annual Report, comprising the Integrated Report, the Audited Financial Statements of the Group and the Bank for the financial year ended December 31, 2025, together with the Independent Auditor's Report on the Financial Statements. This Report has been prepared in compliance with all applicable statutory and regulatory requirements.

To enhance accessibility and stakeholder engagement, the Report is made available in multiple digital formats via the Bank's official website, including an interactive, screen-reader-friendly HTML version supported by an AI-powered assistant (Chatbot), an interactive PDF, and a mobile-optimised edition.

Integrated reporting and strategic focus

The Bank continues to adopt an integrated reporting approach aligned with the Guiding Principles and the Content Elements of the IFRS Foundation's International <IR> Framework. The Integrated Annual Report explains how sustainable value is created across multiple capitals through the Bank's robust business model (pages 66 and 67), and outlines key risks and opportunities in the operating environment and the Bank's strategic responses.

Through the annual strategic planning cycle, the Bank has refined its Sustainability Framework, articulated its strategic imperatives and deployed strategies to manage risks and capture emerging opportunities. Further details in this regard are provided in the chapters on our Business Model for Sustainable Value Creation, Strategic priorities and value creation and Embedding sustainability into operations on pages 66 to 171.

Independent assurance on the Bank's Audited Financial Statements, Directors' Statement on Internal Control over Financial Reporting and Risk Management, Selected GRI Indicators and Integrated Reporting was provided by Messrs KPMG, and independent assurance on the Bank's Sustainability-related Financial Disclosures was provided by Messrs EY, in compliance with globally accepted standards. Their assurance reports can be found on the pages indicated in Figure 01 below.

Board's responsibility

The Board of Directors assumes full responsibility for the preparation and fair presentation of the Group's and the Bank's Financial Statements in accordance with Sections 150, 151, 152 and 153 (1) and (2) of the Companies Act No. 07 of 2007 and amendments thereto (the Companies Act) and the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto. Further, the Board of Directors wishes to confirm that the Financial Statements, namely, the Income Statement, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Material Accounting Policies and Notes thereto, have been prepared to present a true and fair view of the financial position and performance of the Group and the Bank. Detailed disclosures as required by the above statutes are given on pages 307 to 470.

This Report also incorporates disclosures required under the Companies Act, the Banking Act No. 30 of 1988 and amendments thereto (the Banking Act) and related Directions, the Listing Rules of the Colombo Stock Exchange (the CSE), and the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Bank also complies with the requirements of the Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks and amendments thereto, issued by the Central Bank of Sri Lanka (the CBSL) which became effective from January 01, 2025. Furthermore, in line with Rule 9.14.8 (4) of the Listing Rules of the CSE, the Board of Directors confirms that all applicable requirements relating to Related Party Transactions have been fully complied with during the reporting period.

The Financial Statements for the year ended December 31, 2025 including comparatives for 2024 were reviewed, approved and authorised for issue by the Board as per a resolution passed on February 26, 2026. Copies of the Annual Report will be submitted to the CSE and the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), and digital versions will be made available on the Bank's official website.

The Independent Auditors, Messrs KPMG, reappointed at the 56th Annual General Meeting (AGM) held on March 28, 2025, have issued an unmodified audit opinion (pages 300 to 304) and confirmed their independence and absence of any direct or indirect interest in contracts with the Bank, its subsidiaries or its associate beyond their role as auditors. Disclosure of Auditor's remuneration is made in Note 21 to the Financial Statements on page 351.

External Assurances obtained Figure – 01

To ensure the integrity and credibility of the Bank's disclosures, independent assurance was obtained on the following areas:

Category	Sustainability Reporting	Internal Control & Risk Management	Financial Reporting	Integrated Reporting	Sustainability Reporting
Subject Matter	SLFRS Sustainability-Related Financial Disclosures	Directors' Statement on Internal Control over Financial Reporting and Risk Management	Audited Financial Statements	International <IR>Framework	Selected GRI Indicators
Type/Level of Assurance	Assurance/Limited	Assurance/Limited	Audit/Reasonable	Assurance/Limited	Assurance/Limited
Standard	SLSAE 3000 (Revised)	SLSAE 3050 (Revised)	SLAuS	SLSAE 3000 (Revised)	SLSAE 3000 (Revised)
Assurance Provider	Messrs EY	Messrs KPMG	Messrs KPMG	Messrs KPMG	Messrs KPMG
Page/s	Pages 139 and 140	Page 268	Pages 300 to 304	Pages 532 and 533	Pages 534 and 535

To the best of its knowledge, the Board acknowledges that all statutory payments due to the Government, regulatory authorities and employees have been duly made on time. Based on a review of the Bank's and the Group's financial position and business plans, the Board is satisfied that the Group possesses adequate resources to meet its obligations and continue operations for the foreseeable future. Accordingly, the Financial Statements of the Group and the Bank have been prepared on a going concern basis.

As reported last year, in line with evolving reporting expectations, the Bank has progressed work to implement sustainability-related financial disclosures aligned to SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2), commencing from this year (pages 141 to 171).

Compliance with statutory requirements and codes on governance

The Bank's compliance with Section 168 of the Companies Act and other relevant legislation is detailed in the Statement of Compliance on pages 258 to 263 of this Report. A comprehensive disclosure of compliance with key regulatory and governance requirements is presented in the following sections of the Annual Report:

Compliance with statutory requirements and codes on governance Table – 01

Key focus area	Requirement category	Primary authority	Legislative reference	Page No.
Governance and controls:				
Ensuring strong governance and internal controls to protect depositors and financial stability.	Governance & Oversight	CBSL	Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks	472 to 489
		CSE	Listing Rules: Section 9	495 to 501
Market transparency:				
Providing fair, timely, and equal access to market-sensitive information.	Market Discipline	CSE	Listing Rules: Section 7.6	189 to 192
Financial soundness:				
Ensuring robust capital, asset quality, leading to financial stability	Statutory Reporting	CBSL	Disclosure requirements in the Annual Financial Statements	502 to 508
Environmental, Social, and Governance future readiness:				
Reporting material Sustainability-related risks and opportunities	Sustainability Disclosures	CA Sri Lanka	SLFRS S1 & S2 Standards	141 to 171
Ethical stewardship:				
Upholding high ethical standards and Board accountability beyond legal requirements.	Best Practice Standards	CA Sri Lanka	The Code of Best Practice on Corporate Governance 2023	490 to 494

Fifty-seventh (57th) Annual General Meeting

The Fifty-seventh AGM of the Bank will be held on March 31, 2026, at 2.30 p.m. at the Galadari Hotel, Grand Ballroom, No. 64, Lotus Road, Colombo 01. Shareholders are invited to attend the AGM. Further details are set out in the Notice of Meeting on page 546, issued in accordance with a resolution adopted by the Board of Directors.

Board's confirmation

The Board of Directors confirms that this Integrated Report and the Financial Statements have been prepared with due care and accurately present the Group's affairs, and, in accordance with Section 168(1)(k) of the Companies Act, acknowledges the contents of this Annual Report.

Signed in accordance with a resolution of the Board of Directors.

S Muhseen
Chairman

R Senanayake
Deputy Chairman

S C U Manatunge
Managing Director/
Chief Executive Officer

Ms J Lee
Director

Ms D L T S Wijewardena
Director

Dr S Selliah
Director

S Prabagar
Executive Director/
Chief Operating Officer

D N L Fernando
Director

P M Kumarasinghe
Director

P Y S Perera
Director

Ms R M A S Parakrama
Director

R A P Rajapaksha
Company Secretary

February 26, 2026

Scan to create a calendar entry for the Annual General Meeting

Who we are and what we stand for
Introduction to our 57th Annual Report

Purpose of this Report

This Annual Report explains how Commercial Bank of Ceylon PLC, its subsidiaries and the associate ("the Group") create and protect value over time, and how the Board and the Management steward the Bank through evolving economic, regulatory and sustainability landscapes. It is designed to help investors, depositors, lenders, regulators and other stakeholders assess our performance, financial position and resilience, while providing an understanding of the strategy, risks and sustainability-related aspects that may influence future outcomes.

We apply a decision-usefulness lens throughout the Report and prioritise information that can reasonably influence assessments of performance, resilience and stewardship.

What is new in 2025

The 2025 Annual Report includes our inaugural sustainability-related Financial Disclosures under SLFRS S1 and SLFRS S2, reflecting the Group's adoption of the Sri Lankan equivalents of the IFRS Sustainability Disclosure Standards. These disclosures are intended to provide decision-useful information on sustainability and climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, access to finance and cost of capital over time. In this first year of adoption of the above standards, the disclosures include transition and implementation reliefs where permitted; consequently, comparative sustainability information is not presented. (Refer the section on SLFRS Sustainability-related Financial Disclosures on pages 141 to 171).

Navigating this Report

This Report is organised around the key questions readers typically ask:

- How did the Group perform and how resilient is it? (performance, capital, liquidity, asset quality and key drivers)
- What is the strategy and what could change the outlook? (strategy, business model, key risks and uncertainties)
- How are Sustainability-Related Risks and Opportunities (SRROs) managed and disclosed? (Sustainable Banking, governance and SLFRS S1/S2 disclosures)

Accordingly, information is presented to show clear linkages between strategy, the business model, material matters, risk management and performance. Cross-references are used to connect Sustainability-related Financial Disclosures under SLFRS S1 and S2 standards to relevant parts of the Integrated Report and Financial Statements, to minimise repetition, where possible.

The architecture of our Integrated Annual Report Figure – 02

Our 13th Integrated Annual Report

Reporting period, boundary, and scope

This Report covers the financial year from January 01, 2025 to December 31, 2025, with comparative information for the prior year where relevant and available.

- **Financial reporting boundary:** The Audited Financial Statements are prepared on a consolidated basis for the Group in accordance with Sri Lanka Accounting Standards and applicable regulatory requirements.
- **Sustainability reporting boundary:** Sustainability-related disclosures primarily focus on the Group's operations in Sri Lanka and its material overseas operations, and on sustainability-related and climate-related risks and opportunities that could affect the Group's financial performance and resilience. Where information relates to a different boundary, it is explained in relevant sections.
- **Changes to reporting basis and restatements:** There were no changes in the reporting or restatements to the previously reported financials (except for those disclosed in the Note 69 of the Notes to the Financial Statements on page 470), social or environmental information.

Integrated reporting framework and standards

This Report has been prepared in line with the principles of the International <IR> Framework, reflecting the Group's commitment to transparent, coherent and comparable reporting. It also aligns with applicable financial reporting standards, corporate governance requirements and relevant sustainability reporting frameworks. In developing sustainability-related disclosures, the Bank has considered evolving global best practices and regulatory developments to enhance the relevance, consistency and robustness of information provided to stakeholders, particularly on Climate-Related Risks and Opportunities (CRROs) that may affect long-term value creation. Integrated thinking underpins both strategy formulation and execution: the Board and senior management consider financial, environmental, social and governance factors together to ensure short-term performance is not pursued at the expense of long-term resilience or stakeholder trust.

The concepts, principles and guidelines used in preparing this Report have been drawn from the following.

IFRS Foundation

The International <IR> Framework
(https://www.ifrs.org)

International Financial Reporting Standards (IFRS)
(https://www.ifrs.org)

GRI

Global Reporting Initiative (GRI) Standards
(www.globalreporting.org)

The Institute of Chartered Accountants of Sri Lanka

A Preparer's Guide to Integrated Corporate Reporting published by CA Sri Lanka

Handbook on Integrated Corporate Reporting, published by CA Sri Lanka in collaboration with The Integrated Reporting Council of Sri Lanka
(www.casrilanka.com)

Bank's Sustainability Framework
(pages 78 and 79)

Qualitative reporting principles

In preparing this Annual Report, the Bank applies six qualitative criteria to enhance decision – usefulness. *Completeness* ensures that material impacts and sustainability-related matters are covered without obscuring key information. *Clarity* is achieved through concise writing and effective use of visuals to aid understanding. *Comparability* is supported by presenting current and prior-period performance together and using relevant benchmarks where available. *Balance* is maintained by making every reasonable effort to present a fair representation of both positive and negative developments. *Accuracy* and *consistency* are supported through internal controls, traceability and verifiability of information. *Credibility* and *reliability* are strengthened by external assurance over relevant financial and sustainability information, where applicable.

Report structure and navigation at a glance

Navigation Icons

Sustainability at the core of our strategy

As permitted by Sections 2.17 and 2.18 of the <IR> Framework, this Report is structured around the Bank's 3-Pillar Approach to Sustainability:

Sustainable banking

Driving responsible financing, financial inclusion and sustainable products and services.

Responsible organisation

Promoting green and safe workplace, workplace culture and sustainable supply chain.

Community engagement

Enabling environmental engagement, social engagement and social enterprise.

Six capitals

Key stakeholders

Materiality and stakeholder inputs

Material matters disclosed in this Report reflect the Bank's assessment of issues that could reasonably influence stakeholder decisions and/or represent significant impacts. Stakeholder engagement informs both our materiality assessment and how we prioritise disclosures. Through structured dialogue with customers, employees, investors, regulators and community stakeholders, we identify emerging expectations and refine reporting to remain relevant, balanced and decision-useful. (Refer Stakeholder Engagement on pages 54 to 57 and Material Matters on pages 58 to 65).

Assurance and credibility

The Group's financial statements have been audited by the external auditors. Selected sustainability-related information is subject to external assurance, where indicated in the relevant sections, to strengthen confidence in the reliability of key disclosures. The scope of assurance, level of assurance, and standards used by the assurance providers are given in Figure 01 on page 04.

Integrated Thinking for Sustainable Value Creation

Integrated thinking connects the Bank's purpose, strategy, governance, culture and performance into a unified framework for decision-making. By considering financial and non-financial factors together, the Bank strengthens its ability to respond to opportunities and risks while delivering sustainable value to its stakeholders.

Purpose at the Core

The Bank's purpose, vision and values anchor its strategic direction and organisational conduct. They guide how the Bank serves customers, supports communities and contributes to sustainable long-term economic growth.

Strategy for Opportunity

Guided by its purpose, the Bank develops integrated strategies that respond to evolving market dynamics, capture emerging opportunities and manage risks within a changing economic and regulatory landscape.

Governance for Stewardship

The Bank maintains robust governance and risk management frameworks that promote responsible decision-making, transparency and accountability while safeguarding stakeholder interests.

Culture for Responsible Action

The Bank's values-driven culture encourages ethical conduct, collaboration and accountability across the organisation, supporting disciplined execution of strategy and responsible banking practices.

Performance for Insight

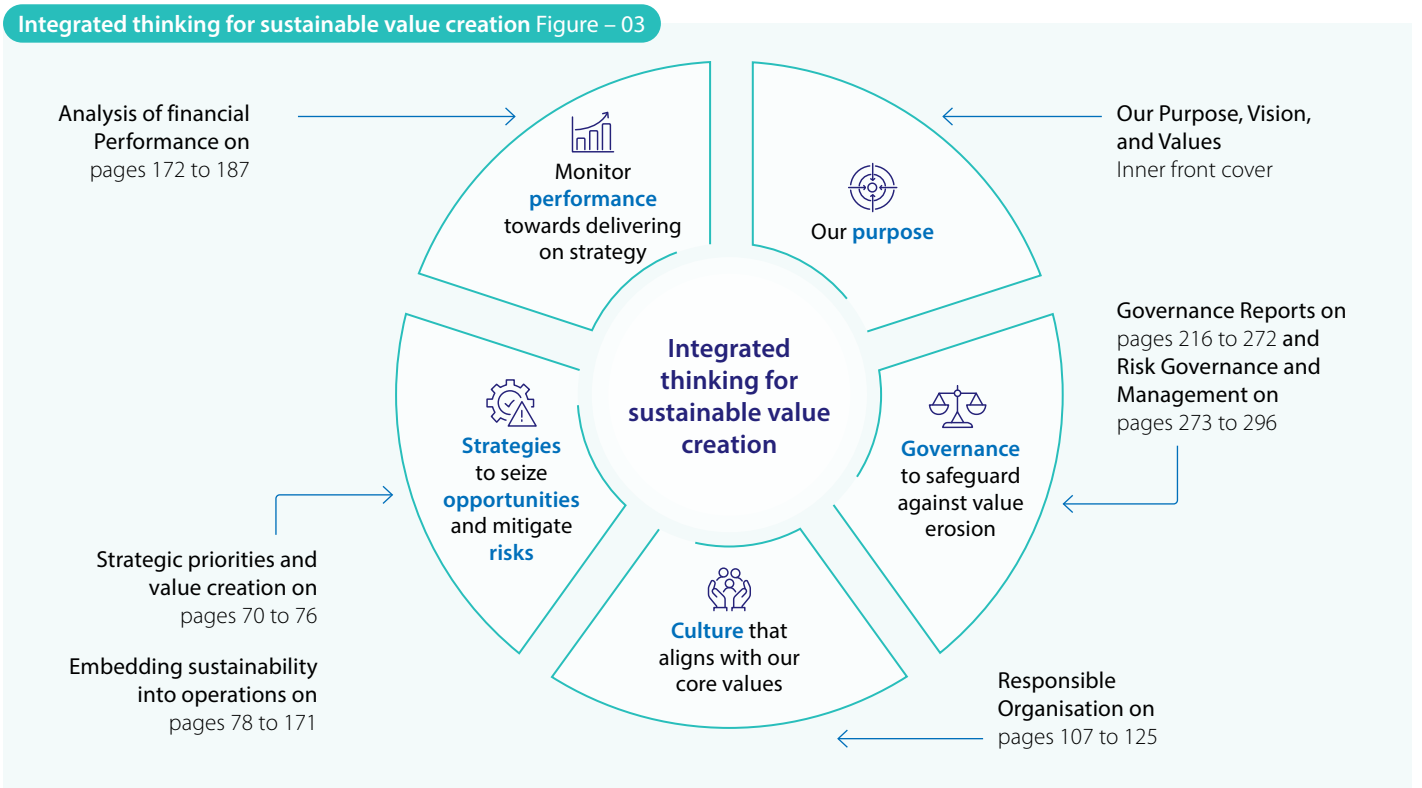
Through continuous monitoring and performance evaluation, the Bank assesses how effectively its strategies are implemented and how value is delivered to customers, investors and other stakeholders.

Value for the Long Term

Together, these interconnected elements demonstrate how integrated thinking enables the Bank to align strategy, governance and performance, strengthening organisational resilience and sustaining long-term value creation.

Figure 3 illustrates how these elements interact through integrated thinking to support sustainable value creation at the Bank. Our Integrated Annual Report is structured around this framework, with detailed disclosures and further insights presented throughout the relevant sections of the Report.

Integrated thinking for sustainable value creation Figure – 03



Guiding principles, regulations, codes and acts for financial, and narrative reporting Figure – 04

Financial reporting

Sri Lanka Accounting Standards and Auditing Standards Act No. 15 of 1995 and amendments thereto

Companies Act No. 07 of 2007 and amendments thereto (Companies Act)

CBSL Circulars and Directions

Circular No. 5 of 2024 on Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks

Banking Act Directions No. 13 of 2021 on Classification, Recognition and Measurement of Credit Facilities in Licensed Banks

Banking Act Directions No. 14 of 2021 on Classification, Recognition and Measurement of Financial Assets other than Credit Facilities in Licensed Banks

Colombo Stock Exchange

Listing Rules of the CSE

Narrative reporting

International <IR> Framework

A Preparer's Guide to Integrated Reporting by CA Sri Lanka in collaboration with the Integrated Reporting Council of Sri Lanka

Handbook on Integrated Corporate Reporting by CA Sri Lanka

Non-Financial Reporting Guidelines

Sustainability reporting

GRI Standards – Revised 2021 issued by the Global Sustainability Standards Board (GSSB)

UNGC Principles and UN Sustainable Development Goals

SLFRS Sustainability Disclosure Standards (S1 and S2) issued by The Institute of Chartered Accountants of Sri Lanka (adopted based on IFRS S1 and S2 issued by the International Sustainability Standards Board)

Sustainability Accounting Standard for Commercial Banks of the Sustainability Accounting Standards Board (SASB) of the IFRS Foundation

Corporate governance

Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks and amendments thereto

Listing Rules of the Colombo Stock Exchange

Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka

Securities and Exchange Commission of Sri Lanka – Act No. 19 of 2021

Assurance

Sri Lanka Auditing Standards

Sri Lanka Standard on Assurance Engagements SLSAE 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information

Sri Lanka Standard on Assurance Engagements SLSAE 3050 (Revised): Assurance Report for Banks on Directors' Statement on Internal Control

Forward-looking statements and key judgements

Certain information in this Report is forward-looking and reflects management's current expectations, assumptions and judgements, including in relation to strategy, risk outlook and climate-related analysis. Actual outcomes may differ due to changes in economic conditions, regulations, market dynamics and other factors. Key sources of estimation uncertainty and significant judgements are disclosed in the financial statements and, where relevant, in the section on SLFRS Sustainability-related Financial Disclosures (pages 141 to 171).

Your feedback matters

Please share your feedback with:

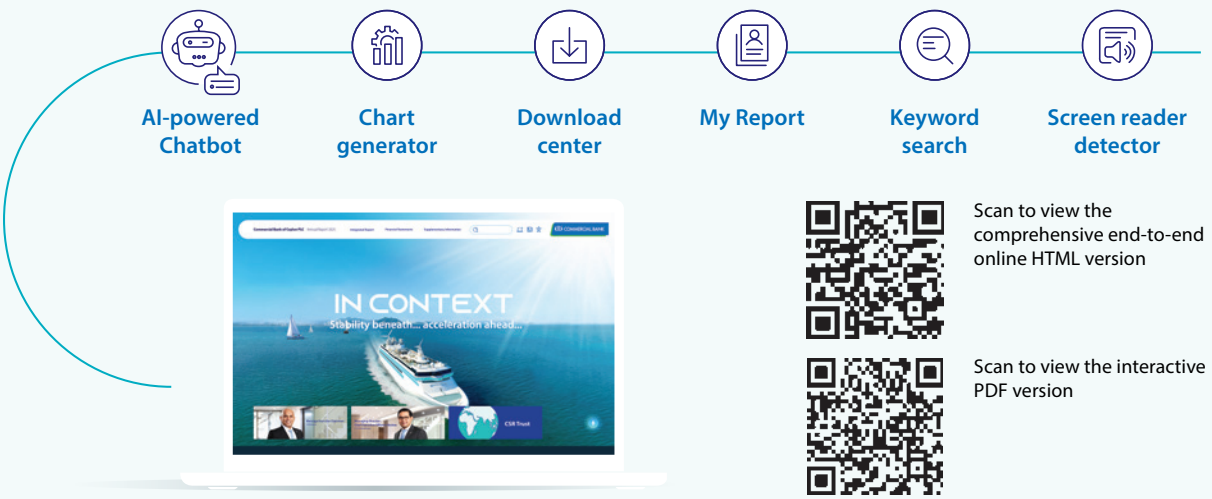
Chief Financial Officer
Commercial Bank of Ceylon PLC
"Commercial House"
No. 21, Sir Razik Fareed Mawatha,
Colombo 01,
Sri Lanka.

Or to the following email address
finance_division@combank.net

Transcending mediums Figure – 05

The comprehensive end-to-end online HTML version of this Integrated Report and Financial Statements offers user-friendly features designed to enhance navigation across key sections such as the Business Model, Statement of Capital Position, Duality of Value Creation, Animated Graphs and Notes to the Financial Statements displayed on mouse-over, along with hyperlinked cross-references.

In addition to the AI-powered Chatbot, this HTML version includes the following distinctive features for an improved user experience.



Scan to view the comprehensive end-to-end online HTML version

Scan to view the interactive PDF version

About Commercial Bank of Ceylon PLC

Organisational overview

Commercial Bank of Ceylon PLC is Sri Lanka's largest private sector bank and the only private sector bank designated as a Higher-Tier Domestic Systemically Important Bank (D-SIB) by the CBSL. As the leading and most awarded private sector bank, we serve more than four million customers through four core business segments, viz. Personal Banking, Corporate Banking, Treasury and International Operations, delivered via a nationwide network of 272 branches and continuously enhanced digital channels. While Sri Lanka is our primary market, the Bank also maintains a regional presence in Bangladesh with a network of 20 branches, while the Group has a presence in the Maldives (a subsidiary), Myanmar (a subsidiary), and a representative office in the Dubai International Financial Centre (DIFC), supported by correspondent banking relationships that facilitate trade, remittances and cross-border payments, reflecting our scale, interconnectedness, and importance to financial system stability. The Commercial Bank Group comprises six subsidiaries and one associate (*), providing a wider range of financial, technological, and support services while strengthening diversification and resilience.

This combination of physical presence, digital delivery and international connectivity enables the Bank to support resilient intermediation – mobilising deposits, extending credit, facilitating payments, and providing trade and treasury solutions – while offering convenience and scale and maintaining service continuity across economic cycles.

Purpose, values, and strategy

Our purpose is to act as a responsible financial services provider that enables individuals, businesses and communities to progress through access to banking and financial solutions that support environmentally, socially, and economically beneficial growth. We are guided by core values of honesty, integrity, fairness, responsible citizenship and accountability, shaping how we engage with customers, employees, investors, government institutions, regulators, business partners, and communities.

Strategy execution is anchored in strengthening the quality and resilience of the financial position, improving the customer experience, investing in technology and process discipline, and building the capabilities required to compete in a rapidly changing banking environment, underpinned by disciplined risk management and transparent decision-making.

Core franchise and market position

The Bank operates one of the largest and most diversified banking franchises in Sri Lanka, serving retail customers, SMEs, large corporates and public sector institutions. Scale, balance sheet strength and distribution capabilities support a central role in financial intermediation, payments, trade finance and credit delivery. A balanced business mix reinforces earnings stability and risk diversification across economic cycles, supported by a strong deposit base and disciplined capital and risk management.

Key highlights referenced in this Report include leadership positions by assets, loans and deposits; being the first private sector bank to exceed Rs. 2 Tn. in assets, deposits and loans; being the largest lender to the SME sector since 2020; and achieving market capitalisation of USD 1 Bn., the highest among CSE-listed financial institutions.

International diversification

International expansion has been deliberate and selective, guided by risk-return considerations. Beginning with the acquisition of Crédit Agricole Indosuez's Bangladesh operations in 2003, the Bank has built a regional footprint comprising subsidiaries in the Maldives and Myanmar and a network of branches and outlets in Bangladesh.

These overseas operations are a material component of the Group, accounting for 15.72% of consolidated assets and 30.93% of consolidated profit before taxes, contributing to earnings diversification and reducing reliance on a single economic cycle.

Funding profile and capital strength

A stable funding profile is central to resilience and margin stability in a volatile interest-rate environment. As at December 31, 2025, over 80.00% of total assets were funded by customer deposits, the loan-to-deposit ratio stood at 77.73%, and the CASA ratio remained industry-leading at 39.65%.

During 2025, the Bank undertook capital-strengthening measures to reinforce resilience and support growth, including a Rs. 15 Bn Basel III-compliant green bond issue to enhance Tier II capital. As of December 31, 2025, Tier I and Total Capital ratios were 13.035% and 16.698%, respectively.

Technology, innovation, and credit strength

The Bank is an early mover in digital banking, supported by advanced mobile and online platforms and AI-enabled service capabilities. A conservative risk posture backed by disciplined underwriting, proactive asset quality monitoring and prudent provisioning, has helped preserve capital and liquidity through periods of macroeconomic volatility.

In January 2025, Fitch Ratings upgraded the Bank's National Long-Term Rating to AA-(lka) which was re-affirmed in September 2025, and the Bank's Bangladesh operations maintained a AAA rating for the 15th consecutive year which was re-affirmed in June 2025.

How we create value

Our value creation model centres on disciplined financial intermediation, innovation and operational resilience, converting financial and non-financial resources into outcomes for customers, investors, employees and the wider economy, while safeguarding depositor funds and protecting franchise value through robust governance and risk discipline. Please refer to page 66 for the "Business Model" for details on how we create value.

Governance, sustainability, and disclosure readiness

Sustainability is integrated into the Bank's strategy and operations through a structured framework anchored on three pillars: Sustainable Banking, Responsible Organisation and Community Engagement, because sustainability-related risks and opportunities (SRROs) can influence cash flows, risk profile, access to finance and cost of capital over time. Oversight and accountability are exercised through governance structures and management committees so these considerations are identified, assessed and managed within core processes rather than treated as add-ons.

Regulatory compliance is embedded through a comprehensive Compliance Policy and a dedicated compliance function reporting to the Board via the Board Integrated Risk Management Committee (BIRMC), supported by policy updates aligned to regulatory developments and strengthened monitoring systems. In 2025, reporting was further strengthened by the establishment of a Board Sustainability Committee (BSC) and the first-time adoption of SLFRS S1 and S2 Sustainability-related Financial Disclosures, connecting financially material sustainability and climate factors with strategy, governance, risk management, metrics and targets, while avoiding duplication through cross-referencing within this Integrated Annual Report.

**Divested after the reporting date.*

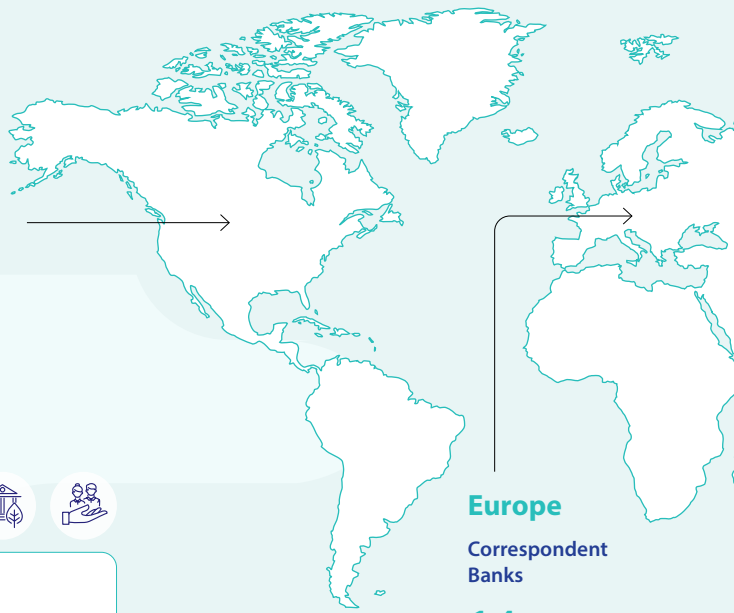
Our footprint and operating model Figure – 06

Identity and scale

Sri Lanka's leading private sector bank
SMG + UCC

Higher-Tier D-SIB (CBSL)
ESG + SMG

Customers
4 million +
UCC + SMG



North America

Correspondent Banks

8

Europe

Correspondent Banks

14

Business Promotion Officers

1

Franchise and reach

272
Branches (Sri Lanka)
UCC + SMG

International footprint (Bangladesh/Maldives/Myanmar)
SMG + UCC

6
Subsidiaries

1
Associate*
SMG + ESG

Resilience and funding

Disciplined risk and capital management
TCE + ESG

Rs. 15 Bn.
Green Bond (Tier II)
ESG + SMG

Sustainability and disclosures

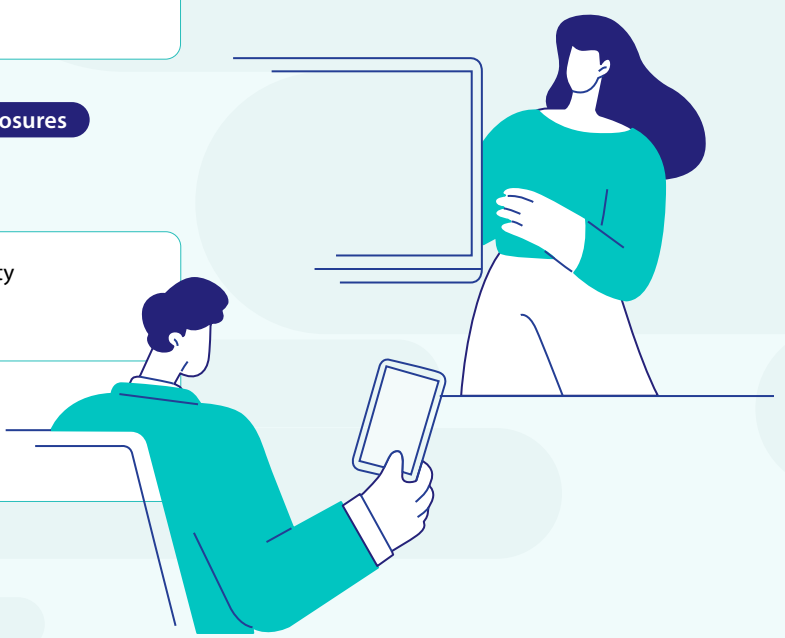
Three-pillar Sustainability Framework
ESG + SMG

SLFRS S1/S2 disclosures (first year)
ESG + SMG

Connectivity and capability

44
Banks in the correspondent banking network
SMG + UCC

Digital + relationship banking
PDT + UCC



SMG Sustainable market leadership & growth PDT Pervasive digital transformation UCC Unrivalled customer centricity
TCE Talent & culture excellence ESG Environmental, Social and Governance

**Divested subsequent to the reporting date.*

A1
Who we are and what we stand for
A3
A4
A5
A6
A7
A8
A9
A10
A11

Asia

Sri Lanka
Branches
272
Subsidiaries
4
Associate*
1

Bangladesh
Branches
20

Maldives
Subsidiary
1

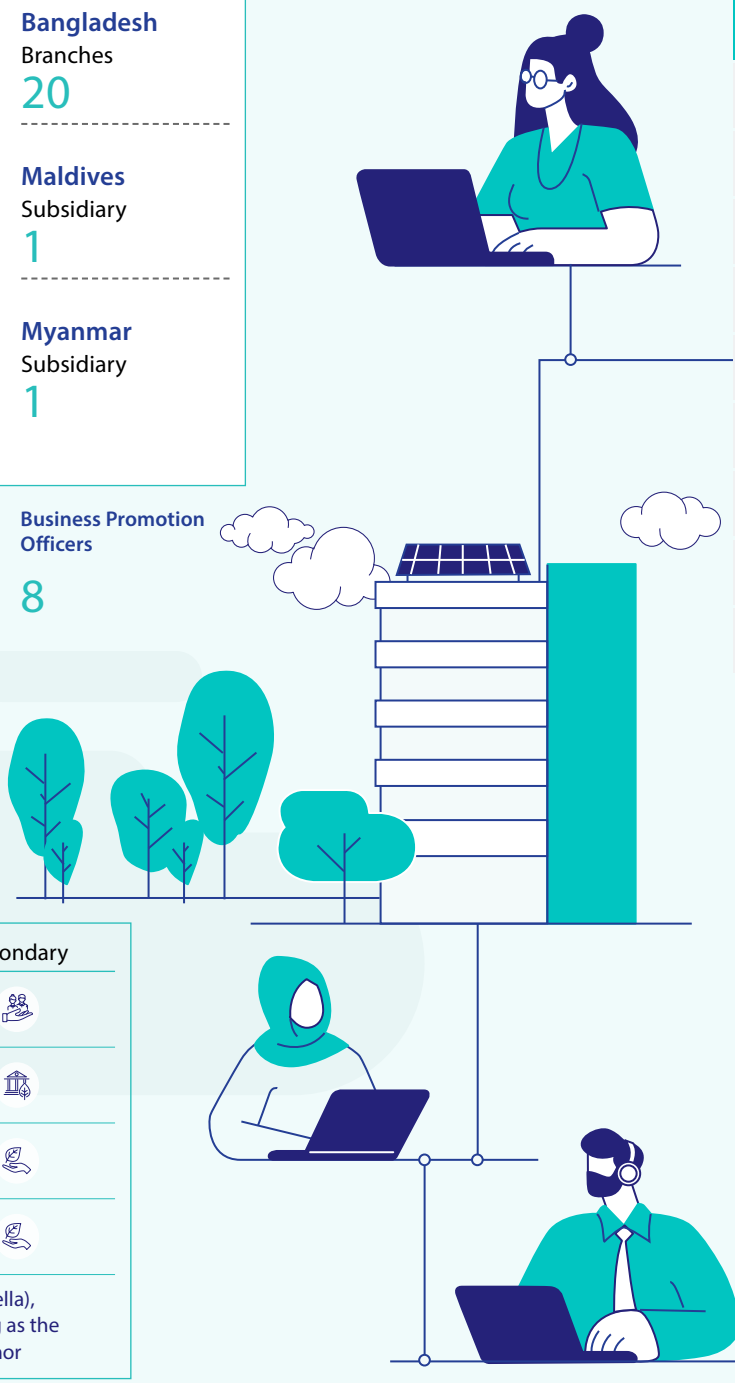
Myanmar
Subsidiary
1

Correspondent Banks
19

Business Promotion Officers
8

Australia

Correspondent Banks
3



Strategic imperatives

Sustainability pillars (primary linkage)

	Primary	Secondary
Sustainable market leadership & growth (SMG)	●	●
Pervasive digital transformation (PDT)	●	●
Unrivalled customer centricity (UCC)	●	●
Talent & culture excellence (TCE)	●	●
Environmental, Social and Governance (ESG)	All three pillars (umbrella), with Sustainable Banking as the "balance-sheet" anchor	

Sustainable banking · Responsible organisation · Community engagement

Awards and accolades

International Awards

Recognised once again as the

'Best Bank in Sri Lanka' by Global Finance,

marking an unprecedented

23rd year of excellence.

This global honour reflects the Bank's financial strength, resilience through economic challenges, leadership in digital transformation, and commitment to supporting SMEs, women entrepreneurs, and communities across Sri Lanka.

Global Finance Magazine – USA

World's Best Banks Awards 2025

- Best Bank in Sri Lanka 2025

World's Best SME Banks 2025

- Best SME Bank in Sri Lanka 2025

Haymarket Media Limited – Hong Kong

FinanceAsia Awards 2025

- Best Bank in Sri Lanka – Domestic

MEED – UAE

RBI Asia Trailblazer Awards 2025

- Best Retail Bank in Sri Lanka 2025

TAB Global PTE Ltd. – Singapore

TAB Global Leadership Achievement Awards 2025

- Best Managed Bank in Sri Lanka 2025
- Best Bank CEO in Sri Lanka

Euromoney Limited – UK

Euromoney Awards for Excellence 2025

- Sri Lanka's Best Bank
- Sri Lanka's Best Bank for SMEs

Euromoney Transaction Banking Awards 2025

- Best Trade Finance Bank in Sri Lanka 2025

Asian Development Bank – Philippines

ADB's 10th Trade and Supply Chain Finance Programme (TSCFP) Awards

- Leading Partner Bank in Sri Lanka

Indian Chamber of Commerce – India

3rd ICC Emerging Asia Banking Conclave & Awards

- Best Bank in Sri Lanka
- Best Growth Bank in Sri Lanka
- Best Profitability in Sri Lanka

The Global Economics – UK

The Annual Global Economics Awards 2025

- Best Retail Bank in Sri Lanka 2025

Managing Director/CEO

Sanath Manatunge

has been named

'Best Bank CEO in Sri Lanka' by The Asian Banker for 2022–2024,

recognising his leadership in strengthening Commercial Bank through resilience, innovation, and sustainable growth. The Bank was also named the

'Best Managed Bank in Sri Lanka.'

Asian Banking & Finance Magazine – Singapore

Asian Banking and Finance Wholesale Banking Awards 2025

- Sri Lanka Domestic ESG Program of the Year
- Sri Lanka Domestic Trade Finance Bank of the Year

Asian Banking & Finance Retail Banking Awards 2025

- Private Bank of the Year 2025 – Sri Lanka
- SME Bank of the Year 2025 – Sri Lanka

Asian Banking & Finance Corporate & Investment Banking Awards 2025

- Debt Deal of the Year 2025
- Equity Deal of the Year 2025

World Economic Magazine – USA

World Economic Magazine Awards 2025

- Best Retail Bank in Sri Lanka 2025
- Best SME Bank in Sri Lanka 2025

International Finance Magazine – UK

International Finance Awards 2025

- Best SME Bank in Sri Lanka 2025
- Best Commercial Bank in Sri Lanka 2025

International Business Magazine – UAE

International Business Magazine Awards 2025

- Most Sustainable Domestic Bank in Sri Lanka 2025

Global Excellence Chronicle Magazine – USA

Global Excellence Chronicle Magazine Awards 2025

- Best Corporate Banking Provider Bank Sri Lanka 2025
- Best Trade Finance Services Provider Bank Sri Lanka 2025
- Best Performing Foreign Bank Bangladesh 2025

Global Business Review Magazine – UAE

Global Business Review Magazine Awards 2025

- Best Retail Bank in Sri Lanka 2025

- Best CSR Bank in Sri Lanka 2025

- Best SME Bank in Sri Lanka 2025

- Best Bank for Environmental, Social and Governance (ESG) Sri Lanka 2025

Global Business Magazine – UAE

Global Business Magazine Awards 2025

- Best Retail Bank in Sri Lanka 2025
- Best CSR Bank in Sri Lanka 2025
- Best SME Bank in Sri Lanka 2025

Cosmopolitan The Daily – UK

Cosmopolitan The Daily Business Awards 2025

- Best Retail Bank in Sri Lanka 2025
- Best Mobile Banking Service in Sri Lanka 2025 - ComBank Digital

Global Business 2 Brands Magazine – UK

Global Business 2 Brands Magazine Awards 2025

- Best SME Bank in Sri Lanka 2025
- Best Bank for ESG in Sri Lanka 2025

Global Brands Magazine – UK

Global Brands Magazine Awards 2025

- Best Retail Bank in Sri Lanka 2025
- Best Banking Brand in Sri Lanka 2025
- Best Sustainable Banking Brand in Sri Lanka 2025

Gazet International Global Magazine – Singapore

Gazet International Awards 2025

- Best Private Bank in Sri Lanka 2025
- Best Retail Bank in Sri Lanka 2025
- Best SME Bank in Sri Lanka 2025
- Best Bank for Digital Solutions Sri Lanka 2025

Finance Derivative Magazine – Netherlands

Finance Derivative Awards 2025

- Best Retail Bank Sri Lanka 2025
- Best SME Bank Sri Lanka 2025

Boston Brand Research & Media – USA

Global Brand Frontier Awards 2025

- Excellence in Strategic Sustainability Leadership
- Best Bank for SME in Sri Lanka 2025

AI Acquisition International – UK

Global Excellence Awards 2025

- Best Commercial Banking Organization in Sri Lanka

World Business Stars Magazine – UK

World Business Stars Magazine Awards 2025

- Best Digital Bank in Sri Lanka 2025
- Best Bank for Sustainable Development Sri Lanka 2025

World Business Outlook Magazine – Singapore

World Business Outlook Awards 2025

- Best Retail Bank in Sri Lanka 2025
- Best Bank for Environmental, Social and Governance (ESG) Sri Lanka 2025

Commercial Bank celebrates being named

Global Finance Best SME Bank in Sri Lanka

for the third successive year.

Local Awards

Brand Finance

Brand Finance Annual Review

- 2nd Most Valuable Bank in Sri Lanka

Sri Lanka Institute of Marketing

SLIM Brand Excellence 2025

- Gold – Service Brand of the Year 2025
- Bronze – Local Brand of the Year 2025

SLIM Kantar People's Awards 2025

- People's Private Bank Brand of the Year 2025

LMD

Most Awarded Entities in Sri Lanka

- No. 1 – Most Awarded Entity in Sri Lanka

Most Loved Brand

- Banking (Private Sector) – Category Winner

Most Respected Entities 2025

- Overall – 3rd Position

Brands Annual 2025

- Overall – 2nd Position

LMD 100

- Overall – 2nd Position

Commercial Bank won the **Gold Award in the Banking Category** and was named **Overall Runner-Up** at the **ACCA Sri Lanka Sustainability Reporting Awards 2025,** recognising its strong integration of sustainability into core banking strategy and operations.

LankaPay (Pvt) Ltd

LankaPay Technnovation Awards 2025

- Gold Award – Best LankaPay Card Acquirer of the Year 2025
- Gold Award – Best Common ATM Enabler of the Year – Category A 2025
- Gold Award – Overall Excellence in Digital Payments (Banking Institutions) 2025
- Gold Award – Best LankaPay Card Issuer of the Year 2025
- Gold Award – Most Innovative Bank of the Year 2025
- Bronze Award – Best LankaQR Enabler of the Year 2025
- Silver Award – Best Bank for Retail Payments 2025

Association of Chartered Certified Accountants (ACCA)

Sustainability Reporting Awards 2025

- Winner – Banking Category
- Overall Runner-up

Institute of Certified Management Accountants of Sri Lanka

CMA Excellence in Integrated Reporting Awards

- Gold – Best Integrated Report – Banking Sector
- Silver Award – Overall Category
- Gold – Best Disclosure on Materiality
- Ten Best Integrated Annual Reports

Commercial Bank of Ceylon PLC has been named

Sri Lanka's Best Trade Finance Bank at the Euromoney Transaction Banking Awards 2025,

recognising its leadership in supporting the country's export and import sectors. Through innovations such as

ComBank TradeLink,

the Bank continues to transform digital trade finance while strengthening Sri Lanka's connectivity with global markets.

The Institute of Chartered Professional Managers of Sri Lanka

Best Management Practices Company Awards 2025

- Banking (Private Sector) – Category Winner
- Environmental, Social & Governance (ESG) – ESG Cluster – Silver Winner
- Twenty Outstanding Companies in Best Management Practices Company Awards 2025

The Institute of Chartered Accountants of Sri Lanka

TAGS Awards 2025

- Gold – Best Annual Report – Private Banking Sector
- Gold – Corporate Governance – Financial Services Sector
- Silver – Overall Excellence in Corporate Reporting
- Silver – Integrated Reporting
- Bronze – Digitally Transformative Reporting

CFA Society Sri Lanka

CFA Society Sri Lanka Capital Market Awards 2025

- Bronze Award – Best Sustainability Reporting Awards 2025

Chartered Institute of Personnel Management

The Great HR Awards

- Silver – Banking Category

Visa Leadership Conclave

Visa Commercial Solutions Excellence Awards 2025

- Best Cross Border Salience – Large & Mid Market

Ceylon Chamber of Commerce

22nd Best Corporate Citizen Sustainability (BCCS) Awards

- Best Presented Application Award
- Certificate for Consistent Commitment and Continuous Improvement in Financial Performance
- Certificate for Consistent Commitment and Continuous Improvement in Governance
- First Runner-Up – Best Corporate Citizen Sustainability Award
- Category Award Winner – Governance
- Winner – Top Ten Corporate Citizens

Snapshot of the Bank

Rs. 3.258 Tn.
(2024 – Rs. 2.790 Tn.)
Total assets

Rs. 2.609 Tn.
(2024 – Rs. 2.237 Tn.)
Customer deposits

Financial Intermediation ↕ Maturity Transformation

Rs. 2.028 Tn.
(2024 – Rs. 1.487 Tn.)
Gross loans and advances to other customers

Over 4 million
Customers

5,726
(2024 – 5,461)
Employees

AA-(lka)
Rating Outlook Stable
Fitch Ratings Lanka Ltd.

2024 – AA-(lka)
Rating Outlook Stable

Fitch Ratings

1st in Market Capitalisation
Ranked 1st in the Banking sector on the Colombo Stock Exchange

CSE Colombo Stock Exchange – Creating Wealth and Value

1st Bank to reach USD 1 Bn. in Market Capitalisation

Best Bank in Sri Lanka 2025
For the 23rd time Global Finance Magazine

Best Bank Award 2025 – Global Finance

Best Bank in Sri Lanka – Domestic
FinanceAsia Awards 2025

FinanceAsia Awards 2025

Profitability

Profit after taxation — 8.16%
2025 – Rs. 58.487 Bn.
2024 – Rs. 54.074 Bn.

Earnings per share (Basic) — -3.70%
2025 – Rs. 35.87
2024 – Rs. 37.25

Return on assets (ROA) — -8 bps
2025 – 1.93%
2024 – 2.01%

Return on equity (ROE) — -255 bps
2025 – 19.51%
2024 – 22.06%

Interest margin — 24 bps
2025 – 4.51%
2024 – 4.27%

Asset Quality

Cost of credit risk on loans and advances — 37 bps
2025 – 1.29%
2024 – 1.66%

Net impaired loans (Stage 3) ratio — 122 bps
2025 – 1.54%
2024 – 2.76%

Impairment (Stage 3) to Stage 3 loans ratio — 889 bps
2025 – 73.50%
2024 – 64.61%

Total impairment coverage ratio — -76 bps
2025 – 6.13%
2024 – 6.89%

Open credit exposure — 589 bps
2025 – 9.17%
2024 – 15.06%

Bank's market share

Assets — 70 bps
2025 (*) – 13.30%
2024 – 12.60%

Loans & advances — 246 bps
2025 (*) – 15.42%
2024 – 12.96%

Deposits — 81 bps
2025 (*) – 13.26%
2024 – 12.45%

Exports — 77 bps
2025 – 21.97%
2024 – 21.20%

Imports — 165 bps
2025 – 15.91%
2024 – 14.26%

** Industry figures are as at September 30, 2025 (Source: CBSL)*

Stability

Tier 1 ratio — -119 bps
(Minimum requirement – 10%)
2025 – 13.035%
2024 – 14.227%

Total capital ratio — -144 bps
(Minimum requirement – 14%)
2025 – 16.698%
2024 – 18.142%

Net stable funding ratio — -24 ppt
(Minimum Requirement – 100%)
2025 – 163.94%
2024 – 187.29%

Leverage ratio — 3 bps
(Minimum requirement – 3%)
2025 – 6.82%
2024 – 6.79%

Liquidity

Liquidity coverage ratio — -110 ppt
(Rupee)
(Minimum requirement – 100%)
2025 – 419.40%
2024 – 529.20%

Liquidity coverage ratio — -166 ppt
(All currencies)
(Minimum requirement – 100%)
2025 – 288.58%
2024 – 454.36%

CASA ratio — 158 bps
2025 – 39.65%
2024 – 38.07%

Gross loans and advances to deposits ratio — 11 ppt
2025 – 77.73%
2024 – 66.48%

Share performance

Net assets value per ordinary share (NAV) — 16.01%
2025 – Rs. 198.30
2024 – Rs. 170.94

Market capitalisation — 42.17%
2025 – Rs. 327 Bn.
2024 – Rs. 230 Bn.

Price-to-book value — 0.17 times
2025 – 1.01 times
2024 – 0.84 times

Dividend yield – Ordinary voting shares — -133 bps
2025 – 5.23%
2024 – 6.56%

Financial highlights

Table – 02

	GROUP			BANK		
	2025	2024	Change (%)	2025	2024	Change (%)
Results for the year (Rs. Bn.)						
Gross income	365.181	274.507	33.03	354.811	266.944	32.92
Operating profit before taxes on financial services	110.539	117.515	(5.94)	106.932	115.138	(7.13)
Taxes on financial services	17.751	19.707	(9.93)	17.554	19.604	(10.46)
Profit before taxation (PBT)	92.787	97.808	(5.13)	89.378	95.535	(6.44)
Income tax expense	31.850	42.122	(24.39)	30.890	41.461	(25.50)
Profit after tax (PAT)	60.938	55.686	9.43	58.487	54.074	8.16
Gross dividends	17.173	15.301	12.23	17.173	15.301	12.23
Position at the year end (Rs. Bn.)						
Shareholders' funds	332.066	281.129	18.12	324.319	275.262	17.82
Financial liabilities at amortised cost – due to depositors	2,700.027	2,306.079	17.08	2,608.852	2,236.567	16.65
Financial assets at amortised cost – loans and advances to other customers (Gross)	2,085.502	1,525.507	36.71	2,027.760	1,486.901	36.37
Total assets	3,378.864	2,875.993	17.49	3,257.948	2,789.780	16.78
Information per Ordinary Share (Rs.)						
Earnings (Basic)	36.86	37.94	(2.85)	35.87	37.25	(3.70)
Earnings (Diluted)	36.71	37.88	(3.09)	35.72	37.20	(3.98)
Dividends – Cash	–	–	–	8.00	7.50	6.67
Dividends – Shares	–	–	–	2.50	2.00	25.00
Net assets value	203.04	174.58	16.30	198.30	170.94	16.01
Market value at the year end – Voting	–	–	–	200.75	144.75	38.69
Market value at the year end – Non-voting	–	–	–	190.50	115.50	64.94
Key financial ratios						
Return on average assets (ROA) – After tax (%) (*)	1.92	1.99	(0.07)	1.93	2.01	(0.08)
Return on average shareholders' funds (ROE) – After tax (%) (*)	19.61	21.96	(2.35)	19.51	22.06	(2.55)
Financial intermediation margin (%)	N/A	N/A	–	11.73	9.94	1.79
Total impairment provision as a % of gross loans and advances (%)	6.10	6.85	(0.75)	6.13	6.89	(0.76)
Cost of credit risk on loans and advances (%)	1.29	1.65	(0.36)	1.29	1.66	(0.37)
Net impaired loans (Stage 3) ratio (%)	–	–	–	1.54	2.76	(1.22)
Impairment (Stage 3) to stage 3 loans ratio (%)	–	–	–	73.50	64.61	8.89
Price earnings – ordinary voting shares – (times)	–	–	–	5.60	3.89	1.71
Dividend yield – ordinary voting shares (%)	–	–	–	5.23	6.56	(1.33)
Dividend cover on ordinary shares (times)	–	–	–	3.42	3.92	(0.50)
Statutory ratios						
Capital adequacy ratios (under Basel III) (%)						
Common Equity Tier I capital ratio (minimum requirement – 8.500%)	12.834	13.968	(1.134)	13.035	14.227	(1.192)
Tier I capital ratio (minimum requirement – 10.000%)	12.834	13.968	(1.134)	13.035	14.227	(1.192)
Total capital ratio (minimum requirement – 14.000%)	16.368	17.653	(1.285)	16.698	18.142	(1.444)
Liquidity coverage ratio (%)						
Rupee – (minimum requirement – 100%)	–	–	–	419.40	529.20	(109.80)
All currency – (minimum requirement – 100%)	–	–	–	288.58	454.36	(165.78)
Net stable funding ratio – (minimum requirement – 100%)	–	–	–	163.94	187.29	(23.35)
Gearing ratio (%)						
Leverage ratio (minimum requirement – 3%)	6.96	6.94	0.02	6.82	6.79	0.03

(*) After adjusting for the impact of debt restructuring, the Group and the Bank reported normalised ROA of 1.50% and 1.51%, and normalised ROE of 16.59% and 16.57% respectively, for the year ended December 31, 2024.

Financial goals and achievements – Bank

Financial Indicator	Goal	Achievement				
		2025	2024	2023	2022	2021
Return on average assets (ROA) – After Tax (%)	Over 2%	1.93	2.01	0.82	1.05	1.28
Return on average shareholders' funds (ROE) – After Tax (%)	Over 20%	19.51	22.06	9.78	12.46	14.66
Growth in gross income (%)	Over 20%	32.92	(20.41)	21.94	71.25	7.39
Growth in profit after tax for the year (%)	Over 20%	8.16	164.28	(10.92)	(2.70)	44.17
Growth in total assets (%)	Over 20%	16.78	8.12	6.37	24.45	12.27
Dividend per share (DPS) (Rs.)	Over Rs. 8.00	10.50	9.50	6.50	4.50	7.50
Capital adequacy ratios						
Common equity Tier I capital ratio (minimum requirement – 8.500%)	2% buffer over the regulatory minimum requirement	13.035	14.227	11.442	11.389	11.923
Tier I capital ratio (minimum requirement – 10.000%)		13.035	14.227	11.442	11.389	11.923
Total capital ratio (minimum requirement – 14.000%)		16.698	18.142	15.151	14.657	15.650

Non-financial highlights

Figure – 07

Sustainable banking

1.8 million+
Digital customers

ComBank Digital continues to lead the market with **74 million** digital transactions recorded in 2025.

85%
Growth in green financing

56%
Digital penetration

Significant growth from 47% in 2024, with **68%** of all Fixed Deposits (e-FDs) opened digitally.

#2
Brand ranking nationally

Recognised by Brand Finance with a Brand Value of **Rs. 46.6 Bn.**

ISO 27001:2022

compliance for data security

134,128
Tonnes of CO_2 reduced through green finance

A massive leap in environmental impact, more than doubling the previous year's reduction of **58,413 tonnes of CO_2**

Screened 13,335

facilities for environmental and social risks in 2025

Responsible organisation

Establishment of Board Sustainability Committee

Rs. 243.06 Mn.
Invested in staff training

A significant increase to empower a workforce of **5,726 employees**.

674
New recruits in 2025

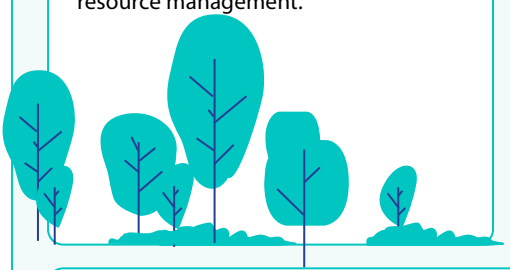
The Bank continued to expand its talent pool, providing employment opportunities.

18.11%
Renewable energy usage

89 bank branches are now solar-connected, driving the shift towards clean energy.

190,090 Kgs
of paper recycled

Up from **180,110 Kgs** in the previous year, demonstrating a commitment to resource management.



Largest SME Lender in 2024

Maintaining a dominant role in supporting small and medium enterprises

Community engagement

667,000
Students benefited to date

429	195	129
IT Labs	STEM Classrooms	Math Labs

Impact doubled over the previous year with the establishment of these facilities

100,000
tree planting (2023-2024)

Trees planted for tomorrow

Phase II of the reforestation initiative successfully expanded across 10 ecologically vulnerable locations.

12,500
tree planted in 2025

Beekeeping & pollinator conservation

Launch of a dedicated project to promote nature-based livelihoods while supporting biodiversity conservation

17,243
Financial Literacy Participants

Empowering the community through dedicated programs to improve financial decision-making.

Initiation of Agri – modernisation program

Supporting farmers to integrate modern agricultural technology with traditional knowledge.

Our journey over 100 years

1920 – 1979

1920
- Eastern Bank Ltd. (EBL) opens a Branch in Chatham Street

1957
- EBL was acquired by Chartered Bank

1969
- Commercial Bank of Ceylon Ltd. (CBC), incorporated with EBL holding a 40% stake

1971
- Business of EBL was completely integrated with Chartered Bank

1972
- First two branches opened in Galewela and Matale

1973
- CBC acquired Galle, Jaffna and Kandy branches of Mercantile Bank Ltd.

1979
- Offshore Banking Centre formed

1980 – 1998

1980
- Commercial Development Company (CDC) formed to construct Head Office Building for CBC with 40% equity participation

1984
- Head Office moved to new premises at No. 21, Sir Razik Fareed Mawatha, (formerly Bristol Street), Colombo 01

1987
- EBL changed its name to Standard Chartered (UK) Holdings Ltd.

1990
- Introduced ATM facilities to customers

1993
- Introduced core banking software-International Comprehensive Banking System (ICBS)

1996
- Increased shareholding in CDC to 94.5% through a share swap

1997
- Standard Chartered Bank sold its 40% stake in the Bank

1998
- First 365 Day Branch opened in Colombo 07
- All branches linked to ICBS (except Jaffna)

2000 – 2012

2000
- Launched Internet Banking

2001
- Opened the 100th branch at Kaduruwela

2003
- Acquired operations of Crédit Agricole Indosuez in Bangladesh

2005
- Raised USD 65 Mn. syndicated loan, becoming the 1st non-sovereign corporate in Sri Lanka to source external funding

2006
- Issued USD 10 Mn. bond, becoming the first indigenous bank to do so

2008
- First Sri Lankan bank to be ranked among the Top 1,000 Banks in the World

2009
- First Sri Lankan Bank to be certified CMMi

2011
- Commenced "Sharia" compliant Islamic Banking
- Opened 200th branch in Kataragama
- Opened an exclusive "Elite" Branch at Colombo 07 for high net worth customers
- Reached milestone 500th ATM located at the Maradana railway station

2012
- Raised USD 65 Mn., from the International Finance Corporation (IFC)
- Launched an exclusive Savings Account for Women named "Anagi"

2013 – 2018

2013
- Opened "24-Hour Automated Banking Centre" at Ward Place
- Raised a 10-year subordinated debt of USD 75 Mn. from IFC

2014
- Bank acquired 100% stake of Indra Finance Ltd.
- Became the first Sri Lankan Bank to be granted a license by the Central Bank of Myanmar to operate a Representative Office

2015
- Indra Finance, a fully-owned subsidiary of CBC, renamed Serendib Finance Ltd.

2016
- Commenced Commercial operations of Commex Sri Lanka S.R.L. Italy, our fully owned subsidiary
- Opened Commercial Bank of Maldives Private Limited, 2nd foreign subsidiary with a 55% stake
- The Bank became a Trillion Rupee Asset company

2017
- Commercial Bank of Maldives opened its second branch in Hulhumalé
- CBC Myanmar Microfinance Company Limited., was established as the second fully-owned subsidiary of CBC outside Sri Lanka in Nay Pyi Taw, Myanmar

2018
- Launched the country's first fully-automated cheque deposit machine at City Office Branch in York Street Colombo
- Launched UnionPay cards by a bank in Sri Lanka for the first time, making Sri Lanka the 51st country in the world to issue UnionPay cards
- Introduced Flash Digital Bank Account

2019 – 2025

2019

- Became PCI-DSS (Payment Card Industry Data Security Standard) certified
- "Flash" becomes Sri Lanka's first multilingual Digital Banking App
- Launched ComBank Q+ Sri Lanka's first QR based payment app under LANKAQR
- Deposits surpassed Rs. 1 Tn. mark

2020

- Celebrated 100 years of banking in Sri Lanka with a series of events including a staff gathering of unprecedented scale
- Launched "ComBank Digital" powered by Fiserv, the US-based global provider of financial services technology
- Commenced a project to donate smart STEM classes to 100 schools to mark the Bank's centenary
- Became Sri Lanka's first carbon-neutral bank

2021

- UK's CDC Group commits USD 50 Mn. to bolster SME lending and climate projects
- First private sector bank to achieve the feat of Loan book surpassing Rs. 1 Tn., joining Assets and Deposits
- Named once again among global giants in banking, becoming the only Sri Lankan bank to be ranked in the "Top 1000 World Banks", for the 11th consecutive year

2022

- Introduced breakthrough "Tap to Phone" payments acceptance
- Under the latest environment-linked commitment, the Bank undertook to reforest a 100-hectare swath of degraded habitat belonging to the Kandegama forest in the Dimbulagala range of the Polonnaruwa District
- Became the only Bank in Sri Lanka to win National Quality Award from Sri Lanka Standards Institution (SLSI)

2023

- The Bank enabled "Visa Direct" and "Mastercard Send", the card-based fund transfer facilities for the first time in Sri Lanka
- Launched a national credit and debit card with international acceptance in collaboration with LankaPay. This is the first launch of LankaPay Credit Cards in Sri Lanka and the first time five variants of LankaPay cards
- Bank launched two platforms to link local businesses to global markets, "Commercial Bank LEAP", in collaboration with the International Finance Corporation (IFC) and the other independently developed "Trade Club"
- The AP licence (Authorised Person License) was presented to the Bank by the Colombo Port City Economic Commission, paving the way for the Bank to operate within and from the precincts of the Colombo Port City, offering banking services to investors as well as customers

2024

- Unveiled evolved logo, symbolising commitment to sustainability encompassing diversity, inclusivity, good governance, transparency, social equity, accountability and eco-friendly banking solutions
- Bank's Debenture Issue, largest ever debenture by a private bank oversubscribed on opening day, raising Rs. 20 Bn. for Sri Lanka's biggest private sector bank, and demonstrating investor confidence in the institution
- Became the first Sri Lankan Bank to join PCAF – the global Partnership for Carbon Accounting Financials
- Completed the largest rights issue to date by a bank in Sri Lanka, raising Rs. 22.54 Bn. to increase the Tier I and total capital of the Bank
- Became the first bank in Sri Lanka to receive Corporate Finance Advisor licence from SEC
- Successfully marked the completion of 100,000 trees project with pledge to plant another 100,000

2025

- Became the first private sector bank in Sri Lanka to surpass Rs. 3 Tn. in Assets
- Became the first Sri Lankan bank to cross US$ 1 Bn. in market capitalisation
- The Bank launched its Agency Banking operations, branded "ComBank Shakthi", designed to bring greater customer convenience and care to communities living far from towns, enhancing access to formal banking services across Sri Lanka
- Launched Sri Lanka's first AI-powered SME Credit Underwriting Solution
- Became the first bank in the country to collaborate with Google and Visa, global leaders in digital payments, to enable Google Pay for its card holders
- The Bank partnered with Mastercard to introduce Sri Lanka's first Dynamic Currency Conversion (DCC) capability for online payments, marking a significant milestone in the country's digital payments landscape
- The Bank launched "TradeLink" – a digital platform for importers and exporters
- The Bank opened its first dedicated Women's Banking Centre at Jaffna branch
- Bank's Rs. 15 Bn. Green Bond issue, oversubscribed on its opening day
- Became the first Sri Lankan bank to open a Representative Office in DIFC, the leading global financial hub in the Middle East, Africa, and South Asia (MEASA) region
- Unveils new Corporate Branch at Head Office – The Bank transformed its iconic "foreign Branch" into "Corporate Branch" as a One-Stop Financial Hub for corporate and trade customers
- ComBank Digital integrated with CSE's Central Depository System for IPO settlements
- Convened Sri Lanka's first-ever bank-led national summit on sustainability, asserting its leadership in the national movement for environmental and social responsibility
- Became the first Bank in the world to extend LoungeKey airport lounge access under the UnionPay Asia Prestige programme

Group structure

	Local subsidiaries			
	Commercial Development Company PLC	Orysys Limited	CBC Finance PLC	Commercial Insurance Brokers (Pvt) Limited
Date and place of incorporation	March 14, 1980 in Sri Lanka	February 17, 2003 in Sri Lanka	February 18, 1987 in Sri Lanka	August 17, 1987 in Sri Lanka
Bank's stake	90%	100%	100%	100%
Principal business activities	Property development and provision of other utility services	Providing Information & Communication Technology (ICT) related products, services and solutions to corporate sector.	Granting of leasing & hire purchase facilities, mortgage loans and other loan facilities. Accepting public deposits.	Insurance Brokering
Business Address	6th Floor, Paul VI Centre, No. 24, Malwatta Road (Front Street), Pettah, Colombo 11.	"Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01.	No. 187, Katugastota Road, Kandy.	Level 05, Synergy Hub, 425, Galle Road, Colombo 03
Contact numbers	+94 11 244 7300	+94 11 257 4417	+94 81 220 0272 +94 81 221 3498	+94 11 760 0600
Board of Directors				
Chairman	A L Gooneratne	R Senanayake	S Muhseen	R Senanayake
Managing Director/ Chief Executive Officer				G P K Dodangoda
Managing Director		P K A S K Gunawardhana		
Chief Executive Officer	K Basnayake (*)	N P Gunatunge (*)	D J D P Hettiarachchi (**)	
Director	S C U Manatunge	N I Senaratna	S M S C Jayasuriya	U I S Tillakawardana
Director	Dr R A Attalage	M A T Jayawardana	D B D S S Bandara	L W P Indrajith
Director	P L P Withana	P Muthukumaraswamy	L H Munasinghe	D J D P Hettiarachchi
Director	N Abeysuriya		M P Dharmasiri	K S Liyanage
Director	U I S Tillakawardana (****)		S C De S Wickremasekera	
Director				
Director				
Company Secretary	L W P Indrajith	M P Dharmasiri	Ms H D U O Gurnasekara	Ms Y A Kularathna

(*) Not a Board Member (**) Acting Chief Executive Officer/Executive Director (***) Deputy Chairman (****) Resigned w.e.f. December 31, 2025 (*****) Managing Director/Country Head

Summary of financial information

	2025 Rs. Mn.	2024 Rs. Mn.	2025 Rs. Mn.	2024 Rs. Mn.	2025 Rs. Mn.	2024 Rs. Mn.	2025 Rs. Mn.	2024 Rs. Mn.
Total assets	5,315.425	4,909.396	1,440.365	930.297	33,648.330	16,861.310	941.283	857.857
Additions to property, plant and equipment	70.858	0.571	3.333	41.551	93.065	79.370	62.323	0.539
Total liabilities	860.158	786.378	817.621	459.044	29,359.936	13,801.727	569.089	209.571
Net assets	4,455.267	4,123.018	622.744	471.253	4,288.394	3,059.583	372.194	648.286
Total revenue	815.909	708.261	1,731.226	1,168.502	3,718.796	2,661.367	328.739	220.080
Profit before tax	553.484	829.056	222.235	102.105	365.634	157.664	84.078	66.587
Profit after tax	421.535	582.623	151.893	62.358	235.818	81.541	54.088	45.017

Local associate	Foreign subsidiaries		
Equity Investments Lanka Limited (Divested subsequent to the reporting date)	Commercial Bank of Maldives Private Limited	CBC Myanmar Microfinance Company Limited	
August 8, 1990 in Sri Lanka	March 24, 2015 in Maldives	April 4, 2017 in Myanmar	**Date and place of incorporation**
22.92%	55%	100%	**Bank's stake**
Venture Capital Financing	Banking	Microfinancing	**Principal business activities**
No. 108 A, 2/1, Maya Avenue, Colombo 06.	H. Filigasdhoshuge, Ameer Ahmed Magu, K. Male 20066, Maldives.	No. 15, Office Street, Ward 4, Lewe Township, Nay Pyi Taw, Myanmar.	**Business address**
+94 11 250 7605 +94 11 250 7606	+96 0333 2668	+95 67 80 30566	**Contact numbers**
			Board of Directors
M J C Amarasuriya	Ahmed Nazeer	R Senanayake	**Chairman**
	E B Sooriyaarachchi	W D A Rodrigo (*****)	**Managing Director/ Chief Executive Officer**
			Managing Director
A H M Riyaz (*)			**Chief Executive Officer**
J D Peiris	S C U Manatunge (***)	D J D P Hettiarachchi	**Director**
J B Abu Baker	S Prabagar	G Sivasubramaniam	**Director**
W I Arambage	Dr Ibrahim Vishan		**Director**
M H Wijewaradene	Ibrahim Mohamed		**Director**
	T P Suraweera		**Director**
	I Usman		**Director**
	D G Perera		**Director**
Ms R R Dunuwille	Ms Aishath Shayaan Asheeth	W D A Rodrigo	**Company Secretary**

2025 Rs. Mn.	2024 Rs. Mn.	2025 Rs. Mn.	2024 Rs. Mn.	2025 Rs. Mn.	2024 Rs. Mn.	
265.275	225.423	95,620.588	74,531.037	1,203.787	591.917	Total assets
0.064	0.540	51.774	38.013	7.249	15.102	Additions to property, plant and equipment
49.570	6.829	83,840.556	65,120.648	926.616	406.323	Total liabilities
215.705	218.594	11,780.032	9,410.389	277.171	185.594	Net assets
34.753	28.244	5,687.910	4,598.108	233.987	117.902	Total revenue
(2.889)	(1.914)	2,358.829	1,703.207	99.164	(4.198)	Profit before tax
(2.889)	(1.914)	1,769.122	1,275.633	82.318	2.308	Profit after tax

Leadership and their perspectives
Chairman's message

We remain focused on the fundamentals that sustain stakeholder value: earnings resilience, balance sheet strength, disciplined risk management, and a strategy that is responsive to evolving customer and market needs. Our 2025 performance affirms the value of that focus.

Dear shareholder,

The year 2025 marked a decisive step forward in Sri Lanka's ongoing economic normalisation. After a period of extraordinary adjustment, the direction of travel became clearer: inflation moderated, monetary conditions began to ease, and business confidence showed early – but meaningful – signs of recovery. While the reform path remains demanding and external shocks remain possible, the overall trajectory is increasingly constructive. In such an environment, our role was not simply to participate in the recovery, but to help make it durable by restoring confidence, supporting productive activity, and safeguarding stability.

Commercial Bank of Ceylon PLC remained steadfast in that responsibility. As Sri Lanka's largest private sector bank, we recognise that trust is both our greatest asset and our most profound obligation. Throughout the year, we maintained strong capital and liquidity positions, reinforced governance and risk management disciplines, and sustained transparent engagement with regulators and stakeholders. These foundations enabled us not merely to withstand volatility, but also to lead responsibly, supporting growth while protecting resilience.

Leading private sector credit expansion

As economic activity regained momentum, your Bank assumed a clear leadership role in private sector credit expansion.

We supported productive sectors critical to national revival - exports, tourism, agriculture, and small and medium-sized enterprises – while maintaining disciplined underwriting standards and robust risk controls.

At a time when investor and borrower confidence still required reinforcement, the Bank stepped forward to catalyse growth responsibly. By aligning lending priorities with national development needs – within a strong framework of risk discipline – we strengthened our position as a key enabler of Sri Lanka's private sector resurgence while safeguarding balance sheet resilience. This approach reflects a simple belief that enduring growth must be built on prudence, and prudence is what makes that growth sustainable.

Agility in a changing interest rate landscape

The evolving interest rate environment required strategic agility. As monetary conditions shifted, we actively recalibrated asset–liability management to protect margins while ensuring competitive pricing for customers. We strengthened stress testing and scenario planning within a clear governance framework, enabling disciplined agility without compromising resilience.

In a volatile global environment, adaptability has become a defining institutional capability. Commercial Bank continues to embed flexibility within strong oversight frameworks to ensure decisions remain consistent, disciplined and forward-looking.

Digital acceleration

Digital transformation remained central to our strategic agenda in 2025 as well. We continued to enhance core systems and customer-facing capabilities, investing in automation and analytics to improve efficiency and strengthen the customer experience. At the same time, we further reinforced cybersecurity infrastructure and controls, recognising that in a digital economy, trust is increasingly defined by the safety of customer assets and the integrity of data.

However, technology is only an enabler; trust remains human. Relationship-based banking continues to be a defining feature of our franchise. Our strategy therefore treats innovation as a way to enhance - not replace - the human connection that customers value. In practical terms, this means combining digital convenience with responsive service, ensuring customers benefit from speed and accessibility while retaining the confidence of meaningful engagement.

Strengthening our international footprint

Our overseas operations continued to support diversification and resilience. Our Bangladesh Operations made steady progress during the year, strengthening its balance sheet and expanding its presence in a competitive and growing market. We view the Bangladesh Operation along with our Maldives subsidiary and other foreign operations as an important pillar of our regional strategy and a continued source of earnings diversification.

In a landmark development, Commercial Bank became the first Sri Lankan bank to establish an office in the Dubai International Financial Centre (DIFC) in the United Arab Emirates. This strategic presence strengthens our ability to facilitate trade flows, build correspondent banking relationships, and improve investment connectivity between Sri Lanka, the Middle East, and global markets.

A milestone in market confidence

During the year, the Bank surpassed USD 1 Bn. in market capitalisation – an important milestone reflecting renewed investor confidence in Commercial Bank and, more broadly, Sri Lanka's improving recovery narrative. This achievement underscores the strength of our franchise, the discipline of our governance, and the credibility of our long-term strategy.

We remain focused on the fundamentals that sustain stakeholder value: earnings resilience, balance sheet strength, disciplined risk management, and a strategy that is responsive to evolving customer and market needs. Our 2025 performance affirms the value of that focus.

Commitment to inclusive and sustainable growth

As the recovery gains traction, it is essential that growth is inclusive and sustainable. Beyond credit expansion, we continued to support financial inclusion, responsible restructuring for viable enterprises, and advisory engagement for businesses adjusting to post-crisis realities, strengthening both portfolio quality and the wider economic ecosystem. A strong banking system must do more than provide finance; it must help customers navigate uncertainty in ways that protect both enterprise continuity and long-term value creation.

Sustainability is increasingly central to strengthening resilience and long-term value – not as a parallel agenda, but as a lens through which risks are managed, opportunities are captured, and confidence is sustained. In 2025, the Bank adopted SLFRS S1 and S2 sustainability-related Financial Disclosure Standards for the first time, enhancing the clarity and decision-usefulness of reporting and deepening the integration of climate-related risks and opportunities into governance and risk management. We also continued to advance sustainable finance, including green lending and the mobilisation of capital for eligible green activities, supported by credible use-of-proceeds and reporting disciplines.

Our people – central to performance and resilience

Our employees remain central to every achievement described in this message. Their professionalism, resilience, and adaptability enabled the Bank to operate with distinction in a demanding and evolving environment. Banking is ultimately a service of trust, and trust is delivered by people, through the quality of judgement, consistency of service, and integrity in execution. On behalf of the Board, I extend my sincere appreciation to every member of our team for their continued dedication.

Performance in 2025

Against the improving macroeconomic backdrop, the Group delivered a strong performance in 2025, recording profit before tax of Rs. 92.787 Bn. (2024: Rs. 97.808 Bn.) and profit after tax of Rs. 60.938 Bn. (2024: Rs. 55.686 Bn.), supported by gross income of Rs. 365.181 Bn. (2024: Rs. 274.507 Bn.). Capital adequacy and liquidity buffers remained prudent, while credit quality was managed through disciplined underwriting and close portfolio monitoring. The Bank actively optimised margins through calibrated asset-liability management, ensuring performance was achieved without compromising resilience.

Acknowledgements

The strength of Commercial Bank lies in the unwavering support of all our stakeholders. I extend my sincere gratitude to my colleagues on the Board of Directors for their guidance, stewardship and oversight. I also take this opportunity to thank Mr Lakshman Niyangoda and Ms Shiromal Cooray for their valued service and contributions during their tenure, and to warmly welcome Ms Romany Parakrama as the newest member of our Board.

I record a special appreciation to Mr Sanath Manatunge, Managing Director/ Chief Executive Officer, for his leadership and disciplined execution, and I thank the Corporate Management for their commitment and professionalism. We also acknowledge with gratitude the Governing Board and officials of the Central Bank of Sri Lanka, and other regulators and authorities, for their guidance and constructive engagement that supports a stable and well-regulated financial system.

To our shareholders, customers and all other stakeholders, thank you for your continued trust.

Looking ahead

While the outlook has improved, sustained progress will require continued fiscal discipline, structural reforms and renewed private sector dynamism. Commercial Bank stands ready to play its part.

Looking ahead, our priorities remain clear: preserving capital strength and liquidity leadership to safeguard depositor confidence and sustain resilience; continuing disciplined yet proactive private sector credit expansion aligned to productive sectors and national development priorities; deepening digital transformation while strengthening cybersecurity so that innovation enhances convenience and efficiency without compromising trust; and increasing overseas contributions – strengthening diversification, supporting customers' cross-border needs and elevating the Bank's international connectivity.

Confidence, once restored, reduces uncertainty and catalyses investment, hiring and expansion. By combining prudence, innovation and leadership, Commercial Bank of Ceylon is well positioned not only to participate in Sri Lanka's post-crisis growth story, but to help shape it responsibly.

S Muhseen
Chairman

February 26, 2026
Colombo

Managing Director/Chief Executive Officer's Review

In 2025, we proved that scale and discipline can go hand in hand, growing lending and accelerating digital activity while improving asset quality and balance sheet resilience. This is how we build durable value, supporting productive, sustainable growth without compromising governance and risk standards.

The year 2025 marked a further step in Sri Lanka's economic normalisation and the restoration of confidence across households, enterprises and markets. For Commercial Bank, the year was defined by disciplined execution: sustaining balance sheet resilience, expanding productive credit with strong risk controls, accelerating digital adoption and capability, and strengthening governance and disclosure readiness as sustainability and climate-related considerations become more financially material.

This review summarises how we performed, the strategic actions we took in 2025, and the priorities that will shape our execution in 2026.

Performance and resilience

In 2025, the Bank delivered a strong performance while preserving balance sheet resilience and underwriting discipline. Gross loans and advances grew by 36.37% to Rs. 2.028 Tn., making Commercial Bank the first private sector bank in Sri Lanka to exceed a Rs. 2 Tn. loan book, with Rs. 541 Bn. growth during the year. Total assets increased by 16.78% (Rs. 468 Bn.) to Rs. 3.258 Tn., while deposits grew by 16.65% (Rs. 372 Bn.) to Rs. 2.609 Tn., and the CASA ratio improved to 39.65%, supporting funding stability even in a lower-rate environment. Profit before income tax was Rs. 89.378 Bn. and net profit was Rs. 58.487 Bn., supported by operating income growth, disciplined cost management and a lower impairment charge of Rs. 22.506 Bn. (down 19.33% from the prior year's normalised figure). Asset quality improved, with the net impaired loans

(Stage 3) ratio declining to 1.54%, while Stage 3 coverage strengthened to 73.50%. Capital adequacy remained comfortably above regulatory minimums, with Tier 1 and Total Capital Ratios of 13.035% and 16.698% respectively, enabling the Bank to support renewed credit demand while maintaining resilience through the cycle.

In 2025, we proved that scale and discipline can go hand in hand, growing lending and accelerating digital activity while improving asset quality and balance sheet resilience. This is how we build durable value, supporting productive growth without compromising governance and risk standards.

Strategic execution in 2025

Sustainable market leadership and growth

Commercial Bank continued to strengthen market leadership by focusing on productive sector lending, sustainable finance growth, trade flows and SME expansion, supported by disciplined risk governance.

Corporate Banking exceeded green and climate financing targets with a Rs. 30.60 Bn. green project loan portfolio, supported by a strong renewable energy pipeline and expanded ESG advisory support to clients. Project financing recorded a 38% growth, including onboarding 20 new-to-bank relationships, reflecting both pipeline strength and disciplined execution. Governance and compliance were strengthened through adherence to Environmental and Social (E&S) policies and improved oversight of related party transactions and large exposures through training and a dedicated monitoring committee.

In trade finance, the Bank increased market share in both legs of trade: Exports market share improved to 21.97% (from 21.20%) and Imports market share increased to 15.91% (from 14.26%). Turnover also grew: Exports turnover reached USD 2,984 Mn. (from USD 2,709 Mn.) and Imports turnover rose to USD 3,417 Mn. (from USD 2,687 Mn.). A key milestone was the launch of the Online Trade Platform (ComBank TradeLink), enabling customers to initiate and track trade transactions end-to-end, complemented by simplification of LC advisory and application formats to reduce customer preparation time.

The Bank retained strong positions in key retail products, supported by improved monitoring and underwriting capabilities. Market shares in Home Loans, Leasing, Pawning and Personal Loans, all showed improvement.

In agriculture and microfinance, growth continued to be driven by the Diribala product suite. The Agriculture and Micro Financing Unit (AMFU) operating model expanded from 32 to 64 units, extending coverage to 93 branches, supported by coordinators and a specialised field cadre to strengthen pipeline generation, monitoring and service delivery. New products such as a Micro Housing Loan Facility were introduced to meet housing needs of micro entrepreneurs. We also launched ComBank Shakthi Agency Banking as a new last-mile channel, commissioning four authorised agents in Hambantota and Monaragala to enable deposits, withdrawals, balance inquiries, fund transfers and bill payments, improving convenience, significantly deepening our last mile reach and integrating rural communities into the formal banking ecosystem.

The Bank was recognised as the largest lender to the SME sector for the fifth consecutive year based on Ministry of Finance data, representing 30.3% of total SME loans among 16 banks. We were named Best Bank for SMEs in Sri Lanka at the Euromoney Awards for Excellence 2025 and Best SME Bank in Sri Lanka 2025 by Global Finance (third consecutive year). Importantly, we introduced Sri Lanka's first AI-powered SME credit underwriting solution by a bank, with technical assistance from Boston Consulting Group (BCG), and expanded ecosystem capabilities through LEAP GlobalLinker, product campaigns and trade fairs.

Pervasive digital transformation

Digital transformation continued to be a primary lever for both growth and efficiency, improving customer experience while strengthening operational resilience and control.

In terms of scale and economics, ComBank Digital penetration reached 56% by end 2025, with 1.8 million users, 74 million transactions valued at Rs. 7.5 Tn., and an investment portfolio of Rs. 470 Bn. managed through digital channels. The platform generated Rs. 2 Bn. revenue and enabled estimated cost savings of Rs. 11 Bn., with 55 million monthly average customer interactions, illustrating scale, engagement and operating leverage.

We expanded digital service depth through practical customer-facing improvements, including: digital FD nomination submission, partial pawning payment enablement, GovPay traffic fine integration, AIT tax certificate downloads, integration with biller platforms, improved new user registration linked to the core banking. We also launched a next-generation Business Banking solution tailored for complex corporate and SME needs.

In 2026, we will launch OneApp in Sri Lanka and the Maldives to drive a comprehensive mobile experience transformation. This will include expanding intelligent chatbots and virtual assistants, deploying a unified Customer Data Platform (CDP) to enable 360-degree customer view, implementing single sign-on (SSO) and centralised identity management. We will further scale hyper-personalisation and automation via journey management tools.

The Bank also embarked on a four-year retail transformation journey partnering with McKinsey with the objective of further solidifying our market position whilst delivering a seamless omni-channel value proposition.

Unrivalled customer centricity

The Bank's growth and digital progress were underpinned by a deliberate focus on service excellence and measurable customer outcomes.

We were recognised as the No. 1 Bank for Customer Experience in the LMD Customer Excellence Survey. Net Promoter Score (NPS) continued to improve, reflecting strengthened customer advocacy and greater consistency in service delivery. We strengthened service assurance mechanisms through structured validations and mystery shopper programs, supported by enhanced use of Customer Relationship Management systems and dashboards for data-driven decision making. Notably, we complemented internal training with selected customer sessions aimed at improving customer capability and expectations. By sharing practical service excellence guidance, we aim to drive higher standards across the wider ecosystem.

Talent and culture excellence

Execution at scale depends on capability, engagement and alignment. During 2025, we advanced leadership engagement, wellbeing and workforce practices through initiatives such as skip-level meetings to strengthen transparency, direct HR engagement sessions to capture feedback and holistic wellness programmes (including digital health and mental wellbeing). We also introduced family-inclusion initiatives to deepen the connection between employees and the Bank. Capability building remained a priority across all levels, with over 190,000 training hours delivered

during the year to strengthen technical, leadership and compliance competencies. To support work-life balance while preserving performance and accountability, flexible working arrangements were implemented across all departments starting in February 2025.

These initiatives are not "stand-alone programmes"; they are integral to building a resilient culture that sustains service quality, risk discipline and continuous improvement.

ESG integration and responsible banking

As a responsible corporate entity, sustainability is integrated as a business discipline because sustainability-related risks and opportunities can influence our risk profile, access to finance, and long-term cash flows. 2025 was notable for both portfolio scaling and disclosure readiness, including first-time adoption of SLFRS S1 and S2 sustainability-related financial disclosures and the continued development of climate analytics and transition planning.

A landmark achievement was the Rs. 15 Bn. Green Bond issuance – a Basel III-compliant Tier II listed, rated, unsecured, subordinated, redeemable bonds – which was oversubscribed on its opening day. This issuance strengthens capital and supports scalable sustainable finance growth with rigorous use-of-proceeds discipline. The Bank targets a Rs. 100 Bn. green financing portfolio by 2030. In 2025, the green financing portfolio reached Rs. 71.2 Bn., with green financing disbursements of Rs. 71.4 Bn. The Bank reported climate-impact results including estimated GHG emission reductions of 134,128 tCO_2e.

The Bank continues to develop its Climate Transition Plan in partnership with the International Finance Corporation (IFC), aligned with national decarbonisation pathways, and is pursuing Green Climate Fund (GCF) accreditation to secure GCF financing. A key milestone for the next year is promotion and integration of blue financing concepts, specifically aligned with SDG 6 – Clean Water and Sanitation.

Our women's banking agenda focused on three strategic pillars: empowering women customers and entrepreneurs; expanding financial and digital inclusion; and fostering a more gender-inclusive workplace. Key initiatives included the adoption of the UN Women's Empowerment Principles (WEPs), a partnership with United Nations Fund for Population Activities (UNFPA) Coalition for Reproductive Justice in Business, becoming a signatory to the Women Finance Code, and the opening of the first exclusive Women's Banking Centre in the Northern Province. Within the workplace, enhanced maternity support contributed to over 90% return-to-work rate among female employees after maternity leave, strengthening the retention and continuity of talent.

In 2025, the Commercial Bank CSR Trust surpassed Rs. 1.4 Bn. in total investment since inception, with over 74% of funds directed to education, alongside contributions to healthcare infrastructure, environmental restoration and disaster relief. Environmental restoration initiatives include "Life to Our Forests", "Life to Our Coral Reefs" and "Life to Our Beaches", including a Phase II 100,000 tree planting project launched with the National Water Supply and Drainage Board and volunteer initiatives supporting aquatic ecosystems and environmental health restoration.

Operational resilience and technology risk

Given the scale and criticality of digital banking automation, cyber resilience and platform reliability remain Board-level priorities.

In 2025, IT Operations and R&D strengthened the technology foundation through expanded hyper-converged infrastructure (HCI), increased Active-Active architecture coverage for critical platforms. The team delivered over 520 business projects during the year, including key platforms such as Business Banking, Video KYC (VKYC) and eStatements. A Managed Security Operations Centre (MSOC) equipped with next-generation security platforms and 24×7 monitoring, was launched. This was complemented by a new ITSM platform (including CMDB) and a 24×7 Network Operations Centre (NOC), contributing to improved system availability and reliability rate of 99.98%.

For 2026, priorities include expansion of the MSOC, autonomous AI-driven investigation and automated threat containment, breach and attack simulation, network detection and response. Furthermore, the Bank will focus on an FX portal revamp, and development of a dedicated IT system tailored to the specific requirements of Islamic Banking.

Outlook for 2026

The macroeconomic outlook is more constructive than in recent years, but the operating environment remains exposed to external shocks and evolving regulatory expectations. In 2026, we will therefore prioritise disciplined growth aligned to productive sectors, while protecting portfolio quality through strong risk controls. We will continue to scale digital transformation, alongside further strengthening cyber resilience and platform reliability. Customer centricity will be deepened through data-driven service improvements and stronger end-to-end journeys. We will also invest in talent and culture to support execution, wellbeing and performance discipline. Finally, we will advance ESG integration through stronger transition planning, blue finance readiness and credible sustainable funding.

Appreciation

I thank our customers and shareholders for their continued trust, and our Corporate and Senior Management teams and employees across Sri Lanka, Bangladesh, the Maldives, our other overseas markets and Sri Lankan subsidiaries for their commitment, professionalism and adaptability. I also extend my appreciation to the Board of Directors, led by the Chairman, for their oversight, strategic guidance and steadfast support.

I acknowledge with gratitude the Governor, members of the Governing Board and the Monetary Policy Board, as well as officials of the Central Bank of Sri Lanka for their regulatory guidance. Furthermore, I thank our wider stakeholders for their constructive engagement, which continues to strengthen confidence in the financial system. I also thank our external auditors, Messrs KPMG, for their professionalism and the timely completion of the audit.

With a resilient franchise, disciplined governance, and a clear strategic agenda, Commercial Bank is well positioned to support Sri Lanka's recovery while delivering sustainable, long-term value for all stakeholders.

Sanath Manatunge
Managing Director/Chief Executive Officer

February 26, 2026
Colombo

Board of Directors and profiles

Ms J Lee
Director

Dr S Selliah
Director

Mr D N L Fernando
Director

Ms R M A S Parakrama
Director

Mr S Muhseen
Chairman

Mr R Senanayake
Deputy Chairman

Mr S Muhseen
Chairman

Appointed as the Chairman of the Board of Directors in April 2024.

Appointed as an Independent/ Non-Executive Director in February 2021 and served on the Board as Deputy Chairman since March 2022.

He is the Chairman of the Board Credit Committee, the Board Strategy Development Committee and the Board Sustainability Committee.

He was also the Chairman of the Board Nominations and Governance Committee, Board Human Resource and Remuneration Committee, Board Investments Committee and the Board Technology Committee.

Skills, experience, and educational qualifications:

Mr Muhseen is a senior investment banker with extensive experience in mergers and acquisitions, corporate finance, and capital markets. He has held senior roles, collaborating with company boards and leadership teams of financial institutions across Asia to drive their strategic corporate agendas. He is credited with leading research reports on banking sector efficiency, currency depreciation, and budget deficits during his tenure as Head of Sri Lanka Banking Sector Research and Lead Economist at Jardine Flemming.

Mr Muhseen has also worked at Standard Chartered Bank in the Corporate Banking Division, where he started out as a Management Trainee and at Rodman and Renshaw Stock and Commodities Broker based in Chicago. In his Investment Banking career spanning over 21 years, Mr Muhseen has completed landmark mergers and capital raising transactions in excess of USD 100 Bn.

Under his leadership, the Asia FIG sectors team at Merrill Lynch and Credit Suisse won the "FIG Asia House of the Year" awards from the Asset magazine for several years, and multiple transactions he led were awarded as best country deals and best financial sector capital-raising transactions. Mr Muhseen also has policy-level experience, having worked as a Team Leader at the National Council for Economic Development (NCED) under the Ministry of Finance, and as a Director at the Task Force to Rebuild the Nation (TAFREN), a Presidential Task Force for rebuilding the economy after the 2004 Tsunami.

He holds a Masters in Economics from the University of Colombo and a Bachelor of Business Administration (Hons) from Western Michigan University. He completed the Corporate Finance training program with JP Morgan in New York and holds an Executive Certificate in Directorship from the Singapore Management University.

Mr Muhseen won the joint award "Outstanding Independent Non-Executive Director of the Year" at the SLID – ACCA National Director Awards 2025.

Other current appointments:

Currently, Mr Muhseen is the Non Independent/Non-Executive Chairman of CBC Finance PLC, Chairman of Platinum Advisors Pte Ltd., a Director of H2O One Pte Ltd., an Independent/Non-Executive Director of David Pieris Holdings (Pvt) Ltd., a Director of Canary Wharf Holdings Pte Ltd. and an Independent/Non-Executive Director of PCCW Limited, Hong Kong.

Previous appointments:

Previously, he served as Independent/Non-Executive Deputy Chairman of Amana Takaful Life PLC, Director for Gestetner of Ceylon PLC and as a Director of Lankan Angel Network. His prior experience includes leading roles at global investment banks such as Credit Suisse, Bank of America Merrill Lynch, JP Morgan, and Standard Chartered Bank. His most recent role was Managing Director, Head of Southeast Asia Financial Institutions Group (FIG), and Head of Asia Insurance at Credit Suisse, based in Singapore. He was also a Director at Merrill Lynch and an Associate Director at Deloitte. He has worked as a Senior Advisor to TPG BNP Paribas and Great Eastern Holdings.

Shareholding of Bank:

Holds 3,400 voting shares

Mr R Senanayake
Deputy Chairman

Appointed as an Independent/ Non-Executive Director in September 2020 and as the Deputy Chairman of the Bank in April 2024.

Appointed as Chairman of the Board Integrated Risk Management Committee.

Mr Senanayake was the Chairman of the Board Audit Committee, the Board Human Resources and Remuneration Committee, the Board Related Party Transactions Review Committee and the Board Capital Expenditure Review Committee.

Skills, experience, and educational qualifications:

He is a Fellow Member of CA Sri Lanka with over 35 years of post-qualifying experience and holds a B.Com. (Special) degree from the University of Sri Jayewardenepura with a second class upper division pass and a Postgraduate Diploma in Business Management from the PIM of the University of Sri Jayewardenepura. He completed his articles at Ernst & Young to qualify as a Chartered Accountant.

Mr Senanayake is passionate about and possesses extensive domain knowledge in the financial services industry, particularly in financial management and corporate reporting, including aspects such as risk management, capital management, corporate governance, compliance, sustainability, and integrated reporting. Besides many other local and overseas training programs, he has undergone training in banking and finance with Euromoney and on general management with the National University of Singapore.

Other current appointments:

Mr Senanayake was appointed as the Chairman of Commercial Insurance Brokers (Pvt) Limited in November 2025 and as the Chairman of CBC Myanmar Microfinance Company Limited in March 2025. Mr Senanayake assumed the role of Chairman at Senkadagala Finance PLC in August 2023. Prior to this position, he served as an Independent/Non-Executive Director at the same organisation since April 2017. He also serves as a Consultant at Smart Media – The Annual Report Company.

He is a Director of Virtual Capital Technologies (Pvt) Ltd., a software development company, since August 2017. Mr Senanayake serves as an Advisor to Unicorn Hatch Limited, a Company Incorporated in New Zealand, from March 2024.

Previous Appointments:

Mr Senanayake worked at Singer Industries (Ceylon) PLC from 1991 to 1994 as the Financial Accountant. From 1994 to 2007, he held several key positions, progressing from Senior Manager – Finance to Assistant General Manager (Finance & Planning) at Commercial Bank of Ceylon PLC. He served as the Chief Financial Officer of Nations Trust Bank PLC from 2007 to 2009. From 2009 to 2024, he worked as the Chief Officer – Process Development at Smart Media – The Annual Report Company. He also served as an Independent/Non-Executive Director of CBC Finance PLC from October 2014 to March 2021 and as a Non-Independent/Non-Executive Director from April 2021 to June 2022. Mr Senanayake was the Chairman of Orysys Limited (formerly known as CBC Tech Solutions Limited) and was a Member of the Corporate Governance Committee of CA Sri Lanka for the period from February 2024 to December 2025.

Shareholding of Bank:

Nil

Mr S C U Manatunge

Managing Director/Chief Executive Officer

Appointed as the Managing Director and Chief Executive Officer of the Bank in May 2022.

Appointed as a Non-Independent/Executive Director and Chief Operating Officer in July 2018.

Skills, experience, and educational qualifications:

Mr Manatunge joined Commercial Bank of Ceylon PLC in 1989. He has held Corporate Management/Senior Management positions such as Deputy General Manager – Corporate Banking, Chief Risk Officer, Head of Credit Risk and Chief Manager – Corporate Banking. Under Mr Manatunge, the Corporate Banking Division of the Bank experienced rapid growth in the loan book and areas such as Trade Finance fee-based income while maintaining the quality of advances.

During his tenure as Chief Operating Officer, Mr Manatunge headed strategically important business units of the Bank such as Personal Banking, Corporate Banking, Information Technology, Cards, and Digital Banking guiding them to become industry leaders. He has also provided leadership and strategic inputs for transformational projects of the Bank such as "SME Transformation", establishing a long-term digital roadmap for the Bank, and many projects to improve operational excellence.

He is a Fellow of the Chartered Institute of Management Accountants – UK (FCMA) and has obtained a Masters in Business Administration (MBA) Degree from the University of Sri Jayewardenepura with a Merit Pass. He has also earned a MSc in Sustainable Management from the University of Bedfordshire – UK. He is also a Fellow Member of the Institute of Bankers – Sri Lanka (FIB), a Fellow of the Institute of Certified Management Accountants of Sri Lanka (FCMA), a Fellow of the Chartered Management Institute – UK (FCMI) and a Member of Certified Practicing Accountants (CPA) – Australia. Mr. Manatunge has also been a Member of the Sri Lanka Institute of Directors since August 2017.

He was adjudged the "Chief Information Security Officer of the Year" at the EC – Council Global CISO Forum held in Atlanta – USA in September 2013, in recognition of his outstanding contribution in strengthening and promoting information security practices and IT Risk Management. He won the "Global CEO Leadership Excellence Award 2024" at the Global CEO Forum awarded by the Global CEO Magazine and the "Top 10 Diversity Champions 2024" at the Top 10 WIM Diversity Champion Awards 2024 awarded by Women in Management and International Finance Corporation in 2024. He was also awarded the "Best Bank CEO in Sri Lanka 2025" at the TAB Global Leadership Achievement and Best Managed Banks Awards 2025 awarded by The Asian Banker Magazine in the year 2025. He was instrumental in forming the Association of Banking Sector Risk Professionals, Sri Lanka and was the President in 2014. He has also served as a Council Member of the Association of Professional Bankers (APB) and a Member of the CIMA – "Thought Leadership Committee". Mr Manatunge was a visiting lecturer for the MBA Degree program at the University of Colombo and was a resource person at the Training Centre of Central Bank of Sri Lanka and the Institute of Bankers of Sri Lanka.

Other current appointments:

Director of Commercial Development Company PLC, Deputy Chairman of Commercial Bank of Maldives (Private) Limited, Chairman of Sri Lanka Banks Association (Guarantee) Ltd., and Vice Chairman of Employer's Federation of Ceylon. Member of the UNICEF Business Council – Sri Lanka from May 2025. Mr Manatunge was appointed as ex-officio member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka and appointed as a Member of the Chamber Committee of the Ceylon Chamber of Commerce in July 2025.

Previous Appointments:

Managing Director of Commercial Development Company PLC, Director of Orysys Limited (formerly known as CBC Tech Solutions Ltd.), and Director of Lanka Financial Services Bureau Ltd. He also served as a Director of the Credit Information Bureau of Sri Lanka (CIBSL), a Director of LankaPay (Private) Limited and the Chairman of the Banking, Financial Services & Insurance Group of the Employers' Federation of Ceylon for year 2023/24. He was also the Vice Chairman of Sri Lanka Banks Association (Guarantee) Ltd prior to being appointed as the Chairman of the same.

Shareholding of Bank:

Holds 564,324 voting shares

Ms J Lee

Director

Appointed as an Independent/Non-Executive Director in August 2020.

Appointed as the Chairperson of the Board Nominations and Governance Committee. She was the Chairperson of the Board Integrated Risk Management Committee and the Board Investment Committee.

Skills, experience, and educational qualifications:

Ms Lee is a pioneer and leading expert in quantitative risk management and its applications to strategy. She has over 36 years of experience as a banker, is a capital markets expert, and is a partner in management consulting firms serving CEOs and Boards in US and Asia.

She holds an MBA from the Wharton School and a BSc from NYU Stern School of Business. She also attended the Advanced Management Program and Women on Boards Program at Harvard Business School. She is co-author of the books "What Every CEO Must Know About Risk" and "RAROC and Risk Management". Since 2000, Ms Lee had been a Senior Fellow of the Wharton School, and an Adjunct Professor at Singapore Management University, where she developed and taught Enterprise Risk Management for 10 years. She has also taught Risk Management at Columbia University, New York. Ms Lee has lived and worked in both New York and Asia.

Other current appointments:

Ms Lee is the Managing Director of Dragonfly LLC, which she co-founded in 2000. The New York based consulting firm provides strategy, risk management, and investment advice to Boards, CEOs, CFOs, and Business heads in the US, Europe and Asia, covering all sectors, corporates, financial institutions and governments. She is also the CEO of Dragonfly Capital Ventures (DFC), which she founded in 2009. DFC develops and invests in renewable energy and infrastructure projects in South East Asia. She is also the Managing Director and Director of Dragonfly Advisors Pte Ltd.

She currently serves on the Executive Board of NYU Stern School of Business, DBS Group Holdings Ltd., DBS Bank Ltd., DBS Foundation Ltd., SMRT Corporation Ltd., Mapletree Logistics Trust Management Limited and JTC Corporation. She is also the Non-Independent/Non-Executive Chairperson of Strides DST Pte Ltd., (a SMRT JV Company). In October 2024, she was designated as the Co-Chair of "Women Execs on Boards" – a non-profit alumni network of Harvard Business School of Board Governance programs. She is also a Director of non-profit SG HER Empowerment Ltd.

Previous Appointments:

Ms Lee ended her term as Independent Director at AITi Tiedemann Global and Temasek Life Sciences Accelerator Pte Ltd. She has served as a Board Director of Solar Frontier, a renewable energy subsidiary of Japan-listed Showa Shell Sekiyu. Prior to Dragonfly, Ms Lee was a key member of the pioneering team that developed quantitative risk methodology at Bankers Trust in the late 1980s. She ran the bank's daily global risk quantification and reporting. She also worked on derivatives and other capital markets products and was the risk manager (Chief Risk Officer) reporting to the President of BT Securities.

Shareholding of Bank:

Nil

Ms D L T S Wijewardena
Director

Appointed as an Independent/ Non-Executive Director in March 2021.

Appointed as the Chairperson of Board Technology Committee.

Skills, experience, and educational qualifications:

Ms Wijewardena is a corporate executive with a proven track record in the IT industry, both locally and internationally. She has served in various senior positions in the industry for many years, gaining diverse experience in providing technology solutions from high-tech start-ups to large multinational businesses in the world.

She is a Graduate Member of British Computer Society. She received her board executive education at Harvard Business School and also earned Strategy Certification for Game Changing Organizations and Artificial Intelligence in Impact for Business Strategies from Massachusetts Institute of Technology, Sloan School of Management – WIM, together with IFC and the Government of Australia, awarded her as the 'Best Woman Board Director 2021 (Sri Lanka/Maldives)' at the WIM awards 2021 in Colombo.

Other current appointments:

Ms Wijewardena is the Chairperson of Aventude (Pvt) Ltd., Sri Lanka, which she co-founded in 2018. She is also the Chairperson/Shareholder of Aventude Pte Ltd., Singapore. Aventude is a technology strategic consultation & solutions company based in Colombo, Stockholm and Singapore, specialising in solving business problems using technology across an end-to-end spectrum. She also serves as a Director of Meta Dynamics, UAE, a company providing advanced technical services for custom software requirements of businesses.

Previous appointments:

Mrs Wijewardena was the Chief Executive Officer of Aventude (Pvt) Ltd., Sri Lanka, and Aventude (Pte) Ltd., Singapore, prior to being appointed as the Chairperson of both companies. She was also the Vice Chairperson of the Cabinet approved national initiative, "Women's Chamber for Digital Sri Lanka" (WCDSL), an initiative to uplift women's participation in the digital economy of Sri Lanka through ICT education, career empowerment and supportive policies.

Shareholding of Bank:

Nil

Dr S Selliah
Director

Appointed as an Independent/ Non-Executive Director in April 2022.

He is the Chairman of the Board Human Resources & Remuneration Committee and the Board Investment Committee.

Skills, experience, and educational qualifications:

Dr Selliah holds a MBBS degree and Master's Degree (M.Phil). He has over two decades of diverse experience in varied fields including Manufacturing, Healthcare, Insurance, Logistics, Packaging, Renewable power, Plantation, Retail, etc. He serves on the Boards of many public listed and private companies. He has extensive experience serving on Board Committees including Audit, Human Resource and Remuneration, Investment, Strategic Planning, Related Party, Nomination, etc.

Other current appointments:

Dr Selliah is the Independent/Non-Executive Chairman of JAT Holdings PLC. He is also the Chairman of Vydexa (Lanka) Power Corporation (Pvt) Ltd., Cleanco Lanka (Pvt) Ltd., Andysel (Pvt) Ltd., Soul Corporation Private Ltd. and Orysys Limited. He is the Deputy Chairman of ArunoAus Pty Ltd. He is also a Non-Independent/Non-Executive Director of Lanka Tiles PLC, Lanka Walltiles PLC, ACL Cables PLC, and Swisstek (Ceylon) PLC. Dr Selliah is a Director of Arunodhaya (Pvt) Ltd, Arunodhaya Industries (Pvt) Ltd, and Arunodhaya Investments (Pvt) Ltd. Currently, he also serves on many Board Committees of the companies listed above as the Chairman or a Member.

Previous appointments:

Dr Selliah was a Director of Expo Lanka Holdings PLC, Horana Plantation PLC and Unidil Packaging (Pvt) Ltd. He was also a Director of Lanka Ceramic PLC, HNB Assurance PLC, Softlogic Holdings PLC, Odel PLC, and Swisstek Aluminium (Pvt) Ltd. Dr Selliah was the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Ltd. He has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been the Head of the Department of Physiology during his tenure at the Faculty. He has also served as a member of the University Council at the University of Colombo.

Shareholding of Bank:

Holds 38,855 voting shares

Mr S Prabagar
Chief Operating Officer/Executive Director

Appointed as the Chief Operating Officer and Executive Director in May 2022.

Skills, experience, and educational qualifications:

Mr Prabagar is a senior banker with over 30 years of diversified banking experience with the Bank. He has served as Branch Manager of mid-sized and larger branches in Colombo, performed as Chief Operating Officer and Country Manager of the Bank's Bangladesh Operations, provided leadership to the Internal Audit function of the Bank as the Head and Assistant General Manager, spearheaded the Bank operations as the Assistant General Manager in charge of Operations and lead Corporate Banking as the Deputy General Manager, which was the last position held by him before taking up the current responsibility.

Having turned around the branches he managed to greater performance, he was instrumental in bringing up Bangladesh Operations from a two–branch, two-booth operation to a 19 branch operation. It became the 3rd highest profitable foreign bank, next only to Standard Chartered Bank and Hong Kong and Shanghai Banking Corporation out of 10 foreign banks, and contributed to around 15% of the overall bottom line of Commercial Bank. Under his leadership, operations in Bangladesh earned AAA credit rating from the leading credit rating agency in Bangladesh, CRISL.

He represented the Bank at National Payment Council meetings at Central Bank of Sri Lanka (CBSL). He also functioned as the Bank's Ombudsman in resolving customer complaints with the Financial Ombudsman of the country. He was the representative of the Bank to the Bankers Technical Assistance Committee (BTAC) appointed by the Bankers Association of Sri Lanka, to address operational issues faced by banks.

He served on the panel of lecturers for the Post Graduate Diploma in Bank Management offered by the Institute of Bankers (IBSL) and carried out lectures for over 4 years. He was the Secretary to the Bangladesh-Sri Lanka Chamber of Commerce and Industry, actively promoting trade and investment between the countries.

Mr Prabagar holds an MBA in Banking and Finance from the University of London, is an Associate of the Institute of Bankers (AIB – SL), and has a B.Com from the Bharathidasan University in India. He is fully qualified in CIMA (Chartered Institute of Management Accountants – UK), and CISA (Certified in System Audit – USA), also holding a Diploma in System Security and Control Audit (DISSCA – CASL).

Other current appointments:

He is a Non-Independent/Non-Executive Director of the Board of Commercial Bank of Maldives Private Ltd, and a Director of Lanka Financial Services Bureau (Private) Limited.

Previous appointments:

He served as a Director on the Board of CBC Myanmar Microfinance Company Ltd. and as a Non-Executive Director on the Board of Orysys Limited (formerly known as CBC Tech Solutions Limited.) Additionally, he chaired the Roadmap Committee appointed by the CBSL for the implementation of Blockchain Technology in Sri Lanka.

Shareholding of Bank:

Holds 355,061 voting shares and 42,772 non-voting shares

Mr D N L Fernando
Director

Appointed as an Independent/ Non-Executive Director in February 2023.

Skills, experience, and educational qualifications:

Mr Fernando is a professional banker, who retired from active service in the banking sector in August 2020. With a career spanning over 35 years at the Bank of Ceylon (BOC), he played many prominent roles in the Recoveries Department and the Product Development Banking Unit, where he had initiated a number of noteworthy, innovative liability and asset products.

He has vast experience in branch banking, customer service, and corporate/retail credit in rural and urban branches for over 14 years. He also has training/exposure in international and treasury operations, which he gained during his service at the BOC London Branch and as a Member of expatriate staff at the BOC Karachi Branch which is now non-operational in Pakistan. He has also managed 70 BOC branches for 4 years as the Assistant General Manager in charge of the Western Province South (the largest administrative region of BOC at the time), before taking up the assignment at Bank of Ceylon (UK) Ltd., as the Chief Executive Officer/ Director in late 2012.

He holds a Bachelor of Science (Hon.) degree from the University of Colombo and served briefly on the academic staff of the (then) Batticaloa University College. He also worked under the Ministry of Education as an Education Officer in "Sri Lanka Education Service" before joining the BOC in 1986.

He is also an Associate Member of the Institute of Bankers of Sri Lanka since 1998.

Other current appointments:

Nil

Previous Appointments:

Mr Fernando was a Director of Property Development and Management (Pvt) Ltd., BOC Travels (Pvt) Ltd., and Merchant Bank of Sri Lanka PLC. He was also an Independent Director of Cey Bank Holiday Homes (Pvt) Ltd. and the General Manager during two distinct periods. Additionally, he also served as the Director and Chairman of MBSL Insurance (Pvt) Ltd. His past appointments included Chief Executive Officer of Grand Oriental Hotel, Chief Risk Officer (Deputy General Manager) of Bank of Ceylon, Sri Lanka and Chief Executive Officer and Director of BOC, UK.

Shareholding of Bank:

Nil

Mr P M Kumarasinghe, PC
Director

Appointed as an Independent/ Non-Executive Director in April 2023.

Appointed as the Chairman of the Board Related Party Transactions Review Committee.

Skills, experience, and educational qualifications:

Mr Kumarasinghe is a Senior President's Counsel specialising in Civil and Commercial matters with a lucrative practice. Mr Kumarasinghe was enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka in September 1982 and was appointed as a President's Counsel by His Excellency the President, with effect from July 07, 2006.

Mr Kumarasinghe is actively practicing in the District Court of Colombo, Commercial High Court, Civil Appellate High Court of Colombo and the Superior Courts. He serves as Counsel for several State and Private Banks and Finance Houses. He has extensive experience in Debt Recovery matters and is a regular Speaker in Banking and Debt Recovery Law Sessions and many other Corporate Law matters in National Law Conferences, Junior National Law Conferences, and Continuing Legal Education Programmes conducted by the Bar Association of Sri Lanka, the Association of Corporate Lawyers Sri Lanka, and the Colombo Law Society.

He has been a Member of the Bar Council of Sri Lanka for the past 37 years.

Other current appointments:

Mr Kumarasinghe is a member of the National Medicine Regulatory Authority.

Previous appointments:

Mr Kumarasinghe served as a Member of the Public Service Commission of Sri Lanka from April 2006 to April 2009 and from May 2011 to May 2014. He was also a Member of the Incorporated Council of Legal Education, the Chairman of the Environmental Council established under the National Environment Act., a Member of the Advisory Commission on Intellectual Property established under the Code of Intellectual Property Act., and the Chairman of the Committee appointed by the Cabinet of Ministers and the Public Service Commission to study the existing Medical Service Minute and propose solutions to the problems existing in the Medical Administration Grade. Mr Kumarasinghe was a Member of the University Grants Commission.

He has functioned as the Chairman of the Rent Law Reform Committee, the Chairman of the Banking and Finance Law Reform Committee, and the Co-Chair of the Apartment Ownership Law Reform Committee, Ministry of Justice, appointed by Hon. Minister of Justice. He also functioned as a Member of the Expert Committee to draft the Higher Education Act and the Law Commission of Sri Lanka.

Mr Kumarasinghe has previously served as an Independent/Non-Executive Director of Laugfs Gas PLC and Nawaloka Hospitals PLC.

Shareholding of Bank:

Nil

Mr P Y S Perera
Director

Appointed as an Independent/ Non-Executive Director in October 2024.

Appointed as the Chairman of the Board Audit Committee.

Skills, experience, and educational qualifications:

Mr Perera is a Chartered Accountant by profession and retired from the position of the Managing Partner of KPMG Sri Lanka and Maldives with effect from March 31, 2023. He counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests.

Mr Perera was the President of the Institute of Chartered Accountants of Sri Lanka (2006 & 2007) and was the Chairman of the Sri Lanka Auditing Standards Committee (2009-2013). He also served on the Board of the Confederation of Asian and Pacific Accountants (CAPA), one of four Regional Organizations (ROs) recognised by the International Federation of Accountants (IFAC).

Mr Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and of the Chartered Institute of Management Accountants (FCMA), UK.

Other current appointments:

Mr Perera currently serves as an Independent/Non-Executive Director on the Boards of Hayleys PLC, Haycarb PLC, Dipped Products PLC, E. B. Creasy & Co. PLC, Laxapana PLC, Muller & Phipps (Ceylon) PLC, Overseas Realty (Ceylon) PLC and World Vision Lanka.

Previous appointments:

Mr Perera served as a Partner at KPMG Sri Lanka and Maldives for 33 years. He served on the KPMG Middle East & South Asia Board during his tenure as the Managing Partner of the Firm.

Additionally, he has served as a Commissioner of the Securities & Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and the Governing Council of the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

Shareholding of Bank

Holds 2,427 voting shares

Ms R M A S Parakrama
Director

Appointed as an Independent/ Non-Executive Director in August 2025.

Skills, experience, and educational qualifications:

Ms Parakrama is a highly accomplished professional with extensive experience in corporate communication, financial services, and corporate governance.

Ms Parakrama's distinguished career in the banking sector includes over 27 years of experience in corporate and retail banking at prominent international institutions. She served at Standard Chartered Bank, Singapore and Sri Lanka in various leadership capacities, including Regional Head, Internal Communications for Southeast Asia and Head of Sustainability, Brand and Sponsorship.

Ms Parakrama's academic credentials include a Bachelor of Arts in Liberal Arts from Smith College, USA, where she graduated Magna Cum Laude and was inducted into the prestigious Phi Beta Kappa Honor Society. She holds professional accreditations as a Credit & Risk Professional from both Standard Chartered Bank, UK and American Express Bank, USA.

In addition to her corporate achievements, Ms Parakrama contributes her expertise on a voluntary basis as a member of the Board of the Sri Lanka Alzheimer's Foundation.

Other current appointments:

Ms Parakrama is an Independent Non-Executive Director of Vallibel One PLC and she is an Independent Director (Honorary) of Lanka Alzheimers Foundation.

Previous appointments:

Ms Parakrama had served Standard Chartered Bank, Sri Lanka as the Head of Corporate Affairs, Head of Priority Banking, and Head of Cash Management and at Standard Chartered Bank, Singapore as the Regional Head – Internal Communications Singapore and ASEAN. Her banking experience also extends to key positions at Amro Bank, American Express Bank, and Societe Generale Bank. She had served as Group Head of Corporate Communication for the David Pieris Group and as a Non-Executive Chairperson of several key entities within the David Pieris Group, including Assetline Insurance Brokers (Private) Limited, Assetline Capital (Private) Limited, Assetline Securities (Private) Limited, and Assetline Corporate Services (Private) Limited. Ms Parakrama held Board memberships within the David Pieris Automotive cluster, Assetline Finance Limited, and various overseas subsidiary companies of the David Pieris Group.

Shareholding of Bank:

Holds 123 voting shares

Mr R A P Rajapaksha
Company Secretary

Appointed as Company Secretary in April 2019.

Skills, experience, and educational qualifications:

Mr Rajapaksha is an Associate of Chartered Governance Institute – UK & Ireland, formerly known as Institute of Chartered Secretaries and Administrators (ICSA – UK). He holds an LLB (Hons) from the University of New Buckinghamshire. He is a Graduate of the Institute of Chartered Corporate Secretaries (ICCS) of Sri Lanka counting over 22 years of experience in the field of Company Secretarial Practice including 15 years of experience at the Bank. He is also a Member of Sri Lanka Institute of Directors since September 2017 and a Member of the Institute of Directors (IOD) – UK.

Other current appointments:

He is the Vice President of the Chartered Governance Institute – UK & Ireland, Sri Lanka & Asia Pacific Branch and has been appointed as an All-Island Justice of the Peace in 2019.

Previous appointments:

Mr Rajapaksha was the Company Secretary of Bank's fully owned subsidiary – CBC Finance PLC from November 2014 to March 2019 and the Assistant Company Secretary of the Bank from February 2011 to March 2019.

Shareholding of Bank:

Nil

Corporate Management and profiles

1 Sanath Manatunge

Managing Director/Chief Executive Officer

FCMA (UK)/CGMA/FCMI (UK)/CPA (Australia)/ FCMA (SL)/FIB (SL)/MBA Merit (University of Sri Jayewardenepura)/MSc Sustainable Management – University of Bedfordshire – UK

36 years in Banking

2 S Prabagar

Chief Operating Officer

FCMA(UK)/CGMA/MBA (University of London)/AIB (SL)/B. Com (Bharathidasan University, India)/DISSCA – CA Sri Lanka/ CISA (USA)

30 years in Banking

3 Hasrath Munasinghe

Deputy General Manager – Corporate Banking (*)

FIB (SL)/FCIM (UK)/FSLIM/FCMI (UK)/ACMA (UK) /CGMA /CMA (Aus) /GSLID (SLID)/MSc in IT (University of Moratuwa)/MBA (University of Southern Queensland, Aus)/CPM (Asia Pacific Marketing Federation, Sing)/ Post Graduate Diploma in Business and Finance Administration (CA Sri Lanka)

32 years of experience including 15 years in Banking

4 Asela Wijesiriwardane

Deputy General Manager – Treasury

BSc (University of Colombo)/MA-Econ (University of Colombo)/FCMA/CGMA(UK), AIB(SL)

29 years in Banking

5 Kapila Hettihamu

Chief Risk Officer

BSc (University of Colombo)/MBA (University of Colombo)/Member (Association Cambiste Internationale)

30 years in Banking

6 John Premanath

Deputy General Manager – Management Audit

FCCA (UK)/ACA (ICA England & Wales)/ACA (CA Sri Lanka)/CISA (USA)/CIA (USA)/BSc Applied Accounting (Oxford Brookes – UK)/ AIB (SL)/DISSCA/ISO 27001:2022 ISMS Lead Auditor/GSLID (SLID)

35 years in Banking

7 Ms Tamara Bernard

Deputy General Manager – International

AIB (SL)/Masters in Development Studies (University of Colombo)/MBA (University of Sri Jayewardenepura)

36 years in Banking

8 Sumudu Gunawardhana

Chief Information Officer

BSc (Eng.) in Computer Science and Engineering (University of Moratuwa)/ MBA (University of Colombo)/AIB (SL)/ CIMA passed finalist/PMP (USA)/EPGM-Sloan Business School (Massachusetts Institute of Technology USA)

28 years of experience in Information Technology including 5 years in Banking

9 Prasanna Indrajith

Chief Financial Officer

FCA/FCCA (UK)/FCMA (SL)/AIB (SL)/BSc BAd (Special) (University of Sri Jayewardenepura)/ Postgraduate Diploma in Business and Financial Admin. (CA Sri Lanka)

31 years post qualifying experience in Finance related fields including 29 years in Banking

10 Kanishka Ranaweera

Deputy General Manager – Human Resource Management

BBA Studies (University of Colombo)/MBA (University of Colombo)/Attorney-at-Law, ACIPM

20 years of experience including 03 years in Banking

11 S Ganeshan

Deputy General Manager – Personal Banking

Intermediate Diploma in Banking & Finance (IBSL)/Postgraduate Diploma in Business Administration, Staffordshire University, UK

37 years in Banking

12 Krishan Gamage

Assistant General Manager – Information Technology (Operations)

BSc (Eng.) in Electronic and Telecommunication (University of Moratuwa)

27 years of experience in Information Technology including 19 years in Banking

13 Chinthaka Dharmasena

Assistant General Manager – Services

BSc (Eng.) Hons in Mechanical Engineering (University of Moratuwa)/MBA (University of Sri Jayewardenepura)/ ISO Lead Auditor Certificate/visiting lecturer at University of Moratuwa

24 years of experience including 10 years in Manufacturing and Supply Chain Management and 14 years in Banking

14 Mrs Mithila Shamini

Assistant General Manager – Personal Banking I & SME

AIB (SL)/Dip. in Business Mgmt.(SLBDC)/ Postgraduate Diploma in Business and Financial Admin. (CA Sri Lanka)/MBA (Griffith University, Aus)

39 years in Banking

15 M P Dharmasiri

Assistant General Manager – Planning

FCA/FCMA (SL)/AIB (SL)/MSc Mgt (University of Sri Jayewardenepura)/MA Financial Economics (University of Colombo)/BSc BAd (Special) (University of Sri Jayewardenepura)

36 years in Banking

16 Thusitha Suraweera

Assistant General Manager – Transformation

Passed Finalist, CIMA (UK)

28 years in Banking

(*) Appointed as an Executive Director/Chief Operating Officer w.e.f. April 27, 2026

17 Nalin Samaranayake

Assistant General Manager – Credit Supervision and Recoveries

AIB (SL)/Postgraduate Executive Diploma in Bank Mgt./MBA – Cardiff Metropolitan, (UK)

38 years in Banking

18 Varuna Kolamunna

Assistant General Manager – Personal Banking II

Intermediate Diploma in Banking & Finance (IBSL)/Masters of Business Administration (Open University of Malaysia)

35 years in Banking

19 Sidath Pananwala

Assistant General Manager – Corporate Banking I

AIB (SL)/MBA (University of Sri Jayewardenepura)/CMA (Australia)

39 years in Banking

20 Dilan Rajapaksha

Assistant General Manager – Personal Banking III

FIB (SL)/CGMA Adv Dip MA

36 years in Banking

21 Pradeep Banduwansa

Assistant General Manager – Operations

Intermediate Diploma in Banking & Finance (IBSL)/AIB Final Stage 1/ Executive MSc in Strategic Management (Asia eUniversity Malaysia)

36 years in Banking

22 Najith Meewanage

Chief Executive Officer – Bangladesh Operations

AIB (SL)/Masters of Business Administration (University of Greenwich, London, UK)

33 years in Banking

23 Tivanka Damunupola

Assistant General Manager – Corporate Banking II

Intermediate Diploma in Banking & Finance (IBSL)/Association Cambiste Internationale – Financial Markets Association, Dealing Certification/MBA in Banking and Finance (Am.University of London)/Association Cambiste Internationale FX Global Code Certification (ACI)

30 years in Banking

24 Mrs Chandani Siyambalagastenne

Assistant General Manager – Compliance/Compliance Officer

AIB (SL)/MBA (University of SIKKIM Manipal)/ CMA (Australia)/ICA (UK)

34 years in Banking

25 Ramachandren Sivagnanam

Assistant General Manager – Personal Banking V

AIB (SL)

35 years in Banking

26 Kapila Liyanage

Assistant General Manager – Personal Banking IV & Retail Products

BSc – Management (Special) Degree (University of Sri Jayewardenepura)/ACMA (UK)/CGMA/CPA (Aus)/MBA – University of Ruhuna/ACBF – IBSL/Dip. Computer Programming & System Analysis – NIBM

23 years in Banking

27 Tharinda Jayawardana

Assistant General Manager – Finance

CFA (USA)/ACMA (UK)/BSc. Finance (University of Sri Jayewardenepura)

20 years including 2 years in Banking

28 Mrs Ashani Senaratne

Assistant General Manager – Marketing

MBA, Buckinghamshire New University, UK/ DipM ACIM, Chartered Institute of Marketing/ UK BSc (Hons) in Business Information Technology – Staffordshire University, UK

20 years of experience including 3 years in Banking

29 Randil Boteju

Chief Digital Officer

ACIM (UK)/AMSLIM/MBA (Anglia Ruskin University, UK)

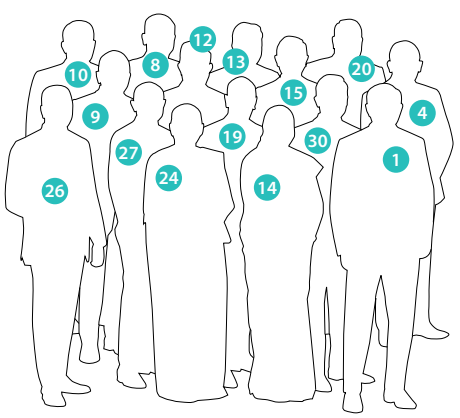
23 years in Banking

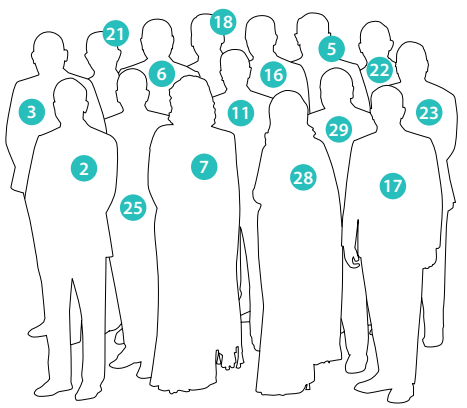
30 Kasun Herath

Assistant General Manager – Treasury

MA Financial Economics (University of Colombo)/Pg Dip in Econ Development (UOC)/Certified Treasury Professionals (USA)/Dealing Certification – Association Cambiste Internationale – (Financial Markets Association)/Diploma in Treasury, Inv & Risk Management (IBSL)

25 years in Banking





Senior Management

Corporate Banking

Mrs Sushara Vidyasagara
Head of Corporate Banking

Prasad Fernando
Head of Imports

Lawrian Somanader
Head of Exports

Mrs Ruvini Samarasinghe
Head of Corporate Branch

Geehan Jayawickrama
Chief Manager – Corporate Banking

Lakmal Subasinghe
Chief Manager – Corporate Banking

Mrs Kamalini Ellawala
Chief Manager – Corporate Banking

Himaru Kulawardene
Chief Manager – Off Shore Banking

Mohan Liyanapatabendi
Chief Manager –
Corporate Banking/Project Finance

Mrs Niroshinie Opatha
Chief Manager – Import Operations

Mrs Maheeka Gurusinghe
Chief Manager – Corporate Banking

Personal Banking

Sanath Perera
Senior Regional Manager –
Colombo Inner

Mrs Nelum Wasala
Head of Centralised Credit
Processing Unit

Ms Dharshini Gunatilleke
Head of Centralised Credit
Processing Unit

Chamenda Kalugamage
Regional Manager –
Uva Sabaragamuwa

Roshan Peiris
Regional Manager – Colombo Metro

Mrs Nimalka Wickremarachchi
Regional Manager – Colombo Outer

Arulumpalam Jeyabalan
Regional Manager – Northern

Aruna Tennakoon
Regional Manager – Colombo North

Athula Palletenna
Regional Manager – South Western

Asela Leuwanduwa
Regional Manager – Colombo South

Chaminda Ganegoda
Regional Manager – Central

Roshan Fernando
Regional Manager – Greater Colombo

R Kajaruban
Regional Manager – Eastern

Sujeewa Gamage
Chief Manager – Union Place Branch

Ruwan Panditharatna
Regional Manager – Southern

Darshana Wickremasinghe
Regional Manager – North Central

Treasury

Mrs Chandrima Leelaratne
Head of Treasury Processing

Hemal Jayasekara
Chief Dealer –
Asset and Liability Management

Chirantha Caldera
Chief Dealer – Treasury

Support Services

Harendra Ranasinghe
Head of Security & Safety

Mrs Varuni Egodage
Head of Legal

Ms Sunari Dandeniya
Chief Information Security Officer

Mrs Deepthi Denagama
Principal Engineering Manager – IT R&D

Upul Perera
Head of Central Systems Support

Sujith Perera
Principal Engineering Manager –
IT Security and Compliance

Mohan Fernando
Head of SME Banking

Buddhika Gunawardana
Head of IT Operations

Neelaka Aluthge
Principal Engineering Manager – IT R&D

Mrs Chathurani Rajamuni
Head of Management Audit

Keerthi Mediwake
Chief Manager – IT R&D

Priyantha Perera
Chief Manager –
Super Market Banking

Dushmantha Jayasuriya
Chief Manager – Retail Products

Thushara Thomas
Chief Manager – Central Cash

Pramith Rajapaksha
Company Secretary

Rasika Perera
Chief Manager –
Staff Development Centre

Mahela Perera
Chief Manager –
Credit Supervision and Recoveries

Mrs Aparna Jagoda
Chief Manager – Marketing

Asanka Wijayasinghe
Chief Manager –
Retail Credit Approval

Mrs Dilrukshi De Silva
Chief Manager –
AML and Compliance

Thushara Yatawara
Chief Manager –
IT Risk & Data Protection Officer

Mrs Vathsala Wijekoon
Chief Manager – Planning

Sampath Abeywickrema
Senior Engineering Manager – IT R&D

Mrs Apsara Wellappili
Senior Engineering Manager – IT R&D

Mark De Zoysa
Senior Engineering Manager –
IT Centralised Operations

Iranjith Bandara
Senior Engineering Manager –
IT Centralised Operations

Mrs Nadika Nagahawatte
Senior Engineering Manager – IT R&D

Ms Jalika Hewagama
Chief Manager –
Customer Experience Unit

Hasitha Nanayakkara
Senior Engineering Manager –
IT Centralised Operations

Mrs Deepika Vidanagamage
Chief Manager – Operations

Mrs Pushpa Jayaweera
Chief Manager – Legal

Rangika Rodrigo
Chief Manager – Procurement

Shaliya Weeratunge
Chief Manager –
Integrated Risk Management

Ms Menaka Rajapakse
Senior Business Transformation Lead –
IT R&D

Bhagya Botejue
Head Of Program Management Office –
IT R&D

Roy Adikaram
Chief Manager – Premises

Mrs Chandima Dangolle
Chief Manager – Finance

Seevali Wickramasinghe
Chief Manager – Card Centre

Damith Chanaka
Senior Engineering Manager –
IT Support Services

Lance Vonhagt
Chief Manager – Business Process
Re–Engineering – IT R&D

Madhura Dodamgoda
Senior Business Transformation Lead –
IT R&D

Mrs Vidushini Denipitiya
Chief Manager – Investment Banking

Mrs Sonali Goonasekara
Chief Manager –
Centralised Operations

Upendra Saputantri
Chief Manager – Bancassurance

Mrs Inoka Jayamanne
Chief Manager –
Human Resource Management

Mrs Rangika Chandrasena
Chief Manager – Global Remittance

Mrs Rumala Gunaratne
Chief Manager –
Integrated Risk Management

Asanka Krishan
Chief Manager – Digital Banking

Indunil Walpola
Chief Manager – Finance

Bangladesh Operations

Najith Meewanage
Chief Executive Officer

Haily Algewatte
Deputy Chief Executive Officer and Chief Operating Officer

Mahmud Hossain
Deputy Chief Executive Officer and Head of Corporate Banking

Samantha Ratnayaka
Chief Risk and Investment Strategy Officer

Shakir Khusru
Senior Assistant General Manager and Head of Internal Control and Compliance

Ms Fatema Zohora
Senior Assistant General Manager – Corporate Banking

Kazi Mashqur Ur Rahim
Assistant General Manager – Treasury (Corporate Sales)

Asaduzzaman
Assistant General Manager – Treasury (Asset and Liability Management)

Benozeer Ahmed
Assistant General Manager and Chief Financial Officer

Dewan Minhaz Rahman
Assistant General Manager – International

Subsidiary Operations (Local)

Nalin Gunatunga
Chief Executive Officer – Orysys Limited

Subsidiary Operations (Foreign)

Elmo Sooriyaarachchi
Managing Director/ Chief Executive Officer – Commercial Bank of Maldives Private Limited

Dilan Rodrigo
Managing Director/ Country Head – CBC Myanmar Microfinance Company Ltd.

Operating context and stakeholder landscape

Operating environment and outlook

Global economy

2025

The global economy remained more resilient than expected in 2025, continuing to expand despite major shifts in the global trading system, heightened policy uncertainty, tighter financial conditions, and ongoing geopolitical tensions. Disinflation across advanced economies allowed several central banks to pause or begin easing monetary policy, supporting consumption and investment, while global trade volumes recovered modestly amid supply chain normalisation and resilient demand for technology-intensive goods and services.

China's growth in 2025 reached 5.0% y-o-y, supported by expansion in industrial production particularly in equipment and high-tech manufacturing and strengthening export demand. In India, GDP growth accelerated to 7.8% y-o-y by Q3 FY2025/26, driven by robust private consumption, strong performance in financial and digital services, and improved investment activity. Japan's growth is estimated at 1.1% in 2025, reflecting a recovery in household consumption and capital spending, as well as front-loading of exports. After two subdued years, Euro Area growth rebounded to an estimated 1.4% in 2025, supported by front-loaded exports ahead of postponed U.S. tariffs and resilient domestic demand.

Despite challenges including front-loaded imports, weak consumption early in the year, a government shutdown, and persistent inflationary pressures, the U.S. economy demonstrated notable resilience in the first nine months in 2025. However, growth in Q4 slowed down due to impacts to spending and investments from the government shutdown.

Global economy outlook

2026

Global growth is projected at around 3.3% in 2026. Growth in advanced economies is expected to moderate, reflecting slower momentum compared to recent years, while emerging market and developing economies are forecast to expand at a relatively faster pace. The outlook remains subject to downside risks, including lingering trade tensions, elevated policy uncertainty, geopolitical pressures, and a potential slowdown in global demand.

U.S. economic growth is projected at 2.4% in 2026, supported by extended tax incentives and the reopening of the federal government. However, elevated tariff levels are expected to dampen consumer spending and private investment, partially offsetting these supportive factors.

In the Euro Area, the effects of trade front-loading is expected to dissipate and higher U.S. tariffs will increasingly weigh on export performance, growth is expected to slow to 1.3% in 2026. Export competitiveness is likely to be further constrained by higher energy costs and the appreciation of the euro.

China's growth is projected to moderate to 4.5% in 2026, reflecting weak consumer confidence, a prolonged downturn in the property sector, and softening labour market conditions. Nevertheless, stronger fiscal support, resilient export performance, and improving investor sentiment will be mitigating factors.

Sri Lankan economy

Politics: Local government elections in May 2025, were the first major polls following the 2024 national elections. National People's Power continued to consolidate its power securing 43% of votes and 3,927 council seats across 339 local authorities.

Fiscal performance: The IRD, Customs, and Excise departments significantly outperformed expectations in 2025, boosting tax revenues. IRD recorded a historic high of Rs. 2,203 Bn., while Customs collected Rs. 2,558 Bn., exceeding targets mainly due to strong vehicle import demand. Lower capital expenditure also improved the primary surplus and reduced the budget deficit. Tax revenue is expected to strengthen through enhanced VAT and improved compliance measures. The Government has also introduced a supplementary budget of Rs. 500 Bn. to meet the additional expenditure requirements arising from damages caused by Cyclone Ditwah in 2025. As a result, key fiscal parameters, including the primary balance and expenditure targets, are expected to be breached in order to accommodate these spending needs. However, overall fiscal stability and the reform momentum is expected to be maintained throughout 2026 due to existing fiscal buffers.

IMF – EFF: The third review by IMF under the EFF was completed in March 2025. Sri Lanka was able to draw USD 334 Mn. in financial support as part of this review. The Fourth Review was completed by the IMF Executive Board in July 2025 and cleared access to USD 350 Mn. disbursement. In December 2025, Sri Lanka secured emergency financing of around USD 206 Mn. from the IMF under the Rapid Financing Instrument to help meet urgent balance of payments needs following the Cyclone.

U.S Tariff: In April 2025, the United States announced a new reciprocal tariff framework that included a tariff of 44% on Sri Lanka. Following diplomatic negotiations in August

2025 the tariff was officially set at 20%, placing Sri Lanka on par with competitors, which also faced similar tariff levels. The garment and rubber sectors, which are heavily dependent on the US market, faced the greatest risk of reduced competitiveness and potential export declines.

Cyclone Ditwah: In November 2025, Cyclone Ditwah made landfall in Sri Lanka, triggering torrential rainfall, widespread flooding, and severe landslides across large parts of the island. Approximately 2 million people were affected, with over 600 fatalities reported, making it one of the most destructive climate-related disasters in recent years.

The direct physical damages are estimated at around USD 4.1 Bn. equivalent to nearly 4% of GDP with critical infrastructure such as roads, bridges, railways, housing, and agricultural assets among the hardest hit. The disaster caused significant disruptions to transport and logistics networks, curtailed agricultural production, and displaced a large number of households, exacerbating food security and livelihood challenges. In addition, reconstruction and relief needs have placed considerable pressure on public finances, necessitating higher government spending and the reallocation of budgetary resources. The event has further underscored Sri Lanka's vulnerability to climate-related shocks and the importance of strengthening disaster preparedness, climate-resilient infrastructure, and risk-financing mechanisms.

Rupee depreciation: The Sri Lankan rupee depreciated by 5.9% against the US dollar in 2025, driven by a rebound in foreign exchange demand from rising imports, particularly vehicles after restrictions were eased. Dollar demand also increased as the CBSL purchased dollars to meet higher foreign debt servicing needs and strengthen reserves.

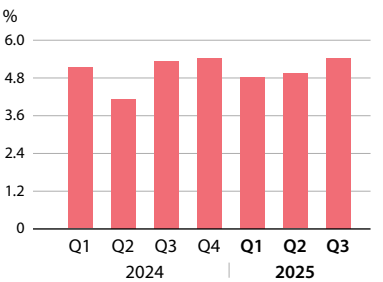
Inflation: Early 2025 saw continued deflation with headline inflation in negative territory. However, inflation returned to positive territory since mid-2025 driven by Non-food inflation. The year ended with inflation at 2.1% y-o-y with average inflation recorded at -0.5% for 2025.

Economic variables comparison

Gross Domestic Product (GDP)

2025	2026
GDP grew by 5.0% between January – September 2025 driven by contributions from industrial and services segments. The rebound in construction activities along with higher contributions from financial services and insurance was underpinned by strong credit growth during 2025. Central Bank of Sri Lanka projects around 4.5% growth for 2025, indicating a continuation of the post-crisis recovery despite external challenges like trade tariffs and global headwinds. However, this growth momentum was impacted slightly in the final quarter due to disruptions caused by Cyclone Ditwah in late November.	The CBSL expects Sri Lanka economy to grow around 4-5% in 2026. This reflects expectations of stronger activity driven by increased government capital expenditure on reconstruction following Cyclone Ditwah.

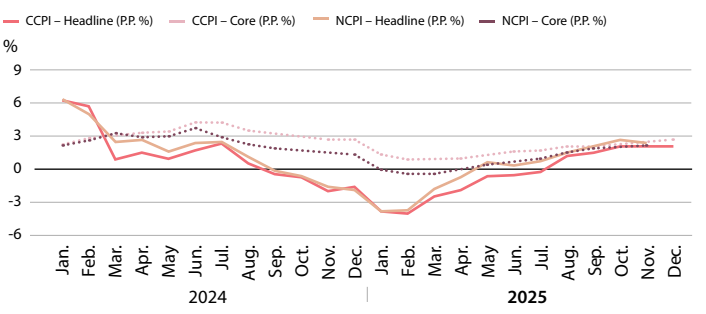
Quarterly GDP growth Graph – 01



Inflation

2025	2026
Inflation remained subdued in 2025, with price levels largely below the Central Bank's target throughout the year. Headline inflation was negative in the early months before gradually moving toward positive territory as the year progressed.	Inflation in Sri Lanka is expected to gradually rise toward the CBSL's 5% target by 3rd quarter 2026.

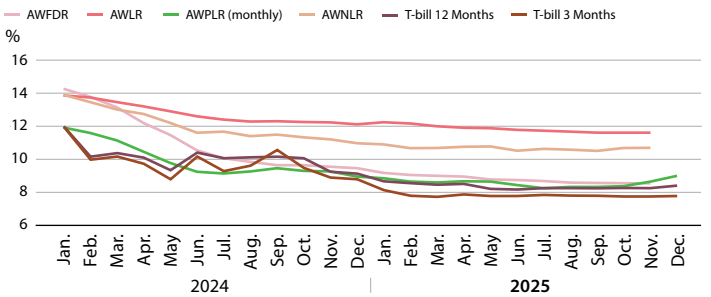
Inflation – CCPI & NCPI Graph – 02



Interest rates

2025	2026
The CBSL continued to maintain an easing monetary policy stance by reducing the overnight policy rate by 25 basis points in May 2025. The CBSL has since maintained its policy stance, as credit expansion remained robust during 2025. The CBSL continues to closely monitor inflation dynamics and developments in the external sector while navigating evolving domestic and global conditions. Meanwhile, interest rates remained broadly stable during the year, supported by a strong Treasury cash buffer. Nevertheless, yields on government securities showed an upward movement toward the latter part of 2025, reflecting the impact of Cyclone Ditwah and the substantial fiscal resources required for reconstruction efforts.	Policy interest rates are expected to remain relatively stable in 2026, as the CBSL adopts a cautious approach, closely monitoring developments in inflation, private sector credit, and the external sector.

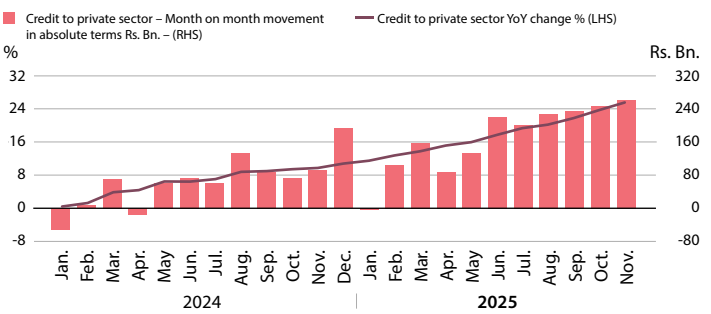
Interest rates Graph – 03



Credit to private sector

2025	2026
Credit to the private sector accelerated markedly in 2025 compared to 2024, with y-o-y growth rising steadily throughout the year, reflecting strong loan demand amid lower interest rates and improved economic conditions. Net credit disbursed to the private sector for the year was Rs. 2.056 Tn.	Private sector credit is expected to continue growing in 2026, building on strong momentum from 2025 as economic activity and borrower confidence improves. Private sector credit to GDP continues to remain below pre-crisis levels.

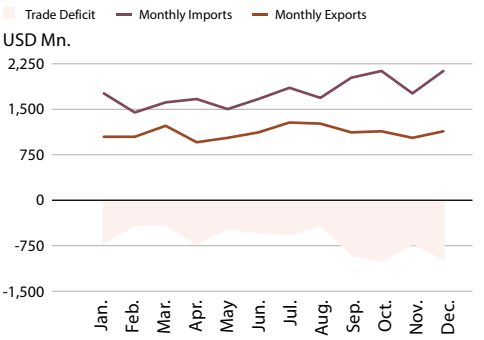
Credit to private sector Graph – 04



External sector

2025	2026
In 2025, Sri Lanka's external sector remained resilient recording consecutive current account surpluses, supported by robust foreign exchange inflows. Workers' remittances reached record levels, surpassing USD 8 Bn. in 2025. Tourist arrivals also hit historic highs, despite only a marginal improvement in earnings to USD 3.2 Bn. in 2025. Merchandise exports grew robustly driven by increased contribution from Food Beverage & Tobacco, Tea and Apparel segments. Imports also grew sharply with the easing of import restrictions, particularly on vehicles. Gross official foreign reserves stood at USD 6.8 Bn. at end-2025, supported by forex purchases of the CBSL and other inflows from multilateral agencies reflecting strengthened external buffers.	Looking ahead, the external sector may face pressure from increased imports driven by demand for construction materials required for the reconstruction of infrastructure damaged by the Cyclone Ditwah. Exports could also encounter headwinds due to evolving global demand conditions and tariff-related pressures in key markets.

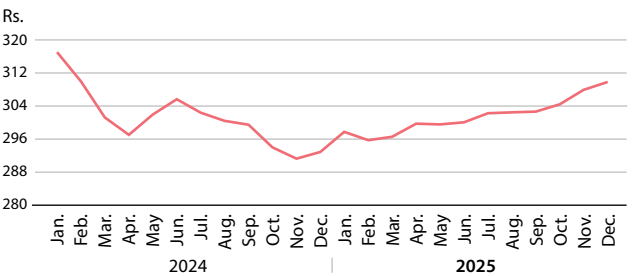
Trade performance (monthly) 2025 Graph – 05



Exchange rate

2025	2026
In 2025, the Sri Lankan rupee weakened against the US dollar, reversing the strong appreciation recorded in the previous year. Over the course of the year, the currency depreciated by 5.9 percent against the USD. This depreciation was driven by higher demand for foreign exchange to meet increased foreign debt repayments and active reserve accumulation by the CBSL, which reached USD 6.8 Bn. at end – 2025. Downward pressure was further fuelled by robust credit growth and a rebound in import demand following the easing of vehicle restrictions.	Moving into 2026, import demand is expected to increase in line with the overall economic recovery, alongside higher demand for intermediate and investment goods required for reconstruction efforts. External debt repayments are projected to remain elevated, albeit at lower levels than in 2025.

USD/LKR middle rate Graph – 06



The Bank's performance compared to the Banking sector Table 03

	Banking Sector (*) (End September 2025)	Commercial Bank (End December 2025)	Market Share % Commercial Bank (2025)	Banking Sector (*) (End December 2024)	Commercial Bank (End December 2024)	Market Share % Commercial Bank (2024)
Assets and liabilities (Rs. Tn.)						
Gross loans and advances to other customers	13.152	2.028	15.42	11.477	1.487	12.96
Deposits	19.669	2.609	13.26	17.969	2.237	12.45
Total assets	24.501	3.258	13.30	22.147	2.790	12.60
Profitability (%)						
Return on Assets (ROA) – before tax (***)	2.51	2.96		2.59	3.56	
Return on Equity (ROE) (***)	17.49	19.51		17.39	22.06	
Net Interest Margin (NIM)	4.34	4.51		4.35	4.27	
Cost to income ratio (excluding taxes on financial services) (**)	37.30	29.66		45.32	33.94	
CASA ratio	31.57	39.65		31.23	38.07	
Asset quality (%)						
Stage 3 loans (a) to total loans and advances (b)	11.00	6.34		12.69	8.59	
Net Stage 3 loans (c) to total loans and advances (b)	4.97	1.54		5.64	2.76	
Stage 3 impairment coverage ratio (d)	55.46	73.50		54.13	64.61	
Total impairment coverage ratio (e)	7.74	6.13		8.46	6.89	
Capital adequacy (%)						
Core capital (Tier 1 capital) adequacy ratio	15.255	13.035		16.744	14.227	
Total capital adequacy ratio	18.576	16.698		20.268	18.142	
Liquidity (%)						
Liquidity Cover Ratio – all currencies	259.99	288.58		313.84	454.36	
Gross loans and advances to total deposits	66.87	77.73		63.87	66.48	

(*) Banking Sector = Licensed Commercial Banks + Licensed Specialised Banks (Source: CBSL).
(**) The Bank's ratio has been computed after discounting the net derecognition loss on restructuring of Sri Lanka International Sovereign Bond (SLISB) during the year ended December 31, 2024.
(***) After adjusting for the impact of debt restructuring, the Bank reported normalised ROA (before tax) and ROE of 2.12% and 16.57%, respectively, for the year ended December 31, 2024.

Notes

(a) Excluding undrawn commitments
(b) Total loans and advances including Stage 3 loans
(c) Net of Stage 3 impairment (including undrawn commitments)
(d) The ratio of Stage 3 impairment to Stage 3 loans (including undrawn committees)
(e) The ratio of total impairment to total loans and advances

Update to the Operating Context

The U.S. attack on Iran in late February 2026 triggered an immediate reaction in global energy markets, with Brent crude prices rising by roughly 10–13% within days as investors priced in the risk of supply disruptions, particularly through the Strait of Hormuz, a critical route for global oil shipments. This type of price response is consistent with historical patterns observed during major geopolitical crises in the Middle East, such as the 1990–1991 Gulf War and the 2003 Iraq War, where oil markets reacted rapidly to perceived risks to supply. While it remains too early to assess the full economic implications for Sri Lanka, higher global oil prices are likely to generate inflationary and balance of payment pressures through increased fuel and transportation costs. Additionally, prolonged regional instability could indirectly affect key external income sources, including tourism and worker remittances, although the magnitude of such effects will depend on the duration of the conflict and broader global economic conditions.

Stakeholder engagement

The Bank recognises that sustainable long-term value creation is fundamentally driven by meaningful stakeholder engagement. Our stakeholders, as providers of the financial, human, intellectual, social and natural capitals that enable our operations, play a vital role in shaping our strategy, performance and long-term resilience. We therefore view engagement not merely as a process, but as a commitment to building sustained, trust-based relationships that reinforce our social licence to operate.

Through structured and continuous dialogue, we actively seek to understand the evolving expectations, priorities and concerns of our stakeholders, and align our strategies, actions and disclosures accordingly. This stakeholder-centric approach enables us to:

- Align strategic direction with stakeholder expectations and emerging priorities
- Identify and prioritise material matters that impact long-term value
- Anticipate risks while unlocking opportunities for responsible growth
- Strengthen transparency, accountability and trust
- Deliver meaningful outcomes that create shared and sustainable value

By nurturing long-term, mutually beneficial relationships, we foster collaboration, resilience and innovation, positioning the Bank to generate enduring value for stakeholders across the short, medium and long term.

Our stakeholder engagement principles

- **Accessibility:** Ensuring that stakeholders can readily engage with us through a range of platforms and mechanisms.
- **Constructive engagement:** Proactively engaging with stakeholders, considering their concerns and suggestions with an open mind.
- **Transparency:** Conducting open and honest communications in line with our Code of Ethics and Conduct and the Communication Policy.
- **Ethical governance:** Upholding integrity and ethical conduct in all our interactions, fostering trust and confidence.
- **Responsiveness:** Listening to legitimate concerns and responding appropriately and promptly.

Figure 09 on page 55 illustrates our structured stakeholder engagement process, reflecting our steadfast commitment to placing stakeholders at the centre of our decision-making. Guided by our promise, "Our interest is in you", we adopt a transparent, consistent and purpose-driven approach to engagement across multiple platforms and touchpoints.

Identifying and prioritising our key stakeholders

Our stakeholder engagement approach involves identifying key stakeholders based on their level of interest in and influence over our business. The Bank has categorised its stakeholders into three groups, each with tailored engagement strategies as indicated in Figure 08 below.

Our key stakeholders Figure – 08

We highly engage with

These stakeholders have the greatest influence on the Bank's operations and are vital for our business continuity:

Investors

Their capital contributions are essential for meeting regulatory capital adequacy requirements and funding growth.

Customers

Meeting customer expectations is fundamental to ensuring the Bank's viability and long-term sustainability.

Employees

Acting as intermediaries between the Bank and external stakeholders, employees play a pivotal role in delivering our value proposition.

These stakeholders require consistent communication to maintain trust and support

We keep informed

Business partners

Providers of critical and customised solutions that enhance our service delivery.

Society & environment

Ensuring that we operate responsibly to secure our social legitimacy while contributing positively to the communities in which we operate.

Maintaining regulatory compliance and fostering positive relationships with these stakeholders is crucial for operational stability

We keep satisfied

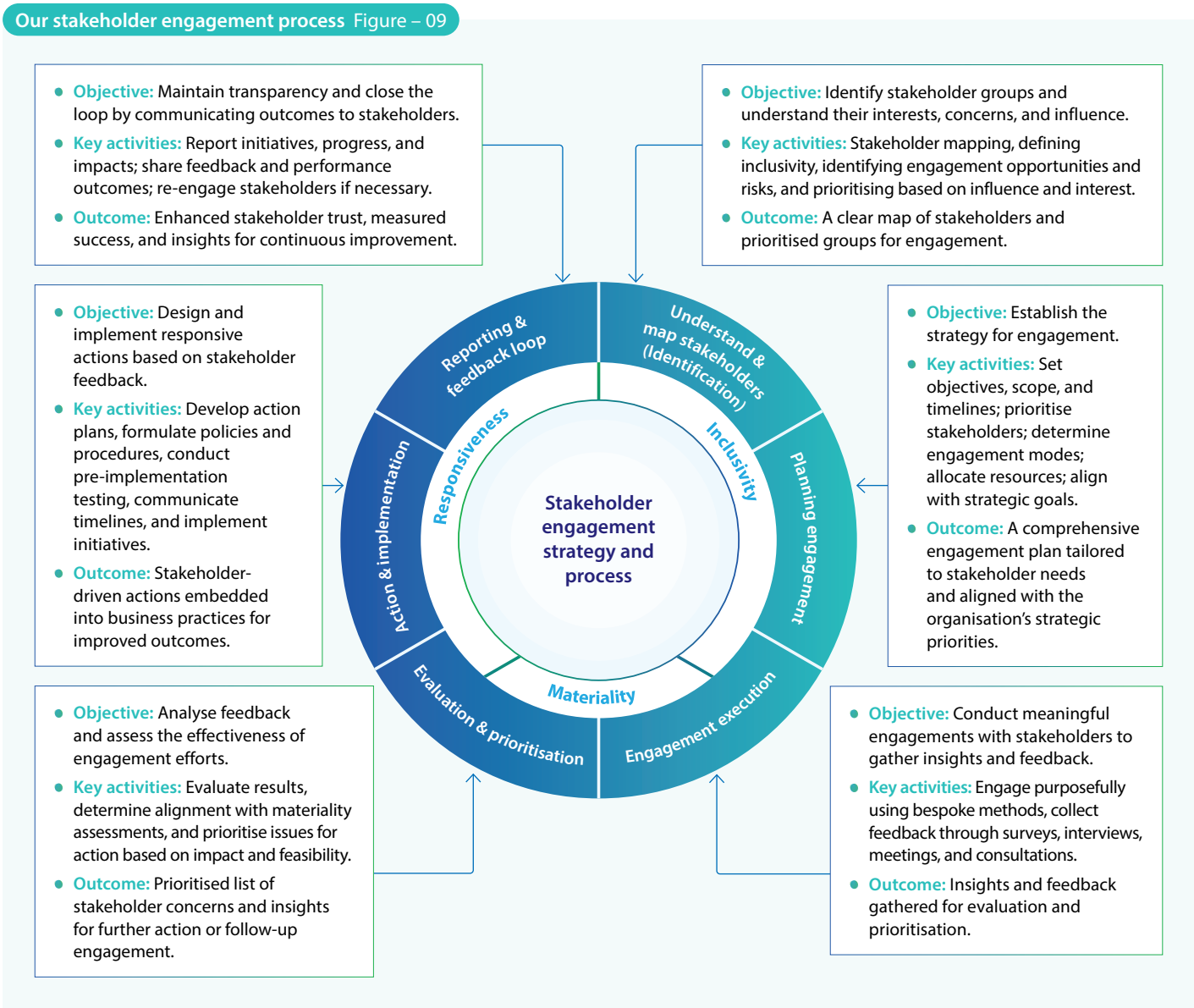
Government institutions & regulators

Operating in a highly regulated environment, the Bank prioritises compliance with all applicable regulations and engages regularly with regulatory bodies to maintain transparency and accountability.

High High to moderate

The stakeholder categorisation directly informs the design and execution of our engagement cycle. Figure 09 illustrates how we translate stakeholder prioritisation into structured, action-oriented engagement:

Our stakeholder engagement process Figure – 09



How we engage

Our stakeholder engagement process is continuous and responsive, adapting to evolving stakeholder expectations and external developments. We engage through a range of structured channels , including formal meetings, industry forums, surveys, digital platforms, social media and other feedback mechanisms , as outlined in Figure 10 – Mode and Frequency of Stakeholder Engagement.

Clear responsibilities are assigned to relevant staff to ensure stakeholder concerns are appropriately documented and escalated to the relevant Management and Board Committees. Insights from these engagements inform strategic decision-making, support innovation, mitigate reputational risks and strengthen long-term value creation. Our engagement approach remains two-way, promoting both proactive communication and responsive dialogue.

Mode and frequency of stakeholder engagement Figure – 10

Investors

Engagement mechanism and frequency

Engagement mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements	Quarterly
Investor presentations	Quarterly and on demand
Press conferences and releases	As required
Announcements to CSE	As required
One-to-one discussions	As required
Investors' section in the Corporate website	Continuous
Feedback surveys	As required

Key topics discussed and concerns raised

- Financial performance and dividend policy
- Digital Roadmap of the Bank
- The outlook of the interest rates and the exchange rates
- Business expansion plans and key strategies
- Risk management and governance framework in place
- Fiscal developments and increased taxation on banks
- Resilience to economic conditions in the countries the Bank operates
- Non-Performing Credit Facilities (NPCF) and impairment charges
- An overview of the economy and the outlook of the Banking sector
- Impact of global trade and tariff changes
- Climate-related risks and opportunities
- Resilience to climate-related shocks
- External sector performance and reserve adequacy
- Impact of IMF programme and debt restructuring
- Sustainability of economic growth and credit expansion

Bank's response to stakeholders

- Robust risk management and governance framework
- Maintenance of optimum liquidity levels and prudent capital management
- Digitalisation of the end-to-end customer journey
- Use of data analytics to enhance decision-making
- Cost optimisation and operational efficiency strategies
- Prudent impairment provisioning and credit risk management
- Financial planning supported by expert advisory insights
- Board-approved dividend policy

Customers

Engagement mechanism and frequency

Engagement mechanism	Frequency
Engagement mechanism	Frequency
Customer visits	As required
Complaints received	As required
Complaints resolution officer	As required
ComBank BIZ Club	Continuous
Branch network, call centre and digital channels	Continuous
Social media platforms	Continuous
Corporate website	Continuous
Customer workshops	As required
Relationship managers	Continuous

Key topics discussed and concerns raised

- Swift and efficient service delivery
- Customer security and data privacy protection
- Service quality and relationship management
- Affordability, accessibility and convenience of services
- Effective grievance handling mechanism
- Financial education and literacy initiatives
- Access to inclusive financial services
- Enrolment and adoption of digital banking platforms
- Operationalisation of CBSL directives and regulatory compliance
- Financial support for women entrepreneurs
- Relief measures offered by the Bank to assist individuals and businesses affected by recent cyclonic and flood disasters

Bank's response to stakeholders

- Introduced AI-powered underwriting to enhance credit speed, accuracy, and risk calibration
- Enabled Google Pay, strengthened QR and card ecosystems, and enhanced digital trade platforms
- Launched and expanded ComBank Shakthi Agency Banking to extend formal financial services to underserved communities
- Introduced differentiated lending solutions such as the "Pay 1%" Home Loan to improve affordability
- Strengthened the SME digital ecosystem through a global networking and market access platforms
- Launched a Managed Security Operations Centre, reinforcing cyber defense and data protection frameworks
- Established an Exclusive Women's Banking Centre and provided dedicated support for female entrepreneurs and youth-led businesses
- Conducted nationwide financial literacy and entrepreneurship training programmes for SMEs and communities

Employees

Engagement mechanism	Frequency
Managers' Conference	Annually
Town hall meetings	Annually
Regional review meetings	Quarterly
Regional Managers' meetings	Monthly
Branch marketing meetings	Monthly
Training programmes	As required
Intranet	Continuous
Special staff events	Annually
Trade union discussions	As required
Employee satisfaction surveys	As required

- Performance evaluation and reward mechanisms
- Career advancement and succession planning opportunities
- Training, upskilling and professional development programmes
- Work-life balance and flexible work arrangements
- Retirement benefit plans and long-term financial security
- Diversity, equity and inclusion in the workplace
- Stability and long-term strength of the Bank
- Staff benefits and welfare initiatives
- Workplace health, safety and employee well-being

- Introduced Skip-Level Meetings and HR Engagement Sessions to create direct dialogue between staff and leadership.
- Officially implemented flexible work arrangements across all departments.
- Conducted annual health checkups; organised eye and dental screening programmes.
- Delivered workshops on stress management, child protection awareness, and digital health.
- Recognised academic achievements of employees' children through Family Recognition initiatives.
- Organised debate and photography competitions to encourage creativity and self-expression.
- Conducted a Blood Donation Campaign to promote collective social impact.
- Successfully concluded the Sustainability Creativity Challenge to promote environmental responsibility.

Society and environment

Engagement mechanism	Frequency
Multiple delivery channels	Continuous
Press releases, conferences and media briefings	As required
Informal briefings and communications	As required
Public events	As required
Corporate website	Continuous

- Responsible financing and sustainable lending practices
- Community engagement and long-term social investments
- Financial inclusion and access to formal banking services
- Microfinance and SME development support
- Ethics, integrity and responsible business conduct
- Environmental stewardship and climate-conscious operations
- Employment generation and local economic empowerment

- CSR implemented through the CSR Trust Fund (1% of post-tax profit) ensuring governance and continuity
- Focused on sustained, outcome-driven programmes in education, healthcare, and disaster resilience
- Expanded digital education access with 429 IT Labs, benefiting 450,000+ students
- Strengthened STEM, Math Labs, vocational training, and Early Childhood Development initiatives
- Advanced environmental initiatives including water projects and rainwater harvesting
- Deployed Rs. 125 Mn. for Cyclone Ditwah relief and community recovery efforts
- Promoted employability through skills development and improved learning environments
- Promoted livelihood resilience through social enterprise initiatives (beekeeping support and dairy solar installation)

Business partners

Engagement mechanism	Frequency
Supplier relationship management	As required
On-site visits and meetings	As required

- Contractual performance and adherence to agreed terms
- Continued business opportunities and long-term engagement
- Maintaining healthy and transparent relationships
- Timely settlement of dues and payment efficiency
- Collaboration on new technological advances in the financial sector

- Strengthened structured RFP processes with formal evaluation and documented decision-making.
- Maintained disciplined vendor onboarding and expanded supplier inclusion, including women-owned suppliers.
- Applied a balanced sourcing framework covering cost, quality, compliance, and integrity.
- Implemented an end-to-end e-tendering platform with standardised, traceable workflows.
- Advanced procurement digitalisation to enhance transparency and operational efficiency.
- Embedded circular practices, reduced packaging waste, and strengthened formal e-waste management.
- Prioritised local sourcing to promote SME participation and domestic economic value.

Government institutions and regulators

Engagement mechanism	Frequency
On site and off site examinations	As required
Directives and circulars	Continuous
Meetings and consultations	As required
Press releases	As required
Periodic returns	As specified
Submissions to policymakers	As required
Responses to consultation papers	As specified
Attending training programs	As required
Periodic dues to the Government	Continuous

- Compliance with regulatory directives and codes
- Provision of financial support to priority and mandatory sectors
- Contributing to the stability of the financial system
- Migration to cashless and digital payment platforms
- Supporting national economic recovery and sustainable growth

- Maintained compliance with applicable banking laws, regulations, and supervisory directives.
- Ensured accurate and timely submission of all required regulatory reports and statutory returns.
- Paid Rs. 43.23 Bn. in taxes on profits and furnished all required tax returns within stipulated timelines.
- Aligned business and credit strategies to support national growth and economic recovery priorities.
- Collected and remitted Rs. 13.44 Bn. in indirect taxes on behalf of the Government through structured processes.

Material matters

Evolving landscape and strategic adaptation

In a rapidly evolving operating environment, the banking sector faces heightened expectations from regulators, investors, customers, employees and communities, alongside increasing uncertainty from macroeconomic conditions, technology change and climate and other sustainability-related developments. These shifts influence not only demand for financial services but also the risk landscape and the resilience expected of systemically important institutions. The Bank responds by continuously strengthening its business model, governance and risk management, and by integrating sustainability considerations into strategy and decision-making to support long-term value creation.

Our approach to materiality

Material matters are the issues that can reasonably be expected to influence the decisions of our report users and/or affect the Bank's ability to create value over the short, medium and long term. Our materiality approach is informed by the principle of decision usefulness: information is prioritised when it has predictive value (helping users anticipate future outcomes) and/or confirmatory value (helping users assess performance against expectations).

We apply a double materiality perspective in this Annual Report by considering two dimensions:

- Financial materiality – Sustainability-related risks and opportunities that could reasonably be expected to affect the Bank's prospects.
- Impact materiality – the Bank's significant impacts on people and the environment, including through financing activities and operations, which influence stakeholder relationships and social licence to operate.

SLFRS Sustainability Disclosure Standards alignment (2025): Sustainability-related financial disclosures prepared under SLFRS S1/S2 are based on financial materiality. Accordingly, while this "Material matters" section presents our broader double-materiality view for integrated reporting, the Sustainability-related Financial Disclosures focus on financially material sustainability-related risks and opportunities (SRROs), including climate-related risks and opportunities (CRROs).

Integrating material matters into strategy and governance

To ensure effective management of material matters, we integrate them into our strategic planning, performance management and risk governance processes. Accountability for managing material matters is assigned to relevant senior management roles, with oversight through Board and management governance structures. Material matters are embedded into planning, policies and internal controls, and are monitored through Key Performance Indicators (KPIs) and management reporting to support disciplined execution and transparent accountability.

Materiality determination process

Since our initial assessment, we have continuously refreshed our materiality analysis each year, incorporating internal and external inputs and aligning the outcome to strategic priorities, risk management and stakeholder expectations. Inputs include stakeholder engagement, enterprise risk assessments, regulatory developments, market trends, portfolio performance signals, and sustainability-related considerations.

In 2025, the process was strengthened to support first-time adoption of SLFRS Sustainability Disclosure Standards (SLFRS S1/S2), including:

- clearer linkage between the Bank's material matters and financially material CRROs;
- emphasis on the pathways through which CRROs may translate into financial effects (e.g., credit quality, sector and geographic concentration, operational disruption, access to funding and market confidence); and
- improved connectivity through cross-references between this section and the Sustainability-related Financial Disclosures.

Thematic material matters and value/risk drivers

We present our material matters through six Thematic Material Matters and their corresponding value/risk drivers which are detailed in Table 04 to provide a structured, decision-useful view of how value is created and protected over the short, medium or long term. The tabulation links each driver to the Bank's strategy, relevant capitals, Sustainability Framework pillars and key management measures, and provides cross-references to related content across the Annual Report. With the first-time application of SLFRS Sustainability Disclosure Standards (SLFRS S1/S2) in 2025, these linkages are enhanced by identifying where material matters connect to financially material CRROs disclosed in the Sustainability-related Financial Disclosures.

01. Risk, compliance and governance:

Effective risk management, regulatory compliance and strong governance are critical for safeguarding stakeholder interests, protecting the Bank's license to operate and maintaining operational integrity, particularly as sustainability-related expectations and risks evolve.

- 1.1 Credit risk and asset quality
- 1.2 Cybersecurity and data privacy
- 1.3 Regulatory compliance and ethical conduct
- 1.4 Enterprise risk management framework
- 1.5 Fraud prevention and financial crime risk
- 1.6 Corporate governance
- 1.7 Reputation and conduct risk management

02 Financial performance and economic contribution

Sustained financial performance and effective intermediation support the Bank's resilience and its contribution to economic growth, while maintaining confidence among depositors, investors and other stakeholders.

- 2.1 Financial performance and capital adequacy
- 2.2 Asset and liability management (including liquidity and funding resilience)
- 2.3 Economic impact and contribution (including support to priority sectors and productivity)
- 2.4 Strategic partnerships (including development finance and ecosystem partnerships)

03. Customer centricity and experience

Delivering consistent, secure and accessible customer experiences supports retention, growth and trust, while reducing operational risk and improving service outcomes.

- 3.1 Customer satisfaction and service quality
- 3.2 Customer experience (omni-channel access and service design)
- 3.3 Product suitability and diversification (meeting evolving customer needs)
- 3.4 Digital engagement and reputation dynamics (including social media influence)

04. Innovation and digital transformation

Innovation and digital transformation enhance competitiveness, operational efficiency and scalability, while strengthening resilience through secure and reliable technology and processes.

- 4.1 Digital transformation (customer journeys and process digitisation)
- 4.2 Technological infrastructure and resilience (availability, DR/BCP, scalability)
- 4.3 Competitive advantage through technology and data analytics
- 4.4 Data and reporting capabilities

05. Sustainability

Sustainability-related risks and opportunities can affect the Bank's prospects through credit quality, collateral performance, operational disruption, regulatory expectations, market confidence and access to funding. Our approach integrates SRROs/CRROs into decision-making across the value chain, while also managing broader impacts on people and the environment.

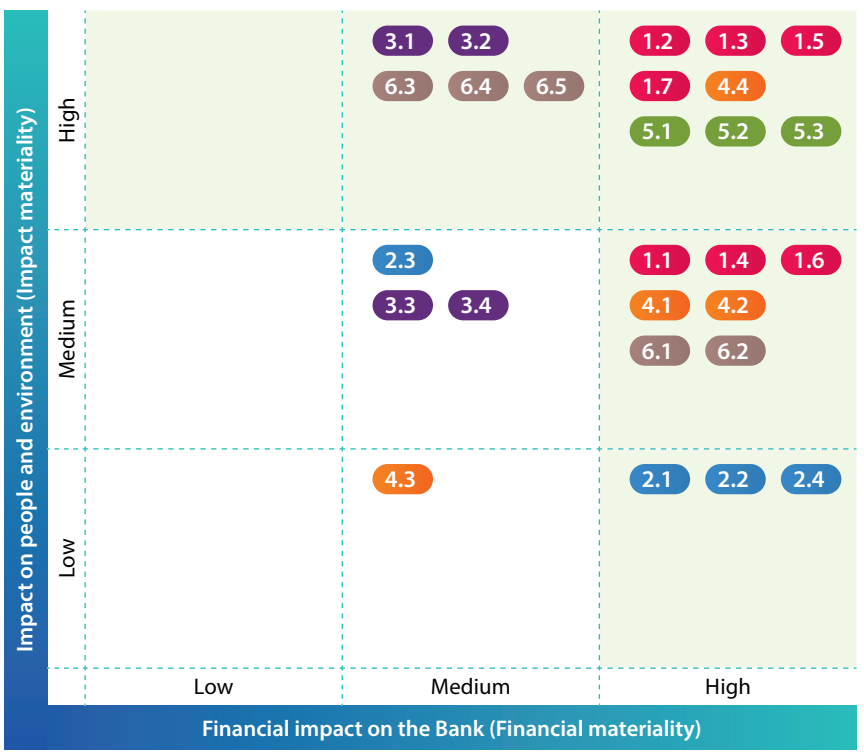
- 5.1 Climate-related risks and opportunities (CRROs)
- 5.2 Environmental and social risk management in financing (ESMS/sector guidance)
- 5.3 Sustainable finance and transition/ resilience financing solutions

06. People and community

A skilled, engaged workforce and strong community relationships support service quality, productivity, trust and inclusive growth.

- 6.1 Employee development, capability and retention
- 6.2 Health, safety and wellbeing
- 6.3 Work-life balance and productivity enablers
- 6.4 Financial inclusion (access, usage and capability)
- 6.5 Community engagement and social investment

Double materiality matrix Figure – 11



Double materiality matrix

Figure 11 illustrates the Bank's double materiality assessment across two dimensions: financial materiality (impact on the Bank) and impact materiality (impact on people and the environment). The matrix guides the prioritisation of sustainability topics and explains their integration into our strategy, risk governance and reporting, demonstrating alignment with our sustainable value creation model.

In accordance with SLFRS Sustainability Disclosure Standards, sustainability-related financial disclosures are based on financial materiality, while impact materiality is presented to provide a broader stakeholder perspective. As part of the first year of adoption of the SLFRS Sustainability Disclosure Standards this year, disclosures prioritise climate-related risks and opportunities (CRROs), with further enhancements to follow.

Ongoing commitment

We remain committed to reviewing and refining our material matters annually to reflect evolving stakeholder expectations, regulatory developments and global best practice. As our data, methodologies and disclosure maturity develop under SLFRS Sustainability Disclosure Standards (SLFRS S1/S2), we will continue to enhance the depth, consistency and connectivity of our reporting so that material information is not obscured by immaterial detail.

Transforming risks into opportunities

Each identified risk driver, when effectively managed, presents an opportunity to create value, strengthen resilience and support strategic priorities. By integrating material matters into strategy, risk management and performance oversight, the Bank seeks not only to mitigate downside risks but also to improve customer outcomes, enhance operational efficiency, build confidence and support long-term value creation.

Scan to understand the rationale behind our materiality matrix

Material matters – Holistic view Table – 04

Table 04 presents the Bank's material matters in a structured format, linking each value/risk driver to the key risks and opportunities, strategic implications, relevant capitals, Sustainability Framework pillar, and principal management measures. For 2025, the table has been refined to strengthen connectivity with financially material CRROs disclosed under SLFRS S1/S2, where applicable (Refer Sustainability-related Financial Disclosures – pages 141 to 171).

Value/Risk driver	Risks	Opportunities	Impact on strategy
Thematic material matter 1: Risk, Compliance, and Governance			
1.1 Credit risk and asset quality GRI 201	Deterioration in borrower cash flows or collateral values can increase ECL, reduce earnings and capital, and constrain growth capacity.	Strong risk selection, monitoring and remediation improve risk-adjusted returns and resilience through cycles.	Maintaining disciplined growth through sector/segment focus, stronger early warning, and active portfolio rebalancing.
1.2 Cybersecurity and data privacy GRI 418	Breaches or outages can disrupt services, cause regulatory/legal exposure, and weaken customer and market confidence.	Strong cyber resilience protects franchise value, enables safe digital growth and improves operational continuity.	Investing in IT infrastructure and cybersecurity systems to strengthen digital resilience, security-by-design and data protection to support scalable digital banking.
1.3 Regulatory compliance and ethical conduct GRI 2-27	Non-compliance can lead to penalties, restrictions, remediation costs and reputational damage impacting funding and growth.	Strong compliance and ethics improve trust, reduce conduct risk and support stable access to capital and partnerships.	Maintaining a strong control environment and consistent conduct standards across channels and products.
1.4 Enterprise risk management framework GRI 201	Weak risk governance can allow emerging risks to accumulate, impairing capital, liquidity and strategic execution.	Strong ERM enables forward-looking decisions, better allocation of capital and improved resilience.	Strengthening risk appetite, stress testing and scenario thinking to support resilient growth and timely rebalancing.
1.5 Fraud prevention and financial crime risk GRI 205	Fraud and financial crime can cause direct losses, regulatory scrutiny, legal exposure, service disruption and trust erosion.	Strong prevention reduces losses, improves efficiency and strengthens customer confidence.	Enhancing prevention capabilities and controls across products, channels and third parties.
1.6 Corporate governance GRI 2-9, 2-17, 2-18	Weak governance can impair decision quality, increase regulatory risk and erode stakeholder confidence and attract scrutiny.	Strong governance supports disciplined execution, transparency and lower cost of capital over time.	Reinforcing oversight and accountability for strategy, risk appetite and performance outcomes.
1.7 Reputation and conduct risk management GRI 2-23, 2-25	Conduct failures or service issues can trigger customer attrition, regulatory scrutiny, funding confidence impacts and affect brand value.	Strong conduct culture improves retention, reduces complaints/remediation costs and supports franchise strength.	Embedding fair conduct and transparency into product design, sales practices and service delivery.
Thematic material matter 2: Financial performance and economic contribution			
2.1 Financial performance and capital adequacy GRI 201	Earnings volatility or capital pressure can constrain growth, reduce resilience and impact funding confidence.	Sustainable profitability supports investment, buffers and consistent stakeholder returns.	Optimising risk-adjusted returns and maintain capital strength to support resilient growth.
2.2 Asset and liability management (including liquidity and funding resilience) GRI 201	Funding concentration, liquidity stress or repricing shocks can increase cost of funds and constrain lending capacity.	Stable, diversified funding improves resilience and supports competitive pricing and growth.	Strengthening funding diversification and balance sheet management to protect liquidity and margins.
2.3 Economic impact and contribution (including support to priority sectors and productivity) GRI 201, 203	Weak economic conditions can reduce credit demand, increase defaults and slow balance sheet growth.	Financing productive sectors and SMEs supports economic resilience and strengthens long-term franchise value.	Prioritising lending to productive and resilience-enhancing activities while maintaining risk discipline.
2.4 Strategic partnerships (including development finance and ecosystem partnerships) GRI 2-6	Misaligned partnerships can create execution risk, governance issues or reputational exposure.	Partnerships can unlock funding, capability and product innovation to scale inclusion and sustainable finance.	Building partnerships that strengthen capability, funding access and customer solutions with clear governance.

Relevant capital(s)	Bank's sustainability framework pillar	Management measures	Relevant SDG(s)	Financial impact drivers	Time horizon
		Risk-based underwriting; portfolio monitoring and early warning; concentration limits; remediation/recovery governance.	8 DECENT WORK AND ECONOMIC GROWTH	Credit/ECL; Capital adequacy; Earnings	S M L
		Cyber governance and controls, continuous monitoring and testing, incident response, and staff awareness, privacy compliance.	8 DECENT WORK AND ECONOMIC GROWTH	Operations (disruption); Legal/regulatory; Revenue; Reputation/ market confidence	S M
		Compliance governance; policies and training; monitoring/testing; escalation and corrective action; audit assurance.	8 DECENT WORK AND ECONOMIC GROWTH	Legal/regulatory; Reputation/market confidence; Operations	S M
		Risk appetite framework; ICAAP/ILAA and stress tests; limits and triggers; management reporting; Board oversight.	8 DECENT WORK AND ECONOMIC GROWTH	Capital & liquidity resilience; Credit/ECL; Funding/cost of capital	S M L
		AML/CFT and fraud controls; monitoring and analytics; customer due diligence; investigations; awareness and reporting.	8 DECENT WORK AND ECONOMIC GROWTH	Direct losses; Legal/ regulatory; Reputation/ market confidence; Operations	S M
		Board/committee oversight; governance policies; performance and risk reporting; assurance functions and disclosures.	8 DECENT WORK AND ECONOMIC GROWTH	Funding/cost of capital; Reputation/market confidence; Legal/ regulatory	S M L
		Conduct standards; complaints/grievance handling; monitoring and root-cause fixes; staff training and accountability.	8 DECENT WORK AND ECONOMIC GROWTH	Funding/cost of capital; Revenue; Depositor/ investor confidence	S M
		Capital planning; portfolio optimisation; cost discipline; stress testing; performance monitoring and governance	8 DECENT WORK AND ECONOMIC GROWTH	Capital adequacy; Earnings; Funding/ cost of capital	S M L
		ALCO governance; liquidity buffers; funding diversification; interest rate risk management; contingency funding plans.	8 DECENT WORK AND ECONOMIC GROWTH	Funding/cost of capital; Liquidity; Net interest income	S M
		Sector strategies; SME/agri focus; product propositions; monitoring of sector concentration and performance outcomes.	8 DECENT WORK AND ECONOMIC GROWTH	Revenue growth; Portfolio diversification; Franchise strength	M L
		Partner due diligence; governance frameworks; performance monitoring; clear accountability and reporting.	17 PARTNERSHIPS FOR THE GOALS	Funding access; Product development; Revenue; Capability uplift	M L

Value/Risk driver	Risks	Opportunities	Impact on strategy
Thematic material matter 3: Customer centricity and experience			
3.1 Customer satisfaction and service quality GRI 2-29	Persistent service issues can increase complaints, churn and remediation costs and weaken growth.	Better service improves retention, cross-sell and brand strength, supporting sustainable earnings.	Improving service quality and reliability across channels to strengthen customer outcomes and loyalty.
3.2 Customer experience (omni-channel access and service design) GRI 2-29	Friction and access barriers can reduce adoption and increase cost-to-serve, limiting growth.	Seamless journeys increase adoption, reduce cost and expand access to underserved customers.	Simplifying journeys and expand accessible channels to improve adoption and cost efficiency.
3.3 Product suitability and diversification (meeting evolving customer needs) GRI 2-29	Poor product fit or affordability issues can increase conduct risk, defaults and customer harm.	Well-designed products improve customer outcomes, loyalty and sustainable revenue growth.	Strengthening product governance and suitability to meet evolving needs while controlling conduct risk.
3.4 Digital engagement and reputation dynamics (including social media influence) GRI 2-25	Negative digital experiences or misinformation can accelerate reputational impacts and customer attrition.	Strong digital engagement supports growth, service efficiency and faster issue resolution.	Strengthening digital engagement, communication and rapid response to protect franchise value.
Thematic material matter 4: Innovation and digital transformation			
4.1 Digital transformation (customer journeys and process digitisation) GRI 2-6	Poor execution can increase operational risk, create customer friction and fail to deliver productivity gains.	Digitisation reduces cost-to-serve, improves turnaround times and expands scalable access.	Accelerating digitisation to improve efficiency and customer outcomes while maintaining controls.
4.2 Technological infrastructure and resilience (availability, DR/BCP, scalability) GRI 2-6	System outages or capacity constraints can disrupt services and increase operational and reputational risk.	Resilient infrastructure enables reliable scaling of digital services and operational continuity.	Investing to strengthen IT platforms resilience and continuity to support dependable multi-channel service.
4.3 Competitive advantage through technology and data analytics GRI 2-6	Lagging capability can weaken competitiveness and decision quality, increasing cost and risk.	Advanced analytics improves risk selection, customer targeting and operational efficiency.	Investing in analytics and automation to strengthen decision quality and scalable growth.
4.4 Data and reporting capabilities (including SLFRS S1/S2 readiness and connectivity) GRI 2-6	Data gaps and inconsistent methodologies can weaken SRRO/CRRO assessment, reduce decision quality, and increase regulatory and market confidence risk (including SLFRS S1/S2 readiness).	Strong data and reporting improves risk selection, portfolio oversight and disclosure credibility, supporting funding confidence and better risk-adjusted decisions.	Strengthening SRRO/CRRO data capture, governance and reporting connectivity across risk, finance and business functions.

Relevant capital(s)	Bank's sustainability framework pillar	Management measures	Relevant SDG(s)	Financial impact drivers	Time horizon
		Service standards and monitoring; complaint analytics; process fixes; staff capability; channel performance oversight.		Revenue; Costs (efficiency/complaints); Reputation/market confidence	S–M
		Channel strategy; digital onboarding and self-service; service availability monitoring; inclusion-friendly design.		Revenue; Cost-to-income; Operational efficiency	S–M
		Product governance; pricing/affordability checks; disclosures; monitoring of outcomes (arrears/complaints).		Revenue; Conduct risk; Credit quality (mis-selling/affordability)	S–M
		Digital service quality monitoring; customer communication protocols; social listening; complaint response governance.		Revenue; Reputation/ market confidence; Customer attrition risk	S–M
		Transformation governance; process redesign; change management; control testing; benefits tracking.		Cost efficiency; Revenue; Operational resilience	S–M
		DR/BCP readiness and testing; infrastructure upgrades; security controls; service availability monitoring.		Operations (resilience); Cost; Service continuity	S–M
		Data/analytics capability; model governance; dashboards and portfolio monitoring; workforce upskilling.		Revenue; Risk selection (credit); Cost efficiency	M–L
		Data governance and controls; portfolio mapping (sector/geography); consistent SRRO/CRRO methodologies; internal assurance and disclosure governance.		Funding/cost of capital (investor confidence); Regulatory risk; Risk management effectiveness	S–M

Value/Risk driver	Risks	Opportunities	Impact on strategy
Thematic material matter 5: Sustainability			
5.1 Climate-related risks and opportunities (CRROs) – transition and physical GRI 201-2	Physical events and transition shifts (policy/technology/market) can impair borrower cash flows and collateral values, increase credit losses, disrupt operations, and affect funding access/ cost of capital.	Financing transition and resilience solutions can diversify growth, improve portfolio resilience and strengthen access to funding/partnerships as market demand evolves.	Embedding CRRO assessment into origination, underwriting, portfolio management and operations; strengthen sector/geography analytics and resilience planning.
5.2 Environmental and social risk management in financing (ESMS/sector guidance) GRI 2-6	Weak E&S risk management can increase credit risk (project delays/ closures), regulatory and legal exposure, and reputational risk, particularly in higher-risk sectors and larger exposures.	Strong ESMS improves underwriting discipline and portfolio quality, supports responsible growth and strengthens confidence among regulators and funding partners.	Applying risk-based E&S/ESG due diligence and monitoring for higher-risk sectors and large exposures; strengthen escalation and accountability.
5.3 Sustainable finance and transition/resilience financing solutions GRI 201-2	Misaligned products or weak eligibility/verification can create greenwashing risk and reduce funding partner confidence; missed transition demand can weaken growth opportunities.	Directing capital toward transition and resilience priorities can create new revenue streams, strengthen funding access and improve long-term portfolio resilience.	Scaling sustainable finance within risk appetite using clear eligibility criteria, monitoring and performance tracking; align product design to national priorities.
Thematic material matter 6: People and community			
6.1 Employee development, capability and retention GRI 404	Capability gaps or high turnover can weaken service quality, increase operational errors and raise costs.	Strong capability improves execution quality, productivity and customer outcomes.	Building skills in priority areas (risk, data, technology, sustainability) and strengthen retention of critical talent.
6.2 Health, safety and wellbeing GRI 403	Poor wellbeing can reduce productivity, increase absenteeism and create compliance exposure.	Strong wellbeing supports stable service delivery and sustainable performance.	Strengthening wellbeing and safety practices to support productivity and continuity.
6.3 Work-life balance and productivity enablers GRI 403	Ineffective work design can reduce engagement and productivity and increase attrition risk.	Better work design improves productivity, capability retention and service outcomes.	Improving productivity through better work practices, tooling and flexible arrangements where appropriate.
6.4 Financial inclusion (access, usage and capability) GRI 203	Persistent access barriers can limit franchise growth and increased reliance on informal financial channels in underserved segments.	Inclusion expands the customer base, supports deposit mobilisation and diversifies portfolios, strengthening long-term franchise resilience.	Expanding practical access and adoption through multi-channel delivery and segment propositions, supported by capability-building.
6.5 Community engagement and social investment GRI 203	Weak community trust can affect social licence and stakeholder relationships, increasing reputational and operational friction.	Targeted community investment strengthens trust and supports long-term stakeholder relationships in priority areas.	Focusing community investment on priority outcomes with clear governance and measurable reach.

Note: 2025 SLFRS disclosures prioritise CRROs due to first-year transitional relief.

Relevant capital(s)	Bank's sustainability framework pillar	Management measures	Relevant SDG(s)	Financial impact drivers	Time horizon
		CRRO governance and integration; climate risk identification and monitoring; sector/ geography guidance; scenario analysis roadmap and reporting governance (SLFRS S2).	9 Industry, Innovation and Infrastructure; 13 Climate Action	Credit/ECL; Collateral values; Operations disruption; Funding/cost of capital	S–M–L
		ESMS screening and scoring; sector guidance; covenants/conditions where relevant; monitoring and independent review; enhanced due diligence for higher-risk cases.	8 Decent Work and Economic Growth; 12 Responsible Consumption and Production	Credit/ECL; Legal/ regulatory; Reputation/ market confidence; Portfolio concentration risk	S–M–L
		Sustainable finance criteria and governance; product performance tracking; partner programmes (where applicable); disclosures and controls supporting credibility.	7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure	Revenue growth; Funding access (DFIs/markets); Portfolio resilience; Cost of capital	S–M–L
		Learning and development; talent pipelines; succession planning; role-based capability frameworks; retention actions.	5 Gender Equality; 8 Decent Work and Economic Growth	Operational capacity; Cost; Service quality; Risk execution quality	S–M
		H&S governance; wellbeing programmes; monitoring and interventions; workplace safety compliance.	5 Gender Equality; 8 Decent Work and Economic Growth	Operations continuity; Cost; Legal/regulatory	S–M
		Workforce planning; productivity tools; flexible practices; engagement feedback loops and management accountability.	5 Gender Equality; 8 Decent Work and Economic Growth	Cost efficiency; Operational capacity; Service quality	S–M
		Inclusion propositions and delivery channels; targeted segment strategies (SME/agri/ youth); literacy and adoption enablement; monitoring of inclusion outcomes.	8 Decent Work and Economic Growth	Revenue growth; Portfolio diversification; Deposit mobilisation	M–L
		CSR governance; needs-based programme design; monitoring and reporting of outcomes; stakeholder engagement.	4 Quality Education; 17 Partnerships for the Goals	Reputation/market confidence; Social licence; Franchise strength	M–L

Our business model for sustainable value creation

Our business model

Our Business Model and the Sustainability Framework are closely integrated, ensuring that our strategic imperatives, value generating activities and outcomes contribute to our overarching purpose and sustainability goals. This linkage allows us to balance economic performance with social and environmental stewardship, creating enduring value for all stakeholders.

Upstream value chain

INPUTS →

Essential resources and capital elements that fuel value-generating activities, driving sustainable growth and long-term value creation. Please refer to page 68 of the Statement of Capital Position for the opening capital position as at January 1, 2025 representing the different capitals accumulated over the past 106 years.

Financial capital – Supports funding and liquidity management

- Shareholders' funds
- Borrowings
- Customer deposits
- Lines of credit
- Investment portfolios
- Financial covenants

Manufactured capital – Enables physical and digital accessibility for customers

- Corporate offices and data centres
- Automated Banking Centres
- POS terminals and payment gateways
- Cloud infrastructure and server networks
- Mobile banking applications
- Branch refurbishments and eco-friendly buildings
- Public goods

Intellectual capital – Drives innovation, competitiveness, and strategic differentiation

- Institutionalised knowledge
- Brand equity
- Data analytics and Business Intelligence tools
- Proprietary processes
- Risk management models and frameworks
- Training modules
- Data analytics and Business Intelligence tools
- Customer insights and market intelligence

Human capital – Essential for superior customer experience & operational excellence

- Talent pipeline, skills development and succession planning
- Employee engagement and satisfaction programs
- Diversity, equity and inclusion initiatives
- Cultural alignment & value-driven behaviour
- Occupational health & safety protocols
- Equal opportunities

Social & relationship capital – Strengthens social legitimacy and fosters long-term collaboration

- Customer trust and loyalty
- Supplier and vendor networks
- Industry partnerships and affiliations
- Advocacy and public policy engagement
- Contribution to the Bank's CSR Trust and its initiatives
- Regulator, investor and international partner engagement (standards and expectations)

Natural capital – Minimises environmental footprint through sustainable operations

- Renewable energy initiatives
- Waste management and recycling programs
- Green buildings and eco-friendly construction
- Sustainable procurement practices
- Biodiversity conservation efforts
- Climate transition plan
- Environmental & Social Management System (ESMS)

Internal operations

VALUE GENERATING ACTIVITIES →

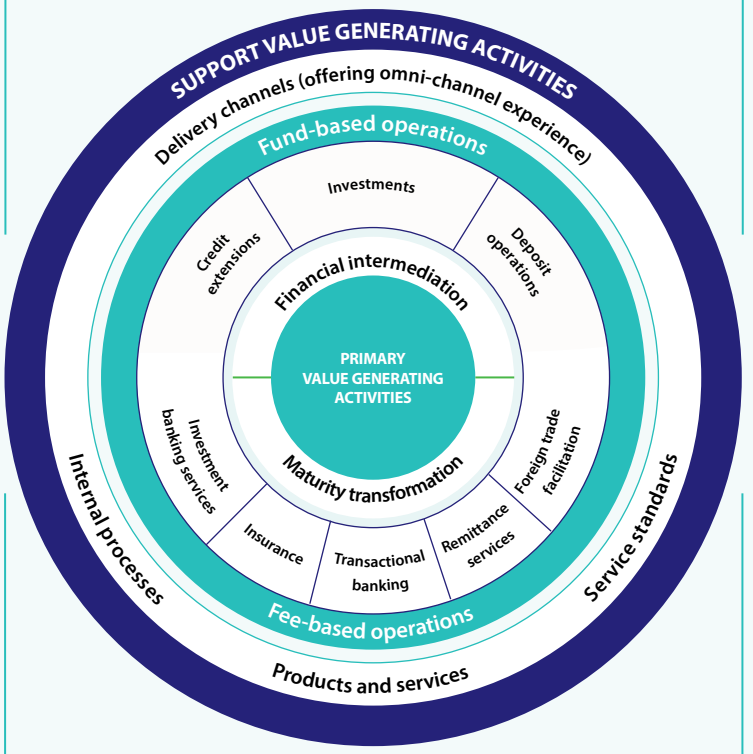
Core and support activities that drive growth, foster positive stakeholder engagement and manage risk, transforming inputs into outputs and outcomes that create sustainable value across all capitals.

Vision

Mission

STEWARDSHIP

Capital management (page 295)	Governance structure (page 221)	Funding and liquidity management (pages 288 to 290)	Risk governance and management (pages 273 to 296)



STRATEGIC IMPERATIVES

Sustainable market leadership & growth (pages 71 to 75)	Pervasive digital transformation (page 75)	Unrivalled customer centricity (pages 71 to 75)	Talent & culture excellence (pages 114 to 122)	ESG integration & responsible banking (page 76)

STRATEGY

Purpose

Values

(A comprehensive account of the key activities undertaken throughout the year to create and enhance stakeholder value, contributing to the growth of all capitals, can be found in the 🕮 Strategic priorities and value creation on pages 70 to 76 and embedding sustainability into operations on pages 78 to 171.

Figure – 12

Downstream value creation

OUTPUTS →

The products, services and other deliverables generated through the Bank's core activities, aimed at meeting stakeholder needs and fostering sustainable value creation.

- Loans & advances
- Investments
- Deposits
- Forex products
- Digital banking services
- Sustainable financing products
- Treasury & capital market solutions
- Card services
- Transactional banking services
- Remittance services
- Fee-based services
- Trade finance solutions
- Travel-related services
- Advisory services

OUTCOMES

The tangible and intangible value delivered to stakeholders through the Bank's activities, reflecting sustainable growth across financial, social and environmental dimensions. Please refer to page 68 of the Statement of Capital Position for the closing capital position as at December 31, 2025, representing the accumulated capitals over the years.

Sustainable banking

- Green & blue financing and sustainable products
- Digital financial inclusion
- SME and Women entrepreneur support
- ESG criteria integration
- Affordable and inclusive finance
- Financial literacy programmes
- Sustainable lending practices
- Priority sector inclusion

Page 81

Responsible organisation

- Employee wellbeing and development
- Diversity, equity and inclusion
- Innovation-driven culture
- Green and safe work place
- Ethical business practices
- Employee recognition programs
- Circular procurement practices
- Enhanced Supplier eco-system

Page 107

Community engagement

- Education and STEM initiatives
- Healthcare support
- Environmental conservation projects
- Volunteerism and community upliftment
- Promoting social enterprises
- Climate resilience and disaster preparedness
- Science led partnerships

Page 126

Outcomes inform financial performance, risk profile, and access to capital over time.

IMPACTS

High-level, long-term results achieved through sustainable value creation, reflecting the Bank's positive influence on stakeholders, the financial sector, and the broader economy. Impacts validate the robustness and resilience of the Bank's business model.

- Supporting national transition and resilience priorities through capital allocation
- Highest market capitalisation among all FIs on the CSE
- Sustained profitability and shareholder returns
- Higher-tier D-SIB
- Leader in SME lending
- Highest CASA ratio among all commercial banks
- Growth in market share:

	Market Share (%)	
Indicator	2025	2024
Deposits	13.26	12.45
Loans & advances	15.42	12.96
Total assets	13.30	12.60
Exports	21.97	21.20
Imports	15.91	14.26

- Leadership in several product categories
- Strong regional presence
- Proven resilience through economic cycles

- Pioneer in carbon-neutral banking operations
- Employer of choice – Happiest Second Home ranking
- Partner of choice for strategic collaborations (AIA)
- Achieving high employee retention and engagement levels
- Green building certifications for branches
- Over 85 awards and accolades during the year

- Targeted high impact CSR initiatives (Education)
- Empowerment of underserved communities
- Promoting financial inclusion through microfinance
- Active contribution to environmental restoration projects
- Strengthening partnerships with local communities
- Supporting national development initiatives

(KPIs depicting the value derived as outcomes are given in highlights on pages 68 and 69)

Statement of capital position

The statement of capital position summarises how the Bank creates value across its six capitals within its sustainable value creation model.

Financial capital

Indicator of value derived	Value derived as at January 01, 2025	Activities undertaken (refer Analysis of Financial Performance section for details)	Value derived as at December 31, 2025	Growth in value created
Total equity (Rs. Bn.)	275.262	• Strengthened core financial intermediation to support sustainable growth. • Optimised portfolio mix and pricing to improve risk-adjusted returns. • Embedded SRRO/CRRO considerations into credit and portfolio decisions to support resilience and protect long-term returns.	324.319	17.82%
Deposits from customers (Rs. Bn.)	2,236.567		2,608.852	16.65%
Borrowings (Rs. Bn.)	205.758		227.935	10.78%
CASA Base (Rs. Bn.)	851.356		1,034.521	21.51%
Market capitalisation (Rs. Bn.)	230.309		327.340	42.13%
Market share in total assets (%)	12.60		13.30	70bps
Growth in total assets (%)	8.12		16.78	8.66ppt
Growth in gross income (%)	(6.96)*		32.92	39.88ppt
Net interest margin (%)	4.27		4.51	24bps
Return on assets (before tax) (%)	2.12*		2.96	84bps
Return on average shareholders' funds (%)	16.57*		19.51	2.94ppt
Capital Adequacy (Total CAR) (%)	18.142		16.698	(1.44)ppt
Liquidity Coverage Ratio (LCR) – All currency (%)	454.36		288.58	(165.78)ppt
Green finance portfolio (Rs. Bn.)	38.503		71.198	84.92%

Manufactured capital

Indicator of value derived	Value derived as at January 01, 2025	Activities undertaken (refer Embedding sustainability into operations for details)	Value derived as at December 31, 2025	Growth in value created
Number of branches	292	• Optimised the physical footprint and service infrastructure. • Strengthened business continuity and operational resilience. • Strengthened procurement and vendor management to improve service reliability, contract performance and governance.	292	0
Number of ATMs and CRMs	974		975	1
Freehold land and building (Rs. Mn.)	16,171.920		16,016.480	(0.96%)
Investment in capital expenditure (Rs. Mn.)	3,243.491		2,930.806	(9.64%)
Total operating Income per Branch (Rs. Mn.)	346.537		630.235	81.87%
Profit per branch (Rs. Mn.)	185.183		200.299	8.16%

Intellectual capital

Indicator of value derived	Value derived as at January 01, 2025	Activities undertaken (refer Embedding sustainability into operations for details)	Value derived as at December 31, 2025	Growth in value created
Brand equity (Rs. Bn.)	43.600	• Strengthened risk, analytics and decision-support capabilities. • Expanded digital capabilities and process automation. • Strengthened policy frameworks and sector guidance. • Invested in technology resilience and information security capabilities.	46.600	Based on Brand Finance Report-2025 Report is available in below link https://brandirectory.com/reports/sri-lanka
Brand rating	AAA		AAA	
Top 10 Most Valuable Brands in Sri Lanka	Ranking 3		Ranking 2	
Value of intangible assets (Rs. Bn.)	4.221		4.464	5.76%
Compliance and Certifications of ISO 20000/PCI-DSS/ISO 27001	Complied		Complied	Complied
Number of Employees serving for > 20 years	1,056		1,123	67
ComBank Digital customer base	Over 1.5 Mn.		Over 1.8 Mn.	20.00%

Interactions and SRRO/CRRO signals strategy,

** Figures are normalised for the effect of SLISB restructure, in 2024*

Table – 05

Human capital

Indicator of value derived	Value derived as at January 01, 2025	Activities undertaken (refer Embedding sustainability into operations for details)	Value derived as at December 31, 2025	Growth in value created
Number of employees	5,461	• Strengthened talent acquisition and workforce planning.	5,726	265
Number of new recruits	700		674	-26
Retention ratio (%)	86.84	• Invested in targeted training and professional development.	96.43	9.59ppt
Return to work from maternity (%)	100		92	(8.00)ppt
Profit per employee (Rs. Mn.)	9.902		10.214	3.15%
Total training hours	193,276	• Strengthened performance management and accountability mechanisms.	192,584	(692)
E-learning hours	8,371		3,238	(5,133)
Training cost per employee (Rs. '000)	30.890	• Improved employee engagement and wellbeing programmes.	42.448	37.42%
Staff welfare cost per employee (Rs. '000)	99.344	• Enhanced career development pathways and succession planning.	115.981	16.75%

Social and relationship capital

Indicator of value derived	Value derived as at January 01, 2025	Activities undertaken (refer Embedding sustainability into operations for details)	Value derived as at December 31, 2025	Growth in value created
Government taxes (Rs. Bn.)	61.464	• Expanded financial inclusion through improved access and segment-focused propositions.	49.052	-20.19%
CSR Trust investment in society (Rs. Mn.)	1,180		1,444	22.37%
Number of IT Labs established in schools	362		429	67
Number of STEM Classrooms established in schools	176	• Strengthened SME participation and productivity.	195	19
Cumulative number of MSME participants in financial literacy programmes conducted by the Bank	16,612	• Deepened partnerships with regulators, DFIs and business partners.	17,243	631
Number of members in ComBank BIZ Club	6,273		6,877	604
Cumulative number of participants in financial literacy programmes for women entrepreneurs	715	• Expanded community investment and engagement aligned to priority social outcomes.	1,200	485

Natural capital

Indicator of value derived	Value derived as at January 01, 2025	Activities undertaken (refer Embedding sustainability into operations for details)	Value derived as at December 31, 2025	Growth in value created
Utility power (CEB/LECO) consumption (GJ)	48,129	• Applied ESMS and sector guidance to identify, assess and manage risks.	48,941	1.69%
Number of Solar panel installation locations	89		89	–
Solar power generated as a % of energy consumption	17.32%	• Increased renewable energy adoption and improved energy management.	18.11%	79bps
Cumulative number of facilities subjected to ESMS screening	10,727		13,335	2,608
Contribution of Green Finance portfolio for reduction of CO_2 emissions to the atmosphere (CO_2 Tonnes)	292,331	• Strengthened sustainable/ green finance propositions.	426,459	45.88%
Paper usage cost in 2024 and 2025 (Rs. Mn.)	111.831	• Enhanced climate-related governance, monitoring and reporting readiness.	99.196	-11.30%
Paper recycled (Kgs) in 2024 and 2025	150,110	• Progressed climate transition planning initiatives through relevant partnerships and internal capability building.	190,090	39,980

Interconnectivities
risk appetite and capital allocation.

Strategic priorities and value creation

Our strategy focuses on delivering resilient, risk-adjusted returns while strengthening the Group's role in inclusive and sustainable growth. In 2025, we prioritised protecting our core fundamentals – capital strength, liquidity, and asset quality – while accelerating growth in priority segments through digital productivity, customer-led ecosystems, talent development, and ESG-integrated banking. Execution is guided by disciplined resource allocation and explicit trade-offs to favour long-term value creation over short-term outcomes.

Resource allocation

Delivering on our strategy requires deliberate and disciplined resource allocation. The Group adopts a structured approach to directing financial, technological, and human capital toward initiatives that maximise stakeholder value while being aligned with long-term strategic priorities.

Resource allocation decisions are guided by four foundational principles:

- **Strategic Alignment:** Align capital, technology, and talent deployment with clearly defined strategic priorities.
- **Efficiency and Productivity:** Drive operating leverage and scalability through digital enablement and process optimisation.
- **Risk-Adjusted Returns:** Allocate capital to optimise returns within established risk appetite and governance parameters.
- **Sustainability Integration:** Incorporate ESG considerations into allocation decisions, supporting green financing and responsible business practices.

Within this structure, the Bank prioritises investments that strengthen both performance and sustainability:

- **Capital, liquidity & balance sheet optimisation** – maintaining strong capital adequacy and liquidity buffers while optimising portfolio mix and growth.
- **Risk, compliance & resilience** – strengthening ERM, stress testing, AML, cyber resilience and governance oversight.
- **Digital, data & productivity** – accelerating unified platforms, automation and analytics to improve efficiency and scalability.
- **Customer growth & product innovation** – deepening customer ecosystems, partnerships and differentiated product propositions.
- **People & sustainability integration** – building a future-ready workforce while embedding ESG into capital allocation, underwriting and operations.

Collectively, these priorities translate strategy into measurable action across financial and non-financial capitals.

Strategic trade-offs

The Bank applies disciplined judgment to ensure that decisions enhance long-term value rather than short-term outcomes. Key strategic trade-offs include:

- Short-term profitability vs. long-term sustainability
- Innovation vs. risk management
- Global expansion vs. local market focus
- Standardisation vs. customisation
- Employee specialisation vs. multiskilling
- Centralisation vs. decentralisation

Strategic review: Stability beneath, Acceleration ahead

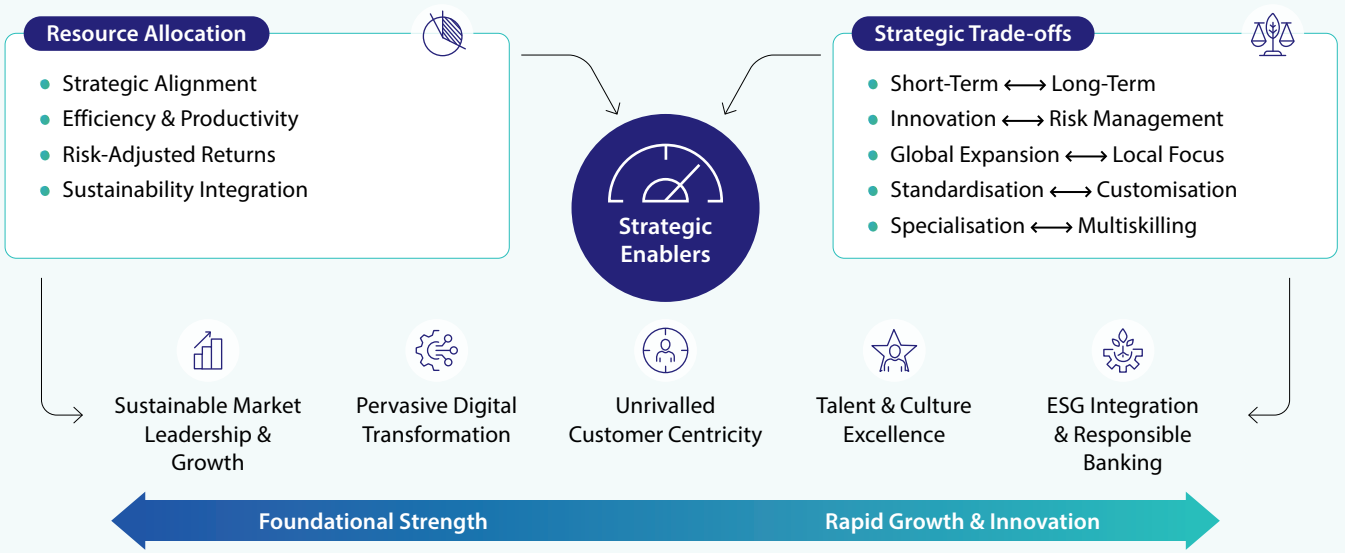
The Bank's strategic direction, grounded in disciplined resource allocation and balanced trade-offs translated into focused execution. In 2025, the Bank's strategic focus centered on fortifying its foundational strength while simultaneously positioning core business units for rapid expansion as market conditions stabilised. By balancing deep-rooted stability with a high-velocity approach to innovation, the Bank reinforced its position as a resilient leader, supporting both national recovery and industrial growth.

Our progress is driven by five purpose-led strategic enablers:

- **Sustainable Market Leadership & Growth:** Building on a bedrock of disciplined credit quality to drive expansion across Corporate, SME, and Retail portfolios.
- **Pervasive Digital Transformation:** Integrating data, advanced analytics, and automation to evolve from operational optimisation to predictive, intelligence-led banking.
- **Unrivalled Customer Centricity:** Ensuring seamless, high-velocity omnichannel engagement and personalised solutions that build enduring relationships.
- **Talent & Culture Excellence:** Cultivating an agile, high-performance workforce equipped with specialised expertise to sustain excellence in a changing industry.
- **ESG Integration & Responsible Banking:** Embedding environmental and social principles into the core of our business to ensure that our acceleration is both responsible and inclusive.

The Figure 13 on page 71 illustrates how disciplined resource allocation and balanced trade-offs create the foundation for stability, while the five strategic enablers drive acceleration and execution across the Bank.

Stability Beneath, Acceleration Ahead Figure – 13



These strategic elements are ultimately translated into measurable outcomes through the Bank's core business segments. In 2025, these units leveraged the Group's foundational stability to drive quality asset growth and market-leading performance, supporting the revival of the national economy while capturing new opportunities in a stabilising landscape.

Personal banking: Strategic leadership through innovation and inclusion

The Personal Banking Division, encompassing the SME and Retail segments, serves as the primary engine for the Group's financial performance, standing as the highest contributor to net interest income, net fee and commission income, and total net operating income. In 2025, the division balanced its leading market position with a focus on intelligent risk management and a revitalised commitment to development banking.

Key performance highlights: SME & Development Banking

- **Sustained Market Leadership:** Retained the position as Sri Lanka's highest SME lender for the fifth consecutive year, accounting for 30.3% of SME lending among 16 state and private sector banks in Sri Lanka.
- **Development Banking & Grassroots Focus:** Successfully expanded the development banking mandate by channeling credit to underserved sectors, focusing on grassroots economic empowerment and specialised support for small-scale entrepreneurs.
- **Launch of ComBank Shakthi Agency Banking:** Successfully launched the ComBank Shakthi agency banking network, a flagship initiative designed to provide essential financial services to underserved rural communities.
- **Intelligent Underwriting & Speed:** Introduced the country's first AI-powered SME underwriting solution, significantly accelerating the end-to-end credit evaluation process while strengthening risk calibration through data-driven scoring models.
- **Digital Ecosystem for Growth:** Strengthened SME digital connectivity and global market access through Commercial Bank LEAP GlobalLinker (ComLEAP GlobalLinker)
- **Ecosystem Financing:** Expanded supply chain and dealer financing solutions, effectively linking SMEs to anchor corporates to improve the stability of transaction-backed lending.
- Advanced women-focused financial inclusion through the establishment of an **Exclusive Women's Banking Centre** and dedicated support for female entrepreneurs.

Key performance highlights: Retail Banking

- **Market Share Dominance:** Strengthened competitive positioning across core asset classes, retaining the No. 1 position in Home Loans and significantly increasing market share in the Leasing segment.
- **Analytics-Driven Efficiency:** Deployed AI-based underwriting models for personal loans, which enhanced approval speed and credit precision while optimising cross-sell opportunities.
- **Product Innovation:** Differentiated the Bank's offering with the "Pay 1%" Home Loan product, which improved affordability and accessibility for first-time homeowners.
- **Ecosystem-Led Growth Strategy:** Strengthened partnerships with property developers, vehicle suppliers, educational institutions, and green energy providers to drive early engagement, improve conversions, and embed financing at the point of purchase.

- Frictionless Service Delivery: Improved customer experience by digitising pawning part-payments and other routine transactions, significantly reducing manual intervention and improving service responsiveness.

Driving sustainable impact

The division prioritised financial inclusion and community empowerment as fundamental components of its growth strategy.

- **Financial Inclusion & Reach:** Through the launch and rapid expansion of the ComBank Shakthi network, the Bank significantly increased its footprint in deep-rural areas.
- **SME Capacity Building:** Conducted extensive financial literacy and entrepreneurship training programs across the country to empower SME owners with the skills needed for sustainable business growth.
- **Empowering Diverse Segments:** Facilitated dedicated support and mentorship initiatives for female entrepreneurs and youth-led businesses to foster equitable economic growth.
- **Green Retail Solutions:** Promoted environmentally responsible consumption by offering specialised financing for solar energy systems and eco-friendly vehicle leasing.

Outlook: Strategic priorities

- **Retail Transformation:** Advance a comprehensive retail transformation project to enhance operating efficiency and redefine the end-to-end customer journey for greater speed and convenience.
- **AI-Powered Ecosystem:** Expand AI-based credit underwriting across all retail and SME lending categories to establish a fully digitalised, frictionless lending ecosystem.
- **Integrated SME Ecosystem:** Expand Commercial Bank LEAP GlobalLinker to enhance SME connectivity, widen market access and strengthen ecosystem partnerships driving seamless and inclusive growth.
- **Deepening Inclusion:** Further expand the reach of the ComBank Shakthi agency banking network to ensure formal financial services are accessible in every corner of the country.
- **Supply Chain & Distributor Finance Expansion:** Continue an aggressive growth trajectory in supply chain and distributor financing portfolios.

Corporate banking: Strategic growth with resilience and innovation

The Corporate Banking Division served as the Bank's strategic driver for high-value credit and relationship management. By focusing on top-tier corporate clientele and large-scale enterprises, the division anchored the Bank's transition "from turbulence towards tranquillity" through disciplined, quality growth that directly supported the revival of the national economy.

Key performance highlights

- **Asset Growth and Diversification:** Achieved significant growth in project financing and successfully onboarded a substantial number of new-to-bank corporate relationships, diversifying the portfolio across key industrial sectors.
- **Trade Finance Leadership:** Capitalised on the relaxation of import restrictions to meet surging demand for trade finance and foreign currency facilities, while accelerating client enrollment into our digital trade platforms.
- **Digital and Operational Agility:** Launched advanced operational and sales dashboards and a digital delinquency monitoring system, enhancing real-time risk visibility and shifting focus toward strategic decision-making.
- **Enhanced Service Model:** Repositioned our iconic Foreign Branch as a dedicated Corporate Branch – a first-of-its-kind in the country – providing specialised trade, treasury, offshore banking, and advisory services.
- **Financial Performance:** Recorded strong growth in profitability, supported by robust asset expansion and improved portfolio quality.
- **Inclusive Financial Solutions:** Strengthened our commitment to diverse corporate needs through specialised Islamic Banking and Investment Banking solutions.

Driving sustainable impact

The Division has fully embedded ESG principles and sustainable finance strategies into credit underwriting, aligning the portfolio with the Bank's commitment to long-term value creation.

- **Green Finance Excellence:** Significantly expanded the green and climate financing portfolio, exceeding targets and facilitating the Bank's inaugural Tier 2 green bond issuance.
- **Responsible Lending:** Formalised the integration of Social and Environmental (E&S) risk scoring into credit evaluations for large corporate clients to institutionalise ESG due diligence.
- **Environmental Stewardship:** Progressed targeted biodiversity and restoration initiatives aligned to the Bank's sustainability priorities.

Outlook: Strategic priorities

- **Digital Transformation:** Execute the full rollout of a comprehensive corporate digital business platform to offer seamless, automated cash management and trade solutions.
- **Strategic Expansion:** Continue an aggressive growth trajectory in corporate lending and project financing, with a primary focus on supporting renewable energy and large-scale infrastructure.
- **Sustainable Finance:** Advance ESG transformation and advisory services for mid-sized corporates while continuing to expand the green financing pipeline.
- **Product Depth:** Introduce compliant Islamic products and automated inventory-based financing systems to broaden segment reach and enhance collateral management.
- **Talent and Specialisation:** Transition toward a sector-expert relationship model and upskill the workforce in emerging technologies and specialised technical domains to maintain a competitive edge.

International Banking: Geographic diversification and yield optimisation

The Bank formally established International Banking as a dedicated business line to serve as a strategic driver for earnings diversification. By deploying surplus foreign currency liquidity into high-yielding international credit opportunities, the division has significantly enhanced the Bank's global footprint and profitability.

Key performance highlights

- **Strategic Portfolio Expansion:** The cross-border lending portfolio nearly doubled during the year through disciplined execution and selective engagement in emerging and frontier markets.
- **Diversified Asset Deployment:** Successfully executed a range of transactions, including primary syndications, secondary acquisitions,

bilateral facilities, and risk participations in partnership with Development Finance Institutions (DFIs) and leading global banks.

- **Optimised Yield Management:** Leveraged global market opportunities to maximise returns on USD liquidity, contributing to a more resilient and geographically diversified income stream.
- **Institutional Partnership Growth:** Strengthened collaborations with international financial institutions, enhancing the Bank's reputation as a reliable partner in large-scale global credit facilities.
- **Digital Portfolio Oversight:** Implemented advanced digital dashboards to provide real-time visibility into portfolio performance, concentration risks, and country-specific exposures.

Driving sustainable impact

The International Banking Division integrated ESG principles into its credit and investment decisions, aligning growth with sustainable finance objectives.

- **ESG-Integrated Credit Evaluation:** Embedded ESG assessments into counterparty due diligence and credit appraisal processes.
- **SDG-Aligned Financing:** Prioritised transactions supporting financial inclusion, clean energy, and sustainable infrastructure in line with the UN SDGs.
- **ESG-Labelled Participation:** Engaged in green and sustainability-linked syndicated facilities to promote responsible financing structures.

Outlook: Strategic priorities

- **Disciplined Portfolio Growth:** Expand the cross-border loan book prudently, preserving credit quality, sustainable risk-adjusted returns, and Net Interest Margin stability amid Foreign Currency liquidity dynamics.
- **Syndicated Lending Leadership:** Selectively pursue Lead Arranger and Joint Mandated Lead Arranger roles to strengthen market positioning and distribution capability.
- **Geographic Diversification:** Deepen presence in core Southeast Asian markets while entering select emerging markets through DFI supported structures.
- **Strategic Partnerships:** Strengthen collaboration with multilateral institutions, international banking partners, law firms, and rating agencies to enhance execution and deal flow access.
- **ESG Integration:** Increase exposure to sustainability-linked and ESG-aligned facilities to support responsible cross-border growth.
- **Capability & Digital Enhancement:** Invest in Artificial Intelligence–driven analytics, portfolio monitoring systems, and talent development to support scalable and risk-intelligent expansion.

Transaction Banking: Facilitating trade and global connectivity

The Bank's Transaction Banking capabilities served as a vital link for the national economy, managing the seamless flow of commercial trade and individual global remittances. By leveraging a vast international network and advanced digital infrastructure, the Bank strengthened its role in facilitating foreign exchange liquidity and supporting the livelihoods of millions.

Key performance highlights: Trade finance

- **Market Leadership in Trade:** Reinforced the Bank's position as a leader in external trade, successfully increasing market share in both export and import sectors.
- **Turnover Growth:** Recorded robust volumes in trade turnover, capitalising on the relaxation of import restrictions and improved global trade dynamics.
- **Digital Trade Adoption:** Accelerated the enrollment of corporate and SME clients into the Bank's proprietary digital trade platform, enabling end-to-end online processing and reducing manual documentation.
- **Operational Efficiency:** Improved service delivery through paperless digital workflows and electronic archiving, which significantly enhanced turnaround times and internal productivity.

Key performance highlights: Global remittances

- **Sustained Remittance Growth:** Achieved continued year-on-year growth from 2023 onwards, contributing to record national inflows and strengthening foreign currency liquidity.
- **Global Service Centre Launch:** Established a dedicated overseas professional desk to enhance expatriate engagement, deepen relationships, and unlock cross-selling and deposit growth opportunities.
- **Liquidity & CASA Enhancement:** Supported balance sheet resilience through stable remittance inflows, improved foreign currency funding, and strengthened Current and Savings Account balances.
- **Revenue Stabilisation:** Successfully navigated post-pandemic and crisis recovery, with revenues stabilising following the strong rebound in 2023.

Driving sustainable impact

- **Digital Financial Inclusion:** Expanded secure, low-cost digital channels to support underserved communities and migrant workers in receiving international funds efficiently.
- **Paperless & Sustainable Trade Operations:** Accelerated migration to digital trade platforms, reducing paper usage, minimising SWIFT printouts, and advancing toward a fully paperless trade environment.
- **Green Trade Facilitation:** Enabled imports of solar equipment, energy-efficient machinery, and electric mobility solutions, supporting the transition toward sustainable infrastructure and industry.
- **Migrant Financial Literacy & Inclusion:** Integrated financial education into pre-departure programs to instill a culture of savings and long-term wealth creation among overseas workers.
- **SME Trade Enablement:** Provided advisory support, tailored trade credit lines, and documentation training to help export-oriented SMEs access global markets.
- **Humanitarian & Community Support:** Facilitated secure and transparent fund transfers in collaboration with humanitarian agencies, strengthening national resilience during crisis periods.
- **Responsible Trade Governance:** Strengthened Trade-Based Money Laundering controls, sanctions screening, and regulatory alignment to ensure ethical and transparent cross-border transactions.

Outlook: Strategic priorities

- **End-to-End Digital Trade Leadership:** Expand automation across import and export workflows, implement AI based document checking, and deploy advanced dashboards for performance monitoring and risk management.
- **Share & Corridor Expansion:** Deepen presence in core trade sectors while exploring new trade corridors and partnerships aligned with the Bank's international expansion strategy.
- **Data-Driven Risk & Compliance Enhancement:** Fully automate sanction screening and strengthen analytics-driven monitoring of Trade-Based Money Laundering and regulatory compliance.
- **Customer-Centric Trade Ecosystem:** Increase digital adoption, embed design-thinking initiatives to enhance service delivery, and strengthen collaboration with Corporate and Personal Banking divisions.
- **Capability & Talent Development:** Invest in advanced analytics, digital tools, and structured technical training to maintain competitiveness in an evolving global trade landscape.

Treasury: Capital Resilience, Liquidity, and Market Leadership

In 2025, the Treasury Division played a pivotal role in anchoring the Bank's financial stability and supporting its transition "from turbulence towards tranquillity". By maintaining a robust capital base and managing liquidity with precision, the division ensured the Bank remained resilient while capitalising on evolving market opportunities to drive non-interest income.

Key Performance Highlights

- **Capital Strength and Green Innovation:** Successfully issued a Rs. 15 Bn. Basel III-compliant Tier II Green Bond, which strengthened regulatory capital buffers and provided dedicated funding for sustainable lending initiatives.
- **Robust Liquidity Management:** Maintained high liquidity standards with an average Liquidity Coverage Ratio (LCR) of over 390%, consistently exceeding regulatory requirements and ensuring a strong cushion against market volatility.
- **Yield Optimisation and Income Diversification:** Achieved strong performance in non-interest income through active portfolio realignment and strategic trading in government securities, foreign exchange, and swaps.
- **Strategic FX and Hedging Solutions:** Strengthened engagement with corporate and international clients by providing tailored foreign exchange hedging strategies and advisory services, helping them navigate global geopolitical uncertainties.
- **Disciplined Risk Oversight:** Reinforced structural interest rate risk management through a refined Funds Transfer Pricing (FTP) framework and independent monitoring using advanced metrics like Earnings-at-Risk and Economic Value Sensitivity.

Driving sustainable impact

The Treasury Division was instrumental in advancing the Bank's sustainability agenda through strategic capital mobilisation.

- **Sustainable Finance Mobilisation:** Facilitated the Bank's landmark green bond issuance, aligning the capital structure with long-term environmental objectives.
- **Sustainable Capital Market Facilitation**: Enabled ESG–linked bond issuances to finance green and social projects, promoting responsible investment flows.
- **Prudent Risk Governance**: Strengthened oversight through Asset and Liability Committee (ALCO) governance, independent risk monitoring, Earnings-at-Risk, and Economic Value Sensitivity frameworks to ensure long-term financial stability.

Outlook: Strategic priorities (2026 and beyond)

- **Capital Optimisation:** Continue to proactively manage the Bank's capital structure to support aggressive growth targets in corporate and SME lending while maintaining healthy buffers.
- **Digital Treasury Transformation:** Implement advanced technological solutions to enhance real-time liquidity monitoring and automate routine treasury operations for greater efficiency.
- **Market Expansion:** Explore opportunities to expand the Bank's presence in regional and international financial markets, leveraging existing partnerships with global banks and DFIs.
- **Data-Driven Decisioning:** Enhance the use of predictive analytics and stress-testing models to anticipate market shifts and optimise the Bank's investment portfolio performance.

Payments business: Enabling seamless global commerce and fee-based growth

The Payments Business serves as a high-frequency strategic engine for the Bank, acting as the primary driver of sustainable fee-based income and digital transaction leadership. By integrating advanced card technologies with a rapidly expanding digital payment ecosystem, the division has effectively transitioned routine banking into a seamless, "invisible" experience for both retail and corporate segments.

Key performance highlights

- **Market Leadership and Momentum:** Reinforced the Bank's dominant position by maintaining the No. 1 rank in Debit Card issuance and usage, the No. 1 position in LANKAQR through the flagship payment app, and leading positions in the acquiring and credit card markets.
- **Pioneering Product Innovation:** Strengthened competitive positioning through several "market-firsts", including the enablement of Google Pay in Sri Lanka and the introduction of Dynamic Currency Conversion for the Internet Payment Gateway (IPG).
- **Accelerating Digital Adoption:** Recorded exceptional transaction growth with Q+ Payment App usage up 67%, IPG volumes up 27%, and POS acquiring up 24%, reflecting a clear market shift toward digital-first payment behaviours.
- **Enhanced Global Value Proposition:** Expanded premium offerings by providing global lounge access for elite cardholders and tailored international benefits to support high-value travel and lifestyle segments.
- **Operational Efficiency and Sustainability:** Improved service delivery through enhanced fraud monitoring and digital self-service features.

Driving sustainable impact

The Payments Business aligns closely with the Bank's sustainability pillars by promoting digital inclusion and reducing environmental impact.

- **Paperless & Digital Migration:** Expanded e-Statement adoption beyond 60% of the total base, introduced SMS-based PIN issuance, and initiated digital receipts at ATMs to significantly reduce paper usage.

- **Promotion of Cashless Ecosystem:** Positioned Q+ and contactless solutions as key enablers of secure, low-cost digital payments, expanding financial inclusion and reducing environmental impact.
- **Green Financing Support:** Conducted special low-cost promotions for solar-related purchases through Credit Cards, encouraging renewable energy adoption
- **Responsible Governance & Data Protection:** Strengthened fraud prevention, cybersecurity controls, and compliance with Personal Data Protection regulations to ensure ethical and secure digital payments.

Outlook: Strategic priorities (2026 and beyond)

- **Digital & Cardless Expansion:** Scale virtual cards, tokenisation, mobile wallets, and embedded finance to advance a digital-first ecosystem.
- **Artificial Intelligence & Automation:** Expand predictive analytics, automated credit decisions, and fraud detection capabilities.
- **Customer-Centric Innovation:** Transform Q+ into a lifestyle platform with enhanced self-service and personalised offerings.
- **Merchant & Acquiring Growth:** Expand tap-on-phone, Quick Response (QR) acceptance, and merchant partnerships.
- **Risk & Capability Enhancement:** Strengthen cybersecurity resilience and develop future-ready payment expertise to sustain competitiveness.

Strategic enablers: Powering the future of banking

The performance and market leadership achieved across our business segments are underpinned by the Bank's cross-functional strategic enablers. These are not merely support functions but the structural drivers that ensure our growth is intelligent, inclusive, and resilient. The following sections detail how Pervasive Digital Transformation and ESG Integration are evolving the Bank from operational excellence toward predictive, intelligence-led leadership

Innovating customer-centric solutions and digital leadership

Digital transformation serves as the structural backbone of the Bank's operating model, evolving from operational optimisation to a pervasive, intelligence-led banking ecosystem. By integrating data, analytics, automation, and infrastructure modernisation, the Bank ensures that digital capability now underpins every core function – from seamless customer onboarding and hyper-personalised engagement to robust risk management.

Strategic achievements in 2025

- **Unrivalled Digital Scale:** Digital penetration reached 56%, with a user base of 1.8 Mn. conducting 74 million transactions valued at Rs. 7.5 Tn.
- **Intelligence-Led Credit:** AI-powered SME underwriting and Retail credit models significantly improved approval speed, accuracy, and portfolio calibration.
- **Customer Journey Simplification:** Streamlined fund transfers by removing branch selection steps, enhanced login and password recovery interfaces, and enabled automated acknowledgements for secure messages, improving usability and convenience.
- **Stronger Controls & Risk Safeguards**: Introduced additional validations for eSavings account opening, implemented time-bound temporary limit enhancements, and strengthened backend controls for device management.
- **Infrastructure Resilience:** Technology infrastructure was fortified through Hyper-Converged Infrastructure expansion and Active-Active system architecture, achieving 99.98% system availability.
- **Advanced Cyber Defense:** Enhanced institutional trust through the launch of a Managed Security Operations Centre, ensuring robust protection against evolving digital threats.
- **Enhanced Portfolio Monitoring:** In International Banking, the deployment of digital dashboards provided real-time visibility into portfolio surveillance and increased covenant tracking efficiency.

Driving Impact through service excellence

- **Digital Financial Inclusion:** Expanded secure, trilingual digital banking access across retail, SME, corporate, and overseas segments, bridging rural and underserved communities.
- **Paperless & Carbon Reduction:** Accelerated digitisation of investments, standing orders, statements, and payments, delivering significant paper savings.
- **National Digital Literacy Leadership:** Conducted extensive digital awareness and cybersecurity programmes across schools, universities, SMEs, government institutions, and law enforcement to promote safe and inclusive digital adoption.
- **Environmental Stewardship Innovation:** Launched Sri Lanka's first financial-sector Solitary Bee Conservation Initiative, integrating biodiversity conservation with rural empowerment and sustainable agriculture.

Outlook: Strategic priorities

- **Unified Digital Ecosystem:** Build a single, seamlessly connected digital platform with integrated channels and consistent user experience across Retail and Business banking.
- **Retail & Business Transformation:** Modernise onboarding, payments, and self-service capabilities while enhancing business banking through integrated digital solutions and embedded services.
- **Data-Driven Personalisation:** Leverage analytics, automation, and journey orchestration to deliver hyper-personalised experiences and drive sustainable revenue growth.
- **Global Scalability & Innovation:** Develop modular, secure, and adaptable digital platforms aligned with emerging technologies and international expansion goals.
- **Digital-First Culture:** Strengthen digital capabilities, empower staff with modern tools, and embed a culture of continuous innovation and agility.

ESG integration & responsible banking

The Bank's approach to economic and social impact is a core strategic enabler, operationalised through three interconnected pillars: Sustainable Banking, Responsible Organisation, and Community Engagement. This integrated structure ensures that sustainability considerations are embedded into lending, governance, operations, and community investment, reinforcing the principle that economic performance and social responsibility are mutually reinforcing objectives.

Sustainable banking

We have successfully integrated ESG principles into our core banking activities, ensuring that capital deployment supports long-term value creation and national resilience.

- **Green Financing Excellence:** The total green financing portfolio reached Rs. 71.2 Bn., supporting renewable energy and environmentally aligned projects. This includes a Rs. 30.6 Bn. corporate green portfolio backed by a strong renewable energy pipeline.
- **Strategic Capital Mobilisation:** Successfully issued a Rs. 15 Bn Basel III-compliant Green Bond, strengthening capital buffers while providing dedicated funding for environmentally aligned lending.
- **Responsible Credit Underwriting:** Sustainability considerations are embedded into credit appraisal and risk assessment processes across Corporate, SME, and Retail segments. This includes formal Environmental and Social (E&S) risk scoring for large corporate clients to institutionalise ESG due diligence.
- **Climate Transition Planning:** Progressed the Bank's Climate Transition Plan, strengthening the alignment between portfolio strategy and long-term environmental sustainability objectives.

Refer section on Sustainable banking on pages 81 to 105 for further details.

Responsible organisation

The Bank is committed to maintaining a safe, inclusive, and accountable organisational environment through structured governance and digital efficiency.

- **Sustainability Governance:** Strategic oversight is maintained through structured Board oversight and management accountability, with senior leadership representation on key governance committees like the newly formed Board Sustainability Committee (BSC) and Executive Sustainability Committee (ESC).
- **Transparency and Disclosure:** Progressed alignment with SLFRS Sustainability-related Financial Disclosure Standards, enhancing the transparency and consistency of ESG reporting. Refer SLFRS Sustainability-related Financial Disclosures on pages 141 to 171.
- **Operational Resource Management:** Accelerated the transition to a paperless office through digital instructions and document management systems, significantly reducing manual paperwork and physical storage needs.

Refer section on Responsible organisation on pages 107 to 125 for further details.

Community engagement

Our commitment to society is driven by long-term partnerships and a strategic focus on education and financial inclusion.

- **Strategic CSR Investment:** Cumulative CSR investments have exceeded Rs. 1.44 Bn., with a primary focus on education and digital empowerment.
- **National Digital Literacy:** Expanded the National Digital Literacy Drive to 429 IT labs nationwide, providing underserved schools with essential digital access.
- **Environmental Stewardship:** Engaged in high-impact initiatives including **beach cleaning projects** at Crow Island and ongoing **reforestation efforts** with over 300 plants under regular monitoring.
- **Sustainable Livelihoods:** Enhanced economic stability through targeted social enterprise interventions in apiculture and solar-enabled dairy farming.

Refer section on Community engagement on pages 126 to 137 for further details.

Outlook: Strategic sustainability priorities

Looking ahead, the Bank will further embed ESG as a core strategic driver shaping capital allocation and operational practices.

- **Portfolio Alignment:** Continue aligning portfolio growth with the Climate Transition Plan and expanding environmentally aligned lending.
- **Advanced Risk Integration:** Further embed ESG risks within the Enterprise Risk Management (ERM) framework and enhance data governance for sustainability disclosures.
- **Deepening Inclusion:** Strengthen women-focused financial inclusion efforts and continue structured, education-focused CSR investments, including the expansion of STEM and vocational initiatives.

Catalysing the transition to a sustainable economy

Rs. 70 Bn.

Green
financing portfolio

We embed ESG considerations into credit decisions, strengthen sector-specific due diligence, and expand sustainable finance – supporting growth while protecting portfolio quality and credibility.

Embedding sustainability into operations
Bank's sustainability framework

Bank's Sustainability Framework

Sustainability is embedded within the Bank's strategy and business model in recognition that environmental, social and governance considerations increasingly influence long-term financial performance, institutional resilience and stakeholder trust. Rather than being treated as a parallel initiative, sustainability is integrated into how the Bank mobilises funds, allocates capital, manages risk and operates its organisation.

The Bank's Sustainability Framework (Figure 14 below) provides a clear and structured architecture for this integration. It aligns closely with the Bank's Business Model for sustainable value creation and is applied across the entire value chain - from upstream funding and inputs, through internal operations and risk management processes, to downstream products, services and societal outcomes. Through this approach, it reflects the Bank's responsible stewardship of, and enduring impact on, the six capitals: Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural.

At its core, the Framework is anchored in the Bank's purpose: to be a responsible financial services provider by enabling and empowering people, enterprises and communities towards environmentally responsible, socially inclusive and economically enriching growth. This purpose guides strategic direction, portfolio choices and operational priorities, ensuring that commercial performance and responsible conduct reinforce one another.

Bank's sustainability framework Figure – 14

Guiding principles and standards

- CBSL Roadmap for Sustainable Finance in Sri Lanka and CBSL Directions on Sustainable Finance Activities
- Sustainable Banking Principles of the Sri Lanka Bank's Association
- United Nations Global Compact Principles (UNGC)
- UN Sustainable Development Goals (SDGs)
- GRI Standards – Issued by the Global Sustainability Standards Board (GSSB)
- SLFRS Sustainability Disclosure Standards issued by CA Sri Lanka
- Business Continuity Management
- International Standard – ISO 22301:2012
- IFC's 8 Performance Standards on Social and Environmental Sustainability
- ISO 14064-1-2018 Greenhouse gases
- IFC's Climate Assessment Tool for Financial Institutions
- Payment Card Industry Data Security Standard (PCI-DSS) Certification
- Sri Lanka's Nationally Determined Contributions (NDCs)

PURPOSE

To be a responsible financial services provider by enabling and empowering people, enterprises and communities towards environmentally-responsible, socially-inclusive and economically-enriching growth.

Memberships and affiliations

- Sri Lanka Banks' Association Sustainable Banking Initiative – Core Group Member
- UN Global Compact Sri Lanka
- Biodiversity Sri Lanka
- United Nations Development Programme
- International Finance Corporation
- Green Building Council of Sri Lanka
- UNGC Climate Ambition Accelerator Initiative
- Ceylon Bank Employees' Union (CBEU)
- Association of Commercial Bank Executives (ACBE)

Commitment to United Nations Sustainable Development Goals (SDGs)

Guidelines and policies: ESMS Guidelines | Group Social and Environmental Policy | Green Financing Policy

Governing committees: Board Sustainability Committee (BSC) | Executive Sustainability Committee (ESC) | Sustainability Working Committee (SWC)

The Three Pillars of the Framework

The Sustainability Framework is organised around three interconnected pillars. Together, they demonstrate how sustainability is embedded across financing activities, internal governance and societal engagement. The sections that follow elaborate in detail on each of these pillars, followed by the Bank's inaugural SLFRS Sustainability-related Financial Disclosures, which present a structured account of governance, strategy, risk management and performance metrics.

Sustainable banking

Sustainable banking reflects the integration of sustainability into the Bank's core intermediation function. It encompasses responsible financing, financial inclusion and sustainable products and services.

Under this pillar, sustainability considerations are embedded into lending, investment and portfolio management decisions alongside financial risk and return assessments. Capital is directed towards environmentally responsible, socially inclusive and economically productive sectors, while disciplined underwriting standards safeguard asset quality and balance sheet strength.

By aligning portfolio growth with sustainability priorities, the Bank enhances long-term franchise value, strengthens funding resilience and supports stable economic development.

Responsible organisation

Responsible organisation focuses on how the Bank conducts its own operations and governs itself across the value chain. It recognises that sustainable performance is underpinned by strong internal systems, ethical conduct and operational discipline.

This pillar encompasses governance oversight, compliance frameworks, anti-bribery and anti-corruption controls, conduct risk management, employee wellbeing, diversity and inclusion, capability development and sustainable resource management across facilities and procurement.

Through structured policies, clearly defined accountability lines and effective internal controls, the Bank fosters a culture of integrity and prudence. Environmental stewardship within operations, digital enablement and responsible supply chain practices further strengthen operational resilience and institutional credibility.

Community engagement

Community engagement represents the Bank's commitment to contributing to broader social and environmental progress beyond its direct commercial activities.

Delivered primarily through the Commercial Bank CSR Trust, this pillar adopts a structured and outcome-oriented approach, focusing on long-term initiatives in education, healthcare, environmental conservation and inclusive livelihoods. Programmes are designed to build capacity, strengthen community resilience and deliver measurable impact rather than short-term interventions.

By aligning community initiatives with national development priorities and emerging societal needs, the Bank reinforces its role as a responsible corporate citizen while supporting inclusive and sustainable growth.

Governance and Enablers

The effectiveness of the Sustainability Framework is reinforced by clearly defined governance structures that ensure accountability, coordination and oversight across all three pillars. Board-level supervision provides strategic direction, while management committees coordinate implementation, monitor progress and escalate emerging issues where necessary.

This governance architecture underpins the Bank's SLFRS Sustainability-related Financial Disclosures (Refer Governance section on pages 145 to 148), which articulate in detail how sustainability considerations are governed, integrated into strategy and monitored through defined performance metrics. The disclosures should therefore be read in conjunction with this Framework, as they translate its structure into standards-aligned reporting.

Operational consistency is supported by established policies and systems, including the Environmental and Social Management System (ESMS), the Group Social and Environmental Policy and the Green Financing Policy. These instruments ensure that sustainability considerations are embedded into credit evaluation, operational practices, procurement decisions and stakeholder engagement processes across the organisation.

Through this structured and governance-led approach, the Sustainability Framework ensures that sustainability is embedded within strategy, operations and oversight – strengthening resilience, enhancing stakeholder confidence and supporting disciplined, long-term value creation.

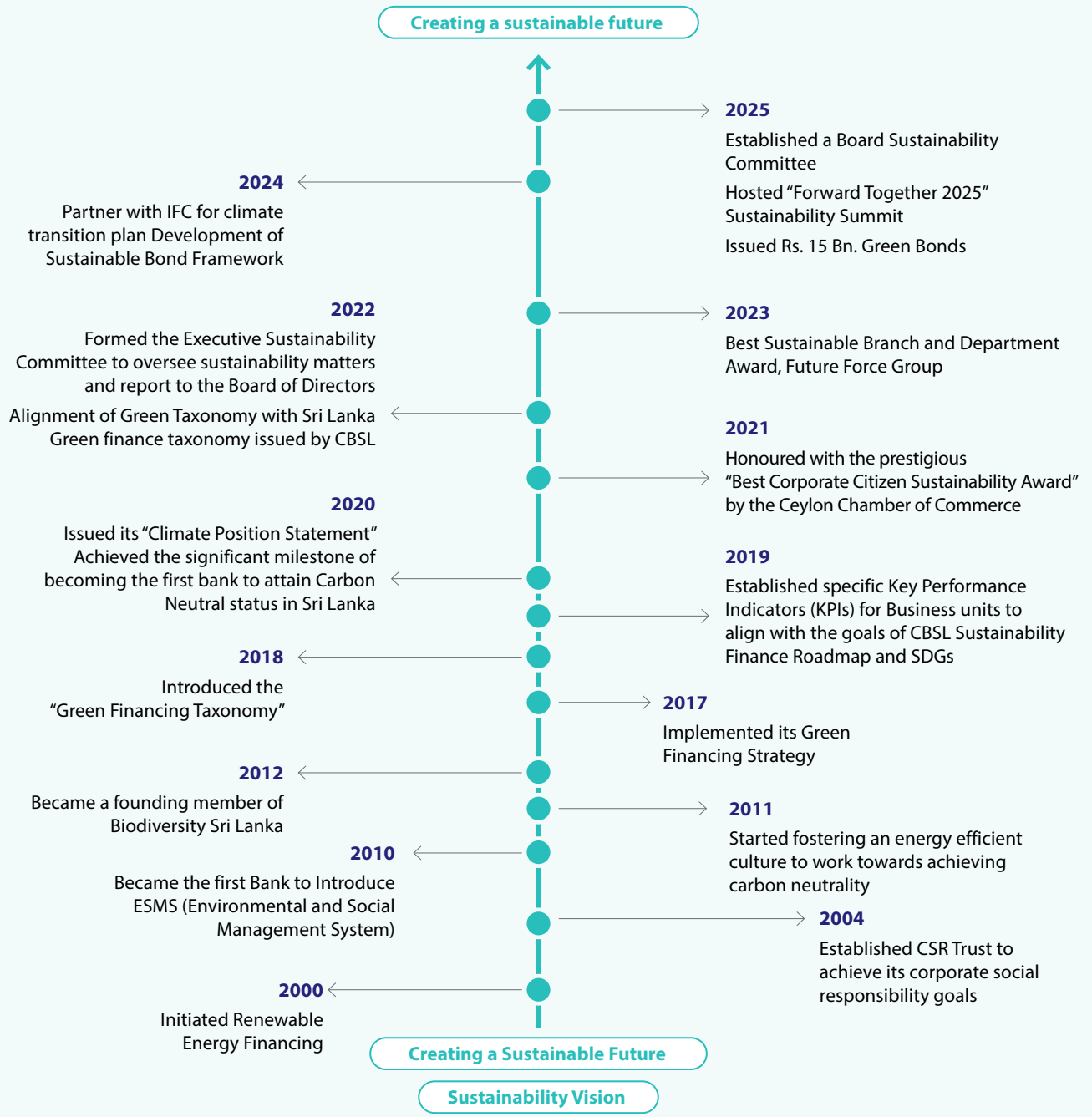
Resilience and risk mitigation

Resilience is a core feature of the Bank's business model, reflecting our responsibility to safeguard depositor funds, maintain confidence and continue financial intermediation through economic cycles. We therefore maintain strong capital and liquidity buffers, apply forward-looking stress testing and, where relevant, scenario analysis, and actively manage concentration and funding risks through disciplined balance sheet management. Credit resilience is supported through robust underwriting, early warning and portfolio monitoring, with remediation actions taken where risk indicators deteriorate. In 2025, this framework was further strengthened by embedding CRROs into risk identification, assessment and monitoring across the value chain, supporting prudent capital allocation, risk appetite calibration and risk-informed decision-making as SRROs evolve. (Refer Sustainability-related Financial Disclosures – Risk Management section on pages 149 to 152).

Our sustainability journey

Embarking on a steadfast journey, the Bank has established a long-standing legacy of sustainable initiatives as illustrated below:

Commercial Bank's sustainability journey Figure 15



Sustainable banking

Elements of sustainable banking

At the heart of the Bank's sustainable banking pillar are three interconnected elements, as illustrated in the Figure 16 below, which together guide how value is created for stakeholders while balancing financial, social and environmental priorities.

Elements of sustainable banking Figure – 16

Responsible financing

Why responsible financing matters

Responsible financing matters because it is where sustainability most directly meets the Bank's balance sheet, translating sustainability priorities into asset quality, capital strength, liquidity resilience, funding access, and long-term franchise value. For a systemically important lender, sustainability is inseparable from the core function of financial intermediation: decisions on who is financed, on what terms, and under what risk disciplines shape economic activity and resilience, influencing inclusion, enterprise development, environmental outcomes and systemic stability.

For Commercial Bank of Ceylon PLC, responsible financing is therefore the practical link between sustainability priorities and financial performance. Lending and investment decisions directly affect the Bank's risk profile (credit, operational, legal and reputational risk), earnings resilience through portfolio quality and funding stability, and long-term license-to-operate through trust.

Our approach to responsible financing

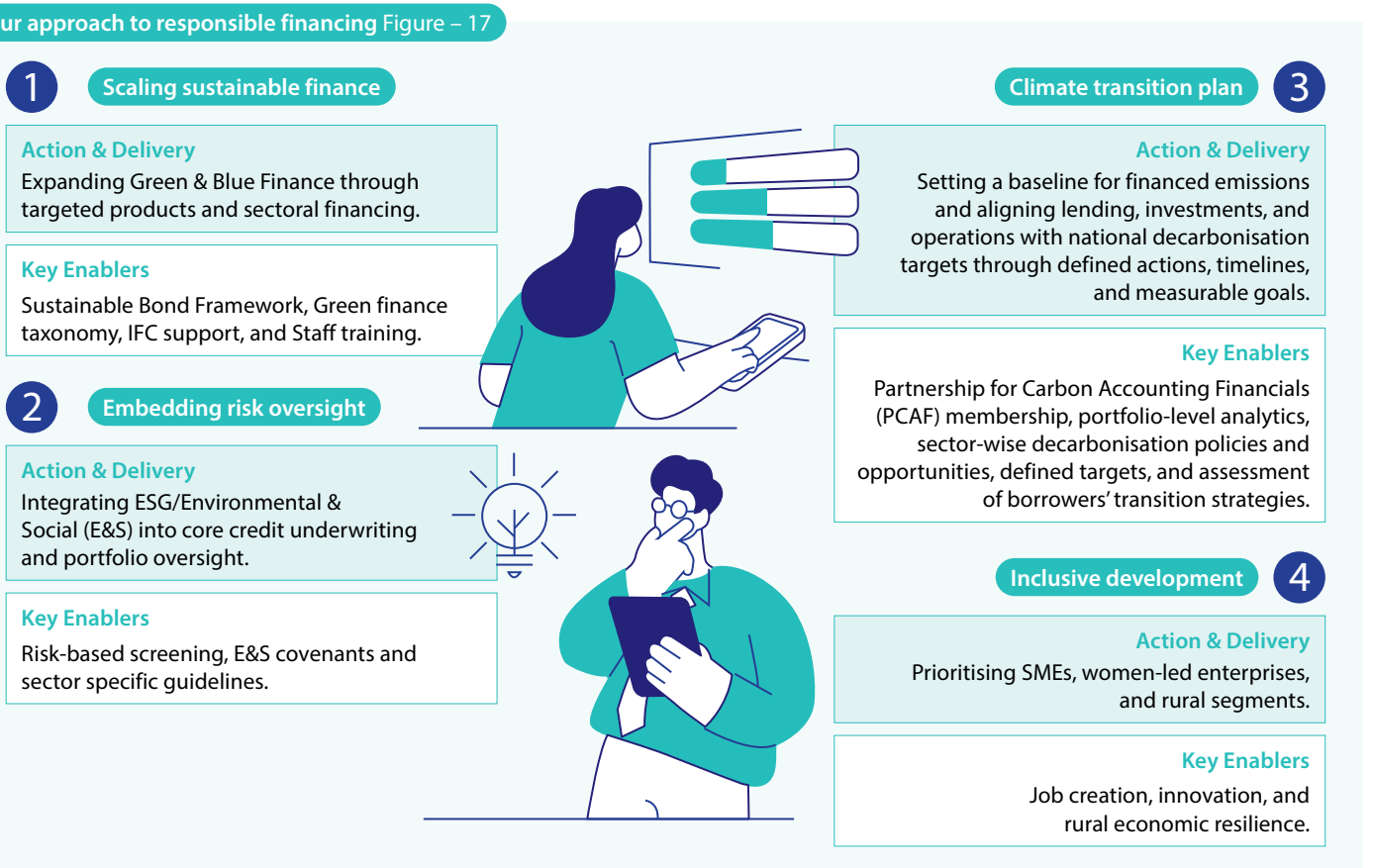
Our approach operates on a clear strategic logic: **financial resilience provides the foundation for responsible credit allocation, while disciplined lending, in turn, reinforces that resilience.**

Key developments during 2025

In 2025, the Bank strengthened its responsible finance agenda by advancing Green and Blue Finance, scaling green finance capabilities, enhancing ESG and climate considerations into credit decisions, progressing its Climate Transition Plan, and expanding lending to priority sectors.

This approach is delivered through four mutually reinforcing priorities as illustrated in the Figure 17 below:

Our approach to responsible financing Figure – 17



The Bank's sustainable finance approach is aligned with relevant global and local frameworks, including the United Nations Sustainable Development Goals (SDGs), the Central Bank of Sri Lanka's Sustainable Finance Roadmap and related guidance, and the Sri Lanka Banks' Association Sustainable Banking Principles, positioning responsible financing as a deliberate strategy to align financial growth with sustainable development objectives rather than a narrow compliance exercise.

Driving sustainability through Green and Blue Finance

The Bank continued to scale its Green and emerging Blue finance portfolio as a strategic priority supporting the transition to a low-carbon, climate-resilient economy as illustrated in the Figure below.

Financing sustainability – Green and Blue Figure – 18

Tier II Green Bond Issuance

- Rs. 15 Bn. raised
- Oversubscribed on opening day
- Fully utilised to fund eligible Green projects

Basel III Compliant Tier II Green Bond

Expanding Green & Blue Finance

Green Finance

- Renewable energy
- Sustainable buildings
- Climate–resilient agriculture
- Circular economy

Blue Finance

- Sustainable fisheries
- Water conservation
- Eco–tourism

Staff training & Capability building

- 25 programs in 2025
- 825 employees trained in 2025
- Green Finance Taxonomy
- ESG & climate risk management

Strategic alignment

- National decarbonisation pathways
- Central Bank's Sustainable Finance Roadmap
- Sustainable Development Goals (SDGs)

In 2025, the Bank issued a Basel III-compliant Tier II Green Bond, raising Rs. 15 Bn., and was oversubscribed on the opening day. The proceeds were fully deployed by December 31, 2025, to finance and refinance eligible green projects in line with the Bank's Sustainable Bond Framework, as detailed in the table below.

Eligible green projects and utilisation Table 06

Category	Eligible Category (as per Prospectus)	Amount Utilised (Rs. Bn.) as of December 31, 2025	No. of Eligible Green Projects
Refinance	Financing the Solar Projects – Solar Energy Technologies for Buildings (Installation, Maintenance & Repair)	2.94	647
	Financing the Solar Projects – Solar Power (Photovoltaic Technology) Plant Developments (Electricity Generation)	3.38	6
	Financing for Green Buildings (Acquisition & Ownership of Real Estate with Green Certification)	0.06	2
	Financing for the Purchase & Usage of Passenger Vehicles with Low Carbon Emission	1.06	126
Finance	Financing the Solar Projects – Solar Energy Technologies for Buildings (Installation, Maintenance & Repair)	2.16	317
	Financing the Solar Projects – Solar Power (Photovoltaic Technology) Plant Developments (Electricity Generation)	3.55	9
	Financing for Green Buildings (Acquisition & Ownership of Real Estate with Green Certification)	0.05	1
	Financing for the Purchase & Usage of Passenger Vehicles with Low Carbon Emission	1.8	222
	Total	15.00	1,330

Green Bond Impact Report as of December 31, 2025

Following the utilisation of Rs. 15 Bn. in Green Bond proceeds across 1,330 eligible projects, the Bank achieved a total emission reduction of 134,128 tCO_2e during the year. This performance represents a significant improvement compared to the previous year, reflecting a 229% growth in emission reductions attributable to the green finance portfolio.

This substantial increase demonstrates the effectiveness of the Bank's green financing strategy. It also highlights the positive environmental impact generated by expanding sustainable lending activities funded by Green Bond proceeds. The strengthened green asset base has materially enhanced the Bank's contribution to climate mitigation efforts and reinforces its ongoing commitment to sustainable finance and low-carbon development.

Looking ahead, the Bank is promoting Blue Finance across Personal and Corporate Banking, with products supporting sustainable fisheries, eco-tourism, and water/waste management solutions.

The Figure 19 below outlines the Bank's key green finance metrics, portfolio growth and its 2030 target.

Green finance metrics and targets Figure – 19

Rs. 71.198 Bn.
Green finance portfolio (2024: Rs. 38.503 Bn.)

85%
Green finance portfolio growth

100%
Green bond allocation as at December 31, 2025 (financing 50%/refinancing 50%)

Green finance target:
To enhance green finance portfolio up to Rs. 100 Bn. by 2030

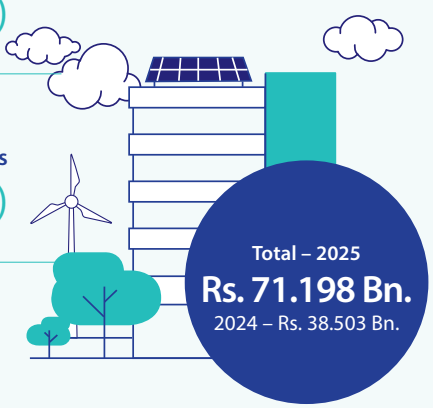
Commercial Bank of Ceylon's **Rs. 15 Bn. Green Bond** was oversubscribed on its opening day, reflecting strong investor confidence in the Bank's sustainability-driven lending initiatives.

Composition of the Green Finance portfolio Figure – 20

Renewable Energy Projects (Solar, Hydro, Wind, Biomass)
Rs. 40.154 Bn. (57%)
2024 – Rs. 21.774 Bn. (57%)

Environmentally friendly transportation and related services
Rs. 10.865 Bn. (15%)
2024 – Rs. 1.558 Bn. (4%)

Climate smart agriculture
Rs. 5.119 Bn. (7%)
2024 – Rs. 9.063 Bn. (24%)



Green Building Development, Construction, Operations, and maintenance projects
Rs. 10.943 Bn. (15%)
2024 – Rs. 1.305 Bn. (3%)

Water saving consultancy and related service providers
Rs. 0.428 Bn. (1%)
2024 – Rs. 0.557 Bn. (1%)

Other Green loans and advances
Rs. 3.689 Bn. (5%)
2024 – Rs. 4.247 Bn. (11%)

Scaling Green Finance capability

In parallel with portfolio growth, the Bank has been strengthening its capability to scale sustainable finance in a structured and credible manner. During the year, the IFC supported the Bank in laying foundations for portfolio decarbonisation, strengthening internal readiness to expand sustainable finance into emerging areas such as blue finance and financing solutions for green SMEs.

This support has contributed to the development of internal frameworks, capability building, and pipeline readiness, enabling the Bank to broaden the scope of sustainable financing over time while maintaining alignment with credit risk, capital, and liquidity considerations.

Embedding ESG and climate into credit decisions

Responsible financing requires ESG and climate-related risks to be incorporated into credit decision-making in a consistent, risk-based manner. The Bank integrates environmental and social considerations into lending to strengthen credit outcomes and reduce tail risks that may not be captured through traditional financial analysis.

This is implemented through a Group Environmental and Social Risk Management Policy and a comprehensive Environmental and Social Management System (ESMS), with ESG requirements embedded in credit processes from origination through monitoring.

Risk screening and due diligence

The Bank utilises formal frameworks to categorise environmental and social risks into three levels: Category A (High), Category B (Medium), and Category C (Low), using sector-specific guidance to directly influence underwriting and approval decisions.

Enhanced Due Diligence, stricter documentation, specific loan conditions, and ongoing monitoring are triggered based on two specific criteria:

- Risk-Based Trigger – For proposals involving sectors with inherently high E&S risk (Category A), enhanced due diligence is applied regardless of the facility amount and tenure.
- Threshold-Based Trigger – E&S due diligence is mandatory for all credit proposals that exceed predefined financial thresholds and tenure, ensuring coverage of the large corporate portfolio.

To ensure objectivity and consistency, all assessments with a High Risk (Category A) categorisation and due diligence requirement undergo independent review by the Integrated Risk Management Department.

This approach reduces the likelihood of credit impairments linked to regulatory non-compliance, project delays, community opposition, or environmental liabilities. It also reduces the risk of reputational shocks that can increase funding costs or constrain growth.

As illustrated in the Figure 21 on page 86, ESG integration during 2025 moved beyond policy articulation to deeper operational embedding within core credit processes. The enhancements reflect a structured approach to risk identification, client engagement and governance oversight, strengthening the Bank's ability to proactively manage E&S within its large corporate portfolio while safeguarding long-term asset quality and portfolio resilience.

ESG integration key developments in 2025 Figure – 21

Enhanced ESG risk scoring

Applied high, medium, low ESG risk categories to large corporate credit assessments

Sustainability-related covenants

Tracked compliance with non-financial conditions like environmental approvals & labour standards

Stricter sector monitoring

Monitored high-risk sectors & clients with environmental or social impacts

Governance oversight

Enhanced senior representation on climate & risk committees

ESG integration metrics Figure – 22

Number of facility papers screened for E&S risk during the year 2025

13,335

2024 – 10,727

E&S risk category wise distribution of lending proposals screened in 2025

High 23 Proposals	Medium 2,496 Proposals	Low 10,816 Proposals
(0.17%)	(18.72%)	(81.11%)

Climate transition plan

As part of its responsible financing agenda, the Bank is in the process of developing a comprehensive Climate Transition Plan in partnership with IFC, aligned with national decarbonisation pathways. As the first Sri Lankan bank to join the PCAF, the Bank has commenced measuring its financed emissions and established a framework to manage and reduce emissions associated with lending and investment portfolios. For details on the Climate Transition Plan, including core focus areas, please refer to Section 1.2 – Strategy in the SLFRS Sustainability-related Financial Disclosures on page 153.

Lending to priority sectors

As illustrated in Figure 23 on page 87, the Bank continued to prioritise lending to high-impact sectors that support inclusive economic growth, enterprise development, and national economic resilience, while maintaining prudent credit standards and risk discipline. SMEs, women-led enterprises, and underserved segments remained central to the Bank's priority sector financing strategy, reflecting their importance in job creation, innovation, and broad-based economic participation.

Panel discussion at the

ComBank Summit 2025 – 'ForwardTogether',

bringing together cross-sector leaders to advance Sri Lanka's sustainability priorities and the UN SDGs.

Lending to priority sectors Figure – 23

Supporting Small and Medium Enterprises (SMEs)

Largest SME lender for 5th consecutive year

30.3% of the total SME loans disbursed by banks in Sri Lanka in 2024

23.6% growth in SME loans in 2025

Expanded lending across manufacturing, trade, agriculture, tourism & more

Supporting Exporters

Financed working capital, capacity expansion & tech upgrades for exporters

Expanded export sector competitiveness and foreign exchange generation

Empowering Women Entrepreneurs

Specialised financing solutions and advisory support for women led enterprises

Promoted gender-inclusive economic participation by reducing barriers to finance

Expanding Microfinance and Rural Outreach

Extended microfinance services to underserved and low–income communities

Fostered grassroots entrepreneurship and livelihood enhancement in rural areas

Operational enablers: Digitalisation and capability building

Digitalisation supports responsible financing by strengthening the control environment, improving traceability, and enabling more efficient origination and monitoring as lending volumes scale. In 2025, key developments included:

- **Digitally enabled credit workflows:** Progress towards a seamless, digital credit environment through the use of digital instructions and a Document Management System (DMS) for scanning and archiving credit files, improving efficiency, auditability, and control traceability while reducing processing friction.
- **System-enabled monitoring:** Stronger delinquency oversight and early intervention through system-generated alerts and automated exposure reporting.
- **Digital corporate platforms and data capture:** Wider adoption of corporate digital platforms supporting lower-paper trade flows and improved data capture, including ComBank Trade Link and Host-to-Host (H2H) connectivity.

Responsible financing also depends on the capability of relationship teams, credit officers, and risk functions to identify and manage ESG and climate-related risks consistently. During 2025, the Bank strengthened readiness through:

- STAFF T**raining:** 25 training programmes engaging 825 staff, covering green finance taxonomy application, case-based learning, integration of ESG and climate considerations into credit assessment.
- **Client-facing awareness initiatives:** Sustainability and green finance education embedded into engagement with customer segments including SMEs and women entrepreneurs.
- **Specialist capability development:** Training in blue finance delivered with support from the IFC.

Metrics and targets

To enable assessment of progress and discipline in responsible financing, the Bank monitors and reports the following key performance indicators, aligned to portfolio growth, underwriting controls, resilience and execution capacity:

Sustainable finance scaling and allocation discipline

- Sustainable/green bond proceeds allocation: percentage allocated and eligible categories financed, including split between financing and refinancing. (See Table 6 on page 84).
- Green finance portfolio: portfolio size and growth, with sector segmentation where relevant (especially renewable energy). (See Figure 20 on page 85).

ESG/E&S and climate risk integration in underwriting

- Total number of facility papers screened for E&S risk during the year 2025. (See Figure 22 on page 86).
- Risk distribution: E&S risk category wise distribution of lending proposals screened in 2025 (low/medium/high) (See Figure 22 on page 86).

Outlook for 2026

In 2026, the Bank's responsible financing agenda will focus on scaling priority lending while maintaining strong credit standards, measurement capability, and balance sheet resilience. Key priorities include:

- **Scaling green and blue lending while maintaining credit standards:** Focus will remain on expanding green finance alongside the promotion of Blue Finance across Personal and Corporate Banking. Blue Finance offerings will support sustainable fisheries, eco-tourism, and water and waste management solutions, broadening the Bank's sustainable asset base. Growth across both green and blue portfolios will be supported by consistent ESG screening, covenant monitoring where relevant, and close attention to concentration signals and asset quality trends.
- **Strengthening climate risk measurement and disclosure readiness:** The Bank will continue to expand climate analytics, including financed emissions measurement coverage and portfolio-level assessment of physical and transition risks, to support progressively more decision-relevant climate disclosures.
- **Keeping funding and capital planning aligned with asset tenor and risk:** As longer-tenor green and infrastructure assets grow, balance sheet alignment will remain a priority, including disciplined allocation and reporting under the sustainable bond framework, maintenance of liquidity buffers, and stress resilience to support continuity of lending through adverse conditions.

Commercial Bank of Ceylon hosted

Sri Lanka's first-ever bank-led national sustainability summit – 'ForwardTogether 2025',

bringing together policymakers, global organisations, business leaders, and youth to advance the country's climate-resilient and inclusive future.

Financial inclusion

Why financial inclusion matters

Financial inclusion determines who can participate in the formal economy and how effectively households and enterprises access financial services. When individuals and small businesses lack access to secure savings, affordable credit, payments, and risk protection, their ability to manage cash flow, invest, and grow is constrained. This often leads to reliance on informal or high-cost channels, reinforcing vulnerability and limiting economic mobility. At a system level, exclusion weakens economic efficiency by keeping activity outside formal financial channels, reducing transparency, limiting policy transmission, and slowing enterprise development.

For a systemically important bank such as ours, financial inclusion is integral to core banking. By ensuring access that is safe, affordable and usable, we strengthen household resilience, support productive enterprise, expand our customer base, and enhance financial system stability over time.

Our approach to financial inclusion

At Commercial Bank, our approach is grounded in the view that financial inclusion is a reflection of conduct. Inclusion improves when access, usability and adoption are embedded into products, channels, credit processes and service design rather than treated as add-ons.

In practice, this approach is delivered through three reinforcing priorities as illustrated in the Figure 24 below:

Our approach to financial inclusion Figure – 24

1 Expanding practical access

Action & delivery
Minimising physical, digital, and service-related barriers to formal banking.

Key enablers
Balanced channel strategy: Combining branch reach, alternative service points, and digital delivery and create market opportunities through beyond banking services.

2 Prioritising underserved segments

Action & delivery
Using targeted approaches to extend participation among households and enterprises with structural barriers.

Key enablers
Core business integration: Focusing on areas where inclusion strengthens real-economic activity and financial depth.

3 Supporting sustained use

Action & delivery
Enabling customers to use financial services confidently and responsibly once access is established.

Key enablers
Capability building: Strengthening financial/ digital literacy and building long-term trust.

Key developments during 2025

During the year 2025, the Bank strengthened its financial inclusion agenda through a structured approach that integrated expanded access, priority segment focus and digital enablement within core banking operations as shown in the diagram below.

Closing the Financial inclusion gap Figure – 25

Agriculture & Micro Finance Units (AMFU)

64 Units
2025 Achievement
2024: 32 Units

Rural & last-mile accessibility

Broadened Agricultural Reach
Branch Coverage
93 Branches

Pawning Access
7 New Branches

Multi-channel delivery model

Integrates physical branches, digital onboarding, and ComBank Shakthi Agency Banking Services.

Frictionless credit services

Digital part-payments for pawning reduced the need for repeated physical visits.

SME empowerment & credit convenience

SME Growth Platforms
Leveraged the COMMERCIAL BANK LEAP GLOBALLINKER platform and SME trade fairs for engagement.

Adoption and literacy enablers

Deployed financial and digital literacy initiatives to support sustained participation.

Expanding access

As illustrated in the Figure 26 below, the Bank's multi-channel architecture integrates branch networks, ATMs, alternative service points and digital platforms to ensure inclusive and reliable access to financial services. By combining physical infrastructure with digital capability, the Bank addresses geographic distance, mobility constraints and documentation barriers that may otherwise limit participation.

The architecture of financial inclusion: Multi-channel access Figure – 26

A multi–layered architecture combining traditional, digital, and agency models to overcome barriers of distance and documentation, ensuring access to essential financial services for underserved households and enterprises.

Bridging the distance Gap

Last-mile agency banking
Controlled alternative service points enable core transactions like cash deposits and bill payments.

Field-based rural engagement
Specialised delivery models provide closer monitoring and support for agriculture and microfinance customers.

Extended service availability
Saturday banking and MiniComs reduce the need for repeated physical visits.

Removing barriers to entry

Seamless Digital Onboarding
Fully digital journeys remove location and documentation barriers while maintaining regulatory controls.

Targeted eligibility adjustments
Reinstated moderate-income loan categories and refined criteria for retired armed forces personnel.

Data-driven channel calibration
Internal tracking of digital usage helps refine the future mix of service channels.

Faster journeys. Smarter service. Stronger controls.

56%
Digital penetration

Digital and technology transformation is improving agility, convenience and productivity, while we continue strengthening resilience, cybersecurity and governance to protect customer trust.

Network of delivery points in Sri Lanka and Bangladesh

Network of delivery points in Sri Lanka Figure – 27

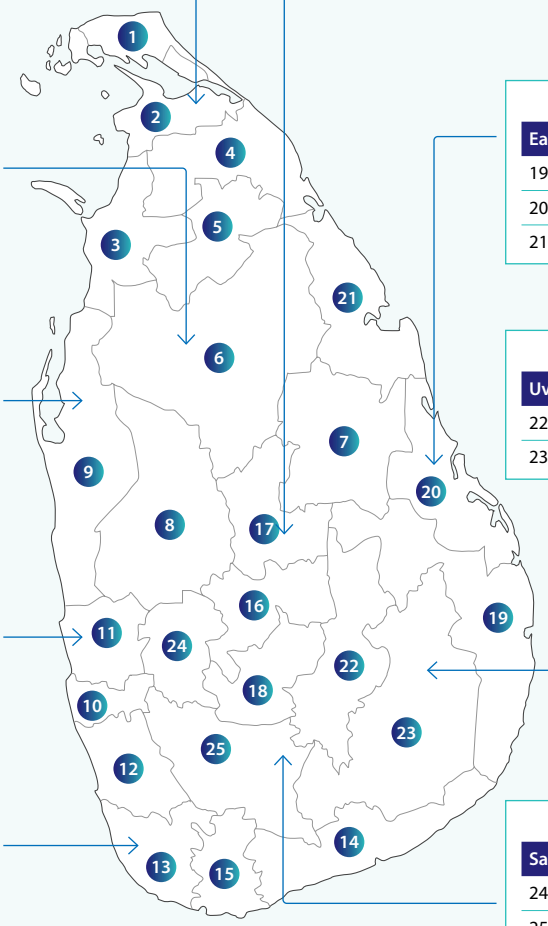
	Branches	ATMs	CRMs
Northern Province	**19**	**24**	**35**
1. Jaffna District	12	14	23
2. Kilinochchi District	2	3	3
3. Mannar District	1	1	2
4. Mullaitivu District	2	2	2
5. Vavuniya District	2	4	5

	Branches	ATMs	CRMs
North-Central Province	**8**	**12**	**13**
6. Anuradhapura District	6	8	10
7. Polonnaruwa District	2	4	3

	Branches	ATMs	CRMs
North-Western Province	**24**	**42**	**40**
8. Kurunegala District	14	31	24
9. Puttalam District	10	11	16

	Branches	ATMs	CRMs
Western Province	**133**	**277**	**231**
10. Colombo District	77	141	138
11. Gampaha District	43	110	70
12. Kalutara District	13	26	23

	Branches	ATMs	CRMs
Southern Province	**29**	**45**	**46**
13. Galle District	13	24	22
14. Hambantota District	6	7	9
15. Matara District	10	14	15



	Branches	ATMs	CRMs
Central Province	**22**	**36**	**37**
16. Kandy District	15	23	23
17. Matale District	3	8	8
18. Nuwara Eliya District	4	5	6

	Branches	ATMs	CRMs
Eastern Province	**12**	**16**	**22**
19. Ampara District	4	5	7
20. Batticaloa District	5	8	11
21. Trincomalee District	3	3	4

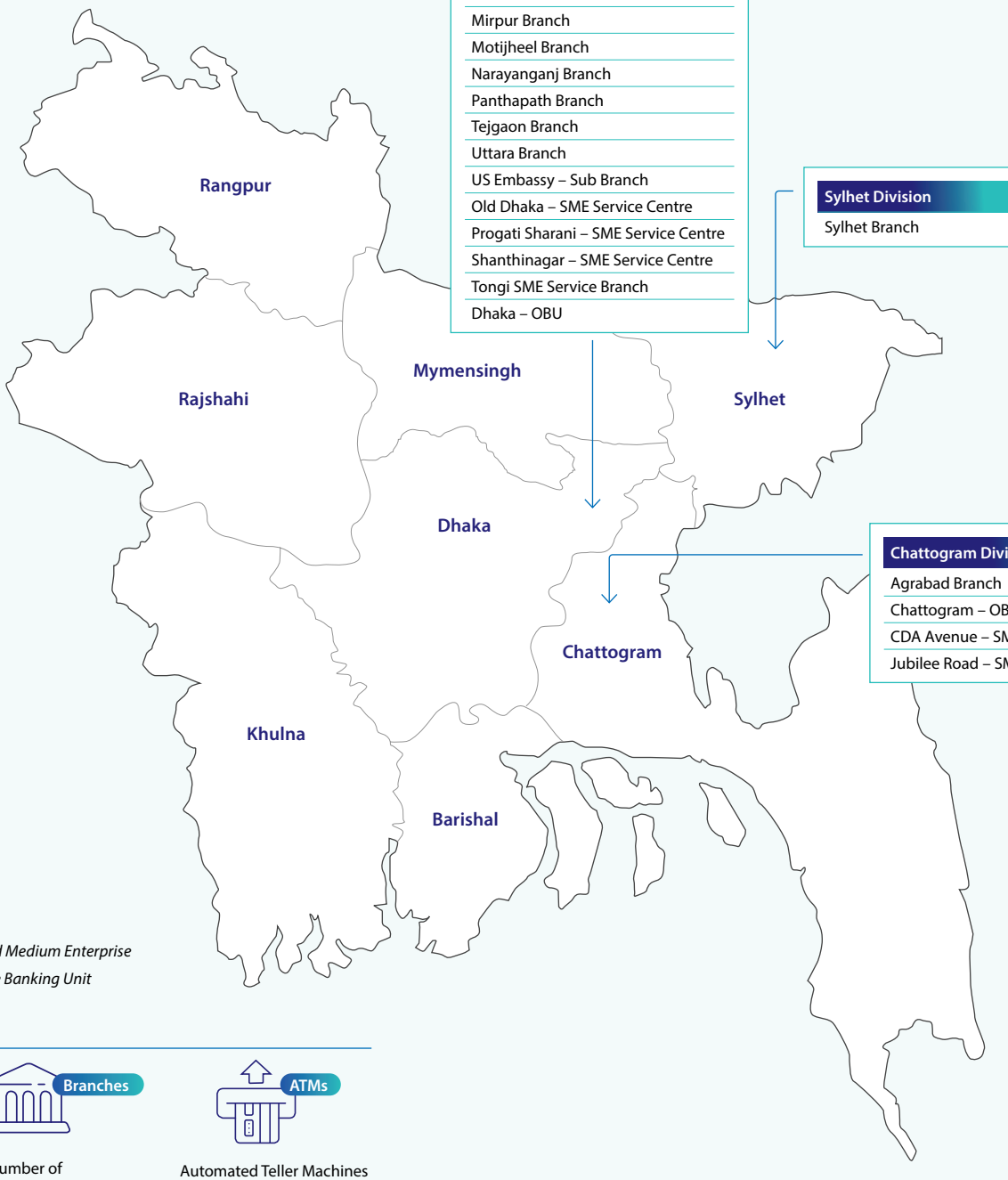
	Branches	ATMs	CRMs
Uva Province	**9**	**10**	**17**
22. Badulla District	6	7	11
23. Monaragala District	3	3	6

	Branches	ATMs	CRMs
Sabaragamuwa Province	**16**	**24**	**27**
24. Kegalle District	6	13	9
25. Ratnapura District	10	11	18

Branches	ATMs	CRMs	CDMs	ACDMs
Number of Branches	Automated Teller Machines (Off-site* = 211)	Cash Recycler Machines (Off-site* = 38)	Cash Deposit Machines	Automated Cheque Deposit Machines
272	**486**	**468**	**20**	**20**

** Included in the above total*

Network of delivery points in Bangladesh Figure – 28



Dhaka Division

- Corporate Branch
- Dhanmondi Branch
- Gulshan Branch
- Mirpur Branch
- Motijheel Branch
- Narayanganj Branch
- Panthapath Branch
- Tejgaon Branch
- Uttara Branch
- US Embassy – Sub Branch
- Old Dhaka – SME Service Centre
- Progati Sharani – SME Service Centre
- Shanthinagar – SME Service Centre
- Tongi SME Service Branch
- Dhaka – OBU

Sylhet Division

- Sylhet Branch

Chattogram Division

- Agrabad Branch
- Chattogram – OBU
- CDA Avenue – SME Service Centre
- Jubilee Road – SME Service Centre

SME: Small and Medium Enterprise
OBU: Off-Shore Banking Unit

Branches

Number of Branches/Sub Branches/SMEs/OBUs

20

ATMs

Automated Teller Machines (Off-site = 7)

24

Last-mile access is strengthened through Agency Banking and other alternative service points, enabling core transactions such as deposits, withdrawals, bill payments and transfers beyond traditional branches. Field-based engagement models further support agriculture and microfinance customers, enhancing origination, monitoring and ongoing servicing in rural and livelihood-linked segments.

Extended service availability, including Saturday banking and MiniComs, improves convenience, while digital channels enable part-payments and routine transactions remotely. Fully digital onboarding reduces time and location constraints while maintaining regulatory safeguards. Internal tracking of digital usage supports data-driven calibration of the Bank's channel mix.

Targeted eligibility refinements, including the reinstatement of moderate-income personal loan categories and adjusted pension-based lending criteria for retired armed forces personnel, further remove structural barriers to credit access.

Through this integrated approach, the Bank continues to refine its channel mix, balancing physical reach, alternative delivery models and seamless digital journeys to close remaining access gaps and advance financial inclusion.

Priority inclusion segments

Defining priority inclusion segments is a strategic choice as targeted inclusion broadens the customer base, deepens financial intermediation, and reduces informality. We focus on segments such as SMEs, agriculture and rural livelihoods, microenterprises, and women where structural barriers are material and where inclusion through core banking activity supports sustainable participation.

Small and Medium-Sized Enterprises (SMEs)

SMEs remain central to the Bank's inclusive growth strategy, reflecting their vital role in employment generation, entrepreneurship and broad-based economic participation. In 2025, the Bank further strengthened its SME franchise through targeted innovation, structured access mechanisms and digital integration, scaling support while maintaining disciplined risk management and long-term sustainability, as outlined.

- **AI-Powered credit underwriting – Transforming SME lending**

  The Bank introduced Sri Lanka's first AI-powered SME credit underwriting solution. The model strengthens credit assessment through data-driven analytics, enabling faster approvals, improved operational efficiency and enhanced portfolio risk management. By improving underwriting precision while accelerating turnaround times, the solution supports scalable SME growth within prudent risk parameters.

- **Distributor financing under Supply Chain Finance (SCF)**

  The Bank launched its first Distributor Financing solution, developed in consultation with the IFC, to address funding gaps within corporate supply and distribution networks. The structure enables SMEs to access competitively priced financing by leveraging the credit strength of anchor corporates.

  A secure, digitally enabled platform supports end-to-end transaction automation, real-time invoice processing and faster settlements. This reduces cash-conversion cycles, enhances transparency and auditability, and creates a more resilient and efficient supply chain ecosystem.

- **Sustained market leadership in SME Lending**

  In 2024, the Bank was the largest participating SME lender, accounting for 30.3% of total SME loans extended by 16 state and private sector banks (Source: Ministry of Finance data). As the country's largest SME lender for five consecutive years, the segment remained a core inclusion priority in 2025, representing approximately 19.0% of total loans and advances.

- **Expanding access through credit guarantees**

  Through active participation in the National Credit Guarantee Institution Limited (NCGIL) scheme, the Bank enabled eligible MSMEs to obtain financing without traditional collateral requirements, while maintaining disciplined risk standards.

- **Improving affordability and tenor**

  To address affordability and repayment-tenor constraints, the Bank granted 360 refinance-backed facilities totalling Rs. 3.97 Bn. in 2025 under programmes including SMILE-III, E FRIENDS-II, SMELoC/SMELoC2, MANUSAVI, MSME Re-Energize and MSME NPL WC. These structured schemes widened access while preserving portfolio quality.

- **Digital enablement and ecosystem integration**

  Digital platforms such as Commercial Bank LEAP GlobalLinker further enhanced SME connectivity, expanded market access and strengthened ecosystem participation – complementing the Bank's financing and supply chain initiatives.

Building on the Bank's broader SME financial inclusion initiatives outlined above, the Figure 29 below illustrates how digital enablement through Commercial Bank LEAP GlobalLinker complements access, affordability, and value chain integration efforts.

LEAP GlobalLinker Figure – 29

Generated transaction volume of
Rs. 29.7 Mn.
during 2025

749
new members to the platform totalling to 14,000 members

400+
E-stores Including International Level 50 Stores

COMMERCIAL BANK LEAP GLOBALLINKER

Integrated as logistic partners to the platform

FedEx ups

Enabled QR payments to facilitate transactions

Extended collaboration with Ministry of Industries, Small Enterprises Development Authority, National Enterprises Development Authority and EDB

The table below summarises the Bank's structured approach to SME inclusion during 2025, highlighting key initiatives across credit innovation, supply chain integration, market leadership, access expansion, affordability support and digital enablement.

SME inclusion, innovation, and market integration – 2025 Table – 07

Strategic Area	Initiative	Key Highlights/Impact
Credit Innovation	AI-Powered SME Credit Underwriting (First in Sri Lanka – 2025)	Data-driven credit assessment; faster turnaround times; improved operational efficiency; strengthened portfolio risk management; scalable SME inclusion within prudent risk parameters
Supply Chain Finance	Distributor Financing (Developed with IFC Consultation)	Affordable financing for distributors within corporate networks; leverages anchor corporate credit strength; secure digital platform; real-time invoice processing; reduced cash-conversion cycles; enhanced transparency and auditability
Market Leadership	Largest SME Lender – Five Consecutive Years	30.3% of total SME loans extended by 16 state & private sector banks (Source: Ministry of Finance data); SMEs represented 19.0% of total loans and advances portfolio of the Bank in 2025
Access to Finance	NCGIL Credit Guarantee Scheme	Enabled collateral-free financing for eligible MSMEs while maintaining prudent risk standards
Affordability & Tenor	Refinance & Interest Subsidy Programmes	360 refinance-backed facilities granted in 2025 under SMILE-III, E FRIENDS-II, SMELoC/SMELoC2, MANUSAVI, MSME Re-Energize and MSME NPL WC
Digital Enablement	Commercial Bank LEAP GlobalLinker	Strengthened SME connectivity, expanded market access and enhanced ecosystem integration

SME trade fair (March 2025)

Commercial Bank of Ceylon brought together **nearly 200 SMEs from across Sri Lanka** at its third **SME Trade Fair at BMICH,** creating a platform for entrepreneurs to showcase products, connect with industry partners, and access expert guidance.

The Bank successfully hosted its Annual SME Trade Fair for the third consecutive year, providing a dynamic platform for SMEs to showcase and sell their products directly to customers. The three-day event featured over 200 stalls across 13 diverse sectors and attracted more than 14,000 visitors, generating over 8 million in transactions.

Beyond sales opportunities, the Trade Fair enabled SMEs to build business connections, strengthen brand visibility, and access financial, technical and advisory support from Government regulatory authorities and development agencies. Special awareness sessions were conducted to help entrepreneurs scale and strengthen their businesses, while a dedicated Banking Services Area offered card-based payment facilities, digital banking solutions and retail banking products to support seamless transactions and financial access.

Agriculture, microenterprises, and rural livelihoods

Agriculture, microfinance, and rural customers were explicitly prioritised within the Development Credit Department's mandate, recognising persistent geographic, income volatility, and scale-related barriers to access. Inclusion for these segments was supported through a combination of AMFU field presence and Agency Banking, improving reach to customers distant from branch infrastructure and supporting continuity of service delivery.

The inclusive financing efforts were further strengthened by the microfinance product offerings under the Dirishakthi brand offering financial as well as nonfinancial services to the communities.

The Bank maintained dedicated microfinance and development-oriented lending portfolios, including Micro and Divisaru facilities, providing scale-based evidence of sustained engagement with low-income and rural customers. These portfolios support participation in the formal financial system through core credit intermediation rather than ad-hoc or charitable mechanisms.

Beyond access, inclusion is reflected in the Bank's ability to sustain and scale development-oriented portfolios over time. In 2025, development lending (Industrial and Agriculture) expanded to Rs. 166.78 Bn., while inclusion-linked portfolios such as Micro Loans (Rs. 5.54 Bn.; see Table 08 on page 96 for details) and Divisaru Micro Savings (Rs. 2.80 Bn.) continued to grow, providing balance-sheet evidence that underserved segment engagement is integrated into core intermediation rather than episodic initiatives.

Number and amount of loans outstanding that qualify for programmes designed to promote small business and community development

(Commercial Banks Sustainability Accounting Standard – FN-CB-240a.1 & FN-CB-240a.2)

Inclusion-linked micro-loans Table – 08

As at December 31,	Total		Non-accrual	
	Number of loans	Balance outstanding (Rs. Mn.)	Number of loans	Balance outstanding (Rs. Mn.)
New Comprehensive Rural Credit Scheme	7,686	2,989	732	26
Dirishakthi New Loans	7,480	2,030	421	44
Dirishakthi Micro Housing Loan	298	114	1	0
Dirishakthi New (Special)	452	113	395	19
ADB Tea Loans (Below Rs. 1.0 Mn.)	244	85	5	2
Anagi Loans (Below Rs. 1.0 Mn.)	176	55	8	3
Dirishakthi NCGIL	71	47	1	1
Microfinance – Kapruka Ayojana	121	42	10	0
Other schemes	1,435	62	1,165	13
Total	17,963	5,536	2,738	108

Women empowerment

The Bank reinforced its commitment to women's economic empowerment by promoting financial inclusion, expanding development programmes, and enhancing gender-responsive service delivery. The Women Banking agenda focused on empowering women customers and entrepreneurs, broadening access to financial and digital services, and fostering a supportive, inclusive workplace for female employees across the Bank.

Through comprehensive outreach and capacity-building initiatives, the Bank enabled women to strengthen their financial knowledge, develop business skills, build confidence, and engage more effectively in economic activities within their communities.

Financial literacy & business skills development

A series of financial literacy and financial management programmes were delivered for women entrepreneurs, supporting the adoption of improved financial practices and more informed business decision-making. In parallel, targeted skill development initiatives focusing on entrepreneurship, leadership, innovation and building sustainable business models were conducted to strengthen enterprise capability. Collectively, these programmes reached over 700 women entrepreneurs during the year, enhancing both financial confidence and long-term business resilience.

Women's Day 2025 – Island-wide Celebration and Impact

To commemorate International Women's Day 2025, the Bank conducted 14 simultaneous regional events across all districts, comprising six trade fairs and eight capacity-building programmes that benefited over 1,200 women entrepreneurs. These initiatives enhanced market access, product visibility and business knowledge at scale.

Under the 'Anagi' platform, more than 500 women participated in workshops and seminars, while 200 stalls showcased women-led products and services at trade fairs held at multiple locations. Training programmes covering financial literacy, business management and digital skills were conducted across several regions, reinforcing the Bank's commitment to inclusive growth, with women representing approximately 50% of its SME customer base.

School outreach and youth empowerment

The Bank conducted leadership and entrepreneurship programmes in girls' schools, encouraging young women to explore future opportunities, develop leadership qualities, and cultivate an entrepreneurial mindset from an early age. During the year, these initiatives reached over 850 school girls, fostering early confidence, aspiration and future economic participation.

Health & wellbeing initiatives

In recognition of the importance of women's health, the Bank conducted breast cancer awareness sessions for women entrepreneurs, employees and community members. These programmes promoted early detection and facilitated access to expert medical guidance. During the year, the initiative recorded over 2,500 female participants, strengthening awareness and preventive health engagement across stakeholder groups.

Women in the remittance economy

Recognising women as key managers of remittance inflows, the Bank launched a Women's Entrepreneurship Workshop to strengthen financial capability and enterprise readiness. Participants received financial literacy training, business modelling guidance and digital banking knowledge, with access to credit through the 'Anagi' Entrepreneurship Loan Scheme. Piloted at the Narammala Branch Training Centre, the programme engaged over 100 women, supporting their transition from remittance recipients to income-generating entrepreneurs and strengthening household resilience.

Dedicated Women's Banking Centre

A key milestone was the launch of the Bank's first dedicated Women's Banking Centre in the Northern Region. The Centre provides tailored financial solutions and advisory support within a focused and enabling environment, designed specifically to cater to the unique needs of female customers. Managed by a dedicated team of female staff, the Centre named 'Anagi Women's Banking Centre' was opened in Jaffna. It features special amenities including a lactation room, children's play area, dedicated pawning unit, counselling unit and cafeteria, while offering the full range of financial products and services available at any Commercial Bank branch.

Through this initiative, the Bank reinforces its commitment to diversity, equity and inclusion, promoting gender equality and empowering women. The 'Anagi Women's Banking Centre' aims to go beyond traditional banking by creating a safe, supportive and welcoming space that addresses the specific needs, preferences and challenges faced by women, enabling them to take greater control of their financial wellbeing.

Empowering the Global Workforce: Bridging the Gap to Financial Inclusion

In 2025, the Bank strengthened its partnership with the Sri Lanka Bureau of Foreign Employment (SLBFE) by integrating financial literacy modules into mandatory pre-departure training for migrant workers. The programme equipped participants with the knowledge and tools to manage overseas earnings responsibly and plan for long-term financial security.

By facilitating onsite account opening prior to departure, the Bank promoted an early habit of savings and provided access to formal remittance and foreign currency banking services. During the year, 95 training sessions were conducted, reaching 4,720 participants and supporting their transition from short-term income generation to long-term wealth creation.

Youth and early-stage customers

Younger and first-time customers were prioritised through digitally native account offerings, including Flash and Flash Teen accounts, lowering entry barriers to formal banking at early stages of financial participation. Access to unsecured credit for younger customers was also broadened through personal loan products designed to meet rental and housing-related needs, addressing common early-stage financial constraints within a structured credit framework. These offerings were complemented by targeted savings accounts, school and university outreach, career guidance, scholarships, and dynamic brand initiatives including collaborations with young sports icons and sponsorships of technology and sports events. The Bank also promotes entrepreneurship among school children connecting with their entrepreneur clubs and creating market access through the SME Trade Fair and Commercial Bank LEAP GlobalLinker.

ComBank opens its first **dedicated Women's Banking Centre** at the **Jaffna branch.**

Together, these efforts established a comprehensive ecosystem supporting financial inclusion, as shown in the Figure 30 below:

Empowering the next generations: The youth banking ecosystem Figure – 30

Digital innovation & financial support

The "Flash" digital ecosystem

A dedicated app featuring "Flash Fam" to support the financial journey of teenagers.

flash

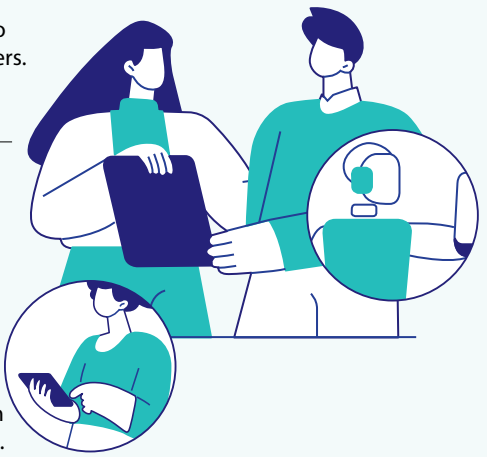
9,000+

New "Vibes" accounts

Successful digital-first campaigns for youth savings products driving massive monthly engagement.

Targeted lending for students

Specialised personal loans for education financing and apartment rental support.



Brand engagement & career growth

Strategic brand ambassadors

Partnering with young sports icons to build brand resonance.

Sponsoring future innovators

Main sponsor for "Coolest Projects Sri Lanka 2025," highlighting youth AI and robotics.

Education to employment pipeline

School outreach program leading into career guidance and the Graduate Trainee Program.

The Bank's financial inclusion agenda is supported by a robust framework that integrates capability building, digital platforms, strategic partnerships, and strong internal systems, as illustrated in Figure 31 below. Together, these enablers expand access responsibly, strengthen customer confidence, and ensure sustainable and well-governed inclusive growth.

Enablers of financial inclusion Figure – 31

Capability building

- Financial and digital literacy programs for SMEs, microfinance customers and women
- Strengthens understanding of banking services, promotes responsible usage, and helps reduce financial distress
- Focuses on empowering customers to engage confidently with formal financial channels

Internal readiness & digital tools

- Centralised appraisal support, specialist help desks, and targeted staff training in agriculture, microfinance, and SME evaluation
- AI-supported SME credit underwriting and performance dashboards track field-level activity and outcomes
- Enhances operational scale, turnaround time, service quality, and risk oversight

Platforms & ecosystems

- Commercial Bank LEAP GlobalLinker platform: Enables SMEs to create digital profiles, connect with buyers, and access B2B networks
- Structured onboarding and training support adoption across regions, including beyond major urban centers
- SME Trade Fair (March 2025): Connects enterprises with customers, banking services, and advisory support
- Ecosystem-based inclusion reduces execution risk, supports informed investment decisions, and promotes reliable project execution

Partnerships

- Collaboration with the IFC and participation in credit guarantee schemes
- Extends reach to underserved segments while maintaining sound credit discipline
- Leverages external expertise and risk-sharing mechanisms to strengthen inclusion

Managing financial inclusion delivery risks

Scaling inclusion-linked channels and partner ecosystems introduces execution risks that must be managed to protect customer trust and the Bank's risk profile. Key areas include service quality and customer protection in agency banking and ecosystem arrangements (including fraud/cash controls and after-sales delivery risk), consistency of underwriting and monitoring as outreach expands, and the operational complexity of refinance scheme documentation and claims. The Bank addresses these through strengthened training and appraisal standards, tighter monitoring frequency and structured performance governance, and reinforced partner/agent governance and branch enablement to improve utilisation, compliance and service outcomes.

Metrics and targets

To enable a clearer assessment of progress, discipline and scalability, the Bank monitors following indicators over time.

Access and reach: Expand the Bank's physical and digital presence to enhance financial inclusion and accessibility for underserved segments

Bank's physical and digital presence Table – 09

Initiative	2025 achievements	2026 target
AMFU Units & branch coverage	Added new 32 AMFU units, totalling to 64 AMFU units, covering 93 branches	Expand to 100 AMFU units
Shakthi Agency Banking	4 agents onboarded across targeted districts	Expand to 100 agents
Pawning services expansion	7 new branch locations	Further expand access points and service hours
Digital onboarding	ComBank Digital surpassed 1.75 million users	Retail and Business products with Online onboarding

Outlook for 2026

In 2026, the Bank's financial inclusion agenda will continue to embed access, prioritisation, and adoption within its core business model. Key priorities include:

- Closing remaining access gaps through calibrated expansion and optimisation of physical, agency, and digital delivery channels
- Deepening engagement with priority segments, particularly SMEs and rural livelihoods, while maintaining prudent credit standards
- Strengthening adoption and sustained usage through targeted capability-building, platform development, and internal delivery readiness

Our objective remains to translate access into meaningful and sustained participation in the formal financial system, reinforcing both commercial performance and the Bank's role in supporting economic resilience.

Priority segments (scale and quality): Focus the Bank's lending portfolio on SMEs, microenterprises, and women-led initiatives to drive inclusive growth

Bank's Lending portfolio on SMEs Table – 10

Segment	2025 performance	2026 target
SME loans and advances	19% of total Loans and advances; portfolio growth: 23.6%	Maintain sustainable growth and quality, scaling digital and AI driven SME customer journey and experience
National Credit Guarantee Insurance Limited (NCGIL) backed lending to MSMEs	353 facilities; Loan value: Rs. 1.465 Bn.; Women-led: 46 loans, Rs. 167 Mn.	Reach 1,000 beneficiaries nationally; continue leadership in MSME financing
Micro/Divisaru Portfolio	Portfolio: Rs. 5.54 Bn., Divisaru Savings: Rs. 2.80 Bn.	Sustain portfolio quality and expand scale

Adoption and capability: Implement financial and digital literacy initiatives alongside platform-based adoption programs to drive meaningful usage

Financial and digital literacy initiatives Table – 11

Initiative	2025 achievements	2026 target
Financial/Digital literacy	Conducted financial literacy programs for over 630 MSMEs Empowered over 485 Women through Training & Outreach	Continue building financial and digital literacy among customers and staff to ensure effective utilisation of services
Commercial Bank LEAP GlobalLinker Platform	749 new members onboarded; 400+ quality e-stores developed; 50 international-level e-stores; integrated payment aggregator (PayMedia) and QR payment solutions	Increase platform adoption as the ecosystem for authentic Sri Lankan SMEs, regional spread, and transactional activity

Sustainable products and services

Why sustainable products and services matters

Sustainable products and services translate the Bank's sustainability priorities into actionable financing and funding decisions, shaping real-economy impact while strengthening the Bank's portfolio and balance sheet. By embedding clear eligibility, structuring, and governance criteria, these offerings drive measurable, bankable outcomes in environmental transition, resilience, and inclusive growth. Sustainable products and services matter because they define how sustainability is translated into financing decisions, shaping both real-economy outcomes and the Bank's balance sheet.

For the Bank, sustainable products and services are therefore the practical mechanism that connects sustainability priorities to measurable outcomes, supporting transition and resilience priorities while strengthening portfolio resilience. This sub-pillar complements Responsible Financing and Financial Inclusion: while Responsible Financing focuses on risk discipline and portfolio stewardship, and Financial Inclusion expands access and usage, Sustainable Products and Services focuses on product design, eligibility discipline and credible classification.

Our approach to sustainable products and services

The Bank's approach is grounded in designing sustainability-aligned finance as an extension of mainstream banking, subject to the same underwriting, pricing, portfolio oversight and governance disciplines as conventional products. Our approach is anchored in a simple logic: clear product architecture and eligibility discipline enable credible sustainable finance, and credible sustainable finance strengthens portfolio resilience.

This approach is delivered through three mutually reinforcing priorities:

Define and safeguard "What qualifies"

- Disciplined eligibility & classification
- Protects balance sheet integrity
- Mitigates greenwashing risk

↓

Design financeable products & propositions

- Transition and resilience solutions
- Support key sectors & productivity

↓

Mobilise sustainable funding & instruments

- Use-of-proceeds frameworks
- Investor confidence & capital access
- Tracking & transparency

The Bank's approach is aligned to relevant global and local frameworks, including the UN SDGs, the Central Bank of Sri Lanka's Sustainable Finance Roadmap and related guidance, and the Sri Lanka Banks' Association Sustainable Banking Principles.

The Bank's sustainable products, services, and solutions

From pioneering green financing models to digitalising customer journeys and expanding access to finance for SMEs, women entrepreneurs and underserved communities, the Bank translates its sustainability priorities into practical financing and funding solutions.

The Figure 32 on page 101 shows how climate-aligned lending, digital platforms, inclusive banking, trade support and risk management work together to generate real-economy impact. Collectively, these offerings strengthen portfolio quality and balance sheet resilience while delivering measurable outcomes in environmental transition, economic resilience and inclusive growth.

Visa and Commercial Bank
revolutionised digital payments in Sri Lanka
by enabling **Google Pay for their cardholders.**

Driving sustainable growth Figure – 32

Environmental transition | Resilience | Inclusive growth | Digital innovation

IMPACT

Green finance products & climate solutions

Green Loans & Leases
Renewable energy/Green transport/Energy efficiency

Green Home Loans
Green buildings/Certified homes

Diribala Green Development Loan
Rooftop solar for SMEs & corporates

Shariah-compliant Green Energy Financing
Utility-scale solar projects (11 MW)

Digital banking & sustainable platforms

Internet & mobile banking
Convenient/Secure access

Digital account opening & Digital KYC
Paperless onboarding

e-Statements & notifications
Go Green/Real-time updates

Online loan processing & approval

Inclusive banking & access solutions

SME Supply Chain Financing
Working capital & trade support

Anagi Women's Banking
Empowering women entrepreneurs on finance literacy

ComBank Shakthi Agency Banking
Last-mile access/Rural & underserved

Commercial Bank LEAP GlobalLinker Platform
SME digital market access

Export & global professional banking

Global Service Centre/ Remittances
Expatriate Banking/Remittances

Exports/Trade finance
Working capital/Market expansion

Risk management, treasury, and FX solutions

FX hedging & advisory
Risk mitigation

Treasury & market solutions
Corporate & SME support

Green Finance products & climate solutions

Renewable energy financing remained the anchor of the green portfolio, supporting utility-scale solar, wind, hydro and biomass projects, as well as rooftop solar for households and businesses, including related grid infrastructure. The Bank also expanded lending for environmentally friendly transportation, green buildings and certified Green Home Loans, energy-efficient renovations, and climate-smart agriculture (see the Figure 20 – Composition of the green finance portfolio as at December 31, 2025 on page 85).

Through targeted products and propositions outlined in the Figure 33 below, the Bank continues to advance renewable energy adoption, low-carbon solutions and climate-aligned lending in support of national decarbonisation goals.

Key Green Financing products and proposition Figure – 33

Green Loans

Key features

Competitive interest rates; flexible security; promotes efficient resource use

Eligible activities

Solar panels, Energy efficient lighting for households, Energy-efficient household equipment

Up to 7 years

Target segments

Individuals

Green Leases

Key features

Competitive rentals; no additional security; promotes low-carbon transport and machinery

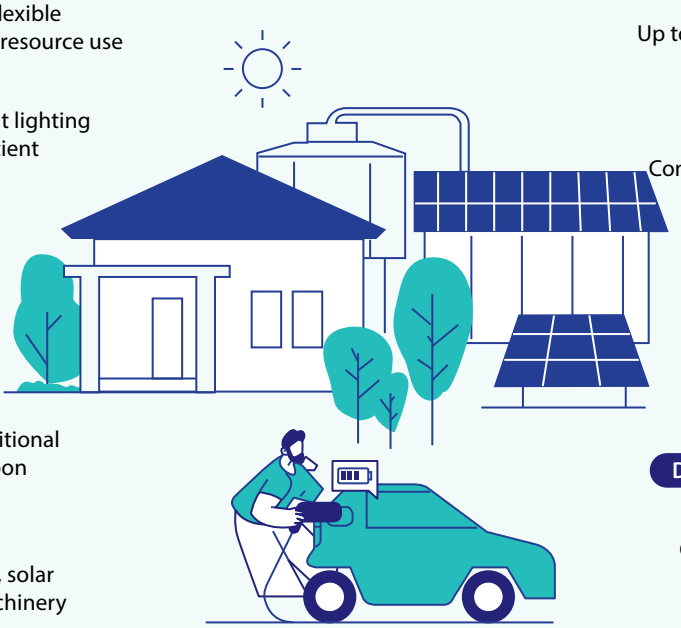
Eligible activities

Hybrid and electric vehicles, solar panels, energy-efficient machinery and equipment

Up to 7 years

Target segments

Individuals, SMEs, corporates



Green Home Loans

Key features

Competitive interest rates; Up to 100% financing; Promotes Green initiatives; Concession on documentation charges

Eligible activities

Construction of residential house and purchase of property with Green building certificate

Up to 15 years

All the green initiatives

Up to 07 years

Target segments

Households, Individuals

Diribala Green Development Loan

Key features

Concessional pricing; grace period

Eligible activities

Rooftop solar projects for businesses and SMEs; approved ADB rooftop solar schemes

Up to 8 years (incl. grace period)

Target segments

SMEs, corporates, business proprietors

Tenor

Digital banking products & sustainable service platforms

Digitalisation remains a core enabler of sustainability, enhancing customer experience through secure and convenient access to financial services. By expanding digital channels, the Bank broadens financial inclusion while strengthening transaction transparency, operational accuracy and service reliability. Key initiatives, spanning customer-facing digital platforms and internal process automation are summarised in Figure 34 below:

Digital banking products & sustainable service platforms Figure – 34

Internet & mobile banking platforms

Purpose
Enable secure, remote access to banking services

Scope/Activities
Digital onboarding, fund transfers, bill payments, loan applications, account management

Impact/Benefits
Enhanced convenience and accessibility; reduced branch visits and travel-related emissions; improved financial inclusion

Digital account opening & DKYC

Purpose
Simplify customer onboarding

Scope/Activities
Remote identity verification, paperless documentation submission

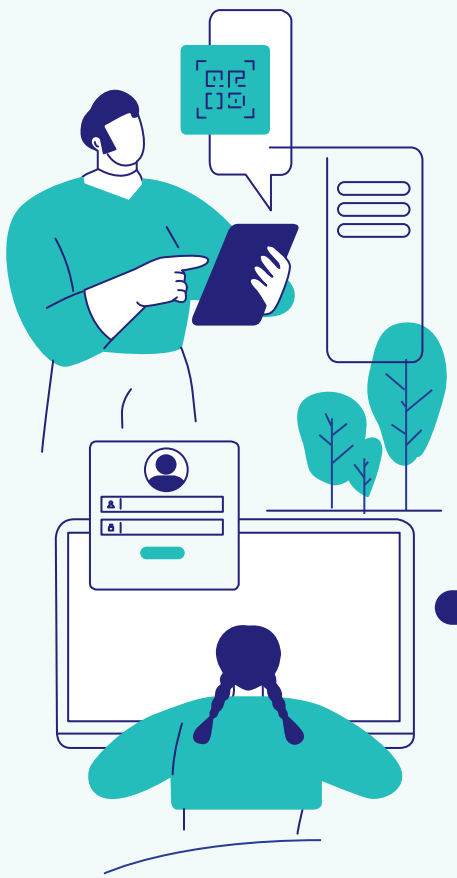
Impact/Benefits
Faster account activation; reduced paper consumption; improved compliance accuracy

e-Statements & digital notifications

Purpose
Reduce paper-based communication

Scope/Activities
Electronic statements, SMS/email alerts, app-based notifications

Impact/Benefits
Lower paper and printing costs; real-time transparency; improved customer awareness



Online loan origination & approval workflows

Purpose
Improve speed and accuracy of credit processing

Scope/Activities
Automated credit evaluation, digital documentation, workflow tracking

Impact/Benefits
Reduced turnaround time; improved data accuracy; enhanced audit trail and risk monitoring

Automated back-office processing

Purpose
Streamline internal operations

Scope/Activities
Process automation in reconciliation, reporting and routine administrative tasks

Impact/Benefits
Reduced manual errors; operational efficiency; lower resource consumption

Digital payment ecosystem (QR/Contactless)

Purpose
Promote cash-light transactions

Scope/Activities
QR payments, contactless card payments, digital merchant onboarding

Impact/Benefits
Greater transaction security; reduced cash handling; expanded access for small businesses

ComBank Digital – Performance and Sustainability Impact (2025)

As at 2025, ComBank Digital continues to demonstrate strong growth and adoption, achieving 56% digital penetration with a user base of 1.8 million customers. During the year, the platform facilitated 74 million transactions valued at Rs. 7.5 Tn., supported an investment portfolio of Rs. 470 Bn., generated Rs. 2 Bn. in revenue, and enabled 55 million monthly customer interactions.

This digital expansion has also strengthened the Bank's sustainability agenda by transforming traditionally manual branch processes into seamless digital services. Beyond operational efficiency, these advancements enhance customer convenience, accessibility and financial inclusion, enabling clients to transact anytime, anywhere. The impact of digitalisation across key services is summarised below:

Technology Towards Sustainability – Digitalisation Impact Table – 12

Service	Digital adoption %	Paper savings
Investments	66	684,000+
Standing Orders	96	2,740,000+
Loans Against FD	27	24,000+
Secondary CASA Opening	16	62,000+
eSlips	13	1,100,000+

Collectively, these initiatives illustrate how technology enables the Bank to deliver scalable growth while promoting inclusive access and more sustainable operations.

Inclusive banking products & access solutions

The Bank strengthened inclusive growth through targeted financing and digital ecosystems for SMEs, women entrepreneurs, and underserved communities, as outlined under the Financial Inclusion pillar. These sustainable offerings are summarised in Figure 35 below:

Inclusive banking products & access solutions Figure – 35

SME Supply Chain Financing

Purpose

Improve working capital access and strengthen production networks

Key activities/Features

Financing for distributors and dealers within corporate value chains

Target beneficiaries/Impact

SMEs, corporate partners; enhanced competitiveness and supply chain resilience

Commercial Bank LEAP GlobalLinker platform

Purpose

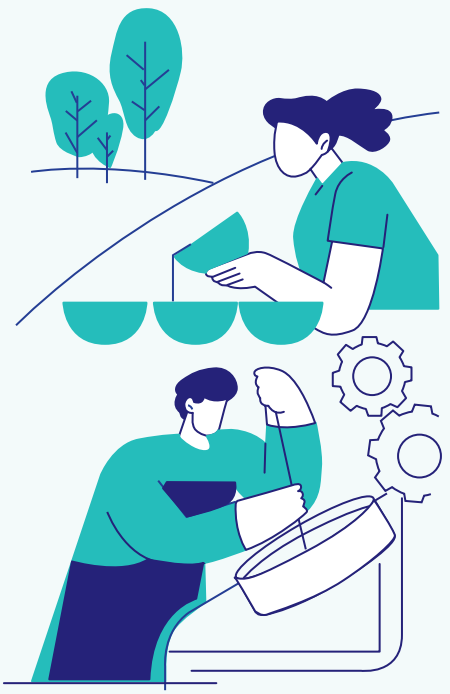
Empower SMEs with digital tools and market access

Key activities/Features

Networking, e-commerce solutions, digital onboarding, virtual events, business knowledge resources

Target beneficiaries/Impact

SMEs; increased connectivity, market reach, and digital transformation



Anagi Women's Banking

Purpose

Promote women entrepreneurship and financial empowerment

Key activities/Features

Entrepreneurship loans, financial literacy programs, capacity-building

Target beneficiaries/Impact

Women entrepreneurs; enhanced business skills, access to finance, economic empowerment

ComBank Shakthi Agency Banking

Purpose

Expand last-mile financial access

Key activities/Features

Agent-based banking services in rural and underserved areas

Target beneficiaries/Impact

Rural communities; improved financial inclusion and access to banking services

Export & Global Professional Banking Solutions

To support foreign currency inflows and strengthen economic resilience, the Bank provides a range of specialised services for Sri Lankan professionals overseas, corporate clients, and exporters, as summarised in Figure 36 below:

Export & Global Professional Banking Solutions Figure – 36

Global Service Center/Remittances

Purpose

Provide personalised banking and remittance services to Sri Lankans abroad

Key services/Activities

Account management, remittances, and digital banking support

Target beneficiaries/Impact

Sri Lankan professionals overseas; improved access, convenience, and financial planning

Exports/Trade Finance

Purpose

Support exporters' working capital and global market participation

Key services/Activities

Trade finance solutions for priority export sectors such as tea, cinnamon, and spices

Target beneficiaries/Impact

Exporters; strengthened working capital access, expanded global market reach

Risk management, treasury, and FX solutions

The Bank supported corporate and SME clients with hedging solutions to manage risks amidst geopolitical and macroeconomic uncertainty, while actively participating in debt capital markets to mobilise sustainable finance. Key initiatives in risk management, FX advisory, and sustainable capital market support are summarised in Figure 37 below:

Risk management, treasury, and FX solutions Figure – 37

Risk management & hedging solutions

Purpose

Help clients navigate geopolitical and macroeconomic volatility

Key Activities

FX risk advisory, hedging strategies, research-driven predictive analytics

Target beneficiaries/Impact

Corporate and SME clients; improved risk mitigation, optimised FX margins, increased transactional FX volumes

Debt Capital Markets & ESG financing

Purpose

Mobilise capital for sustainable projects

Key Activities

Book runner for ESG bond issuance, structuring Green and social finance instruments

Target beneficiaries/Impact

Corporate and social projects; access to sustainable funding, bridged finance demand with capital market supply

Targets and metrics

Green finance target and progress

As disclosed under the Responsible Finance Pillar, the Bank has established a target to expand its green finance portfolio to Rs. 100 Bn. by 2030, in alignment with the CBSL Green Finance Taxonomy and applicable regulatory directions.

Progress against this commitment is monitored through established governance structures, including the Sustainability Working Committee and the Executive Sustainability Committee, with oversight provided by the Board Sustainability Committee (BSC). Sustainable finance performance is reported quarterly to the regulator and regularly communicated to the Board, ensuring accountability and transparency in delivery.

As at December 31, 2025, the Bank's green finance portfolio stood at Rs. 71.198 Bn., reflecting steady growth momentum and positioning the Bank well on track to achieve its 2030 target (see Figure 19 on page 84).

Outlook for 2026

Looking ahead, the Bank will continue scaling sustainable products and services while maintaining clear definitions, disciplined eligibility, and robust governance. Key priorities include aligning product eligibility with portfolio classification, enhancing tracking and reporting through tools such as CAFI and ongoing capability building, complying with the CBSL Green Finance Taxonomy and regulatory expectations, and advancing sustainable funding with strong use-of-proceeds governance.

These efforts ensure sustainability-aligned offerings deliver real environmental and social impact while remaining fully integrated with the Bank's risk, return, and governance disciplines, reinforcing credibility with customers, regulators, and investors.

Capability that powers performance

Over 192,000

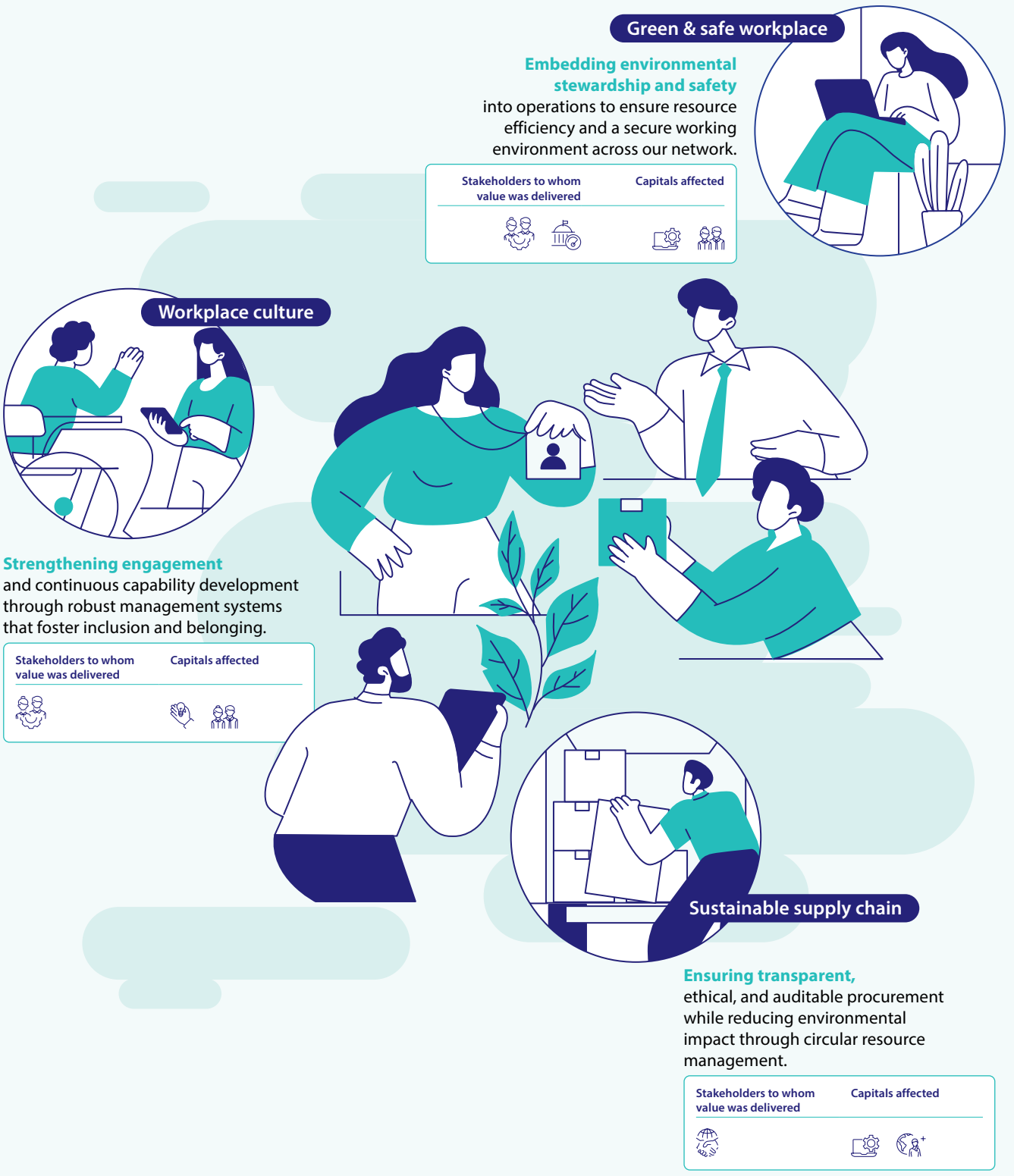
training hours delivered in 2025

We invest in leadership, specialist skills and a performance culture – especially across risk, technology and customer-facing roles – to execute strategy safely and consistently.

Responsible organisation

The Bank's Responsible Organisation Framework is anchored in three interconnected elements, illustrated in the Figure 38 below, which collectively guide how the institution manages its operational footprint, strengthens internal culture, and upholds accountability across its value chain.

Elements of responsible organisation Figure – 38



A poster created by a staff member highlighting creativity and innovation in promoting green and sustainable workplaces.

Green and safe workplace

Why green and safe workplace matters

A green and safe workplace is foundational to the Bank's ability to deliver resilient performance, as it ensures the reliability and efficiency of the infrastructure supporting our nationwide service delivery. For a systemically important institution, the physical footprint is more than a backdrop; the well-being, safety, and engagement of the workforce operating this network are critical drivers of institutional stability.

Our day-to-day operational practices – encompassing energy and water stewardship, facility reliability, occupational safety, security readiness, and employee wellness – have direct implications for operating cost discipline and operational risk exposure. Furthermore, these practices are central to maintaining service continuity, ensuring talent retention, and reinforcing the Bank's long-term franchise strength.

Environmental stewardship within our operations is equally vital. The Bank's physical presence, procurement patterns, and workplace behaviours directly influence the intensity of resource consumption and the environmental footprint embedded in routine business activity. Consequently, maintaining a green and safe workplace is a governance and performance imperative that underpins our long-term operational integrity and systemic resilience.

Our approach

Commercial Bank recognises that environmental stewardship and workplace safety are not merely discrete compliance activities, but are integral components of robust operational governance. The management of our facilities, the efficiency of resource consumption, and the quality of our working environments directly impact service reliability, operational risk exposure, and cost discipline. Furthermore, these factors are critical to our ability to attract, retain, and deploy top-tier talent across our distributed national network.

Accordingly, our strategy is driven by a clear operational logic: financial and operational resilience are strengthened by infrastructure efficiency and safety readiness, while standardised controls across the network minimise operational variability and avoidable incidents.

To ensure sustained performance, these practices are embedded into routine management processes and supported by:

- **Infrastructure investments:** Modernising facilities to enhance resource performance.
- **Workplace policies & controls:** Establishing repeatable standards for safety and environmental care.
- **Organisation-wide engagement:** Fostering a culture of responsibility so that high standards do not depend on ad-hoc initiatives or individual location-level discretion

In practice, this approach is delivered through three mutually reinforcing priorities:

- Reducing operational environmental impact through resource-efficient infrastructure and operational controls that address energy, water, materials and waste across the branch and office network.
- Maintaining safe, healthy and supportive working conditions through consistent workplace standards, preventive risk management, security readiness and wellbeing measures across locations.
- Embedding awareness and responsible behaviour through structured learning, training and participation mechanisms that support consistent implementation across the network.

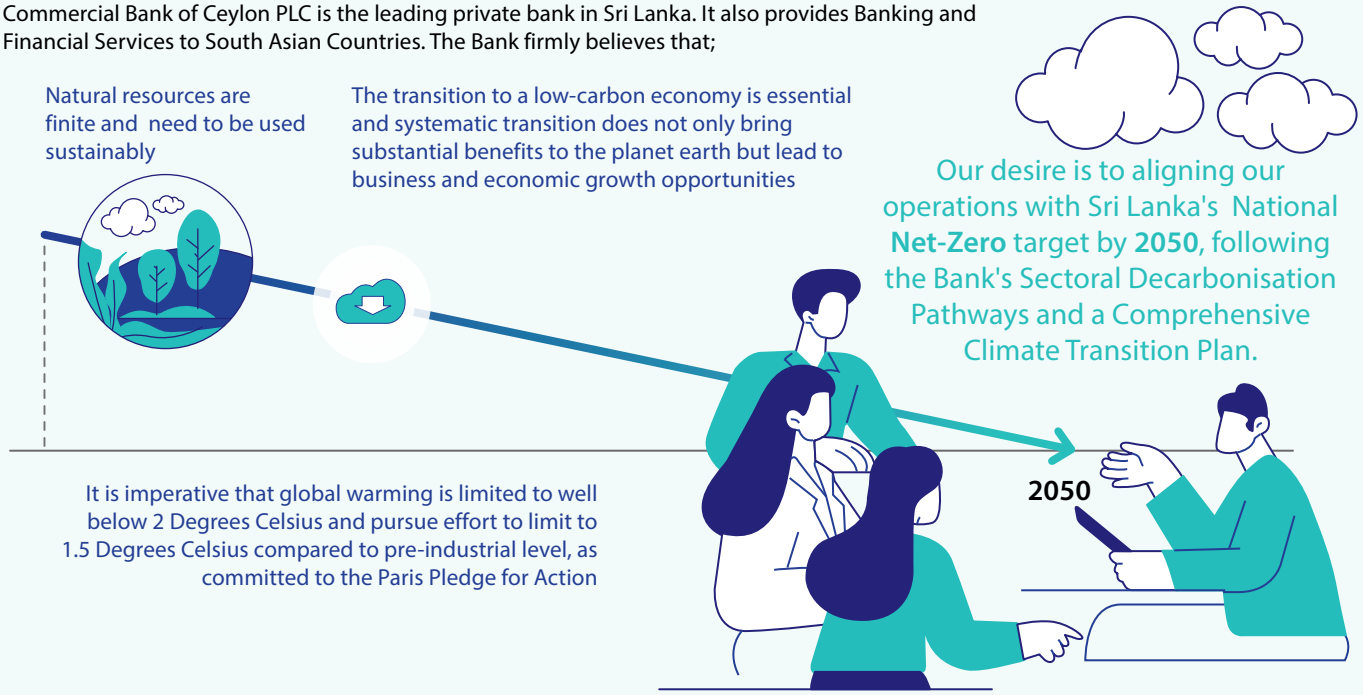
Where relevant, these priorities are aligned to the Bank's broader climate transition agenda and the operational targets and metrics disclosed under SLFRS S1/S2 (e.g., renewable energy adoption and operational energy efficiency).

As part of this broader agenda, the Bank continued its carbon-neutral journey for own operations, combining practical abatement levers with year-round awareness to embed consistent behaviours across a distributed network.

In this context, the Bank's Climate Position Statement given below reinforces its operational approach by promoting sustainable resource use, supporting the low-carbon transition, and embedding climate considerations into operations and workplace practices.

Climate position statement of Commercial Bank of Ceylon PLC Figure – 39

Commercial Bank of Ceylon PLC is the leading private bank in Sri Lanka. It also provides Banking and Financial Services to South Asian Countries. The Bank firmly believes that;



The main geographic locations that the Bank operates; Sri Lanka, Bangladesh, Maldives, and Myanmar are Nations with ambitious National Determined Contributions to limit the Green House Gas Emission for climate change mitigation. The Bank has duly identified its role in providing financial support to its customers in mitigating climate change effects through Climate Financing.

Even with the current levels of Green House Gas Emission in the atmosphere, changes in the climate are likely and will impose serious consequences to many sectors in the economies. Adaptive actions are therefore necessary in addition to the efforts made to mitigate climate change. Further, Asia is regularly identified as one of the regions hardest hit by climate changes. Hence, adaptation to effects of climate change through support to climate resilient agriculture, water resources management, and disaster risk management, etc. are priorities. Accordingly, the Bank assesses climate risks and opportunities associated with banking activities and integrate climate adaptation considerations to the Banking Operations, as well as to its product and service offerings.

Climate Financing is a subset of the Bank's broader Green Financing commitment to positively contribute towards safeguarding the environment. Our Green Financing Strategy, reinforces the commitment to integrate climate change mitigation and adaptation actions and environment safeguard factors into its business strategies, risk management, and governance.

We are committed to aligning our operations with Sri Lanka's national Net Zero target by 2050, following the Bank's sectoral decarbonisation pathways and supported by a comprehensive climate transition plan.

Key developments during 2025

During 2025, the Bank advanced a combination of governance-aligned climate transition initiatives, infrastructure improvements, repeatable resource-efficiency controls, workplace readiness measures, and organisation-wide engagement and recognition mechanisms, all designed to be scalable across its distributed network.

Reducing operational environmental impact

Renewable energy adoption

As part of its ongoing commitment to advancing sustainable energy solutions, the Bank has fully integrated solar power across all Bank-owned branches, bringing the total number of solar-powered locations to 89. The total installed solar capacity as at year end stood at 2,370 kW, significantly reducing reliance on conventional grid electricity and lowering the Bank's carbon footprint.

In addition to contributing to national renewable energy goals, this initiative enhances long-term energy security and operational cost efficiency.

Building on this strong solar foundation, the Bank is exploring opportunities to diversify into other renewable energy solutions in the future.

The Table 13 on page 110 indicates the Bank's utility power consumption and greenhouse gas (GHG) emissions performance for the five-year period ended December 31, 2025.

Utility power consumption and GHG emissions Table – 13

Indicator	2025	2024	2023	2022	2021
Total utility power (CEB/LECO) consumption (Gigajoules)	48,941	48,129	46,971	38,416	42,906
Increase/(decrease) in utility power consumption (Gigajoules)	812	1,158	8,555	(4,490)	(2,139)
Direct (Scope 1) GHG emissions (CO_2 Tonnes)	862	630	868	1,880	1,203
Energy indirect (Scope 2) GHG emissions (CO_2 Tonnes)	6,173	6,669	5,586	6,496	7,144
Solar power generated (Gigajoules)	8,865	8,337	7,556	5,796	1,008
Solar power generated as % of utility power consumption (%)	18.11	17.32	16.09	15.09	2.35

Energy and infrastructure efficiency

In 2025, the Bank further strengthened its digital backbone and physical infrastructure to enhance operational reliability, efficiency, and overall energy performance across its network, as illustrated in Figure 40 below:

Enhancing energy & infrastructure efficiency Figure – 40

IT Infrastructure upgrade

- Streamlined server capacity, storage, and processing power
- Automated technical processes and reduced unused capacity

AI-Enabled ATM diagnostics

- AI system for root cause analysis of ATM breakdowns
- Faster corrective action, improved reliability, and lower maintenance costs

Data centre resilience

- Strengthened backup power and cooling systems
- Improved uptime and energy management

Branch network efficiency

- Repaired and reused equipment, reducing material waste
- Pilot smart facility management system introduced

Key outcomes

Higher system uptime | **Stronger business continuity** | **Lower operational risk & cost**

Digitalisation and process optimisation

In 2025, the Bank advanced its digital transformation agenda by embedding technology deeper into internal workflows and service delivery channels. Trade operations enhanced their digital processing capabilities, moving closer to fully electronic documentation and submission frameworks. Workflow automation reduced processing layers, improved accuracy, and shortened turnaround times across operational functions.

Within Card Services, customer communication and authentication processes were further digitised. E-statements exceeded 60% adoption, while SMS-based PIN issuance and digital receipts replaced traditional physical formats. These measures streamlined operations, reduced administrative overheads, and enhanced customer convenience while supporting process integrity and data security.

Beyond efficiency gains, digitalisation reduced dependence on physical documentation and storage, contributing to lower material consumption and improved operational sustainability metrics.

Water, materials, and waste management

Although the Bank's direct water consumption is relatively low given the nature of our operations, we continue to run awareness campaigns and implement practical controls to reduce usage further and prevent avoidable wastage across our network.

A key water-efficiency intervention in 2025 was the deployment of standardised controls across multiple locations: Cascade plug-in automation inline water systems were installed at 35 operational sites, regulating supply and reducing avoidable wastage through infrastructure-embedded controls

rather than behavioural reliance. During the year, the Bank also formally committed to supporting SDG 6 – Clean Water and Sanitation, reinforcing its responsibility to promote efficient water use and sustainable water management within its operational footprint.

Waste management discipline continued through structured recycling practices, responsible handling and disposal of electronic waste, and further efforts to reduce reliance on single-use plastics and disposable materials, including removing plastic packaging for purchased items and replacing with eco-friendly alternatives.

Maintaining safe, healthy, and supportive working conditions

The Bank remains committed to fostering a workplace environment that safeguards employee health, promotes wellbeing, and enables sustainable performance. In 2025, our approach to maintaining safe, healthy and supportive working conditions was strengthened through structured policies, preventive healthcare initiatives, flexible work practices, and targeted wellbeing programs as illustrated below.

Promoting work–life balance and flexible work models

Following a successful pilot phase, flexible work arrangements were formally introduced across all departments in February 2025. This initiative supports improved work–life balance, enhances employee engagement, and contributes to sustained productivity while ensuring operational continuity.

Strengthening preventive healthcare and physical wellbeing

The Bank expanded its health infrastructure and screening initiatives to promote early detection and preventive care. Key measures included:

- Establishment of three in-house gymnasiums, with two additional facilities planned, encouraging physical fitness and healthy lifestyles.
- Mobile annual health check-ups supported by reminder campaigns to ensure high participation.
- Targeted screening programmes, including eye and dental check-ups.

In addition, breast cancer awareness programmes were conducted in partnership with Indira Cancer Trust, reinforcing the importance of early detection and access to medical guidance for employees and the wider community.

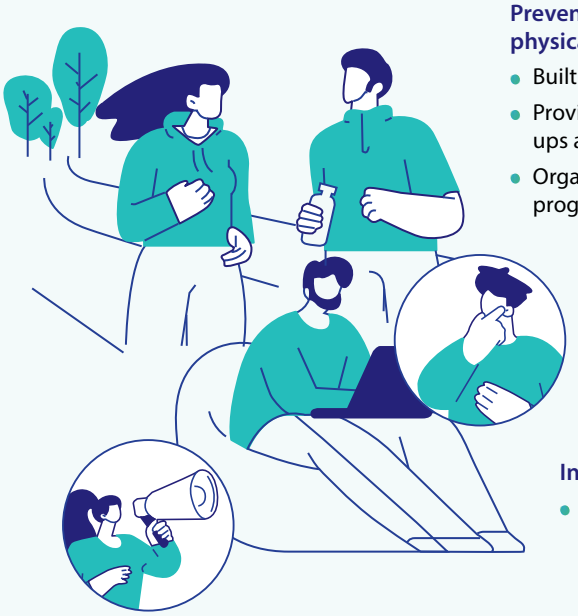
Supporting mental and digital wellbeing

Recognising the importance of psychological safety and resilience in a high-performance environment, the Bank conducted structured workshops on stress management, child protection awareness, and digital health. These initiatives help employees manage workplace pressures, navigate digital risks responsibly, and maintain overall wellbeing.

Fostering an inclusive and supportive culture

Health and safety are embedded within a broader culture of care, inclusion and recognition. HR-led initiatives integrated wellness, open communication, and employee recognition into daily operations, strengthening engagement and reinforcing a connected workplace environment.

Maintaining safe, healthy, and supportive working conditions Figure – 41



Promoting work–life balance & flexibility

- Formalised flexible work arrangements across all departments to support work–life balance and improve employee engagement.

Safety preparedness

- Held regular fire drills and emergency response simulations.
- Provided training in first aid, fire safety, and crisis management.
- Upgraded premises and centralised security monitoring.

Preventive healthcare & physical wellbeing

- Built three in-house gymnasiums.
- Provided mobile annual health check-ups and targeted screening programs.
- Organised breast cancer awareness programs for staff.

Mental & digital wellbeing support

- Conducted workshops on stress management, child protection awareness, and digital health.

Inclusive & supportive culture

- Integrated wellness, open communication, and recognition programs to foster a culture of care and collaboration.

Safety preparedness

The Bank maintains a proactive approach to workplace safety through regular fire drills, evacuation exercises, and emergency response simulations conducted across branches and offices. These initiatives strengthen employee awareness and preparedness for unforeseen events.

Specialised training in first aid, fire safety, and crisis management equips staff to respond effectively to medical emergencies, natural disasters, and workplace incidents. Ongoing safety awareness campaigns further reinforce a culture of vigilance, shared responsibility, and business continuity.

Premises upgrades and the enhanced security control room capability also contributed to workplace safety outcomes by improving the suitability of work environments and strengthening monitoring and response capability.

Embedding sustainability awareness and responsible behaviour

Because the Bank operates through a geographically distributed footprint, consistent implementation of environmental and safety practices depends on staff awareness and capability. During 2025, the Bank strengthened adoption through structured participation, learning platforms and training.

To embed ownership beyond central teams, the Bank also leveraged internal 'Future Force' members as local champions within business units, supporting practical adoption of green concepts in day-to-day routines. This helps translate policies and targets into branch- and unit-level behaviours, improving consistency of implementation across locations.

A highly visible participation mechanism was the Sustainability Creativity Challenge, structured under EcoLens, GreenFrame and EcoVision, which achieved broad internal engagement with over 180 submissions and over 2,000 employees participating in intranet voting. To support sustained learning, the Bank introduced a dedicated Sustainability Learning Hub on its intranet, providing tools and curated learning resources, with more than 20 sustainability-related articles published during the year. Capability-building was reinforced through 25 sustainability-related training programmes, reaching 825 staff members, supporting consistent implementation of sustainability-related controls and expectations across locations.

To reinforce implementation discipline through recognition, the Bank also promoted a Best Sustainable Branch and Department Award concept, designed to encourage innovation and highlight practical improvements that can be replicated across the network. By recognising measurable, local solutions, the programme supports a sustained sustainability culture rather than one-off initiatives.

Cross-functional adoption enablers

Delivery of this agenda is supported by cross-functional enablers so that 'green and safe workplace' outcomes are embedded in how the Bank operates, serves customers and manages operational risk. Customer experience and service teams reinforce day-to-day behaviours across the network, while digital banking and information security functions strengthen safe adoption of digital channels through ongoing awareness on security features, fraud prevention and cyber hygiene. HR supports culture and capability through training and engagement, premises teams institutionalise energy-efficient practices through infrastructure and controls, and marketing reinforces key sustainability messages to strengthen internal and external alignment.

Commercial Bank's **Galle Fort branch** receives the **Award of Merit at the Galle Heritage Awards 2024** for its commitment to preserving the historic character and architectural authenticity of the **Dutch Fort of Galle.**

Targets and metrics Figure – 42

Given first-time SLFRS S1/S2 adoption, the following metrics track the operational targets and performance indicators already defined under the sustainability-related financial disclosures, using them as the anchor set of metrics.

Renewable energy adoption
(Sri Lanka Operations)

- Milestone: by 2030, achieve a 40% reduction in grid electricity consumption from the 2024 baseline; longer-term pathway includes grid-tie solar integration in new builds/renovations and maximising solar potential over time.
- 2025 progress:

18.42%
reduction in grid electricity consumption on 2024 baseline driven by on-site solar generation;

1,028 tCO_2e
emissions reduction

Share of energy supplied by on-site solar increased from 17.32% (2024) to
18.11%
(2025)

Total installed solar capacity at year end:
2,370 kW

Energy efficiency
(Sri Lanka Operations)

Milestone: by 2030, achieve a 20% reduction in total energy consumption from 2024 baseline; longer term includes deployment of smart utility controls/Building Management Systems (BMS) across major facilities.

2025 progress: energy intensity per employee decreased to
2,609 kWh/employee
2,688 kWh/employee (2024) (≈3% improvement).

These performance outcomes are reflected in Table 41 – Renewable Energy Adoption and Table 42 – Energy Efficiency of Bank's Operations under SLFRS Sustainability-related Financial Disclosures (pages 169 to 170).

Outlook for 2026

Looking ahead, the Bank's focus will be to scale resource-efficiency and safety readiness while preserving the discipline of repeatable controls, measurable outcomes and disclosure-ready data quality. This includes expanding renewable energy and efficiency interventions where feasibility supports scale, strengthening monitoring and control through digitalisation (e.g., smart utility integration/BMS), and continuing to reinforce consistent standards across a distributed footprint through training and engagement mechanisms, while sustaining supportive workplace conditions that strengthen employee wellbeing, readiness and retention over time.

As SLFRS S1/S2 reporting matures, the intent is to strengthen the link between operational initiatives and the specific performance indicators of resilience, cost efficiency and risk reduction, demonstrating not only what was implemented, but how it is improving operational outcomes over time.

Workplace culture

Why workplace culture matters

At Commercial Bank, workplace culture is treated as an operating system that directly influences execution quality, service consistency, risk discipline and long-term resilience. As a systemically important bank with a distributed branch network, performance depends on thousands of daily decisions taken across locations. Culture therefore shapes not only employee experience but also productivity, governance standards and franchise stability.

Rather than positioning culture as a standalone HR theme, the Bank focuses on practical conditions that determine how work is delivered, clarity of expectations, leadership behaviour, employee voice, capability development and wellbeing support.

Our approach

The Bank's approach to workplace culture is grounded in the belief that sustained engagement and performance depend on clear expectations, continuous capability development, and a measurable employee experience. The focus is on embedding systems that build trust, support career progression, and promote wellbeing – enabling employees to perform consistently while adapting to evolving organisational demands.

This approach is delivered through three interconnected priorities:

- Enhancing employee experience through structured listening mechanisms, responsive HR engagement, and policies that support modern work-life needs.
- Building a future-ready workforce through disciplined talent pipelines and competency-based development aligned with strategic priorities.
- Strengthening motivation and inclusion through recognition, wellbeing initiatives, and targeted support—particularly for women and emerging talent.

Key developments during 2025

Culture of integrity and conduct

A foundational component of workplace culture is the maintenance of high standards of professional conduct. The Bank's culture framework is built on a comprehensive Code of Ethics supported by a formal Conduct Risk Management framework designed to reinforce accountability, transparency and responsible decision-making across all levels.

The Code of Ethics defines expected behavioural standards covering integrity, confidentiality, conflict-of-interest management, responsible use of information and adherence to regulatory requirements. The Conduct Risk Management framework complements these expectations through structured processes to identify, monitor and mitigate risks arising from inappropriate conduct.

During 2025, awareness and reinforcement of ethical standards continued through structured programmes covering the Code of Ethics and the Bank's Whistleblowers Charter. These initiatives support a "speak-up" culture by providing employees with clear, confidential channels to raise concerns without fear of retaliation. Together, the conduct and escalation mechanisms function as cultural infrastructure that goes beyond compliance formality, clarifying expectations, enabling escalation, reinforcing accountability, and strengthening organisational trust, risk discipline and consistent professional behaviour across the branch network.

Anti-bribery and anti-corruption

Operations assessed for risks related to corruption

The Bank operates under a Board-approved Anti-Bribery and Anti-Corruption Policy, aligned with the 10th Principle of the UN Global Compact and supported by the Code of Ethics and Conduct Risk Management framework. The Policy currently applies to the Bank's Sri Lanka operations, covering the Board of Directors, employees, third-party vendors, intermediaries and business partners, and establishes a strict zero-tolerance approach to bribery and corruption. Development of an Anti-Bribery and Anti-Corruption framework for the Bank's Bangladesh operations is underway to ensure consistent standards across all jurisdictions.

Corruption risk assessment is embedded within enterprise risk management and compliance processes. This includes coverage of credit underwriting, related party transactions, procurement and third-party engagements, trade finance and cross-border activities, and high-risk customer segments identified through AML/CFT frameworks.

Risk exposure is evaluated through periodic compliance reviews, internal control assessments and independent internal audit coverage. The Compliance function conducts structured monitoring of high-risk transactions and ensures timely escalation of identified concerns.

Confidential whistleblowing channels support early identification of potential misconduct, with safeguards ensuring anonymity and protection against retaliation.

Oversight of anti-corruption risk is exercised at the Board level through established risk and compliance reporting structures. Confirmed non-compliance, where identified, is addressed in accordance with formal disciplinary procedures. During the year 2025, the Bank did not record or identify any incidents of corruption across its operations.

Communication and training about anti-corruption policies and procedures

The Bank reinforces integrity standards across the organisation through the Code of Ethics, the Anti-Bribery and Anti-Corruption Policy and the Whistleblowers Charter. These governance instruments articulate required standards of conduct, conflict-of-interest management, reporting responsibilities and consequences of non-compliance. The Anti-Bribery and Anti-Corruption Policy is accessible internally and publicly available via the Bank's website.

Anti-bribery and anti-corruption policy »

https://www.combank.lk/info/file/91/anti-bribery-and-anti-corruption-policy

Training coverage

During 2025, structured Anti-Corruption, AML/CFT and governance-related programmes were delivered to over 2,800 employees, representing approximately 54% of the Bank's workforce of 5,331 employees in Sri Lanka.

Training initiatives during 2025 included:

- AML/CFT compliance programmes conducted at regional and central levels
- Trade-Based Money Laundering detection workshops
- Advanced AML compliance and compliance framework strengthening sessions
- Related Party Transaction governance programmes
- Mandatory compliance modules for Branch Managers and Assistant Branch Managers
- Induction and refresher programmes embedding conduct and compliance standards

In addition, during the year, the awareness of the Board and the Corporate management was further strengthened through participation in the Financial Intelligence Unit's (FIU) Annual High-Level Awareness Conference for Boards.

Through full policy communication within Sri Lanka operations, expanding jurisdictional alignment, targeted training coverage, strong Board oversight and systematic risk monitoring, the Bank continues to maintain a structured and proactive approach to preventing bribery and corruption.

Employee experience, engagement, and responsiveness

Employee experience during 2025 was strengthened through a deliberate shift from traditional HR administration towards a model that treats employees as internal customers, supported by structured listening mechanisms and visible response actions as illustrated in Figure 43 below:

Employee experience, engagement, and responsiveness Figure – 43

Strategic shift in employee experience

2025 Actions/Interventions

Transitioned from traditional HR administration to an "internal customer" model

Established Employee Experience Officer role

Purpose

Consolidate engagement initiatives and translate employee voice into action

Operational impact

Improved responsiveness, accountability and structured follow-up on workforce concerns

HR engagement mechanisms

2025 Actions/Interventions

5 Direct HR Engagement Sessions across departments and branches

Purpose

Provide open forum for workforce concerns and suggestions

Operational impact

Reduced issue-resolution lag; improved responsiveness to ground-level issues

Formal grievance & escalation framework

2025 Actions/Interventions

Confidential grievance channels
Structured escalation mechanisms
Alignment with whistleblowing framework

Purpose

Protect employee voice; ensure fairness and procedural transparency

Operational impact

Reduced risk of unresolved issues escalating into cultural or operational disruptions

Structured listening & leadership engagement

2025 Actions/Interventions

10 Regional Skip-Level Meetings

Direct engagement between Senior Leadership and young/frontline talent

Purpose

Bridge communication gaps and strengthen transparency

Operational impact

Early identification of operational frictions; faster alignment across distributed branches

Flexible work institutionalised

2025 Actions/Interventions

Flexible Work arrangements implemented across all departments

Purpose

Support work-life balance and retention; signal organisational trust

Operational impact

Reduced burnout risk; improved morale; strengthened managerial accountability in performance tracking

Speak-up & fairness safeguards

2025 Actions/Interventions

Distinction between operational grievances and conduct-related concerns

Documented oversight and timely resolution processes

Purpose

Reinforce organisational fairness and accountability

Operational impact

Strengthened psychological safety and internal risk discipline

Employee engagement beyond the workplace

Culture becomes more durable when employees experience the institution as invested not only in performance but also in identity and family life. In 2025, the Bank explicitly included family recognition within engagement design. An event held in July 2025 honoured the children of staff members who excelled in their Advanced Level exams, positioned as a way to strengthen emotional connection between employees and the Bank. While such initiatives are not core to business execution in isolation, they contribute to "belonging architecture", which is relevant where retention and morale depend on more than compensation alone.

Workforce profile and talent movements

Workplace culture is shaped not just by values and engagement initiatives but also by who enters, who progresses and who leaves. During 2025, the workforce profile and internal movements reflected an active organisational model with substantial recruitment, lateral mobility and formal progression pathways.

The total number of employees increased from 5,461 (Sri Lanka 5,092, Bangladesh 369) in 2024 to 5,726 (Sri Lanka 5,331, Bangladesh 395) in 2025, by 265 (Sri Lanka 239, Bangladesh 26) employees in 2025.

The recruitment scale underscores the importance of disciplined onboarding and structured capability-building, especially for trainees. The volume of lateral transfers highlights the need for clearly defined competency requirements and role clarity so internal mobility strengthens capability deployment without creating disruption.

In this context, sustained investment in training and development remains a critical enabler of workforce effectiveness and service consistency, as reflected in Table below:

Training statistics Table – 14

	2025	2024
Total training cost (Rs. Mn.)	243.060	168.690
Total training hours	192,584	193,276
Total e-learning hours	3,238	8,371
Percentage of training through e-learning (%)	1.68	4.33
Total investment on virtual training (Rs. Mn.)	2.700	3.300

Employees by type and gender – Bank (LA) Table – 15

As at December 31, 2025	Sri Lanka		Bangladesh		Total	
	Head Count	%	Head Count	%	Head Count	%
Female	1,777	33.33	119	30.13	1,896	33.11
Permanent	1,666	31.25	104	26.33	1,770	30.91
Contract	111	2.08	15	3.80	126	2.20
Male	3,554	66.67	276	69.87	3,830	66.89
Permanent	3,463	64.96	244	61.77	3,707	64.74
Contract	91	1.71	32	8.10	123	2.15
Employees – Bank *	5,331	100.00	395	100.00	5,726	100.00
Outsourced Employees						
Female	537	51.14	1	1.19	538	47.44
Male	513	48.86	83	98.81	596	52.56
Employees – Outsourced**	1,050	100.00	84	100.00	1,134	100.00

Note:

**All employees of the Bank are full time employees.*

***The majority of outsourced employees are engaged in office assistant roles, supporting administrative and operational functions across the branch network.*

Building a future-ready workforce

Workplace culture becomes strategically meaningful when development systems align employee capability with the Bank's operating needs. During 2025, the Bank strengthened its workforce strategy through recruitment modernisation, structured pipelines and competency-based development across leadership, middle management and frontline roles

The number of promotions signals visible and credible progression pathways, an important driver of retention, motivation and engagement, particularly for early- and mid-career employees.

The Table below reflects a balanced and growth-oriented workforce of 5,726 employees, with over 40% concentrated in Executive Officers and nearly 40% in Executive Assistants & Allied Grades, underscoring the Bank's service-driven operating model. A strong presence of early-career employees, including Banking Trainees, alongside an experienced 31-50 age cohort, highlights a structured talent pipeline that supports succession, internal mobility, and sustainable long-term capability.

Modernising recruitment and widening sourcing channels

To address limitations of traditional recruitment, sourcing quality was strengthened through a modern mix of digital tools and partnerships:

- Use of LinkedIn and Facebook for candidate engagement, including LinkedIn Recruiter and AI-powered filters and keyword matching to screen profiles more effectively.
- Active participation in university-level and national career fairs to attract fresh talent.
- Conducting school career guidance workshops as an early-stage pipeline intervention to help students understand banking careers and plan pathways.
- Use of regional-based recruitment, publishing vacancies via the branch network to attract candidates in areas with more pronounced talent deficits.

This approach supports culture by reducing mismatches between candidate expectations and organisational realities, improving long-term fit and enabling more stable staffing across regions.

Tables 17 and 18 on page 118 together present a balanced view of workforce inflows and outflows during 2025.

As reflected in the New Employee Hires table, recruitment remained concentrated in the 18–30 age group, underscoring the Bank's focus on building a strong early-career talent pipeline, while maintaining gender diversity across both Sri Lanka and Bangladesh operations.

The Attrition table indicates a moderation in overall exits compared with 2024, particularly within the 31–50 age segment, signalling improved retention among experienced employees.

Employee by category and gender – Bank[LA] Table – 16

Category	Age 18–30		Age 31–50		Age Over 50		Total	
	Male	Female	Male	Female	Male	Female	Head count	%
Corporate management	–	–	9	1	23	4	37	0.65
Executive officers	141	59	1,404	380	263	112	2,359	41.20
Technology stream	28	3	59	9	4	3	106	1.85
Executive assistants & allied grades	794	518	659	217	23	48	2,259	39.45
Banking trainees	299	411	8	4	1	–	723	12.63
Fixed term contract	72	91	17	14	2	6	202	3.53
Office assistants & others	–	–	2	1	22	15	40	0.70
Total	1,334	1,082	2,158	626	338	188	5,726	100.00

New employee hires/Recruitments[LA] Table – 17

For the year ended December 31,	2025		2024	
	Nos.	%	Nos.	%
Sri Lanka				
Female				
18-30 years	326	48.37	339	48.43
31-50 years	25	3.71	18	2.57
Above 50 years	2	0.30	3	0.43
Male				
18-30 years	240	35.61	261	37.29
31-50 years	29	4.30	30	4.29
Above 50 years	1	0.15	1	0.14
Total – Sri Lanka	623	92.43	652	93.14
Bangladesh				
Female				
18-30 years	10	1.48	16	2.29
31-50 years	4	0.59	3	0.43
Above 50 years	0	0.00	0	0.00
Male				
18-30 years	22	3.26	22	3.14
31-50 years	13	1.93	6	0.86
Above 50 years	2	0.30	1	0.14
Total – Bangladesh	51	7.57	48	6.86
Total Bank	674	100.00	700	100.00

Attrition[LA] Table – 18

For the year ended December 31,	2025		2024	
	Nos.	%	Nos.	%
Sri Lanka				
Female				
18-30 years	74	18.09	60	13.64
31-50 years	24	5.87	42	9.55
Above 50 years	22	5.38	29	6.59
Male				
18-30 years	118	28.85	95	21.59
31-50 years	115	28.12	160	36.36
Above 50 years	31	7.58	30	6.82
Total – Sri Lanka	384	93.89	416	94.55
Bangladesh				
Female				
18-30 years	2	0.49	3	0.68
31-50 years	4	0.98	2	0.45
Above 50 years	0	0.00	0	0.00
Male				
18-30 years	4	0.98	7	1.59
31-50 years	10	2.44	5	1.14
Above 50 years	5	1.22	7	1.59
Total – Bangladesh	25	6.11	24	5.45
Total Bank	409	100.00	440	100.00

Structured early-career pipelines

The Bank strengthened its early-career pipeline through two structured pathways designed to build long-term capability. A scholarship programme for selected banking trainees, implemented in collaboration with the University of Colombo, supports academic qualification enhancement and alignment of trainee development with external academic standards; under this programme, trainees receive honorariums for completed studies and reimbursement of banking exam fees, supported by an upgraded learning ecosystem. In parallel, a Graduate Trainee Programme continued to build a pipeline of high-potential graduates for long-term career development within the Bank. Together, these initiatives reflect a deliberate focus on capability accumulation over time, rather than relying primarily on lateral hiring to fill emerging skill gaps.

Competency Development Framework and workforce expectations

A major cultural lever in professional organisations is clarity of expectations; what behaviours and capabilities are required to progress, lead and perform. In 2025, the Bank partnered with Deloitte India to develop a new Competency Development Framework structured into three areas:

- Leadership Competency Framework for senior leaders (strategic thinking, decision-making, change management)
- Middle Management Competency Framework for mid-level managers (team leadership, project delivery, collaboration)
- Frontline Customer Service Competency Framework (service excellence, responsiveness, compliance)

A defining feature is the inclusion of Digital Proficiency as a key competency for all staff – signalling that digital capability is a baseline expectation aligned to the operating model, not a specialist track. To support adoption, learning and development capability was strengthened by onboarding a Training & Development Transformation Specialist and an Assistant Manager (Talent Development), positions that support internalisation rather than treating competency frameworks as static documents.

Supporting professional advancement

Beyond training, culture is shaped by whether employees can convert effort into recognised progression. In 2025, professional development support mechanisms for executive grades were reinforced through:

- Reimbursement of Master's Degree expenses for Executive grades
- Reimbursement of two professional subscriptions per annum for Executive grades, supporting continuous learning and external credential engagement

These measures reinforce a culture where professionalisation is encouraged and supported rather than treated as purely individual responsibility.

Leadership, communication, and managerial capability

In a distributed organisation, culture is experienced largely through immediate managers. Leadership capability functions as a multiplier: strong leadership improves clarity, morale, development outcomes and retention; weak leadership creates misalignment, frustration and performance variability.

During 2025, leadership and communication strengthening was operationalised through:

- The skip-level meeting structure, creating a feedback loop between senior leadership and younger employees and signalling that leadership is expected to listen, not only direct.
- The formalisation of flexible work, requiring stronger managerial capability in goal-setting, performance tracking and trust-based supervision.
- A leadership development programme for Regional Managers titled "Awakening the Leader Within."

Together, these elements reinforce an intent to shift leadership away from hierarchy-driven communication towards more transparent, capability-based leadership practice.

Diversity, Equity, and Inclusivity (DEI)

The following illustration outlines how Diversity, Equity and Inclusion (DEI) is embedded into the Bank's governance framework, talent management practices and employee engagement mechanisms, positioning inclusion as a core operational capability.

Diversity, equity, and inclusion as an operational capability Figure – 44

Integrating diversity and inclusion into our core operating model.

Governance Framework

- Diversity, Equity, and Inclusivity (DEI) Policy
- Code of Ethics
- Conduct Risk Management Framework
- Fair & Transparent Recruitment & Promotion

Inclusive talent management (2025 Focus)

- Competency-Based Progression
- Diverse Recruitment Pathways
- Women's Career Advancement
- Flexible Work & Wellbeing Support

Employee voice & psychological safety

- Grievance Channels
- Whistleblowing Provisions
- Direct Engagement Forums

Embedding equity in talent development and retention

Recruit → Develop → Manage → Retain

Women's wellbeing and workplace support

Women's workplace support was reflected in engagement initiatives and explicit commitments. In 2025, women's wellbeing was positioned as tied to dignity, safety and empowerment, with steps taken to make workplaces safer and more supportive for women, including:

- Enhanced health benefits
- Special leave and assistance for mothers beyond statutory provisions
- Leadership and professional development programmes tailored for women
- Mechanisms ensuring every employee's voice can be heard

These elements matter as institutional design choices shaping employee experience, progression and psychological safety.

Empowering Women within the Organisation

In celebration of International Women's Day, the Bank extended its initiatives to its women employees through a dedicated knowledge-sharing session designed to inspire leadership and professional growth. The forum featured distinguished industry leaders – Ms Kasturi Wilson, Chief Operating Officer (Head of APAC), 5Hour International Corporation; Ms Shashi Kandambi, General Manager/Chief Executive Officer of the National Savings Bank; and Ms Aruni Goonetillake, veteran banker and former Chairperson of Hatton National Bank – who shared personal insights on leadership, resilience and career advancement.

The session created a platform for meaningful dialogue and learning, reinforcing the Bank's commitment to empowering women within the organisation. Employees from outstation branches were able to join virtually, ensuring broad and inclusive participation across the Bank's network.

The table below presents key diversity indicators relating to female workforce representation, leadership participation, recruitment, promotions, exits, and geographical distribution.

Female workforce diversity metrics Table – 19

Indicator	2025	2024
No. of female employees	1,896	1,653
Female in senior management (%)	1.05	0.88
Female employees promoted (%)	21.07	19.91
Female employees recruited (%)	54.45	54.14
Female exit rate (%)	30.81	30.91
Sri Lanka – Western province (%)	75.07	75.23
Sri Lanka – Outstations (%)	24.93	24.77
Bangladesh – Dhaka (%)	88.24	86.49
Bangladesh – Other locations (%)	11.76	13.51

Note: Exit rates include retirements. Percentages are calculated against relevant annual totals.

The table below outlines maternity leave utilisation, return rates, and 12-month retention performance for the period.

Retention rate after maternity leave[GA] Table – 20

Indicator	2025	2024
Availed Leave during the year	34	28
Returned during the year	33	32
Returned during prior year	28	38
Still employed after 12 months	27	33
Return ratio (%)	92.00	100.00
Retained ratio (%)	96.43	86.84

**All female employees are eligible for maternity leave*

Recognition, participation, and a culture of contribution

Workplace culture is reinforced when participation is meaningful and effort is visible. During 2025, multiple participation formats strengthened engagement, creativity and internal community, with management endorsement signalled through formal recognition.

Structured activities included:

- A staff photography competition attracting over 1,000 entries
- A debate competition held in August 2025, supporting collaboration and confidence-building, especially among younger employees
- A sustainable activity contest, with winners recognised at the ComBank Excellence Awards (July 2025)
- Sustainability-focused participation initiatives such as the Sustainability Creativity Challenge (EcoLens, GreenFrame, EcoVision).

While operational environmental impact is addressed under Green and Safe Workplace, the cultural value lies in reinforcing collective ownership of sustainability priorities.

Volunteerism: A core pillar of the Bank's sustainability commitment

Volunteerism stands as one of the most authentic expressions of the Bank's sustainability commitment. Led by Future Force Members across branches and departments, employee-driven initiatives generated meaningful social and environmental impact nationwide, reinforcing the belief that sustainability is realised not only through strategy, but through people.

As a structured network of sustainability champions, Future Force Members mobilised community engagement, partnered with local authorities and schools, conducted awareness programmes, and led grassroots initiatives aligned with the Bank's strategic sustainability priorities. Their efforts in environmental conservation, social upliftment, and financial literacy demonstrate how empowered employees can translate corporate purpose into tangible community outcomes.

The Best Sustainable Branch and Department of the Year Award recognises outstanding sustainability efforts across the Bank's branches and departments. It aims to promote environmentally responsible practices, reduce operational impact and inspire a strong culture of sustainability within the organisation.

Open to both branches and departments, the award is assessed across four areas: sustainable performance in daily operations, innovative sustainability solutions, demonstration of responsible workplace behaviours, and the successful execution of impactful sustainability projects. Through this framework, the Bank reinforces accountability and continuous improvement in sustainable practices.

Supporting professional communities and communication

Professional communities function as culture infrastructure by strengthening confidence, communication and peer connection beyond formal reporting lines. During 2025 this was supported through a 10-day awareness programme for Toastmasters Rising, accompanying newsletters and approved reimbursement revisions to encourage participation.

These initiatives signal that communication, confidence and professional self-development are institutionally valued and supported.

Digital-first ways of working as culture reinforcement

A future-ready culture requires internal work processes to align with the Bank's broader digital trajectory. In 2025, internal process automation initiatives were implemented to reduce friction, improve fairness through standardisation and reduce administrative burdens that undermine engagement.

Key process improvements included introduction of the Staff Claim Module, digitising staff claims submission related to official duties and replacing manual procedures, supporting efficiency, faster information access and reduced paper use, introduction of a Staff Loan Conversion Module within the E-Staff Loan System, converting staff loan conversion workflows into a fully digitised process and eliminating manual letter printing, eligibility verification and record-keeping. Reported benefits include reduced processing time, workload balancing during peak conversion cycles following the 2025 staff loan revision, increased accuracy and reduced paper-based tasks.

These interventions strengthen culture by improving the internal customer experience: when processes are predictable, quick and transparent, employees are less likely to experience frustration, perceived unfairness or unnecessary administrative overload.

Staff members volunteering in a **community clean-up initiative,** reflecting the Bank's commitment to environmental responsibility and community engagement.

Targets and metrics

Human capital performance – 2025

Employment and workforce stability Table – 21

Indicator	2025	2024
Attrition rate (%)	7.31	8.25
Net workforce growth	+265	+260

Talent attraction, renewal, and succession Table – 22

Indicator	2025 %	2024 %
Early-career hiring (18-30 years)	88.72	91.14
Workforce – 18-30 years	42.19	39.57
Workforce – 31-50 years	48.62	50.74
Workforce – Above 50 years	9.19	9.69

Diversity, equity, and inclusion Table – 23

Indicator	2025 %	2024 %
Female representation	33.11	30.27
Female recruitment	54.45	54.14
Female promotions	21.07	19.91
Female in senior management	1.05	0.88

Learning and development Table – 24

Indicator	2025	2024
Average training hours per employee	6	6
Average training cost per employee (Rs.)	42,448	30,721

Employee wellbeing and retention support Table – 25

Indicator	2025	2024
Return-to-Work (from maternity Leave) Ratio (%)	92.0	100.0
12-Month Retention After Return (from maternity Leave) (%)	96.43	86.84

Outlook for 2026

The Bank's workplace culture priorities are expected to remain anchored in practical objectives: strengthening employee experience through responsiveness; building capability through competency-based development pathways; and sustaining motivation and inclusion through recognition and wellbeing supports.

During 2025, the establishment of structured listening mechanisms, formalisation of flexible work across departments, strengthening of talent pipelines, deployment of competency frameworks, expansion of wellness infrastructure, and internal process digitalisation together illustrate an intent to embed culture into routine operating design rather than treat it as a periodic HR agenda.

Looking ahead, the durability of these outcomes will depend on disciplined implementation, ensuring leadership behaviours remain aligned with transparency and responsiveness; capability development translates into performance consistency across locations; and wellbeing and inclusion supports remain integrated into day-to-day employee experience rather than positioned as episodic campaigns.

Sustainable supply chain

Why sustainable supply chain matters

Sustainable supply chain management is material to Commercial Bank because procurement decisions and third-party relationships directly influence cost discipline, service reliability, operational risk exposure, and the Bank's wider environmental and social footprint, particularly given the Bank's systemically important role, nationwide physical network and recurring procurement needs.

The Bank therefore treats sustainable supply chain management as a governance and performance lever, not a reputational add-on, because third-party dependencies shape not only what is purchased, but how transparently and responsibly goods and services are sourced, managed and delivered across a distributed footprint. Oversight of this agenda spans both Procurement and Logistics, reflecting the fact that supplier selection, specification discipline, delivery arrangements and disposal practices collectively determine outcomes.

Our approach

Our approach is anchored in a simple logic: repeatable procurement controls reduce discretion and operational variability, and better traceability improves accountability and cost outcomes over time. Sustainability in procurement is treated as an execution discipline, embedded into sourcing rules, vendor onboarding and contract management, rather than a stand-alone programme. In this context, sustainable supply chain management covers how suppliers are selected and managed (including ethical and sustainability expectations), how procurement processes are governed and digitised to strengthen transparency and integrity, and how resource efficiency and circular practices are embedded into purchasing and logistics while maintaining commercial discipline.

This approach is delivered through three mutually reinforcing priorities:

- Governance and integrity in sourcing: structured processes, defined evaluation steps and documented decision-making for supplier selection and management.
- Supplier outcomes through practical controls: purchasing specifications that reduce avoidable environmental impacts, expand circular practices for consumables, and improve supplier-base composition (including supplier inclusion).
- Digitisation for transparency and discipline: procurement digitisation (e-tendering) to standardise supplier registration, RFP workflows and e-bidding, reducing manual discretion, strengthening traceability, and improving control over cost and outcomes.

Key developments during 2025

During 2025, the Bank further strengthened its sustainable supply chain management framework through a coordinated set of governance, digitalisation, environmental and supplier inclusion initiatives. The focus remained on establishing repeatable controls and measurable outcomes, ensuring that procurement decisions are transparent, defensible and consistently applied across the Bank's distributed branch and office network.

1. Strengthening procurement governance and integrity

A key priority during the year was enhancing procurement governance through more structured vendor selection and documented decision-making.

- **Structured RFP processes:**

  Supplier selection in major outsourced service categories continued under formal RFP procedures. In 2025, full RFP-based evaluations were strengthened in selected areas, enhancing transparency, comparability and auditability of vendor assessments.
- **Documented decision frameworks:**

  Clear evaluation criteria and structured scoring mechanisms reduced subjectivity and strengthened management oversight of procurement decisions.
- **Operational efficiency improvements:**

  Service design refinements and targeted technology integration improved cost-effectiveness in selected operational areas.
  - Technology-enabled measures reduced security labour intensity, without compromising safeguards.
  - CCTV installation and maintenance were outsourced under structured arrangements, delivering measurable cost efficiencies while maintaining required service standards.

Together, these measures enhanced procurement discipline while supporting operational resilience and cost management.

2. Digitisation and process transparency

The year marked a significant step forward in procurement transparency through digital transformation.

- **Integrated e-tendering platform:** An end-to-end system was implemented covering supplier registration, structured RFP workflows and e-bidding, creating a standardised procurement process.
- **Unified audit trail:** The platform provides a consolidated, traceable record across the procurement lifecycle, enhancing documentation integrity and compliance readiness.
- **Workflow standardisation:** Automated workflows strengthen segregation of duties, reduce manual discretion and limit process variability.
- **Structured bid evaluation:** Systematic scoring and structured bid comparisons reinforce competitive integrity and reduce reliance on fragmented documentation.

Procurement discipline was further supported through year-on-year spend monitoring and tighter specification controls.

3. Embedding environmental controls in procurement

Environmental considerations were systematically integrated into purchasing specifications and logistics, moving from ad hoc actions to structured, process-driven practices.

Reducing packaging waste

Plastic packaging was eliminated in selected purchased items and replaced with eco-friendly alternatives. This reduced waste at source and embedded environmental criteria directly into purchasing decisions.

Circular procurement – Pen reuse pilot

A structured circular procurement model was introduced to improve resource efficiency:

A pilot project was initiated to introduce refillable pens, reducing the cost per pen by Rs. 14/- compared to the existing disposable pens. Upon successful rollout across the network, this initiative is expected to generate cost savings while supporting the Bank's commitment to sustainable procurement and waste reduction through minimised single-use plastic consumption.

Circular procurement: Pen reuse initiative Figure – 45

This initiative illustrates how procurement design can simultaneously deliver cost efficiency and measurable environmental benefits.

4. Structured e-waste management

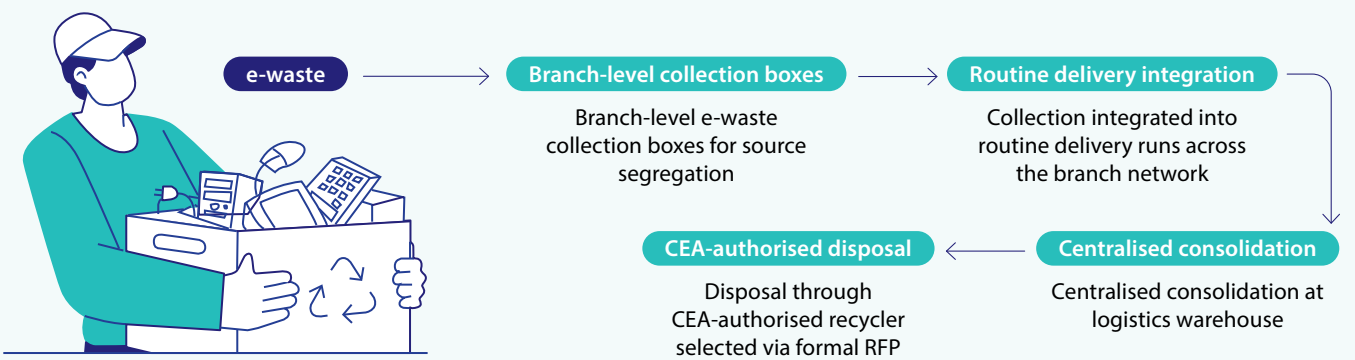
Building on the 2024 framework, the Bank expanded its formal e-waste management programme across the branch network in 2025.

Over 5,000 units of IT and general equipment were collected and fully disposed through a recycler authorised by Central Environmental Authority (CEA).

The programme covers IT equipment (PCs, printers, scanners, network devices, mobile phones, ATMs/CRMs, storage devices, toners and cartridges) and general electrical equipment (air conditioners, refrigerators, microwaves, batteries, CFL and LED bulbs).

The programme aligns with the **4R principles (Reduce, Reuse, Recycle, Recover)** and strengthens environmental accountability across operations.

e-waste management Figure – 46



Streamlined e-waste collection and disposal process

5. Strengthening the supplier ecosystem

Supplier ecosystem outcomes were further enhanced through incremental inclusion and local sourcing discipline.

- Women supplier inclusion: Four female suppliers were introduced into the vendor network in 2025, contributing to gradual diversification of the supplier base.
- Local sourcing priority: Continued emphasis on domestic sourcing supports SMEs, enhances responsiveness across the branch network, reduces logistical complexity and contributes to national economic activity.
- Balanced evaluation framework: Supplier engagement is conducted within a structured sourcing framework that balances compliance with institutional standards, cost efficiency, quality assurance and responsible business practices.

Targets and metrics

Given that this sub-pillar is primarily about governance, control discipline and measurable operational outcomes, targets and metrics are most decision-useful when they demonstrate how consistently procurement controls are being applied, what circularity and waste outcomes are being achieved, how supplier ecosystem composition is changing, and whether cost discipline is being sustained through specification control and transparent sourcing.

Accordingly, the Bank tracks progress using the following set of metrics that align directly to the initiatives described above.

- E-tendering coverage: 95% of eligible tenders conducted via the e-tendering platform; 67 suppliers registered; 52 RFPs/e-bids processed.
- Supplier inclusion: 4 of new suppliers that are women-owned/led; over 20 new local SMEs onboarded.
- E-waste management: Over 5,000 units of IT and general equipment were collected and 100% disposed via a CEA-authorised recycler.

Outlook for 2026

Looking ahead, the Bank's sustainable supply chain priorities will continue to focus on strengthening procurement transparency, embedding environmental requirements into purchasing specifications, expanding circular-economy practices beyond pilots where evidence supports replication, and enhancing supplier governance mechanisms. Future efforts are expected to build on the digitised procurement framework and operational controls established to date, ensuring that sustainability outcomes are achieved through structured processes, measurable efficiencies and disciplined vendor management, supporting long-term operational resilience and institutional integrity.

The Bank engaging suppliers through its **Sustainable Supply Chain initiative** at a **supplier engagement event,** symbolised by the presentation of a sapling to promote environmentally responsible business practices.

Community engagement

The Bank's community engagement framework is built upon three interconnected pillars, as illustrated in the Figure 47 below, which collectively advance social progress, environmental stewardship and inclusive economic opportunity.

Elements of community engagement Figure – 47

Environmental engagement

Why environmental engagement matters

Environmental engagement is a core expression of the Bank's Community Engagement pillar, reflecting the material link between ecological stability and long-term community resilience, water security, livelihoods and economic productivity. Biodiversity loss, coastal and freshwater pollution, and catchment degradation are not only environmental concerns; they translate into heightened climate vulnerability and pressure on public infrastructure, compounding risks for households, SMEs and the real economy. Within this context, the Bank prioritises interventions that combine ecological credibility with social durability, location-specific programmes grounded in scientific/technical expertise and structured to sustain outcomes beyond a single project cycle through governance, monitoring and community participation.

Our approach

Commercial Bank's approach recognises that effective environmental engagement requires more than symbolic action or isolated campaigns. It is delivered through a disciplined model that combines scientifically grounded restoration methods, governance and monitoring mechanisms that protect long-term outcomes, and community participation models that reduce the likelihood of reversal once a project cycle comes to a close. In practice, the approach is delivered through three mutually reinforcing priorities:

- Restoring high-value ecosystems through science-led partnerships with clear restoration methodology (e.g., intensive forest restoration and nature-based marine solutions).
- Reducing persistent environmental stressors, especially coastal/marine litter, through continuous, community-anchored systems rather than periodic clean-ups.
- Strengthening watershed and catchment resilience at scale through reforestation aligned with national water-security priorities, supported by structured monitoring and broad stakeholder participation.

Key developments during 2025

The 2025 programme builds on earlier flagship initiatives such as "Trees for Tomorrow" (100,000 trees planted during 2023–2024) and prior ecosystem and coastal conservation work, while shifting further toward durable models with clearer governance, monitoring and maintenance mechanisms.

Restoring ecosystems through science-led partnerships

Life to Our Coral Reefs: Nature-based solutions linked to community resilience (Kayankerni Seascape)

The Bank continued the Life to Our Coral Reefs initiative in 2025 at the Kayankerni Seascape, positioning it as a nature-based solution that integrates ecological restoration with socio-economic resilience.

The approach combines long-term ecological research with the development of sustainable livelihood pathways aimed at reducing anthropogenic pressure on reef systems. These include eco-tourism initiatives, such as mangrove kayak trails, designed to support local incomes while lowering dependence on activities that strain marine ecosystems.

During 2025, progress also focused on strengthening governance and enabling conditions. This included the establishment of Kayankerni Marine Sanctuary management guidelines and the mapping of biodiversity hotspots to guide future eco-tourism interventions and enhance protection of sensitive habitats.

Collectively, these efforts reflect a shift from isolated project activities to a more systemic integrity approach, reinforcing the durability and long-term resilience of marine conservation outcomes.

Tackling coastal pollution through continuous, community-anchored models

Life to Our Beaches: Beach Caretaker Programme (Calido Beach, Kalutara)

A key initiative undertaken in 2025 was the operationalisation of the Beach Caretaker Programme at Calido Beach, Kalutara, in partnership with the Marine Environment Protection Authority (MEPA).

The programme was designed to address a persistent coastal management challenge - the rapid reaccumulation of waste following one-off clean-up campaigns. Moving beyond periodic interventions, it establishes a system of continuous daily waste management, ensuring sustained shoreline maintenance and improved environmental durability.

Implementation is carried out by local community members from low-income households, directly linking ecological protection with livelihood support and embedding stewardship into routine economic activity.

During the reporting period, the initiative removed over 1,500 kg of marine litter, predominantly plastics and other non-biodegradable materials. This has contributed to reducing pollutant loads and strengthening environmental outcomes in a high-visibility coastal location.

Community-based pollution mitigation and freshwater protection

Complementing longer-term, system-oriented interventions, the Bank supported a range of community-based environmental initiatives in 2025 aimed at addressing immediate pollution pressures and strengthening public awareness of ecosystem protection.

Beach clean-up programmes were conducted across multiple regions to promote responsible waste management and disposal practices. In parallel, riverbank clean-up initiatives led by Future Force members targeted freshwater pollution, contributing to improved water quality, protection of inland biodiversity, and reduced downstream contamination affecting communities and agriculture.

Although episodic in nature, these actions play an important role in mobilising community participation and reinforcing environmental awareness, thereby supporting the durability of broader sustainability efforts.

In total, Future Force members delivered more than 30 environment-focused volunteer initiatives in 2025, combining clean-up activities with local awareness programmes on responsible waste disposal, recycling, and pollution reduction to strengthen long-term environmental stewardship.

Catchment restoration and water-security-aligned reforestation at scale

Trees for Tomorrow: Phase II partnership with the National Water Supply and Drainage Board (NWSDB)

Phase II of Trees for Tomorrow was launched in 2025, following the successful completion of the initial 100,000-tree planting phase (2023–2024). Implemented in partnership with NWSDB, this phase focuses on restoring environmentally sensitive and water-catchment areas to enhance water security and climate resilience.

During the year, 12,500 trees were planted across 10 ecologically vulnerable priority locations. The programme aims to deliver carbon offsetting, biodiversity enhancement, soil erosion reduction, and hydrological benefits such as improved dry-weather flow and sponge-layer development.

It promotes broad participation from employees, customers, communities, schools, and civil society partners.

To ensure accountability, each tree is GPS-mapped and recorded with details including species, planting date, and height, enabling continuous monitoring and long-term stewardship.

Targets and metrics

Given the nature of this sub-pillar, the most decision-useful measures are those that evidence durability, scale, and integrity of monitoring. Based on confirmed 2025 information, consider tracking:

- Life to Our Coral Reefs: completion/updates on sanctuary management guidelines and biodiversity hotspot mapping.
- Beach Caretaker Programme: kg of litter removed (>1,500kg in 2025)
- Trees for Tomorrow (Phase II): trees planted (12,500); # locations (10)

Signing an agreement to collaborate on a **tree-planting initiative,** reinforcing a shared commitment to environmental conservation and sustainable development.

Outlook for 2026

In 2026, the Bank's environmental engagement agenda will focus on scaling interventions that deliver durable ecological outcomes while strengthening monitoring, maintenance and outcome credibility. Key priorities include:

- **Scaling ecosystem restoration with scientific integrity:** The Bank will continue to expand science-led restoration in high-value ecosystems (forests and marine environments) through specialist partnerships, applying clear restoration methodologies and governance mechanisms that protect outcomes beyond the initial project cycle.
- **Deepening durability of pollution reduction models:** Building on the Beach Caretaker Programme, focus will remain on moving from episodic clean-ups to continuous, community-anchored waste management approaches that reduce re-accumulation of litter and strengthen local stewardship over time.
- **Strengthening monitoring, traceability and outcome reporting:** The Bank will further strengthen tracking systems (e.g., GPS-based tree monitoring databases and project-level outcome documentation) to demonstrate not only activities delivered, but the durability and effectiveness of outcomes over time.

Social engagement

Why social engagement matters

Sri Lanka's long-term economic resilience depends on the quality of human capital, the reliability of essential public services and the ability of communities to recover from shocks. For Commercial Bank, social engagement is therefore treated as a core expression of the its Community Engagement pillar: education gaps constrain productivity and opportunity, while constraints in the public health system increase avoidable vulnerability for households and workers, ultimately affecting inclusive growth and the depth of the financial system.

Our approach

The Bank's approach to social engagement is structured around the view that meaningful social outcomes require sustained programmes that build capabilities over time rather than one-off donations, partnerships that strengthen delivery quality and accountability, and clear outcome orientation – tracking what was enabled in terms of infrastructure built, facilities equipped and beneficiaries reached, rather than describing activity alone.

In practice, the Bank's approach in 2025 was delivered through the following interdependent priorities:

- Building education capability at scale, with an emphasis on digital access and modernisation of STEM and mathematics learning environments in under-resourced schools.
- Strengthening public healthcare capacity through targeted investments in high-value diagnostic and treatment infrastructure at government hospitals.
- Supporting community resilience during shocks, including education continuity measures and restoration support in response to disaster impacts.

To institutionalise this structured and outcome-oriented approach, all CSR initiatives are implemented through the CSR Trust Fund, ensuring consistency, governance oversight and long-term continuity of programmes.

CSR Trust Fund

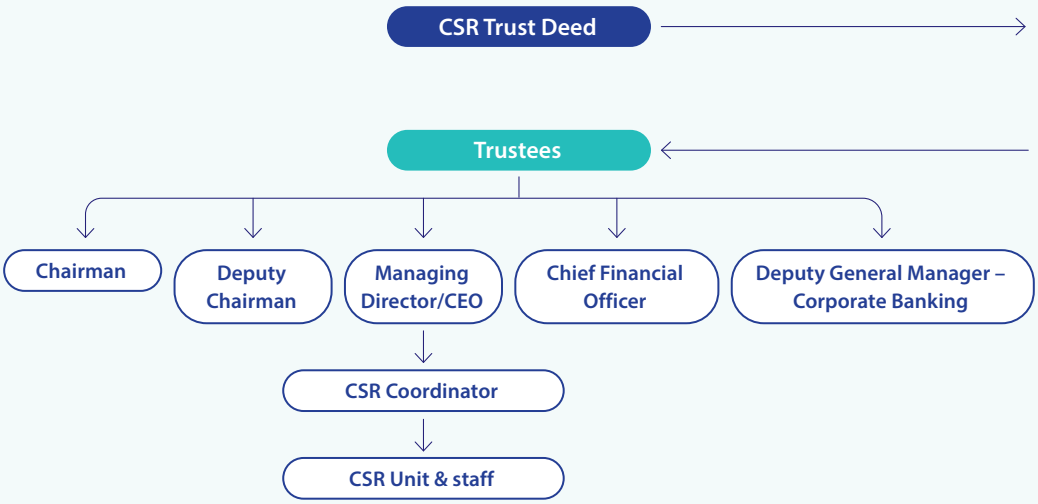
The Bank's CSR initiatives are governed by the Commercial Bank Corporate Social Responsibility Trust (CSR Trust), which oversees the Bank's sustainability and community engagement agenda under a structured and accountable framework. Funding is anchored to 1% of the Bank's annual post-tax profit, ensuring a transparent, sustainable source of support for multi-year programmes while retaining flexibility to respond to national emergencies.

Education remains the primary focus, receiving approximately 70% of CSR funding, with emphasis on STEM, digital access and skills development. The remaining 30% supports healthcare, environmental sustainability and other social priorities (Refer Figure 48 on page 130).

Across education, healthcare and disaster response, the Trust emphasises scale, continuity and measurable outcomes. Interventions are designed to strengthen institutions and service delivery rather than support short-term initiatives. A structured evaluation process ensures readiness and usability of funded projects, while a "Public–Private–People" partnership model enables collaboration with government bodies, educational authorities and specialist organisations to enhance long-term impact.

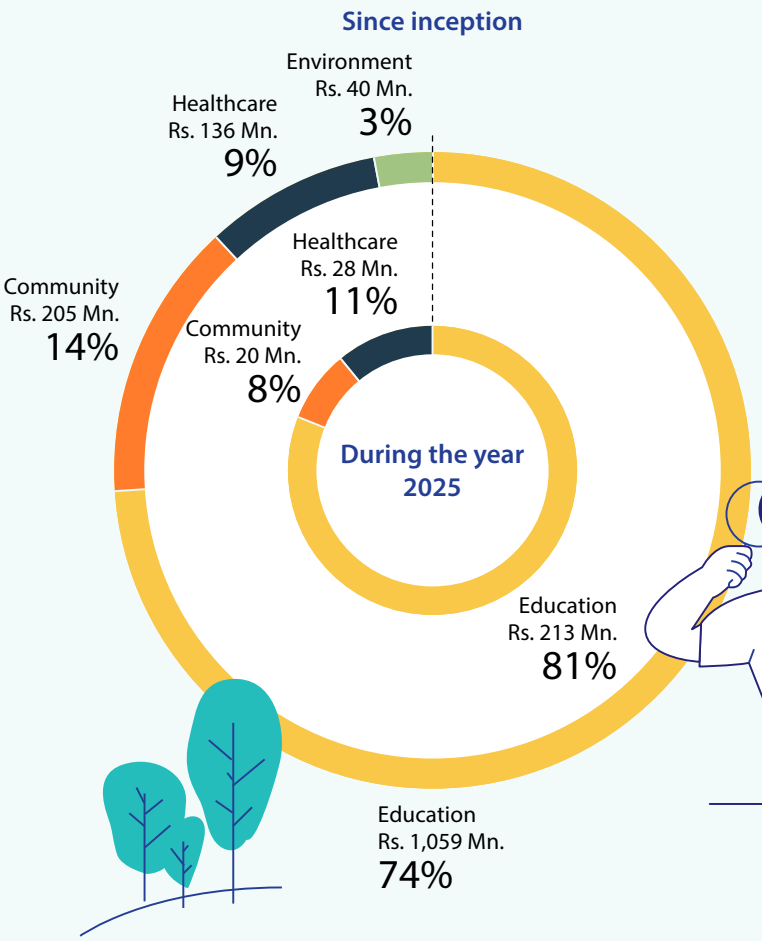
Staff members engaging with **schoolchildren during a community outreach initiative,** reflecting the Bank's commitment to education and social development.

Corporate social responsibility initiatives of the CSR Trust Figure – 48



Objectives

- To support and further education in Sri Lanka
- To preserve and improve the environment
- To assist in improving health services in Sri Lanka
- To support and provide community services
- To assist in preserving and further promoting Cultural Heritage of Sri Lanka, and to promote culture and the arts
- To assist the Government and Local Government Authorities and Farmer Organisations to dredge and rehabilitate tanks and other sources of water supply providing water for Agricultural and Consumption purposes
- To undertake such other charitable activities as the Settlor shall direct

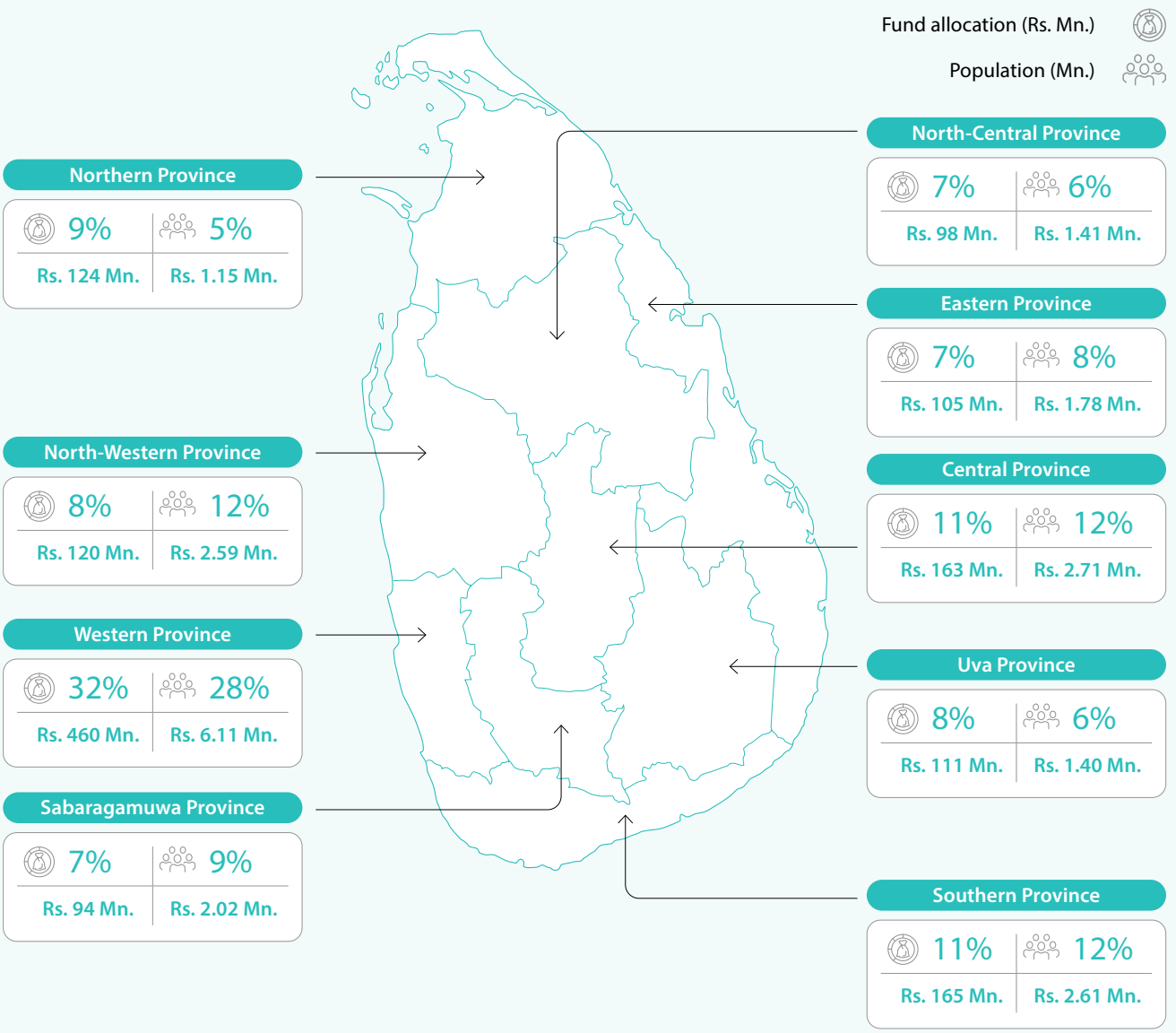


Note: In 2025, the Bank assessed opportunities to scale scientifically guided ecosystem restoration and will continue expanding forest and marine restoration initiatives through specialist partnerships in 2026.

Figure – 49

Total fund allocation 2011 – 2025

Over Rs. 1.4 Bn.



Snapshot of CSR and sustainability initiatives

The Figure 50 below summarises the Bank's CSR interventions, with education as the core focus, complemented by targeted healthcare support and disaster response.

Snapshot of CSR activities Figure – 50

IT Labs (2025)

67 | 810 PCs (LA)

Total contribution

429 total labs and total 3,666 PCs,

Beneficiaries/Impact (Cumulative)

450,000+ students across 379 schools and 51 institutions

STEM classrooms (2025)

19 (LA)

Total contribution

classrooms in 195 schools

Beneficiaries/Impact (Cumulative)

220,000+ students

Math labs & seminars (2025)

6 Labs | 10 seminars (LA)

Total contribution

129 Labs and 100 seminars

Beneficiaries/Impact (Cumulative)

100,000+ students across 130 schools and 2 institutions

Vocational education (2025)

02 sessions (LA)

Total contribution

82 sessions

Beneficiaries/Impact (Cumulative)

11,000+ individuals

SMART classrooms (2025)

Total contribution

18 Classrooms, 03 TVs, and 15 Boards

Beneficiaries/Impact (Cumulative)

Strategic focus on digital literacy

Mobile repair courses (2025)

Total contribution

09 courses

Beneficiaries/Impact (Cumulative)

57 students

Water projects (2025)

14 (LA)

Total contribution

55 projects

Beneficiaries/Impact (Cumulative)

8 hospitals, 13 communities, and 33 schools and 01 University

Rain water harvesting (2025)

Total contribution

160 tanks (5,000-liter storage)

Beneficiaries/Impact (Cumulative)

970+ people in Ginnoruwa

Disaster relief (2025)

25 projects

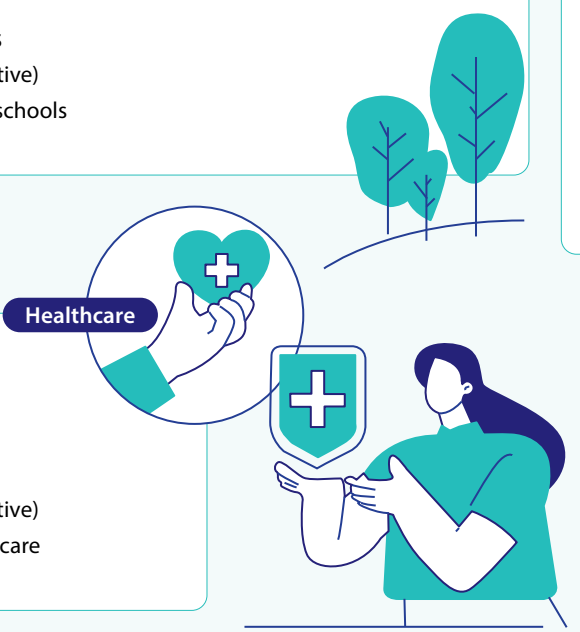
(Rs. 110 Mn. to Government's Rebuilding Sri Lanka Fund, Rs. 8.2 Mn. (LA) for distribution of dry rations, and (LA) Rs. 6 Mn. to 23 branches)

Total contribution

41 projects

Beneficiaries/Impact (Cumulative)

Initiatives under "Rebuild Together" programme for post-cyclone and flood relief efforts



Healthcare projects (2025)

Invested Rs. 29 Mn.

Total contribution

109 Hospital projects

Beneficiaries/Impact (Cumulative)

Improvement of Critical healthcare equipment in hospitals

Key developments during 2025

The Bank's social investment focuses on strengthening education, healthcare, and community resilience to build long-term social value. Guided by scale, partnerships, and outcome clarity, initiatives are designed to enhance learning environments, improve public health capacity, and provide timely support during national emergencies.

Education across the learning continuum

Building on its strategic prioritisation of education, the Bank continued to strengthen learning environments across multiple stages of the education lifecycle, from early childhood foundations to advanced STEM capability development, as detailed below.

- Bridging the digital divide through IT laboratory infrastructure, with hardware and enabling renovations targeted to under-resourced schools.
- Modernising STEM and mathematics learning environments, combining technology-enabled classrooms with dedicated mathematics labs and associated capacity support.
- Improving early childhood learning environments through partnerships, including the Bank's collaboration with UNICEF and government partners to improve preschool education outcomes.

Education: Digital access and IT laboratory infrastructure

The Bank's flagship National Digital Literacy Drive (IT Labs) expanded to 429 fully equipped laboratories in underprivileged schools nationwide, including 67 established during the year, benefiting approximately 450,000 students. Each lab was delivered as a complete learning environment with computers, furniture, and essential renovations, ensuring practical and sustained usability rather than standalone equipment donations.

Education: STEM classrooms and Math Labs

The Bank continued its commitment to STEM education modernisation through the expansion of STEM Smart Classrooms and Math Labs, strengthening applied learning environments nationwide. During the year, 19 STEM Classrooms and 6 Math Labs were added, bringing the total to 195 STEM Classrooms and 129 Math Labs, collectively supporting approximately 320,000 students. Each facility was delivered as a structured, quality-focused learning space integrating digital interactive panels, modern layouts, specialised mathematics tools, and teacher-support components to ensure meaningful enhancement of science and mathematics education.

Education: Early childhood learning environment

As outlined in Figure 50 on page 132, the Bank expanded its education pillar in 2025 to include Early Childhood Development (ECD), recognising that quality preschool environments are critical to shaping long-term learning outcomes.

Students using newly provided **computer facilities at a school IT lab** established through the Bank's initiative to support digital learning and education.

Healthcare: Strengthening public health system capacity

In addition to education, the Bank directed targeted social investment in 2025 towards strengthening public healthcare infrastructure, recognising that access to quality healthcare is fundamental to household resilience and sustained economic participation.

During the year, approximately Rs. 29 Mn. was invested in the donation of high-value diagnostic and treatment equipment to several government hospitals. These investments enhanced capacity in emergency treatment, critical care and kidney disease management, directly supporting frontline public health services.

Disaster response: Cyclone Ditwah relief

Social engagement in 2025 included a structured disaster response component, reflecting the Bank's role in supporting community recovery during national emergencies. Following Cyclone Ditwah, the Bank mobilised assistance through both national coordination and branch-led local action.

In partnership with the Sri Lanka Air Force and the Disaster Management Centre (DMC), essential relief supplies were delivered to flood-affected and inaccessible areas, while branches independently identified and supported displaced families within their communities.

A total of Rs. 125 Mn. was deployed for Ditwah relief efforts, Rs. 119 Mn. through national partners and Rs. 6 Mn. via branch-level initiatives providing timely humanitarian assistance during a period of widespread disruption.

Disaster response: School revitalisation and education continuity (employee volunteerism)

In response to the Ditwah Cyclone, which caused significant damage to school infrastructure in affected regions, the Bank mobilised staff volunteers to support school revitalisation efforts. Bank staff supported cleaning, restoration, and revitalisation of school premises in affected areas, including debris removal, classroom cleaning, basic repairs, and environmental clean-ups, enabling schools to resume academic activities in safe conditions. Through this initiative, more than 10 volunteer events were conducted and approximately 2,000 beneficiaries were supported across cyclone-affected locations. The initiative combined immediate recovery support with longer-term social value by restoring access to education for affected communities.

Outlook for 2026

In 2026, the Bank's social engagement agenda will focus on sustaining scale while strengthening implementation quality and outcome clarity across priority themes. Key priorities include:

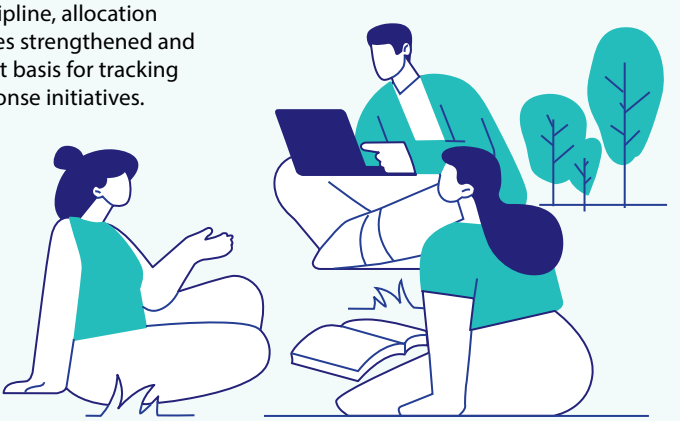
- **Scaling education with stronger delivery quality:** Continue prioritising digital access (IT Labs) and STEM/Mathematics facilities, while ensuring usability through readiness assessments, enabling renovations, and active coordination with education partners. Gradually expand beyond infrastructure into skills development, including coding and robotics, to strengthen learning outcomes.
- **Targeted, high-impact healthcare support:** Focus on critical diagnostic and treatment infrastructure that strengthens public health system capacity and delivers broad, systemic benefits.
- **Sustained disaster response readiness:** Maintain the ability to mobilise rapidly through national partnerships and branch-level action, with particular emphasis on restoring school operations and supporting community recovery.

Across all themes, the Bank will continue to anchor social engagement in disciplined governance through the CSR Trust and structured delivery partnerships, maintaining a clear line of sight from funding to measurable outcomes and preserving alignment with national development priorities.

Targets and metrics

Because social engagement is delivered through multi-year programmes, targets and metrics are most decision-useful when they show funding discipline, allocation priorities and measurable outcomes (infrastructure enabled, services strengthened and beneficiaries reached). The following indicators provide a consistent basis for tracking progress year-on-year across education, healthcare and shock response initiatives.

- CSR Trust cumulative investment since inception (Rs.) and annual deployment (Rs.) – see Figure 49 on page 131
- Allocation mix – see Figure 48 on page 130
- IT labs established (cumulative) and student beneficiaries – see Figure 50 on page 132
- STEM classrooms and Math Labs (cumulative) and student beneficiaries – see Figure 50 on page 132
- Healthcare investments (Rs. Mn) and facility/equipment focus areas – see Figure 50 on page 132



Social enterprise

Why social enterprise matters

Social enterprise engagement represents a distinct dimension of Commercial Bank's Community Engagement pillar, focusing on enterprise-led pathways to social impact that go beyond charitable support. The underlying premise is that long-term social outcomes are more durable when communities are enabled to generate income and build productive capability, including through improved participation in local value chains and value addition at source.

Accordingly, the Social Enterprise agenda is designed to:

- Strengthen livelihood resilience through productivity and value addition by addressing practical bottlenecks (equipment, processing constraints, quality consistency) that limit income growth in community-based enterprises.
- Enable economic participation without creating dependency by providing targeted, asset-based support where community organisations retain ownership, governance and operating responsibility.
- Maintain disciplined stewardship and accountability by keeping interventions selective, outcome-oriented and governed within the CSR Trust framework, with clear beneficiary logic and appropriate controls over use of funds and reputational risk.

While Social Enterprise is reported under Community Engagement (impacts), it supports coherent, decision-useful sustainability reporting by evidencing how the Bank responds to financially relevant inclusion and resilience pathways (e.g., income stability and local economic participation) that can influence longer-term economic conditions and stakeholder outcomes referenced in the Bank's broader sustainability narrative.

Our approach

The Bank's social enterprise approach is grounded in the view that effective social investment should strengthen productive capacity rather than dependency. Social enterprise initiatives are therefore structured around targeted support that improves operational efficiency, unlocks market access or enables value addition, while allowing community organisations to retain ownership and agency.

This approach is delivered through three mutually reinforcing priorities:

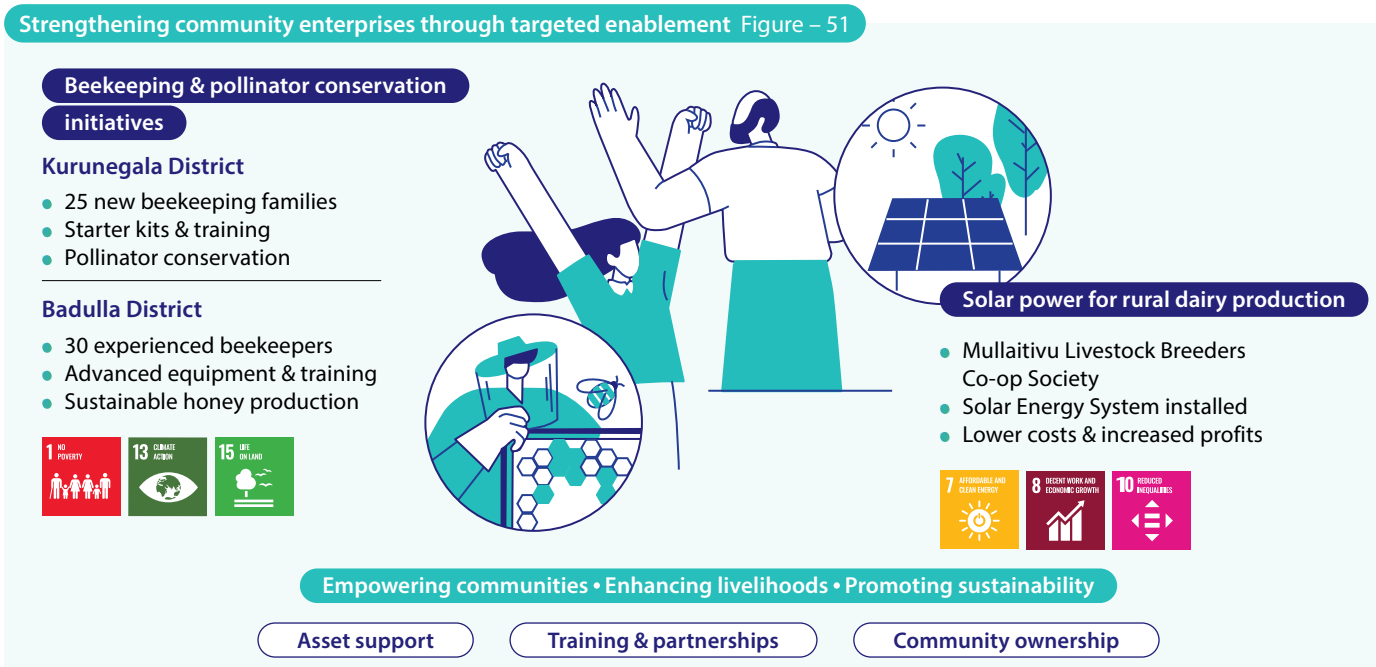
- Removing specific productivity constraints (e.g., low processing capacity, inefficiency, lack of appropriate equipment) that limit income generation in community-based enterprises.
- Enabling value addition at source so producer groups retain a greater share of economic value within communities rather than selling only raw output.
- Working through locally embedded partners to ensure interventions are context-appropriate, locally governed and aligned with existing livelihood structures, while maintaining clarity that the Bank does not operate the enterprise.

Key developments during 2025

During 2025, the Bank strengthened its Social Enterprise agenda through targeted, productivity-enhancing interventions designed to improve income stability, value addition, and environmental sustainability in rural communities.

The Figure 51 below illustrates how these interventions translated into practical outcomes across bee-keeping and renewable energy adoption, linking livelihood enhancement with measurable environmental impact and SDG alignment.

Strengthening community enterprises through targeted enablement Figure – 51



Beekeeping livelihood & pollinator conservation initiatives

Two structured pilot initiatives were implemented to promote nature-based livelihoods while supporting biodiversity conservation.

Kurunegala District (Digital Banking Division Initiative)

A pilot bee-keeping and pollinator conservation programme was launched for 25 rural farmer families who were new to beekeeping. Implemented in partnership with Wayamba University of Sri Lanka and relevant technical stakeholders, the initiative combined livelihood development with environmental education.

Each beneficiary household received a starter beekeeping kit including a bee box with a live colony (Apis cerana), a solitary bee hotel, protective gear, and bee-friendly plants. A one-day training programme provided practical guidance on hive management, pollinator importance, and biodiversity conservation. Project monitoring and knowledge capture are overseen by Wayamba University to support evidence-based evaluation and future scalability.

Badulla District (Operations department initiative)

A second pilot initiative supported 30 registered rural beekeepers with prior experience, focusing on productivity enhancement and long-term income improvement. In partnership with the Bidunuwewa Bee Development Unit of the Department of Agriculture, beneficiaries received two beekeeping boxes, protective equipment, tools, and nectar-rich plant saplings.

A two-day hands-on technical training programme strengthened capacity in hive management, colony health, and sustainable honey harvesting. Ongoing technical supervision ensures continuity, productivity improvement, and environmental benefits through enhanced pollination.

Together, these initiatives demonstrate a structured approach to livelihood enhancement – combining asset support, technical training, institutional partnerships, and monitoring discipline.

Participants displaying **bee habitat units** distributed under a beekeeping initiative that promotes **pollinator conservation, sustainable agriculture, and rural livelihoods.**

Agri Modernisation Village Development Programme – Empowering Rural Enterprise

Aligned with the Bank's commitment to enterprise-led social impact, the Agri Modernisation Village Development Programme demonstrates how sustainable livelihoods can be strengthened through productive capability rather than short-term assistance. The recent Paddy Harvesting Ceremony in Vavunathivu, Batticaloa, marked another milestone in this village-by-village initiative, which supports farmers to integrate modern agricultural technologies with traditional knowledge to enhance productivity, sustainability and income resilience.

Guided by academic and agricultural experts, farmers are equipped with advanced techniques including sustainable irrigation systems, mechanised transplanting, climate-resilient crop varieties and improved resource management practices. The programme also strengthens SME participation within the agricultural value chain, enabling value addition at source and deeper integration into local markets. By improving productivity and promoting environmentally responsible practices, the initiative enhances rural incomes, supports food security and positions agriculture as a viable and rewarding profession for future generations.

The Vavunathivu event, titled 'Potkathir,' combined cultural tradition with technological progress, featuring ceremonial harvesting, demonstrations of modern machinery introduced through the programme, and displays of agricultural equipment. Reinforcing its long-term commitment to knowledge partnerships, the Bank also supported the Faculty of Agriculture at the Eastern University through the donation of a solar-powered water pump system with micro-irrigation facilities in partnership with Hayleys Solar, and an in-kind contribution to restore the faculty's greenhouse fertigation system.

ComBank celebrates harvest success in **Vavunathivu** with the **Agri Modernisation Village Programme.**

Renewable energy support for dairy value addition

The Commercial Bank Mulliyawalai Branch continued its longstanding engagement with the Mullaitivu Livestock Breeders Co-operative Society, a relationship sustained for over 10 years.

The Society plays a vital role in the local economy by collecting milk from member farmers and producing natural dairy products including ghee, yoghurt, milk juice, curd, and milk toffee using traditional methods. To address rising electricity costs and improve operational efficiency, the Bank partnered with Hayleys Solar to facilitate the installation of a solar power system.

The project was structured as a shared investment: the Bank contributed a portion of the capital cost, while the Society funded the balance, ensuring ownership and accountability remained with the community organisation. By transitioning to solar energy, the Society is expected to reduce production costs, improve operational stability, and enhance profitability strengthening income flows to member farmers.

Enterprise enablement rather than operating control

Consistent with the Bank's social enterprise philosophy, ownership and operational responsibility remain with the community organisation. The Bank's role is limited to targeted capital support designed to remove a clearly identified constraint, with no ongoing operational involvement. This approach reduces dependency risk and reinforces local accountability, while ensuring that economic benefits accrue directly to participating members rather than being intermediated through external actors.

Social enterprise within the CSR Trust framework

Social enterprise activities during 2025 were implemented within the broader framework of the Commercial Bank CSR Trust, which serves as the institutional vehicle for structured social investment. By end-2025, the CSR Trust had surpassed a cumulative investment milestone of over Rs. 1 Bn. since inception, with education continuing to receive the largest share of funding (over 70%), alongside allocations to healthcare, environmental initiatives, disaster response and community-based interventions. Within this allocation model, social enterprise projects are treated as selective, outcome-oriented investments, prioritised where modest capital inputs can unlock meaningful productivity or income gains.

Targets and metrics

Given that Social Enterprise initiatives are selective and intervention-based, targets are most meaningful when they focus on measuring reach, productivity, value creation, and the long-term sustainability of the enterprise model. Rather than emphasising broad activity counts, these metrics provide deeper inside into effectiveness, impact, and scalability of initiatives.

Outlook for 2026

In 2026, the Bank's social enterprise engagement is expected to remain selective and targeted, focusing on interventions where relatively modest capital inputs can unlock meaningful productivity gains or income improvements, while maintaining clarity over roles and strong stewardship of CSR resources.

Key priorities include:

- Scaling only where evidence supports replication: prioritising enterprise support that demonstrates clear productivity/value-addition outcomes and can be responsibly replicated across similar community contexts.
- Deepening outcome orientation: strengthening the linkage between support provided and livelihood outcomes (productivity, quality consistency, market access) so reporting demonstrates "what changed", not only "what was done."
- Preserving community ownership and governance: maintaining the enablement model (not operator role), with continued emphasis on accountability and locally grounded partnerships aligned to inclusion and economic participation objectives.

Creating lasting value through community engagement

Over Rs. 1.4 Bn.

invested in community initiatives
through CSR Trust

Through the Commercial Bank CSR Trust and wider community programmes, we invest in education, healthcare, environment and community resilience – targeting measurable outcomes and long-term impact.

Independent practitioner's assurance report to the Board of Directors of Commercial Bank of Ceylon PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025

Shape the future with confidence

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Scope

We have been engaged by **Commercial Bank of Ceylon PLC** to perform a 'limited assurance engagement,' as defined by Sri Lanka Standards on Assurance Engagements, here after referred to as the engagement, to report on **Commercial Bank of Ceylon PLC's SLFRS Sustainability-related Financial Disclosures** (the "Subject Matter") contained in Commercial Bank of Ceylon PLC's (the "Company's") Integrated Annual Report in page no 141 to 171 for the year ended December 31, 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Commercial Bank of Ceylon PLC

In preparing the SLFRS Sustainability-related Financial Information, Commercial Bank of Ceylon PLC applied the **Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures** (Criteria). Such Criteria were specifically designed for the disclosure of material information on climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

Commercial Bank of Ceylon PLC's responsibilities

Commercial Bank of Ceylon PLC's management is responsible for selecting the Criteria, and for presenting the SLFRS Sustainability-related Financial Disclosures in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the **Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information [SLSAE 3000 (Revised)]**, and the terms of reference for this engagement as agreed with Commercial Bank of Ceylon PLC **December 18, 2025**. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards which require that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, 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

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

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level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of people responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information.
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance-related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations.
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

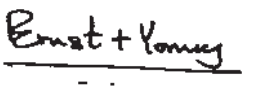
There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

Conclusion

Based on our procedures and the evidence obtained, **we are not aware of any material modifications** that should be made to **SLFRS Sustainability-related Financial Disclosures** for the year ended December 31, 2025, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of **Commercial Bank of Ceylon PLC** for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



Chartered Accountants
February 27, 2026
Colombo

SLFRS Sustainability Related Financial Disclosures

Basis of Preparation

1. Reporting entity, organisation boundary and reporting period

The sustainability-related financial disclosures presented in this section apply to Commercial Bank of Ceylon PLC (the Bank), and its Subsidiaries (together referred to as the "Group "and individually as Group entities) within the financial reporting boundary, in line with the Bank's general purpose financial reports. The disclosures in this section are provided on a consolidated basis, unless otherwise stated.

This report covers the financial year from January 01, 2025 to December 31, 2025, consistent with the Group's financial reporting period.

2. Application of SLFRS Sustainability Disclosure Standards

This section has been prepared in accordance with the SLFRS Sustainability Disclosure Standards, SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" (SLFRS S1), and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2), issued by The Institute of Chartered Accountants of Sri Lanka (adopted based on the IFRS S1 and IFRS S2 issued by The International Sustainability Standards Board).

The disclosures presented here are intended to support primary users of general-purpose financial reports in understanding the climate-related risks and opportunities (CRROs) that could reasonably be expected to affect the Group's:

- cash flows,
- access to finance or
- cost of capital over the short, medium or long term (Group's prospects).

3. Value chain

The Bank operates within an interdependent value chain system characterised by dual dynamics; dependencies and impacts as described in the section "Business Model for Sustainable Value Creation" (pages 66 to 67). The Bank relies on multi-capital resources (financial, manufactured, intellectual, human, social & relationship, and natural) across its value chain to derive value. The Bank simultaneously influences these capitals either through value creation, preservation or erosion.

In the assessment of CRROs, the upstream and downstream value chain was considered using all reasonable and supportable information available without undue cost or effort for a comprehensive understanding of the CRROs.

Upstream value chain

Upstream activities, as outlined in the "Business Model for Sustainable Value Creation" on pages 66 to 67, involve the Bank's engagement with external stakeholders to secure financial and non-financial capital essential for its operations. The Bank derives value from six types of capitals namely, Financial, Manufactured, Intellectual, Human, Social & Relationship, and Natural, which serve as upstream inputs forming the foundation of its business activities. The CRROs impact the Bank's upstream activities by impacting both internally managed capitals and the Bank's ability to maintain stable access to financial and non-financial capital from external stakeholders.

Internal operations

Internal operations refer to the Bank's core functions, processes, systems, and people that transform the six types of input capital into products, services, and strategic outcomes. As shown in Figure 12 – "Business Model for Sustainable Value Creation" on pages 66 to 67, the "Value generating activities" at the center represent these internal processes, which include lending and investment decisions, risk and compliance management, innovation and product development, staff development, IT and infrastructure management, and Environmental, Social and Governance (ESG) integration including climate risk governance. These activities are crucial for creating value from capital inputs and underpin both the Bank's short-term performance and long-term resilience. The CRROs can impact these internal operations, affecting the Bank's ability to convert capital into value.

Downstream value chain

Downstream activities encompass the Bank's outward-facing actions and services that deliver value to stakeholders, including financial product deployment, client engagement, post-disbursement monitoring, and contributions to economic, environmental, and social outcomes as illustrated in the far-right portion of Figure 12 – "Business Model for Sustainable Value Creation" on pages 66 to 67.

Downstream value chain drives external capital formation by reinvesting in the six types of capital such as promoting financial inclusion, enhancing social capital through ethical practices, and supporting green infrastructure. Downstream activities are a critical component of the Bank's value chain, exposing the Bank to the CRROs through its interactions with borrowers, sectors, and markets, with direct implications for financial performance and long-term value creation. Climate risks may affect borrower resilience and portfolio stability, while also creating opportunities to advance sustainable finance, support low-carbon transitions, and generate positive value for stakeholders and the environment.

4. Basis of materiality

SLFRS S1 describes the requirement to disclose material information about the Sustainability-related Risks and Opportunities (SRROs) that could reasonably be expected to affect the entity's prospects. In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make based on those reports.

The Group applies the SLFRS S1 materiality principle to ensure its sustainability-related financial disclosures focus on matters that could reasonably be expected to affect the Group's prospects and thereby influence decisions made by existing and potential primary users. In line with this, the Group's materiality assessment focuses on the SRROs with a direct or indirect financial impact on the Group's prospects, considering both current and anticipated effects.

While SLFRS Sustainability Disclosure Standards require disclosures based on financial materiality, the Group has mapped impact materiality alongside financial materiality to provide stakeholders with a broader view of sustainability considerations as presented in the section on "Material Matters" on pages 58 to 65.

Financial materiality thresholds

The financial materiality assessment integrates both quantitative and qualitative factors to determine the significance of potential financial effects arising from the CRROs, employing a scoring system that evaluate the likelihood and impact/severity of each CRRO.

The following thresholds were applied to determine the impact/severity of the CRROs during the reporting period:

Quantitative and Qualitative criteria for determination of financial materiality
Table – 26

Quantitative criteria	Qualitative criteria
Impact on Common Equity Tier I Capital (CET I): The Group uses the impact on CET1 capital to determine financial materiality, with classifications as follows: • **Severe:** Greater than 15 bps • **Significant:** 10 bps to 15 bps • **Moderate:** 5 bps to 9 bps • **Minor:** 3 bps to 4 bps • **Negligible:** Less than 3 bps	• **Reputational Risk:** The Group may face reputational damage due to stakeholder perceptions of its ESG performance, ranging from minor issues like negative press or temporary ESG rating drops to more serious impacts such as sustained media campaigns or customer attrition. • **Social License Risk:** Stakeholder concerns over the Group's financing activities could affect its social license to operate, ranging from community complaints and NGO criticism to more severe outcomes like protests, project delays, or loss of key partnerships. • **Regulatory Risk:** Non-compliance with evolving ESG regulations may lead to increased reporting requirements, supervisory warnings, and mandated corrective actions. In more serious cases, it could result in financial penalties, business restrictions, lending caps, or even suspension or revocation of the Bank's license.

This dual approach ensures comprehensive materiality determination by capturing both measurable financial impacts and strategic and regulatory considerations that may not yet be quantifiable but could significantly influence the decisions of the primary users of general-purpose Financial Statements.

5. Functional currency

These SLFRS Sustainability-related Financial Disclosures are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

6. Sources of guidance

Where applicable, the Group has considered guidance from following frameworks and standards, in identifying and disclosing CRROs.

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Disclosures
- SASB Standards
  - Commercial Banks Sustainability Accounting Standard (Version 2023 –12)
- Central Bank of Sri Lanka's (CBSL) Sustainable Finance Roadmap 2.0
- Guidelines on Sustainability and Climate Related Financial Disclosure For Banks and Financial Institutions issued by the Bangladesh Bank Sustainable Finance Department
- Nationally Determined Contributions (NDCs) 3.0 (2026-2035) – Sri Lanka
- Bangladesh's Third Nationally Determined Contribution (NDC 3.0)
- United Nations Environment Programme Finance Initiative (UNEP FI)

The Group has identified its CRROs by applying the guidance referenced above, incorporating both external evidence and the Bank-specific data.

7. Time horizon (SS – 1.2)

The impact of CRROs can be significant and far-reaching, potentially affecting the Group's portfolio and financial performance across short, medium, and long-term horizons. Given the inherent uncertainty around the timing and scale of climate-related effects, the Group has adopted the following timeframes for risk assessment.

Time horizons Table – 27

Time Horizon	Period	Definition
Short term (S)	1 year	Financial year 2026
Medium term (M)	2 to 5 years	Financial years 2027 to 2030
Long term (L)	Beyond 5 years	Beyond financial year 2030

The short-term horizon aligns with the Group's annual budgeting cycle and detailed financial planning. The medium term corresponds with the Group's five-year financial, capital, and funding strategies. The long-term horizon is defined as greater than five years, providing the flexibility needed to assess emerging SRROs across a broader range of future scenarios.

8. Connected information

This section uses cross-references and navigation icons as shown below to highlight the connections between the CRROs and the rest of the disclosures.

- Connections between different CRROs
- Connections within its climate-related financial disclosures
- Connections across climate-related financial disclosures, Annual Financial Statements, and sections in the Integrated Report.

Where disclosures are presented elsewhere in the Integrated Annual Report, the specific sections and page references are indicated.

9. Transitional reliefs

The Bank has applied the following transition reliefs permitted by SLFRS S1 and SLFRS S2 in preparing the SLFRS Sustainability-related Financial Disclosures for the year 2025.

(a) SLFRS S1 – Disclosure of information on only climate-related risks and opportunities:
In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on climate-related risks and opportunities.

(b) SLFRS S1 – Disclosure of comparative information:
In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.

(c) SLFRS S2 – Disclosure of Scope 3 greenhouse gas emissions:
Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date.

(d) SLFRS S2 – Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities:
Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.

(e) SLFRS S2 – Disclosures on Climate resilience:
Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

10. Significant judgements, uncertainties and proportionality

10.1 Significant judgements, and uncertainties

Sustainability-related financial disclosures presented in this section involve the application of significant professional judgement and estimation, due to the inherent uncertainty, forward-looking nature, and data limitations associated with the CRROs.

The Group operates in a dynamic financial landscape where CRROs present significant forward-looking uncertainties. In line with the requirements of SLFRS S2, the Group recognises the following contextual challenges:

- Climate-related transition risks arise from shifts in policy, technology, market conditions, and consumer preferences, creating uncertainty about the impact on business models and borrowers' financial performance.
- Physical climate risks stem from extreme weather events and long-term environmental changes, with uncertain timing and severity that can affect operations, assets, and supply chains.
- Opportunities from green projects and low-carbon technologies are uncertain due to the pace of market adoption, evolving regulations, and technological developments.
- Business continuity has certain operational and third-party dependencies for critical infrastructure and service providers and climate events can create correlated operational and credit stresses.
- Limited availability of customer-level, asset-specific, and geographically detailed data creates uncertainty in accurately modeling climate risks.
- Rapidly evolving expectations from regulators, investors, and international institutions create uncertainty in aligning with global sustainability standards and maintaining credibility.

In light of these challenges, judgements are applied in the following areas:

Significant judgements and uncertainties Table – 28

	Category	Assessment Methodology	Key Limitations & Uncertainties
a.	Materiality	The assessment evaluates whether specific CRROs could have a material impact on the Group's cash flows, access to finance, or cost of capital. A scoring system was applied, combining likelihood with both quantitative and qualitative impact criteria to determine their financial materiality. Refer Table 26 Quantitative and Qualitative criteria for determination of financial materiality on page 142.	• CRROs associated with the transition to a low carbon economy are highly dynamic, non-linear in nature, with their likelihood and potential impact evolving as policies, technologies, and stakeholder expectations. The assessment relies on assumptions and judgements about climate, regulatory, and market developments that may not materialise as expected. • The occurrence, timing, and severity of climate-related physical risks are uncertain, making it challenging to accurately estimate their potential impact on borrowers and, in turn, the Group's financial performance. • Assessing the impact of non-financial factors (reputational, regulatory, social license risks, etc.) associated with both climate-related transition and physical risks involves inherent subjectivity.
b.	Time horizon classification	Time horizons are defined to align with the Group's strategic planning cycle. Refer Table 27 Time Horizons on page 142.	• Climate-related impacts may not align precisely with internal planning cycles, it stretches beyond traditional business planning and investment cycles, creating a challenge for strategic integration.

	Category	Assessment Methodology	Key Limitations & Uncertainties
c.	Assessment of assets vulnerable to climate-related physical risk (floods)	• Flood risk accounting for approximately 65% of disaster-related losses in Sri Lanka and over 50% in Bangladesh was prioritised. • District-level flood hazard classifications were obtained from "ThinkHazard!". • Sector-level vulnerability was assessed using IFC sector sensitivity scores. • Loan portfolio exposures were mapped to district flood hazards and combined with sector vulnerability scores to develop an integrated climate risk heatmap. Table 34: Sensitivity to climate-related flood risk on page 164 and Table 35: Key findings- Sensitivity to climate-related flood risk on page 165.	• The analysis is based on gross exposures and does not account for risk mitigation measures, collateral, insurance, or borrower-specific adaptation. • Indirect climate risks, such as supply-chain disruptions and system-wide impacts, are not considered. • Borrower adaptive capacity and resilience were not assessed; the analysis reflects inherent rather than residual risk. • Flood hazard classifications rely on historical and modelled data and may not fully capture future changes due to climate change. • Loans and advances utilised outside Sri Lanka and Bangladesh have not been assessed, as suitable assessment methodologies for cross-border exposures are still under development.
d.	Assessment of assets vulnerable to climate-related transition risk	• The Bank applied UNEP FI Sector Sensitivity Scores, which classify economic sectors based on their vulnerability to climate transition risks. • Scores are assigned using indicators such as carbon intensity, regulatory exposure, and market sensitivity, capturing the sector's inherent susceptibility to transition-related financial impacts. Table 36: Vulnerability to climate-related transition risk on page 165 and Table 37: Key Findings – Vulnerability to climate-related transition risk on page 166.	While the assessment provides a useful high-level overview, it has inherent limitations, including: – Reliance on broad sector classifications, that may overlook granular company-specific activities. – Use of global data that may not reflect local conditions. – Sector sensitivity scoring may not precisely capture emission intensity of borrowers and specific future conditions such as changes in policy, technological and customer preferences. – Not capturing the transition preparedness or strategies of individual borrowers. The Bank is in the process of computing its financed emissions. This initiative will provide a more granular, data-driven foundation to better estimate the portion of assets vulnerable to climate-related transition risk, moving beyond reliance on Sector sensitivity scoring.
e.	Significant risk of material adjustments to carrying value of assets and liabilities within the next annual reporting period (i.e. in 2026)	For physical climate risks, the Bank evaluated the sensitivity of its loans and advances portfolio to flood risk using heatmaps, as outlined in section (c) above. Key customer exposures were further overlaid onto floodplain hazard maps, providing a detailed, location-specific view of high-risk areas. Transition risks were evaluated based on evolving policies, regulations, and market developments supporting the low-carbon transition, including the trajectory of announced government policies and phased regulatory measures. Refer Figures 55 to 58 on pages 154 to 161.	• Climate hazards intensify more rapidly or occur more abruptly than currently anticipated. • Climate science, incorporating Intergovernmental Panel on Climate Change (IPCC)-aligned assessments and United Nations Office for Disaster Risk Reduction (UNDRR) findings for the South Asian and North Indian Ocean region, indicates an increasing intensity of extreme weather events, even if changes in frequency remain uncertain. As such, the occurrence, timing, and severity of physical climate hazards remain inherently unpredictable. • Transition risks are subject to uncertainty due to evolving policies, regulations, and market developments. While the Group judges that these risks are unlikely to cause material adjustments to the carrying amounts of assets and liabilities in 2026, rapid or unexpected changes in policy, technology, or market conditions could affect borrowers' operations and asset values, making precise financial impacts difficult to predict. • Additionally, climate-related liabilities such as potential legal, regulatory, or compliance exposures from litigation, evolving disclosure standards, or environmental obligations may arise sooner than expected, making the timing and magnitude of financial impacts uncertain.

10.2 Proportionality

SLFRS Sustainability Disclosure Standards include proportionality mechanisms to address concerns that it may be challenging for the Group to apply specific requirements within the Standards.

These proportionality mechanisms include:

- The consideration of the Bank's skills, capabilities and resources
- The use of all reasonable and supportable information that is available to the Bank at the reporting date without undue cost or effort

Instances where the above application is used in this section are;

1. Identification of CRROs
2. Determination of the scope of value chain
3. Assessment of percentage of assets vulnerable to climate-related risks as described in Notes 10.1(c) and 10.1 (d) in the Table 28 on pages 143 to 144.
4. Assessment of Significant risk of material adjustments to carrying value of assets and liabilities within the next annual reporting period, as described in Note 10.1 (e) in the Table 28 on pages 143 to 144.

11. Statement of compliance

The Group's sustainability disclosures have been prepared in compliance with the SLFRS Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka, applying the Transitional Reliefs as outlined in Note 9 – Transitional Reliefs on Page 143. Accordingly, this report presents a comprehensive set of sustainability-related financial disclosures for Commercial Bank of Ceylon PLC and its subsidiaries (collectively, 'the Group') for the year ended December 31, 2025.

Governance

1. Board oversight (SG – 1.1)

1.1 Ultimate accountability

The Board of Directors of the Bank assumes ultimate responsibility for oversight of SRROs and for ensuring their integration into strategy, risk appetite, capital allocation, and performance management.

1.2 Delegation to committees

To ensure effective governance of SRROs, the Board delegates oversight responsibilities to its committees, with clearly defined accountabilities to strengthen governance. The framework reflects regulatory primacy, with the Board Integrated Risk Management Committee (BIRMC) overseeing sustainability-related risks that affect the Bank's safety and soundness, while the Board Sustainability Committee (BSC) provides strategic direction and advisory stewardship on Sustainability and ESG matters, with a clear "risk sign-off" dependency, where relevant.

These committees operate under a coordinated structure with cross-membership and consultation mechanisms to ensure clarity of roles, single-point accountability, and efficient escalation of material matters to the Board.

The roles of the key committees are as follows:

- **Board Integrated Risk Management Committee (BIRMC)** – *apex oversight of SRROs*

  The BIRMC retains primary responsibility for integrating SRROs into the Bank's enterprise risk management framework, including risk appetite, policies, limits, stress testing, and scenario analysis used for risk governance and capital planning.

  The Committee:

  - Evaluates SRROs identified by Management and informed by the BSC.
  - Provides independent challenge on risk identification, assessment, prioritisation, and monitoring.
  - Ensures SRROs are embedded alongside operational and financial risks.
  - Facilitates the timely escalation of material SRROs to the Board, keeping it informed of key risk exposures, trade-offs, and emerging regulatory developments.
  - Reviews risk-related sustainability disclosures to ensure consistency with the enterprise risk management framework.

  Detailed information on the Charter of the BIRMC is provided in the Report of the Board Integrated Risk Management Committee on page 238.

- **Board Sustainability Committee (BSC)** – *Advisory stewardship on Sustainability and ESG matters*

  The BSC assists the Board by providing strategic direction and advisory guidance on Sustainability and ESG matters, in alignment with its mandate. The Committee operates in a non-executive, advisory capacity and does not exercise executive or risk management authority unless specifically delegated by the Board.

  The BSC reviews management proposals relating to the integration of sustainability and ESG considerations into the Bank's strategy, governance and operations, and makes recommendations to the Board, as appropriate.

  The Committee:

  - Provides strategic guidance on the Bank's sustainability strategy, roadmap, targets, KPIs and overall governance maturity.
  - Reviews sustainability-related policies, frameworks and management proposals, and recommends improvements or alternative approaches to the Board.
  - Provides guidance on sustainability-related disclosures, including compliance with SLFRS Sustainability Disclosure Standards with emphasis on transparency, credibility, materiality governance and assurance readiness.
  - Reviews and provides recommendations on the Bank's Climate Transition Plan, sustainable finance initiatives and net zero ambitions.
  - Encourages adoption of ESG best practices across stakeholders including clients, vendors and suppliers, in alignment with national priorities and regulatory expectations.

  Maintains appropriate liaison with the BIRMC on material SRROs that may affect the Bank's risk profile.

  Detailed information on the Charter of the BSC is provided in the Report of the Board Sustainability Committee on page 256.

- **Board Audit Committee (BAC) –** *disclosure integrity and assurance.*

  The BAC oversees the internal control environment for sustainability data and disclosures, internal audit reviews of non-financial reporting controls, and the scope and results of independent external assurance over SLFRS Sustainability Disclosure Standards.

- **Board Human Resources & Remuneration Committee (BHRRC) –** *accountability through incentives.*

  The BHRRC, in collaboration with the BSC reviews and recommends sustainability-linked KPIs for Executive Directors, corporate management, and senior leadership, and ensures appropriate linkage between SRRO outcomes and remuneration.

- **Board Nominations & Governance Committee (BNGC) –** *Board competency and succession.*

  The BNGC, in liaison with the BSC, oversees Board composition, ensuring appropriate skills and experience in sustainability, climate change, and stakeholder governance, and arranges training and capacity development for the Board of Directors where needed.

1.3 Escalation and reporting (SG – 1.3)

During the year, the management commenced the implementation of a framework to escalate material SRROs, such as breaches of climate or ESG-related thresholds/issues, significant regulatory changes, or reputational issues to the BIRMC. As this process matures, the management intends to report these issues to the full Board on a quarterly basis, based on recommendations from the BIRMC. The initial outcomes and insights from the BIRMC discussions were presented to the full Board to begin providing an integrated view of emerging risks, opportunities, and strategic trade-offs.

Following the formation of the BSC, the Bank has implemented an enhanced escalation framework. Under this framework, the BSC reviews strategic sustainability matters and significant ESG developments from a strategic and governance perspective and provides advisory inputs and recommendations to the Board. Where such matters have implications for the Bank's risk appetite, prudential limits, capital planning or overall risk profile, they are referred to the BIRMC for consideration within the Bank's enterprise risk management framework. The BSC maintains appropriate liaison with the Chair of the BIRMC to ensure timely referral and coordination on material SRROs. Extraordinary sustainability events with potential material financial or reputational impact are escalated promptly to the Chair of the BIRMC and the Board Chair, independent of the regular meeting cycle, to ensure timely oversight and response.

Insights from the BSC's deliberations, together with BIRMC discussions where relevant, are reported to the full Board to provide an integrated view of emerging SRROs and strategic trade-offs. As the process matures, structured quarterly reporting to the Board will continue to strengthen governance, transparency and accountability. This framework ensures that SRROs are effectively managed in alignment with the Bank's risk appetite, governance standards, and regulatory requirements, while leveraging the specialised sustainability expertise of the BSC.

1.4 Skills and competencies (SG – 1.2)

The members of the BIRMC and BSC bring a diverse and complementary set of skills in banking, financial services, capital markets, corporate finance, risk management, audit, compliance, and ESG integration. Their broad exposure across multiple sectors and geographies enhances the Bank's ability to oversee SRROs and implementation of the Bank's sustainability strategy. (Refer to the Board of Directors and Profiles on pages 32 to 39 for more information)

The Board and its Committees maintain access to internal and external expertise to support their SRRO oversight, including periodic deep-dives and training on evolving standards and market practices. During the year, the Bank conducted a skills and competencies gap self-assessment focused on SRRO oversight. The outcomes will inform targeted capacity-building initiatives and further strengthen the Board and its committees' contribution to advancing the Bank's sustainability objectives.

1.5 Overseeing and monitoring of SRROs (SG – 1.4, SG – 1.5, SG – 1.6)

During the year, the Board, primarily through the BIRMC, exercised oversight of SRROs, ensuring their systematic identification, assessment, and management across the Bank's strategic and operational frameworks. This oversight was carried out through periodic reviews of key policies and frameworks, including the Climate Risk Management Policy and Procedure, Environmental and Social Risk Management Policy, ESG Policy, Green Financing Policy, Financed Emissions Framework, and progress on the Bank's Climate Transition Plan. To support informed decision-making, the BIRMC was provided with comprehensive quarterly reports from the management, enabling it to monitor emerging trends, evaluate the effectiveness of mitigation measures, and track the Bank's progress toward its broader sustainability and climate-related objectives while adapting to evolving regulatory expectations.

In overseeing the Bank's strategy, the Board and its Committees, take SRROs into account by embedding ESG integration and Responsible Banking as a key strategic enabler. The BSC reviews SRROs, ensuring they inform strategic priorities, major transactions, and capital allocation, while supporting the Board in balancing financial, environmental, and social outcomes.

In this enhanced governance structure, the BIRMC will focus on overseeing SRROs from a risk management perspective, monitoring those that affect the Bank's risk appetite, prudential limits, and overall risk profile. It will coordinate with the BSC to ensure material sustainability risks are identified, assessed, and managed within the Bank's risk framework, providing assurance to the Board on effective risk mitigation and alignment with regulatory requirements and strategic objectives.

In addition, the BHRRC, in consultation with the BSC and the BIRMC, is progressively phasing in the integration of prioritised KPIs connected to SRROs into the performance and variable remuneration frameworks across all organisational levels from Executive Directors, Corporate and senior management, to all staff thereby strengthening accountability and ensuring strategic alignment with the Bank's sustainability objectives and risk management frameworks.

Board Activities in 2025: Decisions and policy endorsements for strategic sustainability integration Table – 29

Topic	Responsible Committee(s)	Board activity	Key decisions/Outcomes
BIRMC Charter	Board, BIRMC	Reviewed amendments to include SRRO oversight explicitly.	Approved updated Charter, Formalised SRRO oversight.
Climate Risk Management Policy and the Climate Risk Management Procedure	Board, BIRMC	Evaluated the newly developed Climate-Risk Management Policy and Procedure, including climate-risk identification, scenario analysis, risk limits, mitigation strategies, and alignment with international best practices.	Approved the implementation of Climate Risk Management Policy. Approved the implementation of Climate Risk Management Procedure.
ESG Policy – Bank	Board, BIRMC	Reviewed enhancements on governance, stewardship, and stakeholder engagement.	Approved the revised ESG Policy, mandating its integration into operational and strategic frameworks.
Financed Emissions Framework – Bank	Board, BIRMC	Reviewed the Framework to measure and manage GHG emissions associated with loans and investments.	Approved the adoption of the Framework and aligned the methodology to recognise market practices and staged portfolio coverage targets.
Green Bond Issuance	Board	Evaluated and approved the Rs. 15 Bn. green bonds issuance during the year, including use of proceeds, governance and investor demand.	Approved the Sustainable Bond Framework. Approved the issuance of Green Bond
Materiality (SLFRS S1/S2)	Board, BIRMC	Reviewed 2025 methodology and prioritised SRROs.	Approved the methodology and outcome of the assessment in compliance with SLFRS S1/S2.
SLFRS Sustainability-related Financial Disclosures-2025	Board, BIRMC, BAC, BSC	Analysed the proposed disclosures for completeness and alignment with SLFRS S1/S2.	Approved disclosures for inclusion in Annual Report 2025.
Formation of a Board Sustainability Committee	Board	Ratified the Charter of the newly formed BSC, defining its authority, roles, responsibilities, and operating procedures for oversight of SRROs and ESG matters.	Approved the BSC Charter.

2. Management's role (SG – 2.1)

2.1 Executive Sustainability Committee (ESC)

The ESC, comprising senior management from risk, business lines, finance, strategy, is responsible for executing the Board-approved sustainability strategy. It integrates SRROs into the Bank's corporate strategy, business model and value chain (origination, underwriting, portfolio management, and operations). The ESC:

- Guides the identification, assessment, and management of SRROs, ensuring they are integrated into the Bank's corporate strategy, decision-making, and value chain.
- Ensures sustainability practices and disclosures comply with SLFRS S1/S2 standards, backed by robust internal controls and independent assurance to maintain transparency, accuracy, and stakeholder trust.
- Ensures the ESC and relevant teams have the necessary skills, expertise, and resources to effectively oversee and implement sustainability strategies and respond to emerging SRROs.
- Evaluates and recommend necessary modifications to systems, processes, and policies to facilitate effective sustainability implementation across the Bank.
- Reports quarterly to the BIRMC and provides interim briefings for any material events.

Following the formation of the BSC, material SRROs, strategic sustainability matters, and urgent ESG events will be submitted to the BSC, which reviews and provides recommendations to the Board while coordinating with BIRMC on associated risks.

The ESC is composed of the following members:

1. Managing Director/CEO (Chairman)
2. Chief Operating Officer
3. Deputy General Manager – Corporate Banking
4. Chief Risk Officer
5. Chief Financial Officer
6. Deputy General Manager – Human Resources Management
7. Deputy General Manager – Personal Banking
8. Assistant General Manager – Services
9. Assistant General Manager – Finance
10. Assistant General Manager – Marketing
11. Chief Executive Officer – Bangladesh Operations
12. Chief Manager – Human Resource Management
13. Head of Corporate Banking
14. Senior Manager – Social and Environmental Risk Management
15. Manager – Sustainability (Secretary)

2.2 Sustainability Working Committee (SWC)

Reporting to the ESC, SWC is responsible for executing the Bank's sustainability agenda, encompassing the following key mandates:

- Ensuring the Bank's sustainability practices and reporting comply with the SLFRS Sustainability Disclosure Standards.

- Identifying sustainability-related material topics pertinent to the Bank's business model and value chain through a comprehensive materiality assessment process to improve stakeholder communication.
- Development and implementation of the Climate Transition Plan, ensuring alignment with organisational goals and timelines.

2.3 Management controls and their integration across internal functions (SG – 2.2)

The management oversees the SRROs through a comprehensive framework of Board-approved policies and procedures, including the ESG Policy, Climate Risk Management Policy and Procedure, and Environmental and Social Risk Management Policy. Controls over SRROs are embedded across operational, credit, and risk management functions, ensuring consistency with the Bank's policies, risk appetite, and strategic objectives. These processes are continuously enhanced to support the full implementation of the SLFRS Sustainability Disclosure Standards by 2027, as stated in the Directors' Statement on Internal Control over Financial Reporting and Risk Management on pages 266 to 267.

3. Culture & employee engagement:

Fostering a robust culture of employee engagement is critical to building resilience against climate-related risks and capitalising on emerging opportunities. The Bank promotes this culture through initiatives such as the Future Force Group, a cross-functional and multi-level employee forum that serves as a dynamic incubator for innovative ideas. By integrating frontline insights and diverse perspectives into decision-making, the Bank reinforces sustainability values in everyday behaviors, strengthens accountability for ESG outcomes, encourages cross-functional collaboration, and supports continuous learning and innovation to respond effectively to evolving climate and sustainability challenges.

4. Reporting standards and frequency (SG – 1.3)

- **Standards** – Public reporting is prepared in accordance with SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2), Sustainability Accounting Standards Board (SASB) Standards and in line with the principles of the International <IR> Framework of the IFRS Foundation.
- **Frequency** – The Bank on a quarterly basis reports on the status of SRROs to the Board via the BIRMC. The Bank publishes comprehensive disclosures on CRROs in the Annual Report, with material changes reported in the Interim Financial Statements, if any. Additional market updates and disclosures are provided as required (e.g., green bond impact reporting).

5. Continuous improvement

The Bank will continue to strengthen governance over SRROs through:

- Periodic skills assessments and training for Directors and Executives;
- Enhancement of data architecture and controls;
- Progressive expansion of external assurance coverage; and
- Transparent stakeholder engagement to inform strategy and disclosures.

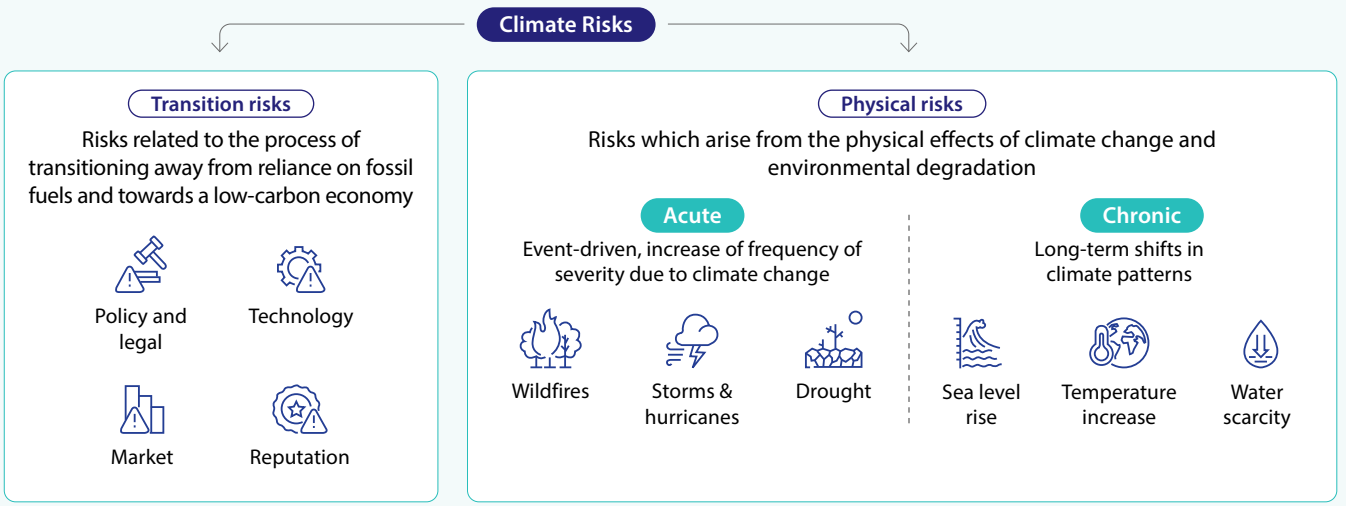
Risk management

1. Climate-related risks management overview

The Bank for International Settlements (BIS) and the Network for Greening the Financial System (NGFS) which is a network of central banks and supervisors, have emphasised that climate-related risks present a source of systemic financial risk. These risks are broadly categorised into Physical and Transition risks, each with distinct yet interconnected transmission channels into the Bank's financial health and operational stability.

As illustrated in Figure 52, physical risks arise from acute events as well as chronic shifts in climate patterns, which can disrupt economic activity and increase credit and operational losses. Transition risks, on the other hand, stem from the shift toward a low-carbon economy, including changes in regulation, technology, market preferences, and reputational expectations.

Climate-related risks Figure – 52



1.1 Climate-related opportunities

In parallel with identifying risks, the Bank proactively seeks to identify and capture climate-related opportunities that can support the transition to a sustainable economy while strengthening its long-term resilience. Such opportunities include financing renewable energy, energy efficiency, and green infrastructure projects, as well as developing innovative sustainable finance products to meet the evolving needs of clients.

The Bank acknowledges that, unless these opportunities are properly understood, assessed, and integrated into its strategy, they could evolve into risks such as loss of market share, reputational setbacks, or missed investment potential.

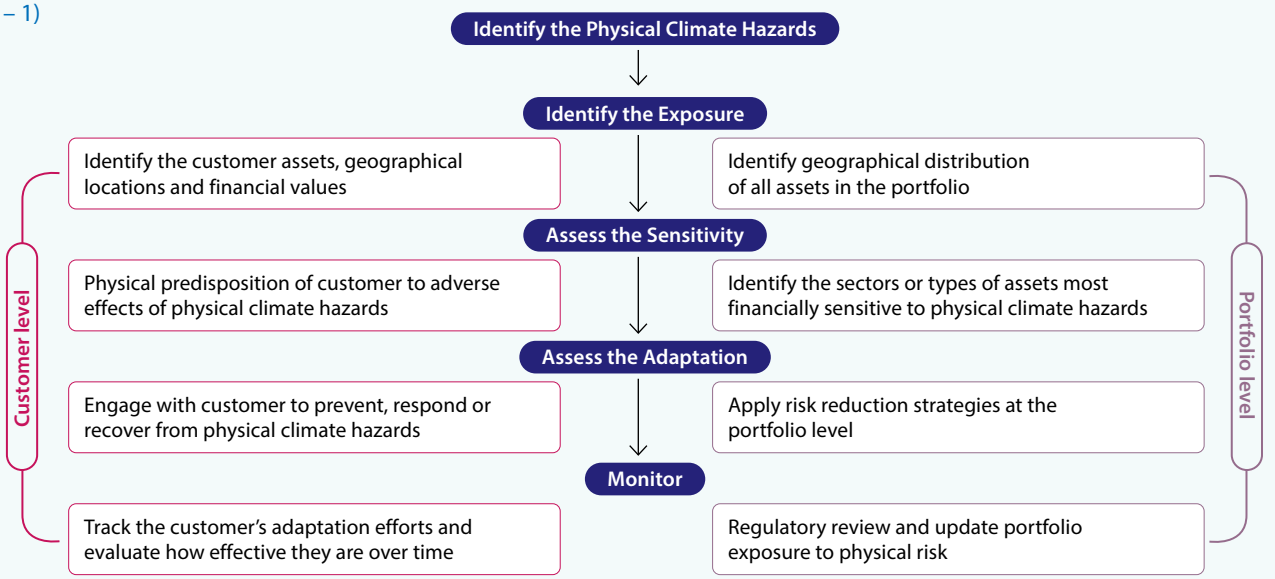
1.2 Phased approach to integration of climate risk management across the group

During 2025, the Bank established a comprehensive Climate Risk Management Policy, applicable to the Bank and its subsidiaries. In parallel, a comprehensive Climate Risk Management Procedure was developed for the Bank to provide the strategic foundation for integrating climate risk into its operational and broader Risk Management frameworks.

The Climate Risk Management Procedure is a structured approach to climate risk management, encompassing risk identification, impact assessment, implementation of mitigation measures, and continuous monitoring. This systematic methodology is applied consistently at both the individual customer and portfolio levels, as shown in the Figure 53 and Figure 54 on page 150 for Climate related physical risks and Climate-related transition risks. For physical risks, the process prioritises hazards such as floods, droughts, storms, and landslides, based on their historical frequency and the extent of disaster-related losses in the Bank's operating geographies. In addressing transition risks, the analysis focuses on four key drivers; policy and legal, technology, market and reputation risks.

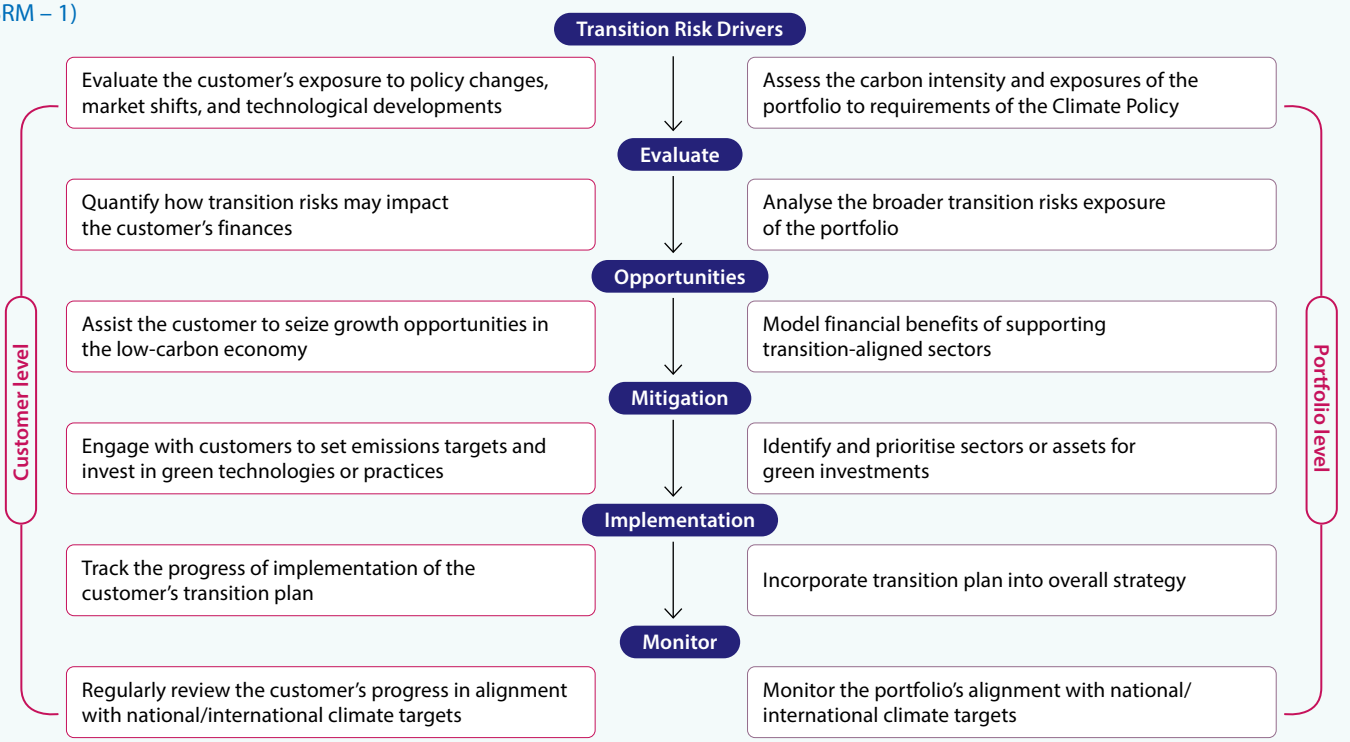
Climate-related physical risk management: Customer and portfolio-level approach Figure – 53

(SRM – 1)



Climate-related transition risk management: Customer and portfolio-level approach Figure – 54

(SRM – 1)



2. Identification of climate-related risks (SRM – 1)

Climate-related risks are identified along the following parameters;

- **Portfolio composition,** including detailed screening by sector, geography, and loan type.
- **Geospatial vulnerability,** utilising mapping of collateral and borrower locations against specific climate hazard maps for floods, cyclones, landslides, and droughts.
- **Sector-based transition dynamics,** evaluating carbon intensity, policy exposure, and potential technology or market disruptions.
- **Temporal shifts in expectations,** conducted through continuous stakeholder and regulatory horizon assessments over short, medium, and long-term horizons.

In identifying and disclosing CRROs, the Bank has also considered relevant Sources of Guidance, as set out in Note 6 – Sources of Guidance on page 142.

Identification of climate risk is incorporated across the entire credit lifecycle and the credit risk management process and this process is integrated into both portfolio-level analysis and individual client engagement, in line with the Bank's Climate Risk Management Policy and Procedures.

The Bank has developed a roadmap to conduct climate-related scenario analysis and is in the process of building internal capacity to support this strategic initiative. During this developmental phase, the Bank has elected to apply the two-year relief period provided under the transitional reliefs outlined in Note 9 – Transitional Relief (e) on page 143.

3. Assessment of climate-related risks (SRM – 1)

3.1 Climate-related physical risk assessment

The Bank evaluates the potential impact of major physical climate hazards on its portfolio by analysing their effects on borrowers' businesses, collaterals, sectoral concentrations, and geographic exposures, in line with the Bank's Climate Risk Management Procedures. The Bank prioritises hazards such as floods, droughts, storms, and landslides, based on their historical frequency and impact to the country's annual disaster-related losses.

At the portfolio level, physical climate risks are evaluated through geospatial heat mapping, integrating external climate hazard data (e.g., from the World Bank and ThinkHazard!) with sector sensitivity scores based on IFC proprietary metrics. The likelihood of a climate hazard is derived from historical frequency and probability of occurrence, while the severity is evaluated in a broad-based manner, reflecting the potential consequences for borrowers' operations. This broad-based assessment is embedded within the IFC sector sensitivity scoring, which incorporates sector-specific characteristics and vulnerabilities.

During the year, the Bank developed an internal tool that overlays the geographical locations of customers covering over 40% of the loan portfolio as of December 31, 2025. This tool will progressively serve as a primary reference point for assessing climate risk on an ongoing basis, guiding customer exposure levels, and ensuring that physical climate risk considerations remain embedded within the Bank's portfolio-level risk management framework.

Following Cyclone Ditwah, a real-world physical climate stress scenario, a comprehensive review of the physical climate risk framework was initiated. By comparing hazard intensity assumptions with observed flood, landslides, and wind impacts, the physical climate risk assessment methodology is being refined. This enhanced assessment establishes a foundation for climate stress testing and enables the Bank to evaluate and strengthen its risk response measures, ensuring that its climate strategy remains proactive, adaptive, and operationally resilient.

Building on the Bank's portfolio-level screening, borrower-level assessments are conducted to evaluate the vulnerability of individual customers to physical climate hazards. This granular analysis complements the broader portfolio assessment, enabling the Bank to identify material risks embedded in specific credit exposures that may not be fully captured at the macro level.

To translate portfolio-level insights into actionable borrower-level analysis, the Bank conducts enhanced due diligence at the individual borrower or facility level. This is particularly applied to exposures exceeding a predetermined threshold and have a remaining contractual tenor above one year, as well as to higher-risk sectors, in line with the Bank's Climate Risk Management Procedure and sector-specific guidance. The threshold determination and any exceptions are subject to independent review by the Integrated Risk Management Department and oversight through established credit governance frameworks.

This targeted approach allows the Bank to refine risk scores by incorporating borrower-specific characteristics, including any adaptive measures the borrower may have implemented to manage climate-related impacts.

3.2 Climate-related transition risk assessment

At the portfolio level, climate-related transition risks are assessed using UNEP FI sector sensitivity scores to identify sectoral gross exposure to policy, market, and technological transition risks, as specified in the Bank's Climate Risk Management Procedures. This assessment focuses on potential impacts arising from the transition to a low-carbon economy, including direct and indirect emissions-related costs, low-carbon capital expenditure requirements, and potential revenue impacts across lending sectors. Each sector is assigned a corresponding transition sensitivity score, enabling the Bank to identify transition risk concentrations and assess the overall transition risk profile of the portfolio.

Complementing the portfolio-level assessment, the Bank conducts borrower-level climate-related transition risk assessments for exposures exceeding a predetermined threshold, based on loan size, tenure, or overall exposure in the portfolio.

These assessments focus on the borrower's emissions profile, reliance on carbon-intensive activities, and readiness to adapt to evolving policy, market, and technological changes. Transition risk is evaluated using UNEP FI data and internationally accepted taxonomies, supplemented by borrower-specific information, where available.

Key assessment factors include direct and indirect emissions (assessed using borrower-level data or sector benchmarks as proxies), carbon cost exposure from potential future carbon pricing mechanisms, low-carbon readiness reflected through green capital investments and transition strategies, and stranded asset risk arising from reliance on assets vulnerable under low-carbon transition scenarios.

Where borrowers demonstrate ability to mitigate transition impacts, the corresponding transition risk score may be adjusted to reflect mitigated outcomes, ensuring that borrower-level assessments capture both inherent transition risks and the effectiveness of mitigation measures, thereby supporting informed credit decisions and ongoing risk monitoring.

4. Prioritisation of climate risk relative to other types of risks (SRM – 1)

The Bank prioritises climate risk by integrating it into its overall risk management framework, recognising its increasing significance for financial stability and operational resilience. This prioritisation is guided by global assessments, such as the World Economic Forum's Global Risks Report 2025, which identifies environmental risks, including extreme weather events and biodiversity loss as among the most severe threats over the next decade.

To ensure a systematic and consistent approach, the Bank applies a structured prioritisation framework that evaluates all risks, including climate risk, across multiple dimensions as shown below.

- **Integration into Risk Management Framework:** Climate and broader environmental and social (E&S) risks are fully incorporated into the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and wider risk management through qualitative scorecard-based assessments.
- **Potential financial impact:** Assessing the extent to which climate-related events could affect the Bank's financial position and overall financial performance.
- **Operational criticality:** Evaluating how climate events may disrupt critical operations, processes, or services.
- **Strategic alignment:** Considering how the climate risk aligns with or affects the Bank's strategic objectives and long-term sustainability goals.
- **Velocity of manifestation:** Analysing how quickly the risk could materialise and affect the Bank.
- **Consistency with risk appetite:** Ensuring the risk remains within the boundaries of the Bank's defined risk appetite and tolerance levels.

Through this structured evaluation, climate risk is embedded within traditional risk categories and prioritised alongside other key risks, enabling the Bank to proactively manage exposures and drive sustainable growth amid an evolving environmental and regulatory landscape.

This strategic integration is critical not only for ensuring regulatory compliance but also for mitigating the growing reputational risk associated with an inadequate climate response, which the Bank has identified as a material climate risk. (Refer Figure 57: Reputational Risk from Inadequate Climate Response on pages 158 to 160).

5. Monitoring of climate risks

The Bank's process of monitoring of climate risk is governed by its Climate Risk Management Policy and the Procedure. The Bank is in the process of enhancing its data infrastructure in phases to improve reporting capabilities, enabling detailed tracking of material CRROs. Monitoring of physical risks will be progressively refined with expanded portfolio coverage through system developments. Further, transition risk metrics such as carbon intensity, Weighted Average Carbon Intensity (WACI) will be developed following the completion of financed emissions computation. These metrics will be monitored as part of the Bank's key risk indicators in the time to come.

6. Changes in climate risk management processes compared with the previous reporting period (SRM – 1.2)

During 2025, the Bank took steps to lay a structured foundation for climate risk management. This included developing a dedicated Climate Risk Management Policy and a Procedure, integrating climate risk alongside E&S considerations into the ICAAP and broader risk framework through qualitative scorecard-based assessments, and introducing data-driven metrics and disclosure practices.

7. Process for identifying, assessing, and monitoring climate-related opportunities (SRM – 2)

The Bank employs a systematic process to identify, assess, prioritise, and monitor climate-related opportunities as guided by its Climate Risk Management Policy and the Procedure, and the Green Finance Policy. The Bank proactively identifies climate-related opportunities by monitoring national policy incentives such as Sri Lanka's NDCs and the CBSL Green Finance Taxonomy, evolving market demand for sustainable products, and technological innovations that enable renewable energy, energy efficiency, and climate-resilient infrastructure. Performance is measured using metrics such as the portfolio growth, and the alignment of lending with recognised taxonomies. Further, the ongoing borrower engagement, including regular assessment of client transition or adaptation plans forms a critical part of monitoring, strengthening both client resilience and the de-risking of the Bank's portfolio. Through the materiality assessment process for SLFRS Sustainability-related Financial Disclosures, the Bank identified the Sustainable Finance as a material climate-related opportunity. (Refer Figure 58: Sustainable Finance Opportunity on pages 160 to 161).

The Bank recognises climate-related scenario analysis as a critical tool for identifying CRROs. To ensure preparedness for this requirement which becomes mandatory effective from January 01, 2027, the Bank has developed a roadmap to ensure timely compliance while building internal capabilities.

8. Integration of climate risk with overall risk management process (SRM – 3)

The Bank integrates CRROs into its overall risk management process through a structured risk governance framework based on the Three Lines of Defense. (Figure 68, Risk Governance and Management Section on page 276).

First Line of Defense – Business and Operational Units: Business units, relationship managers, and credit officers own and manage climate risks in day-to-day operations. They identify and assess risks at customer engagement and transaction origination, conduct initial due diligence for facilities above a pre-defined internal threshold, implement mitigation actions including covenants, guidance on adaptation measures, and pursue Green Financing opportunities while maintaining internal controls aligned with the Bank's Climate Risk Management Policy.

Second Line of Defense – Integrated Risk Management Department: Led by the Chief Risk Officer, provides independent oversight, guidance, and challenge. It develops the Climate Risk Management Policy, associated procedures, validates First Line risk assessments, monitors portfolio-level exposures, provides tools and methodologies for consistent risk evaluation, and reports material findings to the BIRMC.

Third Line of Defence – Internal Audit Function: The Internal Audit Department provides independent assurance to the BAC on the effectiveness of governance, risk management, and controls over climate risks. It audits the design and operation of controls, validates that risks are adequately identified and managed, evaluates assessment methodologies and data quality, and reports findings with recommendations for improvement.

This Three Lines of Defense structure ensures that CRROs are systematically identified, assessed, monitored, and integrated into the Bank's overall risk management framework.

Strategy

1. Our context

The Group recognises that climate change is one of the most significant and far-reaching challenges facing the financial services sector. As a leading financial institution in Sri Lanka, the Bank is directly exposed to both physical and transition risks arising from climate change, while also being uniquely positioned to drive the country's transition to a low-carbon and climate-resilient economy.

The Bank's climate strategy is designed to address both the physical and transition risks of climate change through adaptation and mitigation measures as detailed below.

Adaptation
(Managing Physical Climate Risks)

Safeguarding financial resilience

Strengthening the Bank's ability to withstand climate-related physical risks, such as floods, storms, and other extreme weather events, to protect its assets, operations, and risk profile.

Supporting client climate adaptation

Assisting clients in building resilience to climate impacts through advisory services, risk assessments, and climate-resilient financing solutions.

Mitigation
(Enabling the Low-Carbon Transition)

Supporting client transition

Helping clients reduce carbon intensity, align with decarbonisation pathways, and adopt low-carbon technologies and practices.

Seizing opportunities in sustainable finance

Expanding financing for renewable energy, green and blue projects, and other sustainable initiatives that contribute to emissions reduction and a low-carbon economy.

To advance this strategy, emphasis is placed on strengthening credit underwriting standards, embedding climate scenario analysis into portfolio management, and progressively aligning exposures with Sri Lanka's national climate commitments and internationally recognised pathways for a low-carbon transition.

By integrating sustainability into the Bank's core lending strategy, the Bank is expanding its footprint in renewable energy, green infrastructure and climate-smart agriculture. This is supported by the Bank's commitment to issue green bonds, adopt global disclosure frameworks, and developing a Climate Transition Plan in partnership with Development Financial Institutions (DFIs) such as the IFC.

The Bank recognises that climate strategy cannot be pursued in isolation. Accordingly, it emphasises collaboration with regulators, international lenders, industry associations, and community stakeholders to ensure an orderly and inclusive transition while supporting climate adaptation and resilience. Capacity building, investment in climate analytics and ESG data systems, transparent stakeholder communication and strategic collaboration with industry partners and stakeholders are key enablers of the Bank's climate strategy.

1.1 Climate position statement of Commercial Bank of Ceylon PLC –
Refer Figure 39 on page 109.

1.2 Climate transition plan (SS – 3.2)

The Bank is in the process of developing a comprehensive Climate Transition Plan in partnership with the IFC, aligned with national decarbonisation pathways. As the first Sri Lankan bank to join the Partnership for Carbon Accounting Financials (PCAF), the Bank commenced measuring its financed emissions (Category 15: Investments) and developed a Financed Emissions Framework during the year to guide the management and reduction of emissions associated with its lending and investment portfolios as indicated in Figure 59 – Roadmap of computation of Financed Emissions on page 163.

Core focus areas of the climate transition plan are; (SS – 3.2)

1. Establishing the foundations for transition planning

The Bank laid the groundwork for its Climate Transition Plan by establishing a baseline for financed emissions and analysing the loan portfolio to identify high carbon-emitting sectors. Portfolio alignment with national climate goals was also assessed to ensure consistency with the country's decarbonisation pathways.

2. Accelerating Green and Blue finance

During the year, the Bank advanced its sustainable finance agenda, setting a target to achieve a Rs. 100 Bn. green financing portfolio by 2030, developing new green finance products and identifying credit exposures in carbon-intensive sectors and promoting a gradual shift toward more sustainable lending practices. (Refer Figure 19 – Green Finance on page 84). This target will be revised as the portfolio expands in the near future.

3. Strengthening capacity for climate risk management

The Bank enhanced its climate risk management capabilities by integrating climate considerations into risk governance and management procedures, identifying material exposures to carbon-intensive assets. Targeted capacity-building initiatives further strengthened the Bank's ability to manage climate-related financial risks effectively.

2. Climate-related risks and opportunities (CRROs) (SS – 1.1, SS – 1.2, SS – 2.1, SS – 3.1, SS – 3.3, SS – 3.4, SS – 4.1)

During the year, the Bank evaluated its value chain and identified three material climate-related risks and one material climate-related opportunity that could reasonably be expected to affect the Bank's prospects. These are set out in the Figures 55 to 58 below together with impacts and strategies.

Impact of extreme weather on borrowers' financial capacity Figure – 55

Climate-related risk 01	**Extreme weather events** Extreme weather events, including floods, landslides, cyclones and droughts, are becoming more frequent and severe, often exacerbated by climate change. These events pose a material credit risk to the Bank, as they can weaken borrowers' financial capacity and increase the likelihood of loan defaults and non-performing loans.
Description	Climate change elevates credit risk through increased borrower default probabilities, driven by more frequent/severe extreme weather events. Borrowers in areas prone to extreme weather face: • Operational disruptions (facility closures, workforce displacement) • Collateral depreciation (property damage, land value erosion) • Supply chain vulnerabilities The Bank is in the process of further strengthening climate-risk-adjusted underwriting while balancing access to credit for vulnerable clients through targeted resilience programs.
Physical risk/Transition risk	Physical risk
Time period	S, M, L (Note 07 – Table 27 on page 142).
Current and anticipated effects of those CRROs on the Bank's business model and value chain	**Current Impact** The impact of Cyclone Ditwah on the Bank's business model listed below should be considered alongside its effects on the economy, as detailed in the section Operating Environment & Outlook on pages 49 to 53. • Flooding and landslides caused by Cyclone Ditwah reduced the repayment capacity of impacted borrowers. • As a result, the potential impact on Expected Credit Losses (ECL) from exposures to customers affected by Cyclone Ditwah was assessed and recognised in the Financial Statements through management overlays, as disclosed in Note 18 – Impairment charges/(reversal) and other losses on page 349. • In line with CBSL guidelines, the Bank has also implemented relief measures to assist individuals and businesses affected by the cyclone. These measures include modifications to loan contracts, and other support initiatives to ease financial pressure. **Anticipated Impact** • Rising delinquency rates in vulnerable sectors. • Increased impairment charges due to the increased credit risk from borrowers impacted by extreme weather events. • Regulatory pressure for disclosing physical risk exposures. • Improvements to credit risk evaluation processes is expected to become more precise through the integration of advanced analytics, climate modeling, and stress testing, leading to clearer insights into borrower vulnerability to extreme weather events. • Collaborative partnerships with governments, NGOs, and other organisations are anticipated to result in the creation of effective community-based financial solutions.
	Where it is impacted **Credit Risk** Extreme weather events elevate credit risk by increasing the Probability of Default (PD), through income loss from operational disruptions, and/or the Loss Given Default (LGD), due to direct collateral damage and property devaluation. While Cyclone Ditwah served as a stress event, impacting all 25 districts in Sri Lanka, the direct physical damage was most heavily concentrated in loans utilised in Colombo, Gampaha, and Kandy Districts. As of December 31, 2025, the Bank assessed the sensitivity of its loan portfolio to climate-related physical risks, particularly floods, by combining district-level hazard classifications from "ThinkHazard!" with sector-specific sensitivity scores. This approach allowed the Bank to identify exposures in high-risk districts and vulnerable sectors, providing a robust basis for targeted risk monitoring, enhanced due diligence, and informed portfolio management decisions. Refer Table 34: Sensitivity to climate-related flood risk on page 164 and Table 35: Key findings – Sensitivity to climate-related flood risk on page 165.

	Reputational Risk Extreme weather events are likely to intensify stakeholder scrutiny of the Bank's contribution to adaptive measures and support for affected customers. However, by undertaking proactive actions such as transparent communication, flexible customer support, CSR initiatives, and active stakeholder engagement, the Bank can reinforce its reputation and strengthen resilience across the value chain.
How the Bank has responded or plans to respond to CRROs in its business strategy and decision making	**Credit Risk** **Direct Adaptation Actions:** • **Assessment of physical climate risk:** The Portfolio-level risk is estimated via geospatial heat mapping, combining external hazard data with sector sensitivity metrics. For high-value exposures exceeding defined thresholds, borrower-level analysis adjusts inherent physical risk based on adaptive capacity, including resilience infrastructure and financial preparedness. • **Enhanced Credit Assessments:** The Bank's Environmental and Social Management System (ESMS) procedures incorporate assessment of borrowers' vulnerability to climate hazards, as part of its holistic E&S risk evaluation. • **Climate Risk Modelling:** Integrating climate risk scenarios into credit risk models to evaluate potential impacts on borrower default rates under different climate conditions. The Bank has developed a phased implementation roadmap for Climate-related Scenario Analysis. • **Human Capital Development:** Training credit officers on sector-specific climate risk factors to enhance their ability to evaluate and identify borrower vulnerabilities to climate impacts.
	Indirect Adaptation Actions: • Customer Education: Providing resources and guidance to borrowers on risk management and disaster preparedness, helping them mitigate potential impacts and improve repayment capacity. • Partnering with Community Stakeholders: Work with community organisations and relevant entities to support resilience initiatives, indirectly benefiting borrowers and reducing overall credit risk. **Reputational Risk** **Direct Adaptation Actions:** • Transparent Communication: Developing clear communication strategies to inform customers and other stakeholders about the Bank's risk management efforts and support initiatives during extreme weather events. • Customer Support Programs: Implementing programs, such as relief measures to assist individuals and businesses affected by the Ditwah cyclonic and flood disasters, that provide flexible repayment options for affected customers, demonstrating the Bank's commitment to community support. **Indirect Adaptation Actions:** • Corporate Social Responsibility Initiatives: Engaging in community-focused initiatives that promote climate resilience and sustainability, enhancing the bank's reputation as a responsible corporate citizen. • Stakeholder Engagement: Actively engaging with stakeholders, including customers, investors, and community organisations, to build trust and demonstrate the Bank's proactive approach to managing climate-related risks.
How the Bank is resourcing, and plans to resource the activities	**Human Capital Development:** Implementing employee training on climate risk, disaster recovery, and customer engagement. **Technology Integration:** Investing in data analytics, scenario modeling, and digital platforms to enhance climate risk assessments and customer communication during extreme weather events. **Strategic Partnerships:** Collaborating with NGOs, government agencies, industry groups, and academic institutions to support community resilience, access expertise, and develop climate risk adaptation solutions. **Stakeholder Engagement:** Establishing customer feedback channels and maintaining transparent communication channels with investors to align climate strategies with their expectations. **Continuous Monitoring and Evaluation:** Defining KPIs and conduct regular reviews to assess the effectiveness of climate risk initiatives to optimise resource allocation.
Progress of the plans and initiatives	**Human Capital Development** Training Programs: Over 500 employees participated in specialised training sessions in 2025 focused on climate risk management. **Strategic Partnerships:** Partnering with IFC helps leverage their expertise and resources in sustainable finance and climate risk management. **Stakeholder Engagement:** Organising an annual Sustainability Summit creating a platform for sharing knowledge, innovations, and strategies related to climate risk and sustainable development.

Current year financial effects	Additional impairment charges related to customers impacted by the Ditwah cyclonic and flood disasters amounted to Rs. 1.2 Bn. (Note 18 – Impairment charges/(reversal) and other losses on page 349).
Significant risk of material adjustments within the next annual reporting period (i.e. in 2026)	The Group does not anticipate a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements. (Note 10.1 – Table 28 (e) on page 144)
Anticipated financial effects over short, medium and long term	**Transitional Relief** (Note 09 (d) on page 143).
Climate resilience	**Transitional Relief** (Note 09 (e) on page 143).
Significant judgements and uncertainties	Significant uncertainty stemming from data gaps directly affects the assessment of credit risk related to climate-induced physical risks. The lack of high-resolution, location-specific historical and projected climate data limits the ability to accurately evaluate how borrowers are exposed to physical hazards. Additionally, insufficient information on borrower-level climate vulnerability such as the resilience of their assets, infrastructure, and adaptive capacity hampers precise risk measurement. This makes it challenging to differentiate which borrowers or portfolios are most susceptible to physical damage, operational disruptions, or declines in asset value due to climate events. The Group's judgement that no material adjustment to the carrying amounts of assets and liabilities will be required in the next reporting period is subject to significant uncertainty given the risk that climate events could intensify more rapidly and abruptly than expected. (Note 10.1 – Table 28 (c) and (e) on page 144).

Transition risk to the loan portfolio from carbon intensive industries Figure – 56

Climate-related risk 02	Transition risk refers to the financial risks arising from the economy's shift toward a low-carbon and sustainable model, including changes in policies, regulations, market preferences, and technology adoption.
Description	In the context of Sri Lanka, a low-emission country with per capita GHG emissions of approximately 1.02 metric tons of CO_2e, transition risks are particularly relevant as emissions have been rising alongside economic growth. The country's NDCs provide a framework to reduce emissions and guide the economy's shift towards a sustainable, low-carbon model, which may impact borrowers in high-emitting sectors. Borrowers in carbon-intensive sectors face financial strain from policy and regulatory shifts, market transitions, and decarbonisation pressures, potentially increasing default risks. Export-oriented borrowers additionally confront regulatory barriers, including carbon border adjustment mechanisms (CBAM) and stricter emissions standards in key international markets. To manage credit risk while supporting customers' transition, the Bank prioritises engaging with clients to facilitate decarbonisation, providing guidance and incentives for sustainable practices, and integrating transition pathways into lending strategies.
Physical risk/Transition risk	Transition risk
Time period	M, L (Note 07 – Table 27 on page 142).
Current and anticipated effects of those CRROs on the Bank's business model and value chain	**Current Impact** No material impacts in 2025 **Anticipated Impact** • Declining creditworthiness of carbon-intensive borrowers • Pressure to align with country's climate commitments and decarbonisation pathways • Development of green and blue finance solutions • Potential revenue shortfalls during sector transition

	Where it is impacted **Credit Risk:** • Increase in default probabilities in vulnerable sectors. The Bank assessed the sensitivity of the loan portfolio for climate-related transition risks as at December 31, 2025, by applying UNEP FI Sector Sensitivity Scores, which classify economic sectors based on their vulnerability to transition impacts. This approach enabled the Bank to identify exposures in sectors most sensitive to regulatory, market, and technological shifts, supporting planned scenario analysis, risk mitigation strategies, and informed lending decisions. Table 36: Vulnerability to climate-related transition risk on page 165 and Table 37: Key Findings – Vulnerability to climate-related transition risk on page 166. **Reputational Risk:** • Stakeholder scrutiny over climate alignment • Competitive positioning in sustainable finance
How the Bank has responded or plans to respond to CRROs in Business Strategy and Decision Making	**Credit Risk** **Direct Mitigation Actions:** • Enhancing credit assessments: Integrating transition risk into risk assessment frameworks. • Green and Blue Financing Solutions: Extending financing for decarbonising initiatives of high-emitting customers committed to reduce emissions. • Transition Planning: Engagement with IFC for Transition Plan development. • Policy-driven transition alignment: Proactively monitor and align the Bank's strategies with national climate commitments (e.g., NDCs, sectoral decarbonisation roadmaps) • Sectoral Exposure Limits: Reviewing the Bank's loan book exposure to high-emitting industries while simultaneously supporting the transition. **Indirect Mitigation Actions:** • Client Engagement & Advisory Support: Engaging proactively with clients to provide advisory services on low-carbon transition strategies, regulatory readiness, and sustainable business models. • Monitoring of climate-related disclosures: Systematically tracking and evaluating climate-related financial information from high-risk borrowers to gain insights into their exposure to transition risks and support proactive risk management. **Reputational Risk** **Direct Mitigation Actions:** • Public Commitment to Decarbonisation: Articulating and publicising the Bank's transition strategy, including clear targets to reduce financed emissions, demonstrating leadership and accountability in aligning with country's climate goals. • Responsible Lending Policies: Establishing sector-specific guidelines to carefully manage exposures in carbon-intensive industries, supporting borrowers in transitioning toward more sustainable practices while aligning the Bank's lending approach with broader sustainability objectives and responsible financing principles. **Indirect Mitigation Actions:** • Stakeholder Dialogue on decarbonisation pathways: Engaging with stakeholders to communicate the Bank's role in supporting decarbonisation and address concerns around environmental and social impacts. • Sustainability Branding and Advocacy: Enhancing the Bank's brand by supporting industry coalitions, sustainability forums, and public initiatives that promote a low-carbon economy, thereby building trust and reputation.
How the Bank is resourcing, and plans to resource the activities	**Financial commitments:** Committed for Rs. 30 Mn. (equivalent to USD 100,000) for the development of the Climate Transition Plan along with capacity building initiatives **Human Capital Development:** Provide training across relevant teams on transition risk analysis to strengthen internal expertise. **Technology Integration:** Deploy carbon footprint tracking systems and scenario analysis tools to assess impacts of regulatory changes. **Strategic Partnerships:** Collaborate with initiatives such as PCAF and join industry decarbonisation alliances to align with global best practices. **Governance:** Establish Board-level oversight for transition risk through the BIRMC to ensure accountability and informed decision-making.

Progress of the plans and initiatives	• The Bank has implemented a formal policy prohibiting financing for coal-related projects. Refer the group-environmental-and-social-risk-management-policy • The Bank is developing its Climate Transition Plan in partnership with IFC, and has submitted the draft covering Scope 1 and 2 emissions. Subsequent phases will establish emission baselines and sectoral decarbonisation pathways. As the first Sri Lankan bank to join PCAF, the Bank has initiated financed emissions computation and has developed a Financed Emissions Framework. Refer Figure 59. Roadmap of computation of Financed Emissions (Category 15: Investments) on page 163.
Current year financial effects	**No material impacts in 2025**
Significant risk of material adjustments within the next annual reporting period (i.e. in 2026)	The Group does not anticipate a sudden or extraordinary shifts over Policy, regulatory, and market adjustments related to the low-carbon transition in 2026. Accordingly, the Group does not anticipate a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements. (Note 10.1 – Table 28 (e) on page 144).
Anticipated financial effects over short, medium and long term	**Transitional Relief** (Note 09 (d) on page 143).
Climate resilience	**Transitional Relief** (Note 09 (e) on page 143).
Significant judgements and uncertainties	The Group is of the view that there will not be sudden or disruptive changes to the policy, regulatory, and market adjustments related to the low-carbon transition in 2026. This assessment is based on the current trajectory of announced government policies, the phased nature of upcoming regulations (e.g., EU Carbon Border Adjustment Mechanism), and the existing momentum within markets. However, significant uncertainty surrounds the medium to long-term, over pace, stringency, and enforcement of government climate policies and regulations, which directly impacts credit risk through transition risk. Political shifts, economic pressures, or social factors may delay, weaken, or alter the implementation of low-carbon policies, creating unpredictable timelines for when transition-related risks materialise. (Note 10.1 – Table 28 (d) and (e) on page 44).

Reputational risk from inadequate climate response Figure – 57

Climate-related risk 03	**Negative stakeholder sentiment:** Reputational risk arises for the Bank, if it is seen as lagging in its climate and sustainability response. This transition risk may impact creditworthiness, capital access, and long-term strategic positioning of the Bank.
Description	Increased stakeholder concern or negative feedback poses a significant transition risk to the Bank, as it reflects growing expectations from investors, customers, regulators, and the public regarding climate action and sustainability. If the Bank is perceived as slow to respond to these demands, it may face reputational damage, loss of investor confidence, customer attrition, regulatory scrutiny, and challenges in attracting or retaining talent. These reactions can ultimately impact the Bank's financial stability, increase its cost of capital, and constrain strategic growth, making stakeholder sentiment a key non-financial risk factor.
Physical risk/Transition risk	Transition risk
Time period	S, M, L (Note 07 – Table 27 on page 142).

Current and anticipated effects of those CRROs on the Bank's business model and value chain	**Current Impact** • **Increased Regulatory Scrutiny:** Growing volume of regulatory queries focused on the Bank's ESG alignment, SLFRS S2 – Climate-related disclosures, and risk integration frameworks. • Heightened Investor Expectations: Key investors are seeking independently validated and credible decarbonisation pathways from institutions, reflecting the growing emphasis on transparency and accountability. • Climate-linked Financing Conditions: Financing agreements to include contractual obligations tied to climate transparency and performance, such as meeting specific sustainability KPIs or reporting benchmarks. **Anticipated Impact** • Mandatory External Assurance: Regulatory and market pressures are expected to mandate third-party assurance on climate-related disclosures and other sustainability claims. • Disclosure-Related Penalties: Institutions failing to meet evolving disclosure expectations may face reputational penalties, reduced investor confidence. **Where it is impacted** **Reputational Risk:** • Exclusion from ESG indices/funds **Strategic Risk:** • Reduced competitiveness in sustainable finance markets
How the Bank has responded or plans to respond to CRROs in its Business Strategy and Decision Making	**Reputational Risk** **Direct Mitigation Actions:** • Double Materiality Assessments: Conducting double materiality analysis to ensure that both financial and non-financial climate-related impacts are accurately reflected in disclosures. • Independent Assurance of Disclosures: Engaging third-party assurance providers to verify the accuracy and reliability of non-financial disclosures, enhancing credibility. • Decarbonising Operations: Taking active measures to achieve net-zero emissions in the Bank's own operations (Scope 1 and Scope 2). • The Bank is currently developing a comprehensive Climate Transition Plan, in close consultation with the International Finance Corporation (IFC), to strategically navigate and adapt to the evolving climate landscape. **Indirect Mitigation Actions:** • Stakeholder Forums: Facilitate regular engagement with stakeholders to communicate progress, challenges, and the integrity of the Bank's climate actions.
How the Bank is resourcing, and plans to resource the activities	**Human Capital Development:** Provide training to Legal and Compliance teams on greenwashing litigation to build internal capacity for identifying and managing reputational risks. **Technology Integration:** Implement an integrated ESG data platform to ensure consistency, accuracy, and transparency in sustainability disclosures. **Governance:** Implement a tiered escalation mechanism for timely resolution of misaligned incidents.
Progress of the plans and initiatives	• Zero regulatory notices on disclosure accuracy • Adoption of SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2). • Progress of Decarbonising Operations: Refer Table 41 – Renewable Energy Adoption on page 169 and Table 42 – Energy Efficiency of Bank's Operations on page 170.
Current year financial effects	**No material impacts in 2025**
Significant risk of material adjustments within the next annual reporting period (i.e. in 2026)	No significant risk of a material adjustment is expected within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements. (Note 10.1 – Table 28 (e) on page 144).

Anticipated financial effects over short, medium and long term	**Transitional Relief** (Note 09 (d) on page 143).
Climate resilience	**Transitional Relief** (Note 09 (e) on page 143).
Significant judgements and uncertainties	The Bank operates in an increasingly complex and divergent global regulatory environment. This evolving landscape creates inherent uncertainty, exposing the Bank to potential legal challenges and regulatory penalties. These risks may arise from interpretations of the Bank's public climate commitments, the precision of its stated targets, or the clarity of its external communications. Failure to adequately manage these expectations could result in financial penalties and reputational damage. Further, the financial impact of reputational damage is highly uncertain and indirect, making it difficult to quantify. It may materialise through harder-to-measure channels such as a higher cost of capital, loss of preferential financing, exclusion from ESG funds, or attrition of customers and employees, potentially leading to material financial impacts in the medium to long term.

Sustainable finance opportunities Figure – 58

Climate-related opportunity 01	New revenue and lending opportunities from climate-linked avenues.
Description	Sustainable finance enables lending and investment portfolios with environmental objectives such as carbon reduction, clean energy, and climate resilience. It also enhances the Bank's appeal to socially conscious investors, supporting revenue growth and strengthening its reputation as a responsible financial institution.
Physical risk/Transition risk	Transition risk
Time period	S, M, L (Note 07 – Table 27 on page 142).
Current and anticipated effects of those CRROs on the Bank's business model and value chain	**Current Impact** • The Bank has integrated environmental criteria into lending decisions and developed green financial products. **Anticipated Impact** • Increased market share among environmentally conscious customers • Improved access to local and international capital markets • Alignment with emerging regulatory frameworks **Where it is impacted** • Lending and investment portfolios • Investor relations and capital raising activities • Product development and marketing • Compliance and Risk management frameworks
How the Bank has responded or plans to respond to CRROs in its Business Strategy and Decision Making	**Product Innovations and targets** • Launched green finance loans on competitive terms for renewable energy financing, environmentally friendly transportation & related services, climate smart agriculture, green building development and water saving. • Implemented a Boards approved Sustainable Bond framework aligned with ICMA principles. • Target to grow the green finance portfolio to Rs. 100 Bn. by 2030.

How the Bank is resourcing, and plans to resource the activities	**Human Capital Development:** Conducting specialised training programs for credit officers to Identify and acquire new lending opportunities in the Sustainable finance space. **Technology Integration:** Invested in Climate Assessment for Financial Institutions (CAFI) tool to quantify, categorise and track the climate-related investments as well as GHG reduction impact of funded projects. **Green Capital Mobilisation:** Raised of Rs.15 Bn. through Green Bond in 2025
Progress of the plans and initiatives	• 85% YoY growth in Green Finance Portfolio • Refer Figure 19 on page 84 and Figure 20 on page 85. • Over 800 employees participated in specialised training sessions on green financing and blue financing. • Refer Table 43 on page 171.
Current year financial effects	Basel III Compliant – Tier II Green Bonds of Rs. 15 Bn. This enhanced the Bank's capital adequacy ratio (total capital) and supported the expansion of green lending. Statement of Cashflows on page 318 provides the Cashflow generated on issue of the Green bonds. Note 13.2 – Interest Expense on page 341 includes the total interest incurred on the Green Bonds for the year amounted to Rs. 652 Mn. Note 50 – Subordinated liabilities on page 415 provides details of debentures issued by the Bank which also includes details pertaining to Green Bonds. **Green Finance Loans** The details of the Green finance portfolio is given in Figure 19 on page 84 and Figure 20 on page 85.
Significant risk of material adjustments within the next annual report period (i.e. in 2026)	No significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements.
Anticipated financial effects over short, medium and long term	**Transitional Relief** (Note 09 (d) on page 143).
Climate resilience	**Transitional Relief** (Note 09 (e) on page 143).
Significant judgements and uncertainties	The growth of the sustainable finance market depends on economic conditions, the speed of government Policies and regulatory developments, and competitive dynamics. Furthermore, the future regulatory environment remains uncertain. Insufficient government incentives, such as tax benefits or guarantees for green loans, and changes in Government Policies on climate-linked sectors could reduce borrower demand. Conversely, the introduction of sudden, stringent regulations may escalate compliance and reporting costs for the Bank's green bonds and loan products.

Metrics and targets

The metrics and targets include cross-industry metrics, industry-based metrics and climate-related targets set by the Bank.

1. Cross – industry metrics

1.1 Greenhouse Gas (GHG) Emissions (SMT – 1.5)

The Bank measures and discloses its greenhouse gas (GHG) emissions in accordance with the GHG Protocol Corporate Standard, ISO 14064-1:2018, and SLFRS S2 requirements. It applies the financial control approach for GHG accounting, consistent with the consolidation principles used in its financial statements. This approach reflects the economic substance of the Bank's relationships by accounting for all GHG emissions from operations over which the Bank has financial control.

GHG emissions are categorised into Scope 1, 2, and 3 emissions.

- **Scope 1 (Direct Emissions):** Emissions from owned or controlled sources, such as fuel combustion in company vehicles and backup generators.
- **Scope 2 (Location-based Indirect Emissions):** Emissions from purchased electricity, calculated using grid emission factors.
- **Scope 3 (Other Indirect Emissions):** All indirect greenhouse gas (GHG) emissions that occur in the value chain of the Bank but are not included in Scope 2.

The Bank reports only Scope 1 and Scope 2 emissions, applying the transitional relief under SLFRS S2 [Appendix C, Section C4 (b)] for its first two mandatory reporting periods, deferring disclosures on Scope 3 emissions. Refer Note 9 – Transitional Reliefs (c). on page 143.

Methodology for the measurement and disclosure of GHG Emissions (SMT – 1.4)

The Bank calculates its greenhouse gas emissions using internationally recognised methodologies to ensure consistency, comparability, and accuracy across all reporting scopes as illustrated in Table 30 below.

GHG reporting framework & compliance standards Table – 30

Category	Standard/Approach	Description
GHG Measurement Standards	Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004)	Widely adopted international standard for corporate GHG accounting
Global Warming Potential (GWP) Values	IPCC Sixth Assessment Report (AR6)	Used to convert GHGs to CO_2 – equivalent (tCO_2e) Refer Table 32: Key Assumptions and Sources used for GHG Measurement given on page 163.
Accounting Approach	Financial Control Approach	Emissions are consolidated based on the Bank's financial control over operations
GHG Disclosures	SLFRS S2 – Climate-related Disclosures	Applied to align with SLFRS S2- Climate-related Disclosures. Transitional Relief applied for Scope 3 emissions. Refer Note 9 – Transitional Reliefs (c) on page 143.
GHG External Verification	ISO 14064-1:2018 & ISO 14064-3:2019	The Sri Lanka operations of the Bank calculate GHG emissions in accordance with ISO 14064-1:2018, and the inventory was externally assured and verified following ISO 14064-3:2019. Refer Figure 60 for the GHG Verification Report on page 163.

Summary of GHG emissions (in absolute gross measurement basis) – Group Table – 31 (SMT – 1.1, SMT – 1.2)

Description	Greenhouse gas emissions (tCO_2e) 2025		
	Scope 1	Scope 2	Total
Consolidated accounting group	901	6,497	7,398
Other investee (investment in associate) (Note 01)	–	–	–
Total (under financial control approach)	901	6,597	7,398

Note 01: Scope 1 and Scope 2 emissions of the associate have not been included, as they were assessed to be immaterial to the Group's overall emissions profile. Further, the Bank divested its entire shareholding in its associate company, Equity Investments Lanka Limited, in January 2026.

The Bank is taking active measures to achieve net-zero emissions in its own operations (Scope 1 and Scope 2) by reducing energy demand through efficiency improvements, sourcing renewable electricity. The progress against these initiatives, which directly impact the absolute emissions reported in Table 31 above, are detailed in Table 41 – Renewable Energy Adoption on page 169 and Table 42 – Energy Efficiency of Bank's Operations on page 170.

Key assumptions and Sources used for GHG measurement Table – 32 (SMT – 1.5)

Scope	Emission category	Activity	Data source	Emission Factor (EF) Source	Source of Global Warming Potential (GWP) values
Scope 1	Stationary combustion	Diesel used in generators	Fuel invoices	IPCC AR 6	IPCC AR 6
Scope 1	Mobile combustion	Diesel/Petrol used in vehicles	Distance travelled (mileage) and the vehicle's fuel economy	IPCC AR 6	IPCC AR 6
Scope 2	Purchased electricity	Electricity use	Monthly Electricity Bills	Grid Emission Factors in countries where the Bank and its subsidiaries operate*	

Grid Emission Factor Sources

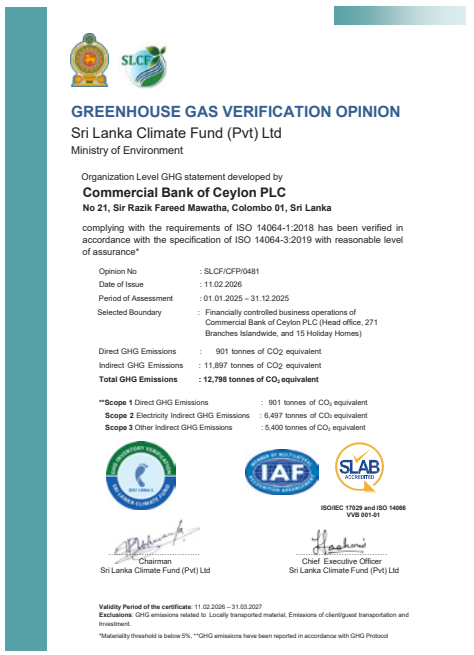
Sri Lanka
Sri Lanka energy-balance-2022.pdf
https://www.energy.gov.lk/images/energy-balance/energy-balance-2022.pdf

Bangladesh
Bangladesh First Biennial Update Report to the UNFCCC – June 2023
https://unfccc.int/sites/default/files/resource/Updated%20BUR1%20Report_15_11_2023.pdf

Maldives
JCM Proposed Methodology Displacement of Grid and Captive Genset Electricity by Solar PV System
https://www.jcm.go.jp/mv-jp/methodologies/19/attached_docu

Myanmar
Barrier Analysis and Enabling Framework Report for Climate Change Mitigation – April 2021
https://unfccc.int/ttclear/TNA/MMR-BAEF-BAEF_Mitigation_2021.pdf

GHG verification option Figure – 60



GREENHOUSE GAS VERIFICATION OPINION
Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Commercial Bank of Ceylon PLC
No 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0481
Date of Issue : 11.02.2026
Period of Assessment : 01.01.2025 – 31.12.2025
Selected Boundary : Financially controlled business operations of Commercial Bank of Ceylon PLC (Head office, 271 Branches Islandwide, and 15 Holiday Homes)

Direct GHG Emissions : 901 tonnes of CO_2 equivalent
Indirect GHG Emissions : 11,897 tonnes of CO_2 equivalent
Total GHG Emissions : 12,798 tonnes of CO_2 equivalent

Scope 1 Direct GHG Emissions : 901 tonnes of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions : 6,497 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions : 5,400 tonnes of CO_2 equivalent

ISO/IEC 17029 and ISO 14066 VVB 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

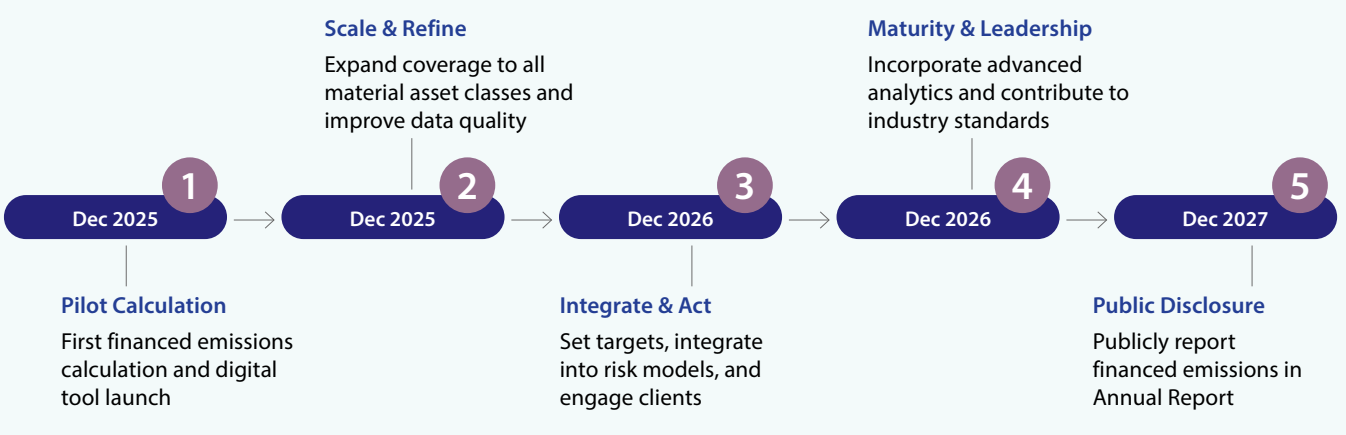
Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Validity Period of the certificate: 11.02.2026 – 31.03.2027
Exclusions: GHG emissions related to Locally transported material, Emissions of client/guest transportation and Investment.
*Materiality threshold is below 5%, **GHG emissions have been reported in accordance with GHG Protocol

While the Bank's direct operational impact is minimal, over 99% of its total climate footprint is derived from the loans and advances portfolio. Acknowledging this profound responsibility, the Bank has embarked on an ambitious journey to measure its financed emissions.

The strategic roadmap outlining the Bank's phased approach to achieve financial emissions measurement and integration is given below.

Roadmap for computation of financed Emissions (Category 15: Investments) Figure – 59



1.2 Other cross-industry metrics

1. Vulnerability of assets or business operations to climate-related physical risks – Bank (SMT – 3)

Given that floods account for approximately 65% of Sri Lanka's average annual disaster-related losses and more than 50% in Bangladesh, the Bank has prioritised flooding as a key climate-related physical risk.

Sensitivity of the Bank's loans and advances portfolio to flood risks

Assessment methodology

1. **Location sensitivity assessment**

   District-level river flood hazard classifications were derived from "ThinkHazard!" a globally recognised climate hazard screening tool developed by the World Bank Group. Districts were categorised as High, Moderate or Low sensitivity based on the estimated recurrence interval of potentially damaging river flood events as shown in the Table 33 below.

Flood risk classification Table – 33

Risk level	Return period/Likelihood	Description/Implication
High	Potentially damaging and life-threatening river floods are expected to occur at least once in 10 years (≈ 10-year return period).	Indicates frequent flooding of sufficient depth and extent to cause damage.
Moderate	Potentially damaging river floods are expected to occur at least once in 50 years (≈ 50-year return period).	Represents moderate frequency flooding events that can still cause significant disruption and damage.
Low	Potentially damaging river floods are expected to occur at least once in 100 years (≈ 100-year return period).	Flooding is infrequent, but still possible and should not be ignored in long-term planning.

2. **Sector sensitivity assessment**

   Sector-specific vulnerability to physical climate risks was assessed using IFC proprietary sector sensitivity scores, which reflect the inherent exposure and sensitivity of different economic sectors to flood-related impacts based on global empirical evidence and expert judgement.

3. **Exposure measurement**

   The Bank's physical risk assessment covers the impact of river floods on loans and advances in Sri Lanka (excluding cross-border exposures) and Bangladesh. Exposures were mapped to district-level flood sensitivity categories and aggregated by High, Moderate, and Low bands, combining with sector sensitivity scores as shown in Table 34 below.

Sensitivity to climate-related flood risk Table – 34

Loans and advances to other customers as at December 31, 2025	Sensitivity to river floods						Total
	High		Moderate		Low		
	Rs. 000's	%	Rs. 000's	%	Rs. 000's	%	Rs. 000's
Sri Lanka	92,514,577	6	692,334,769	44	796,549,464	50	1,581,398,810
Bangladesh	14,985,148	7	121,095,421	57	78,167,007	36	214,247,577
Total loan portfolio subjected to river flood climate risk assessment	107,499,725	6	813,430,190	45	874,716,471	49	1,795,646,387
Loans utilised in overseas markets*							232,113,215
Gross loans and advances to other customers							2,027,759,602

** The Bank is in the process of developing methodologies to assess the physical climate risk of cross-border exposures (13%), enhancing the coverage of its assessments.*

(Refer Note 33 – Financial assets at amortised cost – Loans and advances to other customers on page 368)

Key findings – Sensitivity to climate-related flood risk Table – 35

Sensitivity level	Sri Lanka Exposure	Bangladesh Exposure	Expected flood frequency	Key districts	Impact considerations
High	6%	7%	≈ 10-year return period	**Sri Lanka** Colombo, Galle, Gampaha, Kalutara, Puttalam, Matara, Ratnapura, Hambantota, Batticaloa, Trincomalee **Bangladesh** Dhaka, Habiganj, Feni, Mymensingh, Comilla, Bagerhat, Gaibandha, Natore, Sylhet, Chittagong	Vulnerable to at least one severe flood in every 10 years; actual financial impact requires full borrower adaptive capacity assessment.
Moderate	44%	57%	≈ 50-year return period	Sri Lanka/Bangladesh Various Districts	Floods are less frequent but can still disrupt operations, assets, and cash flows.
Low	50%	36%	≈ 100-year return period	**Sri Lanka** Various Districts **Bangladesh** A limited number of Districts	Flooding is infrequent but relevant for long-term climate planning.

Significant judgements and uncertainties: Refer Table 28 (c) on page 144

2. Vulnerability of assets or business operations to climate-related transition risks – Bank (SMT – 2)

The Bank has prioritised carbon-intensive and high-emission sectors as key sources of climate-related transition risk, given the potential financial impacts from policy, market, and technological shifts as economies decarbonise.

Sensitivity of the Bank's loans and advances portfolio to transition risks

Assessment Methodology

Sector-level transition risk classifications were derived based on UNEP Finance Initiative (UNEP FI), which provides standardised indicators of sectoral vulnerability. Sectors were categorised as High, Moderate, or Low sensitivity based on carbon intensity and exposure to four key transition risk drivers: policy and regulatory, market, technology and reputation risks.

To assess vulnerability, the Bank applies a standardised framework which considers the following;

- Direct emission costs: Exposure to carbon taxes and compliance obligations.
- Indirect emission costs: Operational or supply chain-related emissions.
- Low-carbon CAPEX: Investments needed for regulatory compliance or to remain competitive in a low-carbon economy.
- Revenue impacts: Changes in demand, financing costs, or investor sentiment linked to environmental performance and disclosure.

Vulnerability to climate-related transition risk Table – 36

Loans and advances to other customers as at December 31, 2025	Vulnerability to climate-related transition risk						Total
	High		Moderate		Low		
	Rs. 000's	%	Rs. 000's	%	Rs. 000's	%	Rs. 000's
Sri Lanka	63,409,267	3	286,085,057	16	1,464,017,701	81	1,813,512,025
Bangladesh	37,783,377	18	38,972,158	18	137,492,042	64	214,247,577
Total	101,192,644	5	325,057,215	16	1,601,509,743	79	2,027,759,602

(Refer Note 33 – Financial assets at amortised cost – loans and advances to other customers on page 368)

Key Findings – Vulnerability to climate-related transition risk Table – 37

Sensitivity Level	Sri Lanka Exposure	Bangladesh Exposure	Key Sectors	Impact considerations
High	3%	18%	**Sri Lanka** Power generation (non-renewable sources), Petroleum, Tile/Cement & building materials **Bangladesh** Steel & metallic products industries, Apparel industry, Cement factories, Chemical product industries, Power generation	Highly carbon-intensive sectors; vulnerable to compliance costs, asset stranding, and transition CAPEX.
Moderate	16%	18%	Emission-reliant industries with partial transition readiness	Exposed to indirect costs and changing demand; impact depends on pace of regulatory and technological adoption.
Low	81%	64%	Majority of diversified lending portfolio	Minimal direct impact; long-term indirect effects possible via economy-wide adjustments.

Significant judgements and uncertainties: Refer Table 28 (d) on page 144.

3. Climate-aligned capital deployment – Bank (SMT – 5)

The Bank currently does not have material amounts allocated for climate-aligned capital deployment. Future allocations will be guided by the short, medium, and long-term targets to be established under the Bank's climate transition plan, which is currently under development.

4. Climate related opportunities – Bank Table – 38 (SMT – 4)

Metric	As at December 31, 2025
Green finance portfolio (Rs. Mn.) (Refer Figure 20 on page 85)	71,198
Growth in green finance portfolio (%)	85

5. Internal carbon pricing (SMT – 6)

The Bank has not implemented internal carbon pricing as at December 31, 2025.

6. Remuneration linkage (SMT – 7)

The Bank is in the process of evaluating the integration of climate-related performance into its remuneration framework. As at December 31, 2025, remuneration is not yet formally linked to specific SRROs.

2. Industry-based metrics (SMT – 8)

The Bank's industry-based metrics are aligned with the SLFRS S2 requirements and draws from the SASB Standards on Commercial Banks.

Sustainability Accounting Standards Board (SASB) Index

Standard Used: Commercial Banks Sustainability Accounting Standard (Version 2023 –12)

Sustainability disclosure topics & metrics Table – 39

Topic	Metric	Category	Unit of measure	Code	Disclosure	Page
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CB-230 a.1	For reasons driven by operational security, the Bank does not publicly disclose details regarding security incidents unless otherwise required by law	
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CB-230 a.2	Internet of things, Cybersecurity and data privacy	230
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240 a.1	Table 08 – Number and amount of loans outstanding that qualify for programmes designated to promote small business and community development	96
	(1) Number and (2) amount of past due and non-accrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240 a.2	Table 08 – Number and amount of past due and non-accrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	96
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240 a.3	Within the Sri Lankan and Bangladesh market, the Bank's current account offerings are generally subject to standard service charges and/or minimum balance requirements in line with prevailing industry practices and regulatory considerations. Accordingly, the Bank does not currently provide a current (checking) account product that fully meets the definition of a no-cost checking account. No-cost checking accounts are defined as bank accounts providing core services without extra fees, monthly or annual maintenance fees, or minimum average balance requirements.	
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers				Financial literacy & business skills development	96, 99
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410 a.2	Embedding ESG and climate into credit decisions	85 and 86

Topic	Metric	Category	Unit of measure	Code	Disclosure	Page
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tons CO_2-e	FN-CB-410 b.1	The Bank is in the process of computation of Financed Emissions. Refer Figure 59: Roadmap of computation of Financed Emissions (Category 15: Investments)	163
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-CB-410 b.2		
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-CB-410 b.3		
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-CB-410 b.4		
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Presentation currency	FN-CB-510 a.1	None	
	Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-CB-510 a.2	Code of Business Conduct and Ethics (Principle D.6) Whistleblowing	228 229
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basis points (bps)	FN-CB-550 a.1	Not applicable	
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	n/a	FN-CB-550 a.2	Not applicable	

Activity metrics Table – 40

Activity metric	Category	Unit of measure	Code	Disclosure	Page
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Presentation currency	FN-CB-000.A	Refer Note 45: "Financial Liabilities at amortised cost- Due to depositors" for the value of total demand (checking) and savings deposits as at December 31, 2025. For reasons driven by commercial sensitivity, the Bank does not publicly disclose details regarding number of deposit accounts.	402 and 403
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, Presentation currency	FN-CB-000.B	Refer Note 33: "Financial Assets at amortised cost- loans and advances to other customers" for the value of total loans as at December 31, 2025. For reasons driven by commercial sensitivity, the Bank does not publicly disclose details regarding number of loan accounts.	368 and 369

3. Climate related targets set by the Bank (SMT – 9)

In line with its ongoing Climate Transition Plan, the Bank is in the process of setting specific climate targets over the short, medium, and long term. As more than 99% of the Bank's total emissions originates from financed emissions from its lending portfolio, the Bank's primary focus is on the achieving the milestones of financed emissions computation elaborated in Figure 59: Roadmap of computation of Financed Emissions (Category 15: Investments) on page 163.

Currently, the Bank has established internal targets disclosed on increasing the adoption of renewable energy, (Table 41 below) and improving the energy efficiency of Bank's own operations (Table 42 on page 170) and enhancing our green finance portfolio to Rs. 100 Bn. by 2030 (Table 43 on page 171).

Renewable Energy Adoption Table – 41

Description	Renewable Energy Transition (Solar Power Integration) Target applies on the Bank's Sri Lanka Operations
Metric/measurement/KPI	– Percentage reduction in grid electricity consumption (kWh) relative to baseline. – Proportion of Bank-owned buildings with solar PV installations (%) – Total installed solar capacity (kW). – Percentage of total energy consumption met by on-site solar generation.
Objective	To reduce operational carbon emissions, decrease reliance on the grid, mitigate long-term energy cost volatility
Scope	Covers all Bank-owned buildings, including head office, data centers, and branch networks. Includes new builds, major renovations, and retrofits of existing buildings.
Period	2025 – 2040
Base period	Year 2024
Milestones and interim targets	– By 2030: Achieve a 40% reduction in grid electricity consumption from the 2024 baseline across the portfolio. – By 2035: 100% of new construction projects and major renovations are designed and built with grid-tie solar power systems. – By 2040: Maximise solar potential and deploy integrated microgrid systems in line with regulatory developments
Target type (absolute or intensity)	Intensity Target (reduction in grid electricity usage per square foot of building space). Absolute Target (for total installed capacity in kW and total GHG emissions reduced).
Alignment with jurisdiction and commitment	Aligns with national decarbonisation targets (e.g. country-specific NDCs). Supports the goals of the Paris Agreement.
Validation	– Engineering feasibility studies for each site. – Third-party verification of energy production and grid savings data. – Certification of installations (e.g., through local energy regulatory bodies). – Independent verification of SLFRS Sustainability Disclosures
Review process	Progress is reported quarterly to the Executive Sustainability Committee. Reviews/assesses technical feasibility, financial ROI, regulatory changes.
Metrics for monitoring progress	– Quarterly: Number of feasibility studies completed, installations commenced, and capacity added (kW). – Annually: Reduction in grid electricity reduction (%), GHG emissions reduced (tCO_2e), and investment ROI.
Revision	The plan will be revised every five years to account for technological advancements (e.g., solar efficiency gains), changes in energy costs, regulatory updates for micro-grids.
Progress achieved during the year and status at year end	Progress during the year ended December 31, 2025: • Achieved 18.42% reduction in grid electricity consumption in 2025 compared to the 2024 baseline, driven by on-site solar generation, resulting in a GHG emissions reduction of 1,028 tCO_2e. • The share of total energy consumption supplied by on-site solar increased from 17.32% in 2024 to 18.11% in 2025. Status at year ended December 31, 2025: • As at the end of the reporting period, 89 branches were connected to on-grid solar power generation, with all Bank-owned premises (100%) operating with fully integrated solar systems. • Total installed solar capacity (kW) as at year end: 2,370

Note: The Bank intends to progressively extend this renewable energy transition target to its Bangladesh operations, subject to local regulatory frameworks, technical feasibility, and business considerations.

Energy efficiency of Bank's Operations Table – 42

Description	Energy Efficiency development and Smart Utility Integration for Bank-Owned Buildings- Target apply on the Bank's Sri Lanka Operations
Metric/measurement/KPI	Energy Intensity (kWh per employee): Total grid electricity consumption from utility providers (CEB/LECO) during the reporting period, divided by the average total number of employees.
Objective	To significantly reduce operational energy consumption, decrease utility costs, enhance building operational efficiency through digitalisation, and minimise the environmental footprint of our physical operations.
Scope	Covers all Bank-owned buildings, including head office, data centers, and branch networks. Includes building systems (lighting, HVAC, controls) and water fixtures.
Period	2025 – 2040
Base Period	Year 2024
Milestones and interim targets	– By 2030: Achieve a 20% reduction in total energy consumption from the 2024 baseline. – By 2040: 100% of Bank branches and major facilities are equipped with integrated smart utility controls and Building Management Systems (BMS) at Bank-owned buildings.
Target type (absolute or intensity)	Intensity Target: Energy Intensity (kWh per employee)
Alignment with jurisdiction and Commitment	Aligns with national decarbonisation targets (e.g. country-specific NDCs). Supports the goals of the Paris Agreement.
Validation	– Utility bill analysis. – Data from smart meters and BMS platforms. – Third-party verification of energy consumption data and energy savings through audits conducted in accordance with ISO 50002 (Energy audits). Critical data centers are further audited against ISO 50001 (Energy Management Systems) requirements to ensure rigorous and systematic evaluation. – Measurement and Verification (M&V) protocols following international standards. – Independent verification of SLFRS Sustainability Disclosures.
Review Process	Progress is reported quarterly to the Executive Sustainability Committee.
Metrics for monitoring progress	Annually: Energy Intensity per Employee (kWh/employee) Energy Efficiency Investment Coverage (%) • Percentage LED retrofit coverage (% of branches/buildings upgraded) • HVAC optimisation coverage (% of major premises optimised) • Smart metering and BMS deployment (% of owned buildings equipped)
Revision	The plan will be revised every five years to incorporate new energy-efficient technologies, adapt to changes in utility markets.
Progress achieved during the year and status at year end	Progress achieved during the year ended December 31, 2025: • Energy intensity per employee (kWh per employee) decreased from 2,688 kWh per employee in 2024 to 2,609 kWh per employee in 2025. Status at year ended December 31, 2025: • Energy efficiency initiatives delivered early gains in 2025, with energy intensity reduced by approximately 3% compared to the 2024 baseline. • The Bank continues to invest in LED upgrades, HVAC optimisation, and the phased deployment of smart metering and Building Management Systems (BMS) across Bank-owned buildings. • Percentage LED retrofit coverage – 100% • HVAC optimisation coverage – 75% of branches were equipped with inverter type air conditioners.

Note: The Bank plans to progressively extend this energy efficiency and smart utility integration initiative to its Bangladesh operations

Green finance Table – 43

Description	Target to enhance green finance portfolio up to Rs. 100 Bn. by 2030.
Metric/measurement/KPI	Key performance indicators to track progress toward the target: • Portfolio size in green finance (Rs. Bn.) • Proportion of portfolio in renewable energy, clean transportation, climate smart agriculture, green buildings, and other eligible sectors align with CBSL Green Finance Taxonomy and the Bank's in-house developed Green Financing Taxonomy.
Objective	Enhancing the Bank's Green Financing Portfolio
Scope	Covers the entire lending portfolio that qualifies as Green Finance under both the CBSL Green Finance Taxonomy and the Bank's in-house developed Green Financing Taxonomy.
Period	2025–2030
Base period	2024 (baseline for measuring progress).
Milestones and interim targets	2030: Rs. 100 Bn.
Target type (absolute or intensity)	Absolute (total portfolio in green finance).
Alignment with jurisdiction and Commitment	Alignment with the CBSL Green Finance Taxonomy. Align with the Banking Act Directions – No. 05, 2022 – Sustainable Finance Activities of Licensed Banks Sustainable Finance Roadmap 2.0 Aligned with Sri Lanka's NDCs, National Adaptation Plan in Sri Lanka and national climate and sustainability policies. Target to develop Climate Transition Plan with IFC
Validation	Target and methodology validated by the Management of the Bank
Review process	Periodically review by the Sustainability Working Committee and the Executive Sustainability Committee. The Progress is communicated to the Board of Directors through Board Integrated Risk Management Committee (BIRMC) and the Board Sustainability Committee (BSC).
Metrics for monitoring progress	Quarterly Statement on Sustainable Financing activities to CBSL.
Revision	Documented and justified based on regulatory changes, evolving sustainability criteria, or portfolio performance.
Progress achieved during the year and status at year end	Progress during the year ended December 31, 2025: • Green finance lending expanded significantly during the year, with 2,759 new facilities granted, representing an 85% year-on-year increase. Status at year ended December 31, 2025: • Green Finance Portfolio at year end Rs. 71.2 Bn. (Refer Figure 20: Composition of the Green Finance Portfolio on page 85). On track to meet 2030 target.

Analysis of financial performance
Financial review

This Financial Review presents a comprehensive analysis of the Bank's financial performance for the year ended December 31, 2025, highlighting the principal drivers of growth, profitability, capital strength and overall financial resilience. It provides detailed insight into the key factors that shaped performance during the year and the effectiveness of the execution of its strategies.

This section should be read in conjunction with the Operating Environment and Outlook (refer pages 49 to 53), which outlines the global, domestic and industry developments that influenced the Bank's financial performance and risk landscape.

Further context is provided in the sections on Strategic Priorities and Value Creation (refer pages 70 to 76). This Section together with the Financial Review explains how the Bank strengthened both its financial and non-financial capitals, demonstrating how disciplined strategy execution, responsible banking practices and long-term priorities collectively underpin sustainable value creation.

Within this economic and strategic context, the Bank delivered a strong financial performance in 2025. For the financial year 2025 (FY2025), the Group and Bank achieved robust growth, with net profits increasing by 9.43% and 8.16% respectively. When measured against normalised FY2024 earnings – adjusted for the one-off accounting impact of the Sri Lanka International Sovereign Bond (SLISB) restructuring – profit growth stood at 44.35% for the Group and 44.05% for the Bank.

The detailed breakdown of the Group's and the Bank's financial performance for the year ended December 31, 2025 is given in the Table below. The core financial soundness indicators are presented in the Table 50 on page 179. The movements in income, expenses and profitability discussed in this Financial Review should be read in conjunction with the figures set out therein. In view of the significant accounting adjustments that arose from the Government of Sri Lanka's Debt Restructuring Programme concluded in December 2024, which included the derecognition of SLISBs, recognition of day-one losses, reversal of cumulative impairment provisions and related tax adjustments, the FY2024 results are presented on a normalised basis to facilitate a more meaningful comparison of underlying performance between FY2025 and FY2024.

Income Statement Table – 44

For the year ended December 31,	Group			Bank		
	2025 Rs. '000 As reported	2024 Rs. '000 Normalised	Change %	2025 Rs. '000 As reported	2024 Rs. '000 Normalised	Change %
Gross income	365,180,892	319,614,243	14.26	354,811,337	312,051,178	13.70
Interest income	301,366,595	275,217,117	9.50	293,614,476	269,596,222	8.91
Less: Interest expense	160,406,053	157,082,433	2.12	157,320,369	155,037,883	1.47
Net interest income	140,960,542	118,134,684	19.32	136,294,107	114,558,339	18.97
Fee and commission income	42,592,091	34,480,523	23.53	40,958,424	33,246,118	23.20
Less: Fee and commission expense	13,616,570	10,834,345	25.68	13,462,222	10,716,909	25.62
Net fee and commission income	28,975,521	23,646,178	22.54	27,496,202	22,529,209	22.05
Net gains/(losses) from trading	272,311	(2,201,010)	112.37	272,311	(2,201,010)	112.37
Net gains/(losses) from derecognition of financial assets	2,808,159	4,090,697	(31.35)	2,808,159	4,090,697	(31.35)
Net other operating income	18,141,736	8,026,916	126.01	17,157,967	7,319,151	134.43
Other operating income	21,222,206	9,916,603	114.01	20,238,437	9,208,838	119.77
Total operating income	191,158,269	151,697,465	26.01	184,028,746	146,296,386	25.79
Less: Impairment charges and other losses	23,116,497	28,738,110	(19.56)	22,506,115	27,899,024	(19.33)
Net operating income	168,041,772	122,959,355	36.66	161,522,631	118,397,362	36.42
Personnel expenses	30,187,082	27,907,458	8.17	28,840,939	26,913,870	7.16
Depreciation and amortisation	5,891,690	4,737,203	24.37	5,819,403	4,669,731	24.62
Other operating expenses	21,424,226	19,193,697	11.62	19,930,637	18,069,772	10.30
Total operating expenses	57,502,998	51,838,358	10.93	54,590,979	49,653,373	9.94
Operating profit before taxes on financial services	110,538,774	71,120,997	55.42	106,931,652	68,743,989	55.55
Less: Taxes on financial services	17,750,691	11,899,758	49.17	17,553,881	11,796,956	48.80
Operating profit after taxes on financial services	92,788,083	59,221,239	56.68	89,377,771	56,947,033	56.95
Share of profit/(loss) of associate, net of tax	(662)	(460)	(43.91)	–	–	–
Profit before tax	92,787,421	59,220,779	56.68	89,377,771	56,947,033	56.95
Less: Income tax expense	31,849,904	17,006,615	87.28	30,890,480	16,345,777	88.98
Profit for the year	60,937,517	42,214,164	44.35	58,487,291	40,601,256	44.05

As reflected in Table 44 on page 172 Income Statement and further supported by the core- soundness indicators set out in Table 50 on page 179, this strong bottom-line performance translated into significant value for shareholders. The Return on Equity (ROE) for the Bank improved to 19.51% representing a substantial improvement over the normalised FY2024 ROE of 16.57%. Similarly, the ROE for the Group recorded a substantial improvement to 19.61% relative to the normalised ROE of 16.59% recorded for FY2024.

Key highlights of the bottom-line performance;

- Strong growth in Net Interest Income (NII) on the back of strong Net Interest Margins (NIMs)
- Improvement in other operating income, driven by net gains on revaluation of foreign currency assets and liabilities
- Disciplined cost management despite an accelerated credit and balance sheet growth
- Strengthening the Impairment (Stage 3) to Stage 3 loans ratio to 73.50% from 64.61%.

The Group's assets grew by 17.49%, mirrored by a healthy 17.08% increase in deposits, while the Bank's assets recorded a 16.78% growth, supported by a deposit growth of 16.65%, with an improvement in the CASA ratio from 38.07% to 39.65%. Capitalising on the rebound in domestic economic activity, the Bank recorded a significant acceleration in credit growth to 36.37%, representing a more than two-fold increase compared to the 17.49% growth seen in FY2024.

The Group maintained a solid capital position, concluding the year with a Tier I Capital Ratio of 12.834% (FY2024: 13.968%) and a Total Capital Ratio of 16.368% (FY2024: 17.653%). The Bank's ratios recorded at 13.035% (FY2024: 14.227%) and 16.698% (FY2024: 18.142%) respectively, both above the statutory minimum ratios applicable for the Bank of 10% and 14%, respectively.

The narrowing of capital ratios compared to FY2024 was primarily a result of the rapid credit expansion being concentrated in the second half of the year. While this led to an immediate increase in risk-weighted assets, the full interest income and resulting profitability from these new disbursements have yet to fully cycle into the retained earnings. Consequently, the earnings contribution from this growth is expected to be more comprehensively realised in the upcoming financial periods.

The Bank remains the primary driver of Group performance, accounting for 96.42% of total assets (FY2024: 97.00%) and 95.98% of the Group's profit after tax (FY2024: 97.10%). Given this significant contribution, the following analysis provides a granular review of the Bank's financial results.

A concise overview of our Bangladesh operations, local and foreign subsidiaries is also provided on pages 180 to 185.

Review of Bank financial performance

Overview

The Bank's financial performance for FY2025 was characterised by a 44.05% increase in Net profit compared to the normalised Net profit for FY2024, driven by a significant expansion in core and non-core income streams. Profitability was underpinned by a 24 bps improvement in the NIM to 4.51% and a 22.05% growth in net fee and commission income. Furthermore, other operating income for the FY2025 rose by 119.77%, primarily due to net revaluation gains from foreign currency assets and liabilities. Disciplined cost management ensured that operating expense growth was contained at 9.94%, resulting in an improved Cost-to-Income ratio (excluding taxes on financial services) of 29.66% in FY2025 compared to 33.94% in FY2024. While the total effective tax rate (including taxes on financial services and income tax expenses) increased to 45.30% in FY2025 (Normalised FY2024 figure: 40.94%), the robust Return on Assets (ROA) of 1.93% in FY2025 compared to the normalised ROA of 1.51% in FY2024, enabled the Bank to generate a ROE of 19.51% in FY2025, up from normalised ROE of 16.57% in FY2024.

Interest income

For FY2025, interest income grew by 8.91% to Rs. 293.61 Bn., underpinned by a 15.23% expansion in average Interest-Earning Assets (IEA). This volume growth offset a 61bps compression in the overall IEA yield, which decreased from 11.03% in FY2024 to 10.42% in FY2025. Interest income contributed 82.75% of the gross income for FY2025 compared 86.39% in FY2024

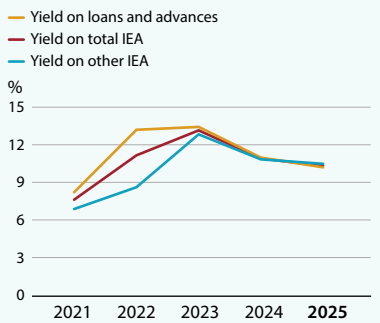
In alignment with the broader declining interest rate environment, yields across all asset classes trended downward. However, the impact was asymmetrical: Loans and Advances experienced a sharp decrease in rates, with yields falling below those of other IEAs. Other IEAs (primarily Sri Lanka Government Securities) recorded a more resilient yield profile, benefiting from high-yield lock-ins on instruments purchased during 2022-2023 period.

As shown in the Table 45 below, the composition of loans and advances within IEAs increased due to the sharp growth in loans and advances recorded, whilst other IEA recorded a decline as proceeds from maturing Government Securities was channelled to fund a part of the loan growth.

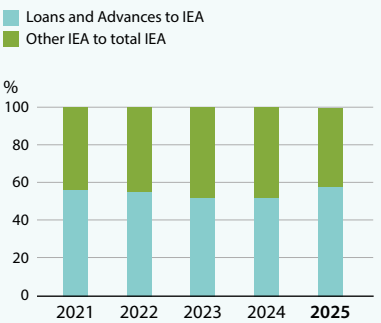
Yield on IEA and IEA mix Table – 45

	2025 %	2024 %	Variance bps
Yield on total IEA	10.42	11.03	(61)
Yield on loans and advances	10.30	11.09	(79)
Yield on other IEA	10.59	10.95	(37)
Loans and advances to total IEA	58.35	52.37	
Other IEA to total IEA	41.65	47.63	
Total	100.00	100.00	

Yield on IEA Graph – 07



Composition of IEA Graph – 08



Interest expenses

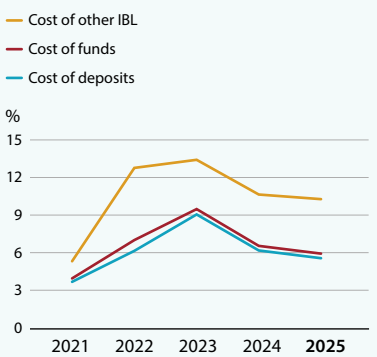
In FY2025, interest expenses remained remarkably stable, recording only a marginal increase of 1.47% despite a significant balance sheet expansion. This efficiency was driven by a 59 bps reduction in the cost of funds, which improved to 5.99% from 6.58% in FY2024. Two primary levers underpinned this result: The timely repricing of the deposit portfolio in alignment with market rate trends and CASA ratio strengthening to 39.65% in FY2025 (up from 38.07% in FY2024).

The reduction in deposits costs and a better mix were partially offset by the growth in deposits and other interest bearing liabilities (IBL) by 15.43% and 12.53% respectively. The improvement in funding costs and the shift in funding composition is reflected in the Table 46 below.

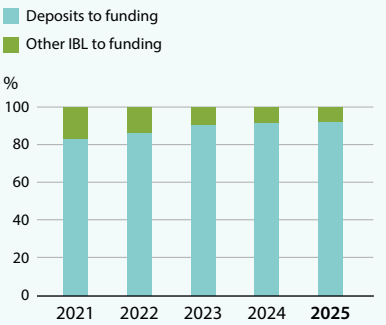
Cost of funds and funding mix Table – 46

	2025 %	2024 %	Variance bps
Cost of funds	5.99	6.58	(59)
Cost of deposits	5.62	6.22	(60)
Cost of other IBL	10.33	10.67	(34)
Deposits to funding	92.24	91.75	
Other IBL to funding	7.76	8.25	
Total	100.00	100.00	

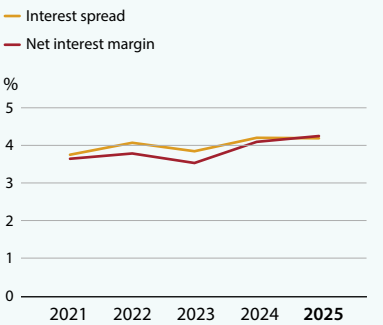
Cost of IBL Graph – 09



Funding Mix Graph – 10



Interest spread and NIM trend Graph – 11



Net interest income (NII)

NII grew by 18.97% to Rs. 136.29 Bn. in FY2025 from Rs. 114.56 Bn. in FY2024, due to a 8.91% growth in interest income and the controlled 1.47% increase in interest expenses.

While the Interest Spread (IEA Yield minus Cost of Funds) remained largely flat, the NIM improved by 24 bps. This expansion in NIM was driven by two key factors:

- A higher proportion of IEAs in FY2025 being funded by equity and other non-interest-bearing funding sources compared to FY2024 (14.54% vs 12.25%)
- The proportion of IEAs within the total asset base increased, ensuring more of the balance sheet was deployed in revenue-generating assets.

The combination of the 24 bps NIM improvement and the 36.37% surge in credit volume was the primary catalyst for the Bank's overall NII growth in FY2025. The detailed movement in yield, cost of funds, spread, and margin is illustrated in the Table 47 below:

Assets mix Graph – 12

Net fee and commission income

Net fee and commission income rose by 22.05% in FY2025 to Rs. 27.50 Bn. from Rs. 22.53 Bn., reflecting a 23.20% expansion in fee-based revenue that outpaced the absolute growth in fee and commission-related expenses. Accordingly, Fee income in FY2025 grew to Rs. 40.96 Bn. from Rs. 33.25 Bn. in FY 2024, whilst Fee and

Interest spread and Net Interest Margin Table – 47

	2025 %	2024 %	Variance bps
Yield on IEA	10.42	11.03	(61)
Cost funds*	(5.99)	(6.58)	(59)
Interest spread	4.43	4.45	(2)
Yield on IEA (a)	10.42	11.03	(61)
Cost funds on IEA (b)	(5.58)	(6.34)	(76)
NIM on IEA (c = a - b)	4.84	4.69	15
IEA to total Assets (average) (d)	93.17	91.06	
Net interest margin (e = c x d)	4.51	4.27	24

**As a percentage of average IBL*

Commission expenses grew to Rs. 13.46 Bn. from Rs. 10.72 Bn. The primary driver of this performance was the Credit and Debit Cards segment, which accounted for 48.25% of total commission income. This business line grew by 20.78% and contributed 44.08% to the total growth in fee income, supported by a 23% and 21% increase in debit and credit card transaction volumes, respectively.

In tandem with the Bank's aggressive credit expansion, fees related to loans recorded a substantial growth of 57.14%. This segment emerged as a significant secondary driver, contributing 18.11% to the overall increase in fee income.

The growth in fee and commission expenses, which rose by 25.62%, was almost exclusively concentrated in the card services category. Credit and debit card-related costs increased by 25.10% and represented 93.76% of the total rise in commission expenses. This increase was driven by a combination of higher transaction throughput and the impact of the Sri Lankan Rupee's depreciation against the USD, moving from Rs. 293 to Rs. 310 (5.48%) during the FY2025.

Other operating income

Other operating income more than doubled in FY2025 to Rs. 20.24 Bn., representing a 119.77% increase over the normalised FY2024 figure of Rs. 9.21 Bn. This growth was primarily driven by revaluation gains on foreign currency denominated assets and liabilities, which surged by Rs. 9.51 Bn. to Rs. 16.04 Bn. from Rs. 6.53 Bn. as a result of the Sri Lankan Rupee depreciation against the USD.

A secondary driver of this growth was the successful turnaround in Net Trading Income, which reached a positive Rs. 272.31 Mn. compared to a loss of Rs. 2.20 Bn. in FY2024. This recovery was largely driven by the improved performance of derivative positions, specifically foreign exchange swaps, where losses narrowed to Rs. 1.81 Bn. in FY2025 from Rs. 3.50 Bn. in FY2024.

Additionally, the Bank's trading portfolio contributed to this momentum, recording a Rs. 775.97 Mn. increase in Net Trading Income.

Impairment charges

During FY2025, the total impairment charges declined by 19.33% to Rs. 22.51 Bn. compared to the normalised impairment charges and other losses recorded in FY2024 of Rs. 27.90 Bn. While the charge for loans and advances remained stable, cost of credit risk on loans and advances ratio (impairment charges on loans and advances to other customers/average gross loans and advances) improved by 37 basis points, dropping to 1.29% in FY2025 from 1.66% in FY2024.

In addition, the Bank recognised an additional impairment charge of Rs. 1.16 Bn. through management overlays to cover potential credit stress arising from the cyclone and flooding in late November 2025. This provision serves as a precautionary buffer against the evolving credit impact of these events, ensuring the balance sheet remains resilient against localised volatility.

The movements discussed above are summarised in the Table 48 below.

Operating expenses

Despite the aggressive expansion of the loans and advances portfolio and other assets, growth in operating expenses was contained at 9.94%. A key driver of this discipline was the management of personnel costs which increased by only 7.16%, despite the total head count increasing by 265 during FY2025. Growth in depreciation and amortisation reflected the Bank's continued investment in its physical and digital infrastructure.

Robust revenue growth and disciplined cost management resulted in a significant improvement in the Cost-to-Income Ratio (excluding taxes on financial services), which fell to 29.66% from 33.94% in FY2024. This was primarily a result of the widening operating jaws, as income growth substantially outpaced the increase in the cost base. Furthermore, the Bank's ability to scale efficiently was reflected in the cost-to-average assets ratio, which improved to 1.81% in FY2025 from 1.85% in FY2024.

Profit before taxes

Profit before taxes on financial services and income taxes increased by a 55.55% to Rs. 106.93 Bn. over Rs. 68.74 Bn. reported in FY2024, underpinned by a broad-based

Impairment charges and credit quality related ratios (Rs. Bn.) Table – 48

	2025	2024	Change (%)
Impairment charges on loans and advances to other customers	22.69	22.82	(0.56)
Impairment charges on other financial assets	1.82	4.28	(57.52)
Impairment charges on other assets	(2.50)	1.02	(345.10)
	22.00	**28.11**	**(21.73)**
Direct write-offs and other	0.93	0.18	416.67
Recoveries against write-offs	(0.42)	(0.39)	7.69
	22.51	**27.90**	**(19.32)**
Cost of credit risk on loans and advances (%)	1.29	1.66	(37)*
Stage 3 Impairment Cover (%)**	73.50	64.61	889*

** Variance in bps*
*** Inclusive of undrawn credit*

improvement across all core revenue streams. The expansion in NII was the primary engine of this growth, contributing 56.92% of the total increase compared to the FY2024. This was bolstered by Net Fee and Commission Income, which accounted for 13.01% of the uplift. Furthermore, the turnaround in Other Operating Income and the reduction in Impairment Charges contributed 28.88% and 14.12% to the pre-tax performance, respectively.

Taxes on financial services and income taxes

The Bank's total tax expense for FY2025 of Rs. 48.44 Bn., comprising taxes on financial services and corporate income taxes, increased by 48.80% and 88.98% respectively compared to the normalised tax expense for FY2024 of Rs. 28.14 Bn. This surge was broadly aligned with the 55.55% growth in pre-tax profits.

The aggregate tax charge as a percentage of operating profit rose to 45.30%, compared to 40.94% in FY2024. This increase in the effective tax rate was primarily driven by two factors, first being the increase in the taxable profit of Sri Lanka which attracts a higher tax and the change in the treatment of foreign exchange income, which became liable to a 15% tax during the year which was previously exempt from corporate tax.

Net profit and ROE

Despite a significantly higher tax incidence, Net Profit for FY2025 recorded a robust 44.05% increase to Rs. 58.49 Bn. compared to Rs. 40.60 Bn. reported in FY2024, primarily driven by the significant growth in Profit Before Tax.

As illustrated in the Graph 13 below, this improvement was underpinned by solid expansions in all key revenue streams. These gains were partially offset by increased operating expenses and a higher tax charge.

This bottom-line momentum resulted in a significant improvement in shareholder value, with the ROE for FY2025 increasing to 19.51%, a substantial uplift from 16.57% recorded in FY2024 (normalised).

The expansion in ROE was underpinned by a notable improvement in the ROA, which improved to 1.93% in FY2025 from 1.51% in FY2024. As evidenced by the ROE tree analysis in Table 49 below, this productivity gain was the result of a deliberate optimisation of the Bank's earnings profile:

- **Core Operating Income Expansion:** A 24 bps improvement in the NIM to 4.51% and an enhanced Net Fee & Commission Income Yield of 0.91% (Net fee and commission income to average total assets) combined to push the Core Operating Income Ratio to 5.42%.
- **Operating Efficiency:** Disciplined cost management led to an improved Operating Expense Ratio (operating expenses to average total assets) of 1.81% (FY2024: 1.85%), ensuring a higher percentage of core income reached the bottom line.
- **Asset Quality Resilience:** A reduction in the Impairment Cost to Average Assets Ratio to 0.74% further bolstered the Pre-tax ROA to 3.54%

While the Total Effective Tax Rate rose to 45.30% and Leverage/Equity Multiplier moderated to 10.09 times (reflecting the Bank's stronger capital base), the significant improvement in ROA was more than sufficient to drive the ROE to 19.51%.

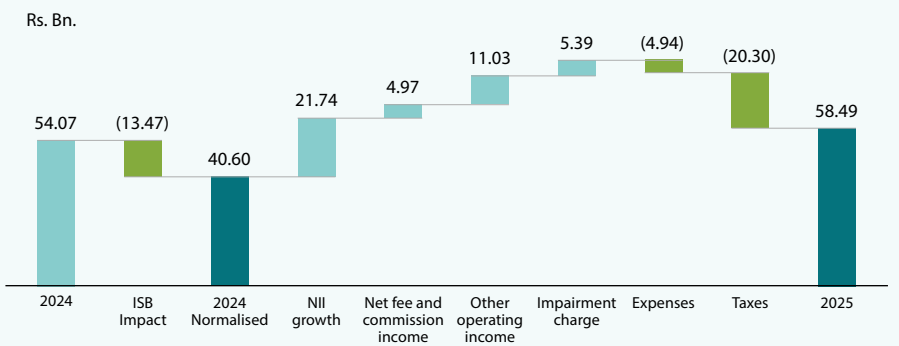
The movements discussed above are summarised in the Table 49 below:

ROE Tree Analysis* Table – 49

	2025 %	2024 %
Interest income yield (a)	9.71	10.04
Interest cost (b)	(5.20)	(5.77)
NIM (c = a - b)	4.51	4.27
Net fee and commission income yield (d)	0.91	0.84
Core operating income ratio (e = c + d)	5.42	5.11
Operating expense ratio (f)	(1.81)	(1.85)
Pre-provision core profit (PPOP) ratio (g = e -f)	3.61	3.26
Non-interest/Non-fee income ratio (h)	0.67	0.36
Total PPOP ratio (i = g + h)	4.28	3.61
Cost of impairment to average assets (j)	(0.74)	(1.05)
Pre-tax ROA (k = i – j)	3.54	2.56
Effective total tax rate (l)	(45.30)	(40.94)
ROA (m = k x (1-l))	1.93	1.51
Leverage/Equity multiplier (n)	10.09	10.96
ROE (m x n)	19.51	16.57

**Average total assets has been used as the denominator*

Movement in profit after taxation Graph – 13



Other comprehensive income

Other Comprehensive Income (OCI) for the year recorded a significant turnaround, posting a gain of Rs. 2.31 Bn. in FY 2025 compared to the loss of Rs. 10.28 Bn. in FY2024. This volatility was primarily driven by the gains/(losses) generated on translation of the financial statements of foreign operations. As the Bangladesh Taka appreciated against the Sri Lankan Rupee during the period, with the exchange rate moving to 2.54 BDT/LKR from 2.45 BDT/LKR in 2024, the Bank recognised a translation gain of Rs. 2.28 Bn. in FY2025, compared to the Rs. 10.89 Bn. loss recorded in FY2024.

As a result of this favourable cross currency movement and the Bank's strong operational performance, Total Comprehensive Income for FY2025 rose to Rs. 60.79 Bn. which represented a 100.48% increase over the FY2024 Total Comprehensive Income of Rs. 30.32 Bn.

Review of financial position

During the year 2025, the Bank's total assets surpassed the Rs. 3 Tn. and the USD 10 Bn. milestone, reinforcing its position as the largest private sector commercial bank in the country. This growth was accompanied by two further landmarks, as the Bank became the first private sector institution to exceed Rs. 2 Tn. in gross loans and advances and Rs. 2.5 Tn. in total deposits. These achievements extend a historical legacy of market leadership, building on the Bank's previous records as the first private sector bank to surpass the Rs. 1 Tn. mark in assets (2016), deposits (2019), and loans (2021).

Assets

Total assets grew by 16.78% to Rs. 3.26 Tn. in FY2025 (Rs. 2.79 Tn. in FY2024), primarily driven by a robust 37.48% growth in net loans and advances to Rs. 1.90 Tn. This significant credit expansion resulted in the share of loans and advances within the asset mix increasing to 58.42%, up from 49.63% in FY2024.

To fund this credit growth, the balance sheet was reallocated (as the marginal lending rates were higher than government security rates), leading to a decline in the share of other interest-earning assets to 35.28% from 42.92%. Overall earnings productivity of the balance sheet enhanced as the proportion of IEA improved to 93.17%, compared to 91.06% in FY2024. (Refer Table 47 – Interest spread and NIM on page 174).

Loans and advances

Gross loans and advances grew by 36.37% reaching Rs. 2.03 Tn. by end FY2025. Net loans and advances followed a similar trajectory, growing by 37.48% to close the year at Rs. 1.90 Tn.

From a product perspective, growth was particularly concentrated in Pawning (81.85%), Leases (74.38%), and Trade Finance (46.67%). However, Term Loans remained the primary driver of credit expansion, accounting for 57.68% of the total growth and increasing by 35.68% in FY2025.

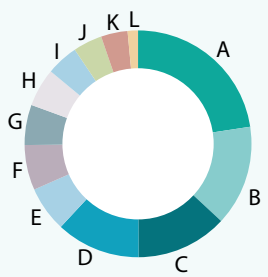
In terms of sectoral distribution, Wholesale and Retail Trade emerged as the leading contributor, representing 22.62% of the total growth with an individual sector expansion of 39.63%. The Financial Services sector followed, recording the highest relative growth at 117.64% and contributing 14.20% to the overall increase in the loan book. This surge was largely catalysed by the resumption of motor vehicle imports, with the Bank indirectly facilitating market demand through increased lending to Non-Banking Financial Institutions (NBFIs).

Lending to overseas entities recorded a substantial increase during the year. Excluding the credit volumes attributed to the Bangladesh operation, offshore lending book more than doubled, growing by 132.22% to reach Rs. 114.83 Bn. The loan book in Bangladesh recorded a growth of 12.79% in local currency (Taka) terms, moderating from the 15.00% expansion reported in the prior year. This deceleration reflects a deliberate and cautious strategic stance adopted by the Bank in response to the prevailing economic and political uncertainties in the country.

The sectoral and product-wise composition of this growth is illustrated in Graphs 14 and 15, on page 177 which highlight the diversified yet strategically aligned expansion of the Bank's loan portfolio during the year.

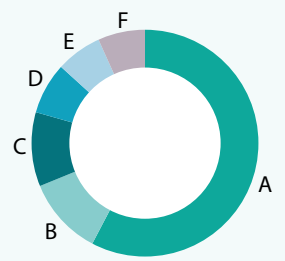
Further details on the product and sector-wise distribution of loans to customers are available on pages 368 and 369.

Sector Contribution to Growth Graph – 14



		%
A	Wholesale and retail trade	22.62
B	Financial services	14.20
C	Consumption and other	13.11
D	Lending to overseas entities	12.09
E	Agriculture and fishing	6.45
F	Manufacturing	6.36
G	Loans and advances – Bangladesh operations	5.67
H	Infrastructure development	5.43
I	Healthcare, social services and support services	4.56
J	Construction	4.18
K	Tourism	3.83
L	Others	1.50

Product Contribution to Growth Graph – 15



		%
A	Term loans	57.68
B	Trade finance	11.15
C	Overdrafts	10.57
D	Lease/hire purchase receivable	7.34
E	Pawning	6.55
F	Other products	6.71

Credit quality

During the year, the Bank recorded a marked improvement in asset quality metrics. Despite a 36.37% expansion in the gross loan book, the Stage 3 loan balance remained stable, increasing by only 0.57% in FY2025. Consequently, the Gross Stage 3 Loan Ratio improved to 6.34%, from 8.59% in FY2024.

A strategic focus on de-risking the balance sheet led to an increase in the Impairment (stage 3) to stage 3 loan ratio (inclusive of undrawn commitments) to 73.50%, up from 64.61% in FY2024. This represents the culmination of a five-year upward trend in coverage, which has increased by 42.63 percentage points from the 30.87% recorded in FY2020. This disciplined provisioning resulted in the Net Impaired Stage 3 Loan Ratio declining to 1.54% (FY2024: 2.76%).

Deposits

Reflecting the Bank's strong deposit franchise, total deposits grew by 16.65% in FY2025 to Rs. 2.60 Tn. from Rs. 2.23 Tn. in FY2024. This performance led to a further expansion of the Bank's market share within the domestic banking sector. A key driver of this growth was the significant outperformance of CASA deposits, which recorded a growth of 21.51% in FY2025. Consequently, the CASA ratio improved by 159 bps to reach 39.65% (2024: 38.07%), remaining substantially higher than the industry average of 31.57%.

This superior CASA mix was instrumental in optimising the Bank's funding costs. The high proportion of low-cost deposits directly underpinned the improvement in the Cost of Funds (which declined by 59 bps) and the NIM. (Table 47 on page 174).

In terms of currency composition, Rupee-denominated deposits expanded by 16.37%, while foreign currency deposits grew at a slightly higher pace of 17.33%. Notably, US Dollar-denominated deposits grew by 16.13% in USD terms, while the Rupee value of these deposits surged by 22.87%.

Capital

Guided by its Internal Capital Adequacy Assessment Process (ICAAP), Capital Augmentation Plan, and Board-approved dividend policy, the Bank maintains capital levels aligned with both current and projected business requirements. As of end-FY2025, the Tier 1 and Total Capital ratios stood at 13.035% (end-FY2024: 14.227%) and 16.698% (end-FY2024: 18.142%), respectively. While both ratios remained well above regulatory minimums of 10% and 14% respectively, they recorded a year-on-year decline primarily due to rapid credit expansion.

Internally generated profits increased Tier1 ratio by 3.231%. However, this was offset by a 29.98% surge in Risk-Weighted Assets (RWA)-driven by robust credit growth-which consumed 3.554% of capital (Refer Graph 16 below). Because more than 60% of net credit growth occurred in the second half of the year, the full interest income cycle from these disbursements has not yet fully accrued to retained earnings, resulting in net capital consumption of 0.323% from operations. Additionally, the dividend cash outlay, including the associated tax impact of the scrip dividend, utilised a further 0.757% of the capital base.

The Bank successfully concluded the issuance of a Rs 15 Bn. Tier II Green Bond during the year. This initiative, alongside other Tier II components, resulted in a 21.63% improvement in total Tier II capital. Despite this enhancement, the substantial growth in RWA led to a moderation of the Total Capital Adequacy Ratio to 16.698%, compared to 18.142% recorded in FY2024.

Liquidity

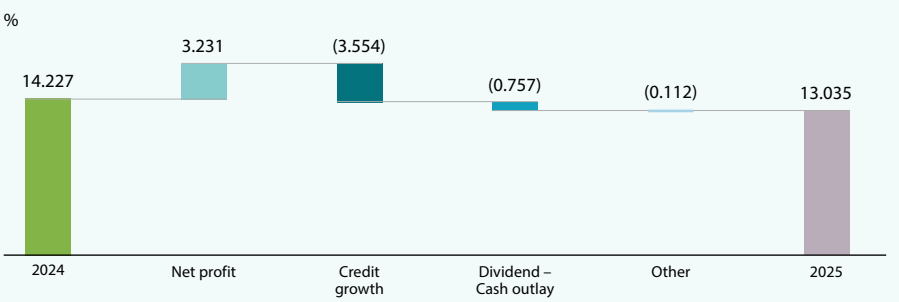
Despite the accelerated credit expansion, the Bank maintained a robust liquidity position and a stable funding profile. Liquidity Coverage Ratios (LCR) for both Rupee and All Currency remained comfortably above the regulatory minimum of 100%, concluding the year at 419.40% and 288.58%, respectively.

The Rupee LCR moderated from 529.20% in FY2024, driven by the shift of liquid assets to fund high-yielding credit growth and due to the growth in deposits. The All Currency LCR recorded a more pronounced decline from 454.36%, as the shift in liquid dollar assets to fund the increase in off-shore lending, further added to the drop in liquid assets. This realignment of the liquid asset buffer, coupled with the aggregate growth in multi-currency deposits, were the primary drivers of the year-on-year movement.

Long-term structural liquidity remained healthy, with the Net Stable Funding Ratio (NSFR) standing at 163.94% at year-end, representing a 1.6x coverage of the regulatory minimum. The ratio declined from 187.29% as the surge in loans and advances outpaced deposit growth, causing Required Stable Funding (RSF) to increase at a faster pace than Available Stable Funding (ASF).

Reflecting this dynamic, the Advances-to-Deposit (AD) Ratio increased to 77.73% from 66.48% in FY2024. This transition was driven by the gross loan book expanding at more than double the pace of deposits – 36.37% vs. 16.65%. While this indicates a higher utilisation of the Bank's deposit franchise, the significant LCR and NSFR buffers ensure the Bank remains well-positioned to meet its obligations while continuing to support the domestic economic recovery.

Tier I capital movement Graph – 16



Core Financial Soundness Indicators (FSIs) – Bank Table – 50

Financial Soundness Indicator (%)	FY2025	FY2024	FY2023	FY2022	FY2021
Capital adequacy ratios (under Basel III regulations)					
Common equity Tier 1 ratio (Current minimum requirement – 8.5%)	13.04	14.23	11.44	11.39	11.92
Tier 1 capital ratio (Current minimum requirement – 10%)	13.04	14.23	11.44	11.39	11.92
Total capital ratio (Current minimum requirement – 14%)	16.70	18.14	15.15	14.66	15.65
Asset quality ratios					
Net impaired loans (Stage 3) ratio (Based on existing regulatory provisions which includes undrawn commitments)	1.54	2.76	5.85	5.25	3.85
Impairment (Stage 3) to Stage 3 loans ratio (Based on existing regulatory provisions which includes undrawn commitments)	73.50	64.61	43.22	39.60	42.76
Total impairment coverage ratio	6.13	6.89	7.05	7.32	5.94
Cost of credit risk (Impairment charges on loans and advances to other customers to average gross loans and advances)	1.29	1.66	0.46	1.91	1.44
Non-performing credit facilities (NPCFs) – [net of impairment] to equity	9.67	15.63	37.38	33.56	26.69
Open credit exposure ratio (Net exposure on NPCFs as a % of regulatory capital)	9.17	15.06	38.69	34.41	25.33
Earnings and profitability ratios					
Net interest income to total operating income*	74.06	78.31	70.59	61.70	70.91
Net fee and commission income to total operating income*	14.94	15.40	18.31	14.71	12.90
Other income to total operating income*	11.00	6.29	11.10	23.59	16.20
Operating expenses to gross income*	15.39	15.91	12.71	12.70	17.99
Impairment charge to total operating income*	12.23	19.07	32.48	53.64	26.80
Cost to income ratio (including taxes on financial services)*	39.20	42.00	40.44	29.31	38.08
Cost to income ratio (excluding taxes on financial services)*	29.66	33.94	36.22	26.37	31.71
Financial intermediation margin (Gross income to average assets)*	11.73	11.62	13.40	12.57	8.72
Interest margin (Net interest income to average assets)	4.51	4.27	3.32	3.74	3.51
Return on assets (ROA) – before income tax*	2.96	2.12	1.27	1.03	1.74
Return on assets (ROA) – after income tax*	1.93	1.51	0.82	1.05	1.28
Return on equity (ROE)*	19.51	16.57	9.78	12.46	14.66
Liquidity ratios					
Liquidity coverage ratio (LCR) – Rupee – (Current minimum requirement – 100%)	419.40	529.20	491.61	405.91	425.97
Liquidity coverage ratio (LCR) – All currency – (Current minimum requirement – 100%)	288.58	454.36	516.27	293.91	242.52
Net stable funding ratio (NSFR) – (Current minimum requirement – 100%)	163.94	187.29	193.70	173.58	157.47
CASA ratio (Current and Savings deposits as a % of total deposits)	39.65	38.07	39.23	38.36	47.83
Gross loans and advances to deposits ratio	77.73	66.48	60.70	63.71	74.75
Assets and funding structure related ratios					
Deposits to gross loans and advances	128.66	150.42	164.75	156.96	133.78
Deposits to total assets	80.08	80.17	80.81	78.92	74.03
Borrowings to total assets	2.69	2.58	1.91	3.20	3.64
Equity to total assets	9.95	9.87	8.33	8.40	8.46

**2024 figures are normalised for the effect of SLISB restructure*

Performance of Bangladesh operations and subsidiaries

The performance of CBC Bangladesh during FY2025 unfolded against a transformative year for Bangladesh's economy and financial system. FY2025 marked a decisive shift from debt-driven expansion toward a reform-oriented macroeconomic framework, as policymakers prioritised correcting structural imbalances and strengthening institutional accountability ahead of anticipated political stability in the country.

This evolving landscape was characterised by the following key developments:

- **Moderated economic growth:** Real GDP growth is estimated at **3.7%–3.8%** (2024: 4.2%) due to contractionary monetary policy and supply chain disruptions.
- **Elevated inflation:** Headline inflation averaged between **8.2% and 9.4%,** a slight improvement from the double-digit levels seen in the previous year.
- **External sector:** The economy navigated shifting global trade dynamics, prompting stronger emphasis on export diversification and trade competitiveness.
- **Watershed moment in the banking sector:** 2025 marked a watershed moment as the regulator shifted from forbearance to decisive intervention, merging five distressed banks into a Consolidated Islamic Bank (approx. BDT 2.20 Tn. in assets) and enacting the Bank Resolution Ordinance 2025 to strengthen supervisory powers and restore confidence despite short-term liquidity tightening.

CBC's Bangladesh operations

Since commencing operations in November 2003 following the strategic acquisition of Credit Agricole Indosuez, CBC Bangladesh has evolved into a well-established and respected foreign bank within the country's financial sector. Over more than two decades, CBC Bangladesh has strengthened its franchise through disciplined growth, operational resilience and a strong client-centric approach.

As at December 31, 2025, CBC Bangladesh operated 20 strategic operating units comprising 11 fully fledged branches, one sub-branch, six SME Centres and two Offshore Banking Units. Customer reach was further enhanced through a network of 25 ATMs, including seven off-site locations, ensuring seamless accessibility across key commercial regions.

Operating across five major economic hubs – Dhaka, Chittagong, Sylhet, Narayanganj and Gazipur - CBC Bangladesh continued to expand business volumes despite heightened competition and a moderating economic environment. This growth is driven by a balanced dual-track strategy: maintaining strong relationships with blue-chip corporate clients while selectively expanding into SME and retail segments to optimise funding costs and strengthen deposit granularity.

Recognised as a leading foreign bank in Bangladesh, CBC Bangladesh continues to demonstrate steady deposit growth, prudent credit expansion and sustainable profitability. This performance is supported by a disciplined operating model anchored in operational efficiency, robust risk management and a client-focused service philosophy, delivered through CBC Bangladesh's core business pillars outlined below.

Corporate banking

As one of the main players in the market, the Corporate Banking Division of CBC Bangladesh operates on a strong "Relationship-First" philosophy. During 2025, despite challenging market conditions, CBC Bangladesh expanded its portfolio by fostering high-value partnerships with multinational corporations and large local conglomerates. The division provided sophisticated credit and advisory solutions tailored to the Bangladeshi economic context, supporting clients in a dynamic business environment.

Consumer banking

CBC Bangladesh is steadily strengthening its position as a preferred partner for Retail and SME clients. By leveraging a state-of-the-art IT ecosystem, CBC Bangladesh introduced innovative products designed to maintain a balanced deposit mix and a robust savings base. These initiatives have enhanced customer engagement and supported sustainable business growth within the segment.

Treasury management

CBC Bangladesh's Treasury Division, recognised as one of the prominent treasuries in the sector, continues to demonstrate strong fund management capabilities. By utilising global expertise together with local market intelligence, the division offers a diverse suite of innovative treasury products. This ensures consistent liquidity management, optimised returns and an advisory role for corporate clients operating in a volatile market environment.

Digital banking

CBC Bangladesh strengthened and upgraded its digital infrastructure while reinforcing governance frameworks through the integration of the RTGS Gateway, SBS-2 and A-Challan systems. The full implementation of a Loan Origination System enhanced credit processing efficiency.

Looking ahead, the digital roadmap includes the introduction of Host-to-Host Integration, iCashPro, a new internet banking platform for corporate clients and the e2gen Payment Hub. By embedding AI-driven transaction monitoring, e-KYC and biometric authentication, CBC Bangladesh continues to strengthen security standards. The adoption of Open Banking initiatives further enhances operational agility and supports future-ready scalability.

Human resources

Distinguished as an "Employer of Choice," CBC Bangladesh continues to invest in the professional development of its workforce. Commitment to high-quality banking education and a supportive corporate culture has contributed to strong talent retention and a resilient, balanced workforce, even amid global economic shifts.

Corporate social responsibility (CSR) activities

At CBC Bangladesh, CSR represents a core cultural value. CBC Bangladesh remains committed to uplifting underserved communities, with a focused emphasis on the education and welfare of children and students across the country.

In 2025, CBC Bangladesh invested a substantial amount in CSR activities, reaffirming its role as a socially conscious corporate citizen committed to the sustainable development of Bangladesh.

Key achievements during the year

In 2025, CBC Bangladesh solidified its position as the region's most awarded foreign bank, receiving over 20 accolades that validate its operational excellence, stability, and innovation.

The following highlights represent the Bank's core achievements across key strategic pillars:

- **Financial stability:** For the 15th consecutive year, Credit Rating Information and Services Ltd (CRISL) assigned CBC Bangladesh its highest **"AAA" rating**.
- **Regional dominance:** The Bank was named **Best Foreign Bank in Bangladesh** by *Global Economic Limited, UK* (6th consecutive year) and *World Economic Magazine, USA* (2nd consecutive year).
- **Segment excellence:** Recognised as the **Best Corporate Bank Bangladesh** by *Global Business Review Magazine,* UAE (4th consecutive year) and named **International Trade Finance Bank of the Year** by Global Business and Finance Magazine, USA (3rd consecutive year).
- **Institutional strength:** CBC Bangladesh swept the *Indian Chamber of Commerce* awards for the 3rd consecutive year, winning for excellence in **Asset Quality, Growth, and Profitability.**
- **Sustainability:** Affirmed as the **Most Sustainable Bank in Bangladesh** by *International Business Magazine, UAE* (5th consecutive year).
- **Women's empowerment:** Honoured with the award for **Most Innovative Women Empowerment Initiatives – Banking** by *Women's Tabloid,* UK, (2nd consecutive year).
- **Leadership:** CEO, Mr Najith Meewanage was honored as **Best Banking CEO of the Year – 2025** by **Global Business and Finance Magazine, USA** (3rd consecutive year).
- **Innovation:** The Bank received top honors for **Most Innovative Foreign Banking Solutions** by Gazet International Global Magazine, Singapore (2nd consecutive year) and **Excellence in Digital Banking** (specifically for CBC Digital & e Passbook) by Brands Review Magazine, UK.
- **Employer of choice:** Named the **Best Working Place in the Banking Sector Bangladesh** by *World Business Stars Magazine, UK (3rd consecutive year).*

Beyond these primary accolades, CBC Bangladesh earned an additional 12 recognitions covering customer centricity, digital transformation, and women empowerment. This comprehensive list of honours reinforces the Bank's reputation for delivering high-value, client-centric solutions within a complex macroeconomic landscape.

The progress of CBC Bangladesh operations in core banking areas over the past five years is given below:

Key performance indicators – Bangladesh operations Table – 51

As at December 31,	2025 BDT Bn.	2024 BDT Bn.	2023 BDT Bn.	2022 BDT Bn.	2021 BDT Bn.	5-Year CAGR %
Total deposits	126.070	105.218	97.843	71.963	64.960	19.84
Gross advances	84.455	74.878	65.112	52.215	58.374	8.81
Profit before tax	10.616	7.674	8.048	4.490	2.534	36.69
Profit after tax	6.351	4.755	4.740	2.535	1.543	37.06

Key financial ratios – Bangladesh operations Table – 52

Indicator	2025	2024	2023	2022	2021
Cost/Income ratio (%)	21.00	19.15	19.80	25.21	32.55
Net Interest Margin (%)	5.73	6.33	5.20	3.64	2.82
Profit Per Employee (BDT Mn.)	16.08	12.89	13.74	8.00	5.27
ROA (%)	4.01	3.46	4.36	2.77	1.73

Najith Meewanage, CEO – Bangladesh Operations, receiving the award for **Best Foreign Bank in Bangladesh 2025,** presented by **The Global Economic Magazine – United Kingdom.**

Subsidiaries of the Group

Given below is a brief overview of the operations of the subsidiaries of the Bank.

Performance of the local subsidiaries

Commercial Development Company PLC (CDC)

CDC, established in 1980 as the Bank's first subsidiary, serves as the Group's dedicated property and facility management arm. The Bank holds a 90% equity stake in CDC. The Company owns "Commercial House," the Bank's Head Office building, along with properties in Negombo and Tangalle. Its revenue model, largely derived from the Bank, provides stable and predictable earnings supported by long-term property and facility management arrangements.

Key developments during 2025

During FY2025, CDC continued to strengthen its recurring revenue base through revised rental agreements and the expansion of utility and outsourcing services. These initiatives supported revenue growth and reinforced the Company's role as a stable and strategic support entity within the Group.

The Company also maintained disciplined cost management and operational efficiency, ensuring continued stability in its core property and facility management operations despite fluctuations in fair value movements.

Performance during FY2025

Revenue for FY 2025 increased by 15.20% to Rs. 815.909 Mn., compared to Rs. 708.261 Mn. in FY2024. The growth was primarily driven by revised rental agreements and expanded service offerings.

Net Profit declined to Rs. 421.535 Mn., reflecting a year-on-year decrease of 27.65%. This reduction was mainly attributable to lower fair value gains on investment properties, which amounted to Rs. 146.222 Mn. in FY2025 compared to Rs. 479.340 Mn. in FY2024. Excluding fair value adjustments, underlying operational performance remained stable, supported by steady recurring income streams.

As at December 31, 2025, Net Asset Value per share increased by 8.06% to Rs. 371.27, compared to Rs. 343.58 as at December 31, 2024.

Over the past five years, CDC has demonstrated consistent earnings generation and steady growth in Net Asset Value, contributing stable dividend flows and long-term value to the Group.

Future plans

Looking ahead, CDC will continue to focus on maintaining stable recurring income through effective property management, optimised rental structures and efficient facility management services. The Company remains committed to enhancing operational efficiency and sustaining asset value growth, thereby ensuring continued contribution to the Group's stability and long-term value creation.

ORYSYS Limited

(Formerly known as CBC Tech Solutions Limited)

ORYSYS Limited, a wholly owned subsidiary of Commercial Bank of Ceylon PLC, operates as a specialised Technology and Business Automation Partner primarily serving the Banking, Financial Services and Insurance (BFSI) sector. To strengthen the organisation's future objectives, the company changed its name from "CBC Tech Solutions Limited" to "ORYSYS Limited," a strategic move aimed at emphasising its evolving business focus and expanded technological capabilities. Moving forward, Commercial Bank of Ceylon PLC and its subsidiaries are the main focus for digital transformation, while the company continues extending technology solutions across a wider range of clients.

The core business areas of the Company include IT services, hardware sales and software licensing, hardware maintenance, software development and resource augmentation. Its strategic roadmap focuses on growth, digitalisation, customer experience and talent development, delivered through a dual engagement model of solution development and managed services, with particular emphasis on mid-sized financial institutions and enterprises.

Key developments during 2025

During the year, the Company aligned its operations with global technology shifts through focused Research & Development initiatives in emerging technologies and innovative software solutions.

Operational efficiency was strengthened through the automation of Tier 1 IT support tickets using AI and scripting, alongside the implementation of a unified dashboard for real-time performance monitoring.

Strategic partnerships were further reinforced, highlighted by the inaugural partner event with Nutanix and Lenovo in October 2025. Integration was deepened with partners including Nutanix, Lenovo, Huawei, HP, ManageEngine and CISCO, while new partnerships in IT security services were pursued.

The Company was recognised as the Nutanix "BFSI Partner of the Year" for 2025 and received the ManageEngine Silver Partner Certification. Talent development remained a priority, with targeted upskilling programs in AI and Data Science aimed at maintaining employee retention above industry benchmarks.

Performance during FY2025

The Company recorded total revenue of Rs. 1.731 Bn. in FY2025, representing a growth of 48.16% compared to Rs. 1.169 Bn. in FY2024. This increase was primarily driven by higher IT service income and increased hardware and software sales.

Profit before tax rose to Rs. 222.235 Mn., reflecting a growth of 117.65% over Rs. 102.105 Mn. in FY2024, supported by stronger sales performance and improved cost management. Profit after tax increased to Rs. 151.893 Mn., marking a 143.58% rise from Rs. 62.358 Mn. in FY2024. These results demonstrate enhanced operational performance and disciplined execution of the Company's growth strategy.

Future plans

As part of its long-term growth strategy, the Company plans to expand its product portfolio into selected foreign markets, strengthening its international footprint. The ORYSYS Board is strengthened by directors possessing global experience and a strong regional presence. This diverse expertise enhances our governance standards and provides a vital perspective as the Company aims to expand beyond domestic operations.

Entering the 2026–2030 strategic period, the Company is positioned to drive sustained value creation through continued innovation and disciplined growth. The Company's long-term strategic roadmap is anchored by a framework of robust governance and the operational scalability required to drive sustainable growth.

ORYSYS Limited hosting its inaugural partner event with Nutanix and Lenovo – October 2025

ORYSYS Limited hosting its **inaugural partner event with Nutanix and Lenovo – October 2025.**

CBC Finance PLC (CBCF)

CBCF, a wholly owned subsidiary of Commercial Bank of Ceylon PLC, is a Licensed Finance Company regulated under the Finance Business Act No. 42 of 2011. Following its strategic rebranding from Serendib Finance Ltd, the Company has strengthened its market positioning while reinforcing governance standards and operational alignment with its parent company. Leveraging the strength, reputation and stability of the Commercial Bank Group, CBCF continues to enhance its institutional presence within Sri Lanka's financial services sector.

Key developments during 2025

During 2025, CBCF undertook several strategic initiatives aimed at strengthening its capital base, expanding its market presence and enhancing organisational capability.

A key milestone during the year was the successful issuance and listing of Rs. 1.5 Bn. five-year listed, rated, unsecured, subordinated, redeemable, debentures in December 2025. The issuance was oversubscribed, reflecting strong investor confidence in the Company's financial strength, governance standards and growth prospects. Rated "BBB+(lka)" by Fitch Ratings Lanka Limited and listed on the Colombo Stock Exchange, the debenture issue further strengthened the Company's capital base and enhanced its capacity to support lending growth, particularly within the SME segment.

CBCF also expanded its physical footprint by commissioning four new branches in Tissamaharama, Kaduwela, Maharagama and Panadura. This expansion enhanced accessibility, reinforced market presence and supported business growth across strategically important regions.

In parallel, the Company continued to strengthen its corporate culture and internal capabilities. Focus was placed on promoting integrity, innovation and inclusivity, supported by structured training programs and leadership development initiatives. These efforts reinforced accountability, enhanced employee engagement and strengthened the Company's human capital foundation.

Performance during FY2025

In 2025, Sri Lanka's financial sector transitioned from a phase of recovery to sustained stability, supported by structural reforms and sovereign debt restructuring, as discussed in the section on Operating Environment and Outlook of this Report (refer to pages 49 to 53). Within this improving macroeconomic environment, CBCF delivered strong financial performance, reflecting disciplined portfolio expansion and effective cost management.

Gross income for FY2025 increased by 39.73% to Rs. 3.719 Bn. (FY2024: Rs. 2.661 Bn.). This growth was primarily driven by a 39.65% increase in interest income to Rs. 3.172 Bn. (FY2024: Rs. 2.271Bn.), reflecting the strategic expansion of the lending portfolio.

Managing the cost of funds remained a priority during the year, with interest expenses increasing by a controlled 22.29% to Rs. 1.711 Bn. in FY2025, compared to Rs. 1.399 Bn. in FY2024, amid portfolio expansion. As a result of disciplined funding management and strong lending growth, Net Interest Income increased significantly by 67.50% to Rs. 1.461 Bn. in FY2025, up from Rs. 872.079 Mn. recorded in FY2024.

Furthermore, a strategic emphasis on non-fund-based income resulted in a 66.23% increase in net fee and commission income, which rose to Rs. 447.597 Mn. in FY2025 from Rs. 269.266 Mn. in FY2024. Supported by strong growth in both interest and non-interest income streams, Total Operating Income increased by 60.71% year-on-year to Rs. 1.993 Bn., compared to Rs. 1.240 Bn. in FY2024.

Impairment charges for FY2025 increased by 29.59% to Rs. 306.950 Mn. (FY2024: Rs. 236.865 Mn.), reflecting a prudent and conservative approach to credit risk aligned with portfolio expansion. Despite the higher provisioning, Net Operating Income increased significantly by 68.06% to Rs. 1.686 Bn. in FY2025, compared to Rs. 1.003 Bn. in FY2024.

Total operating expenses increased by 51.27% to Rs. 1.124 Bn. in FY2025, compared to Rs. 742.811 Mn. in FY2024, primarily driven by business expansion and scaling initiatives. Despite the rise in operating costs, overall

profitability improved significantly, with Net Profit increasing by 189.20% to Rs. 235.818 Mn., compared to Rs. 81.541 Mn. in FY2024.

The Company's balance sheet expanded significantly during the year. Total assets nearly doubled to Rs. 33.648 Bn. (FY2024: Rs. 16.861 Bn.), supported by a 93.07% increase in net loans and receivables to Rs. 25.958 Bn. (FY2024: Rs.13.445 Bn.)

On the funding side, deposits grew by 35.48% to Rs. 13.970 Bn. as at end-FY2025 from Rs. 10.311 Bn. as at end-FY2024, underscoring heightened public confidence and effective deposit mobilisation strategies. In addition, balances due to banks increased significantly to Rs. 12.016 Bn. (FY2024: Rs. 3.050 Bn.), representing a 293.93% growth, supporting the expansion of lending activities during the year. Furthermore, the successful issuance of listed debentures during FY2025 strengthened the Company's medium-term funding profile, contributing Rs. 1.500 Bn. to the liability base as at end-FY2025 (FY2024: Nil).

Collectively, the growth in deposits, bank borrowings and debenture funding enhanced the Company's funding diversification and supported the substantial expansion of its balance sheet during the year.

Future plans

Looking ahead, CBCF remains committed to sustained growth and institutional strengthening. Plans for 2026 include the establishment of a new Corporate Office in Colombo to enhance operational capacity and brand visibility.

The strategic relocation of three existing branches is also planned to further improve service standards and deliver a modernised customer experience.

Building on the strong momentum achieved in 2025, CBCF is well positioned to pursue disciplined balance sheet growth, strengthened capital management and long-term value creation.

Commercial Insurance Brokers (Pvt) Limited (CIBL)

CIBL is a fully owned subsidiary of Commercial Bank of Ceylon PLC. Established in 1987, CIBL is a licensed Insurance Broker specialising in both General and Life Insurance. During 2025, Commercial Bank of Ceylon PLC increased its shareholding from 60% to 100%, thereby acquiring full ownership of the Company and further strengthening strategic alignment within the Group.

With nearly four decades of industry experience, CIBL provides comprehensive insurance and risk advisory services to large corporates, high-net-worth individuals, SMEs and retail clients across Sri Lanka. The Company's industry exposure spans key sectors including Manufacturing, Banking & Finance, Transportation, Trade, Construction, Export & Import, Agriculture, Health & Hospitality and Information Technology.

Key developments during 2025

During 2025, CIBL implemented several strategic initiatives to strengthen its market position and expand its operational reach.

A key milestone was the amalgamation of the Bank's Bancassurance operations with CIBL, enabling closer integration within the Commercial Bank Group and supporting accelerated business growth.

The Company significantly expanded its branch network from 8 to 33 locations during the year, with a focused emphasis on strengthening General Insurance distribution. This expansion enhanced accessibility, broadened customer reach and improved service delivery across the country.

In addition, the corporate office was relocated to Synergy Hub, Colombo 03, aligning the Company's operations with the Commercial Bank Group's broader vision for growth, innovation and excellence.

Performance during FY2025

CIBL recorded strong financial performance during FY2025, reflecting the positive impact of expanded distribution capabilities and enhanced bancassurance integration.

Gross Premium increased by 69% to Rs. 3,100.7 Mn. in FY2025, compared to Rs. 1,834.5 Mn. in FY2024, demonstrating strengthened market penetration and improved business volumes.

Commission Income rose by 49.37% to Rs. 328.739 Mn. in FY2025, up from Rs. 220.080 Mn. in FY2024, reflecting enhanced revenue generation from core brokerage activities.

Profit Before Tax increased by 26.27% to Rs. 84.078 Mn. in FY2025, compared to Rs. 66.587 Mn. in FY2024, underscoring improved operational performance and sustained profitability.

Future plans

Looking ahead, CIBL intends to pursue aggressive growth by further expanding its branch network and strengthening diversified distribution channels. Emphasis will also be placed on digital transformation initiatives to enhance operational efficiency and customer experience.

Building on the strong momentum achieved in 2025 and strengthened Group integration following full ownership acquisition, CIBL remains well positioned to capitalise on emerging market opportunities while contributing to the Commercial Bank Group's broader strategic objectives.

Performance of foreign subsidiaries

Commercial Bank of Maldives Private Limited (CBM)

CBM, established in 2016 in partnership with Tree Top Investments (TTI), continues to strengthen its presence in the Maldivian banking sector by leveraging strong local market expertise and the backing of the Commercial Bank Group. As at December 31, 2025, CBM operated two branches and six self-service terminals, including two offsite ATMs.

Key developments during 2025

During 2025, CBM undertook several strategic initiatives aimed at enhancing digital capability, expanding service reach and strengthening market engagement.

CBM successfully went live on the Favara Maldives Instant Payments System, enabling instant and secure MVR transfers across all banks in the Maldives. This milestone significantly strengthened the Bank's digital payment infrastructure and customer convenience.

The Bank further enhanced foreign currency access through the introduction of its second USD ATM in Hulhumale', improving service accessibility for customers requiring USD cash withdrawals.

CBM also strengthened market visibility and customer engagement through active participation in major national exhibitions, including the Maldives Living Expo, Maldives Business Expo, Vacation Expo and Maldives Expo. These platforms enabled the Bank to promote its home loan products, card offerings and full suite of banking solutions to both local and international audiences.

In recognition of its performance and service quality, CBM received international accolades at the World Economic Magazine Awards 2025, being named Fastest Growing Private Bank – Maldives 2025 and Best Customer Service Bank – Maldives 2025.

The progress of Commercial Bank of Maldives Private Limited operations in core banking areas over the past five years is given below:

Key performance indicators – Commercial Bank of Maldives Private Limited Table – 53

As at December 31,	2025 MVR Mn.	2024 MVR Mn.	2023 MVR Mn.	2022 MVR Mn.	2021 MVR Mn.	5-Year CAGR %
Total deposits	3,981	3,244	2,785	2,542	1,993	21.57
Gross advances	1,529	1,274	955	785	590	24.27
Total Assets	4,756	3,922	3,248	2,927	2,316	21.58
Profit before tax	121	87	102	75	44	30.47
Profit after tax	91	65	78	57	33	31.66

Key financial ratios – Commercial Bank of Maldives Private Limited Table – 54

Indicator	2025	2024	2023	2022	2021
Cost/Income ratio (%)	31.59	32.67	35.29	35.63	48.11
Net Interest Margin (%)	3.48	3.49	3.69	3.78	3.51
Profit Per Employee (MVR Mn.)	1.57	1.12	1.53	1.39	0.80
ROA (%)	2.10	1.81	2.53	2.17	1.61

In parallel with its financial performance, CBM continued its corporate social responsibility initiatives, including support for the Back-to-School 2025 campaign, providing essential school supplies to children from underprivileged families.

Future plans

Looking ahead, CBM remains committed to sustained technological advancement, service innovation and customer excellence. Strategic focus areas include enhancing digital capabilities, strengthening customer experience, promoting financial inclusion and supporting sustainable growth across the Maldivian economy.

Building on the strong momentum achieved in 2025, CBM is well positioned to deepen its market presence while creating long-term value for customers, stakeholders and the wider community of the Republic of Maldives.

CBC Myanmar Microfinance Company Ltd.

CBC Myanmar Microfinance Company Ltd., a wholly owned subsidiary of Commercial Bank of Ceylon PLC, commenced operations in July 2018 with its head office and first branch in Lewe Township, Nay Pyi Taw. Established with a mandate to promote financial inclusion, the Company provides responsible and accessible microfinance solutions to underserved rural and semi-urban communities across Myanmar.

Since inception, the Company has steadily expanded its outreach, supporting entrepreneurs, farmers and cottage industry operators through tailored financial products and advisory services, thereby contributing to sustainable livelihood development and grassroots economic stability.

Key developments during FY2025

During FY2025, CBC Myanmar expanded its operational footprint with the establishment of two new branches in the Mandalay region, increasing its presence to 13 townships across Nay Pyi Taw and Mandalay regions.

Operations were conducted in a challenging environment marked by political uncertainty, inflation, exchange rate volatility, regulatory changes and liquidity constraints. Rising operating costs, migration patterns and natural disaster risks added further pressure. In response, the Company reinforced portfolio quality through disciplined risk management, including close monitoring of delinquent accounts, proactive borrower engagement and flexible repayment arrangements.

The Company continued to strengthen its financial inclusion and sustainability initiatives. A Financial Literacy and Capacity Building Program benefited approximately 375 centre leaders and micro-entrepreneurs. A digital loan collection campaign increased digital collections by around 300%, improving efficiency and reducing paper usage, while two branches were converted to solar energy to support environmentally responsible operations.

Employee engagement was enhanced through the introduction of a performance-based salary scheme, revisions to compensation structures in line with rising living costs and expanded staff training. In addition, the Company diversified its funding base through new institutional partnerships, reducing reliance on the parent institution and strengthening operational independence.

Performance during FY2025

Despite structural challenges, CBC Myanmar delivered strong business growth in FY2025 compared to FY2024.

Loan disbursements increased by 86.00% to MMK 18.6 Bn., while the loan portfolio grew by 71.35% to MMK 11.707 Bn. The number of active borrowers increased by 32.83%, reflecting expanded outreach and sustained demand.

Enhanced portfolio management contributed to a 35.31% reduction in non-performing loans compared to 2024, while maintaining a strong recovery ratio of 99%. Revenue increased by 84.08% to MMK 2.802 Bn., and profitability improved to MMK 0.990 Bn., reflecting stronger loan recovery, optimised interest income and cost-efficient operations.

During FY2025, the Company successfully offset accumulated losses from prior periods and began building retained earnings, strengthening equity and overall financial resilience.

Future plans

Looking ahead to 2026, CBC Myanmar will focus on enhancing efficiency, expanding financial inclusion and strengthening sustainability. Key priorities include further digitalisation of loan collections, promotion of environmentally responsible practices and obtaining a deposit acceptance license to broaden services and improve liquidity.

The Company also plans to expand its agriculture loan product, increase branch presence in new townships and continue emphasising female lending to support women-led micro-enterprises. These initiatives are designed to deepen outreach, enhance service delivery and strengthen long-term institutional resilience.

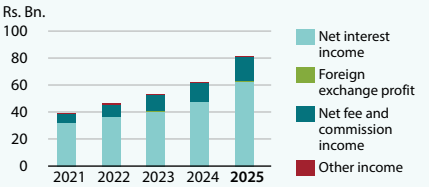
Segmental analysis – Group

Personal banking

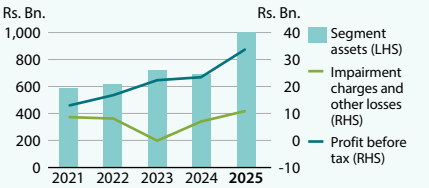
- Highest contributor to the Group in terms of net interest income, net fee and commission income and net operating income.
- Total operating income increased by 30.29% to Rs. 81.298 Bn., representing 42.53% of the Group's figure.
- Impairment charges increased by Rs. 4.335 Bn. (58.91%), primarily due to higher impairment provisions recognised as post-model adjustments for customers classified under Stage 1 and Stage 2 who were potentially affected by Cyclone Ditwah. Additionally, impairment charges rows as the Bank prudentially increased provisions for Stage 3 customers.
- PBT increased by 46.36% to Rs. 34.390 Bn. representing 37.06% of the Group's PBT.
- Achieved a 39.86% CAGR in PBT over the last five years demonstrating effectiveness of the strategies adopted by the division.
- The segment accounted for nearly 30% of the Group's total assets with an asset base of approximately Rs. 1.0 Tn., which reflected a robust 44.90% YoY increase, primarily driven by notable growth in the loan book during the FY2025.

	2025 Rs. Bn.	2024 Rs. Bn.	Change Rs. Bn.	Change as a %
Net interest income	62.999	48.020	14.979	31.19
Foreign exchange profit	0.625	0.590	0.035	5.93
Net fee and commission income	17.305	13.463	3.842	28.54
Other income	0.369	0.323	0.046	14.24
Total operating income	81.298	62.396	18.902	30.29
Impairment charges and other losses	(11.694)	(7.359)	(4.335)	(58.91)
Net operating income	69.604	55.037	14.567	26.47
Profit before tax	34.390	23.497	10.893	46.36
Segment assets	999.954	690.083	309.871	44.90

Total operating income Graph – 17



Assets, profit before tax and impairment charges Graph – 18

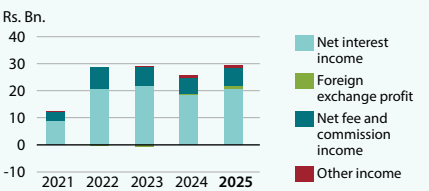


Corporate banking

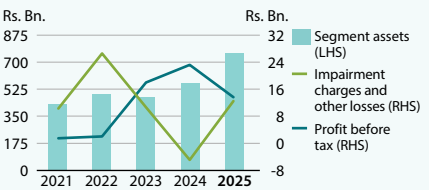
- Achieved a total operating income of Rs. 29.443 Bn. (14.26% YoY), reflecting diversified strength of the portfolio, fueled by steady net interest income, net fee and commission income, and exchange profit.
- Following a net reversal of Rs. 5.432 Bn. in the prior year, impairment provisions increased by 307.55% to reach Rs. 11.274 Bn. in 2025, which was primarily attributable to additional impairment provisions made for a few individually significant customers classified under Stage 3 on a prudential basis.
- Accounted for more than one fifth of the assets of the Group, reflecting noteworthy contribution to the Group's assets which was primarily due to a significant loan growth reported during the FY2025.

	2025 Rs. Bn.	2024 Rs. Bn.	Change Rs. Bn.	Change as a %
Net interest income	20.770	18.497	2.273	12.29
Foreign exchange profit	0.828	0.414	0.414	100.00
Net fee and commission income	6.881	6.063	0.818	13.49
Other income	0.964	0.795	0.169	21.26
Total operating income	29.443	25.769	3.674	14.26
Impairment charges and other losses	(11.274)	5.432	(16.706)	(307.55)
Net operating income	18.169	31.201	(13.032)	(41.77)
Profit before tax	12.319	23.230	(10.911)	(46.97)
Segment assets	753.802	561.360	192.442	34.28

Total operating income Graph – 19



Assets, profit before tax and impairment charges Graph – 20

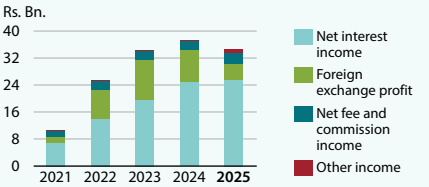


International operations

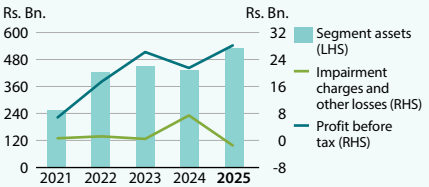
- Net operating income increased by 23.70% YoY, driven primarily by reversals in impairment following an improvement in the delinquency status of a few large customers.
- Highest contributor (33.12%) to the Group in terms of foreign exchange profit amounting to Rs. 4.822 Bn.
- The Bangladesh operations of the Bank made a noteworthy contribution of 91.44% of PBT of the international operations with an asset base of 81.77% within the segment.
- The segment recorded an asset growth exceeding 22% and accounted for more than 15% of the Group's assets.

	2025 Rs. Bn.	2024 Rs. Bn.	Change Rs. Bn.	Change as a %
Net interest income	25.513	25.113	0.400	1.59
Foreign exchange profit	4.822	9.295	(4.473)	(48.12)
Net fee and commission income	3.203	2.828	0.375	13.26
Other income	0.957	0.168	0.789	469.64
Total operating income	34.495	37.404	(2.909)	(7.78)
Impairment charges and other losses	1.899	(7.983)	9.882	123.79
Net operating income	36.394	29.420	6.974	23.70
Profit before tax	28.699	21.723	6.976	32.11
Segment assets	531.120	432.486	98.634	22.81

Total operating income Graph – 21



Assets, profit before tax and impairment charges Graph – 22

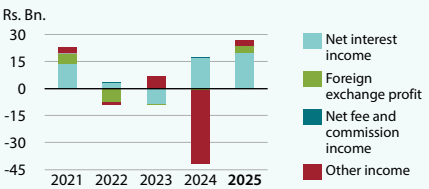


Dealing/Treasury

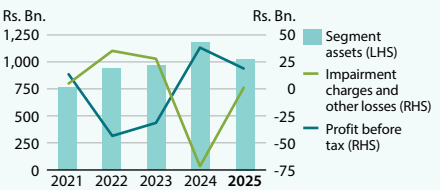
- Foreign exchange profit recorded a substantial increase, amounting to Rs. 4.190 Bn. and contributed 28.78% to the Group's income from foreign exchange profit. This strong result was primarily driven by favorable net revaluation gains arising from foreign currency (FCY) balance sheet exposures.
- Other income of Rs. 2.975 Bn. represented highest (44.66%) within the Group, was mainly earned from net gains/(losses) from capital gains recorded from the sale of government securities.
- The Group's largest contributor to the asset base, totaling 1.028 Tn. is primarily supported by a high-quality, diversified portfolio comprising government securities and placements. Total assets of the segment declined compared to the previous year due to the strategic reallocation of funds from treasury investments to the loan book in order to fund the accelerated loan growth.

	2025 Rs. Bn.	2024 Rs. Bn.	Change Rs. Bn.	Change as a %
Net interest income	19.777	17.362	2.415	13.91
Foreign exchange profit	4.190	(0.770)	4.960	644.16
Net fee and commission income	(0.009)	0.007	(0.016)	(228.57)
Other income	2.975	(40.649)	43.624	107.32
Total operating income	26.934	(24.051)	50.985	211.99
Impairment charges and other losses	(1.812)	72.914	(74.726)	(102.49)
Net operating income	25.122	48.863	(23.741)	(48.59)
Profit before tax	20.106	39.898	(19.792)	(49.61)
Segment assets	1,027.963	1,183.390	(155.427)	(13.13)

Total operating income Graph – 23



Assets, profit before tax and impairment charges Graph – 24

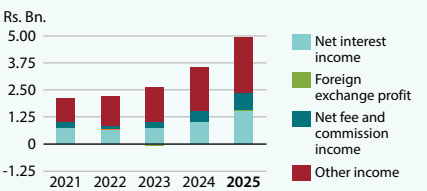


NBFI, real estate, and services

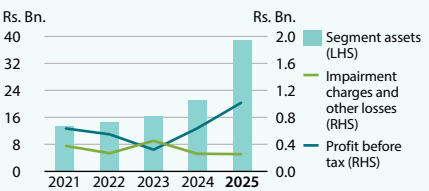
- PBT grew to Rs. 1.042 Bn., representing a 63.07% growth over the FY2024. This performance was largely underpinned by the notable contribution from Commercial Development Company PLC (CDC) and CBC Finance PLC.
- Income generated from outsourcing services, utility services, and vehicle hiring contributed positively to the overall revenue growth of CDC, which resulted in over 35% contribution of profit of the segment.
- Achieved a 49.81% growth in NII (Rs. 1.570 Bn.), supported by a noteworthy contribution from CBC Finance PLC through business expansions.

	2025 Rs. Bn.	2024 Rs. Bn.	Change Rs. Bn.	Change as a %
Net interest income	1.570	1.048	0.522	49.81
Foreign exchange profit	0.004	0.001	0.003	300.00
Net fee and commission income	0.776	0.489	0.287	58.69
Other income	2.584	1.993	0.591	29.65
Total operating income	4.934	3.532	1.402	39.69
Impairment charges and other losses	(0.235)	(0.240)	0.005	2.08
Net operating income	4.698	3.291	1.407	42.75
Profit before tax	1.042	0.639	0.403	63.07
Segment assets	38.998	21.099	17.899	84.83

Total operating income Graph – 25



Assets, profit before tax and impairment charges Graph – 26



Investor information and performance trends

Investor relations

Dear Stakeholder,

Disciplined growth, enduring value

We sincerely appreciate the continued confidence of our investors, who support the Bank through investments in both our equity and debt instruments. Our focus remains on delivering attractive, sustainable returns through prudent growth and disciplined capital management that support long-term value creation. In line with this commitment, we aim to provide a clear and transparent account of the Bank's and the Group's financial performance, operating results and cash flows, to support informed investment decisions.

As one of Sri Lanka's two top-tier D-SIBs and the largest private sector bank, we believe we are well positioned to meet investor expectations. The operating environment in 2025 improved significantly compared to recent years, opening opportunities for sustainable expansion. While challenges remain, we have continued to rely on our resilience, strong governance and rigorous risk management to respond effectively to evolving market conditions. We trust that the information in this Integrated Report and Financial Statements provides a balanced view of our fundamentals, financial stability and strategic direction, and reinforces the confidence of our investor community.

Two-way engagement and timely communication

The Bank remains committed to maintaining open, transparent and timely communication with investors, underpinned by mutual trust and confidence. We uphold investor rights in accordance with applicable regulations and proactively address material matters raised through our engagement processes, as outlined in the Stakeholder Engagement section (pages 54 to 57). Our approach to investor relations continues to go beyond statutory requirements, reflecting our commitment to strong corporate governance and best practice disclosures.

We engage investors through a range of channels to ensure access to relevant and up-to-date information. While the Annual Report remains our primary communication tool, it is complemented by AGMs and EGMs, quarterly investor calls, investor roadshows and opportunities for direct dialogue with the Bank's leadership. Consistent with our transparency agenda, this year's Integrated Annual Report has been presented in a more concise and structured format to improve clarity and accessibility.

We value the feedback received from shareholders through surveys and direct engagement, which continues to inform enhancements to our reporting and communication. To strengthen two-way dialogue, a stakeholder feedback form has also been included in this year's Annual Report. We encourage shareholders to share their views and suggestions, helping us better align priorities with investor expectations and support long-term value creation.

Enhancing online investor access and transparency

Our Investor Relations section (https://www.combank.lk/investors) continues to serve as a key digital platform for investor engagement. It provides access to both PDF and interactive versions of the Bank's Annual Report, together with timely updates on financial disclosures, corporate actions and governance developments. Ensuring accurate and prompt communication remains a priority, and we continue to enhance our digital channels to meet evolving stakeholder expectations.

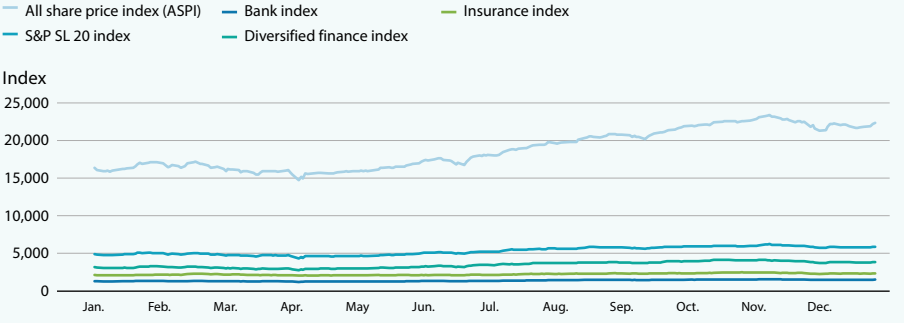
Through these efforts, we reaffirm our commitment to responsible and transparent investor relations, keeping stakeholders well informed and engaged as we pursue sustainable long-term value creation.

Modes of engagement with stakeholders Figure – 61

Extraordinary General Meetings	Annual reports and Annual General Meetings	Feedback surveys
Press conferences and releases	Interim financial statements	Corporate website
One-to-one discussions	Investor presentations	Announcements to CSE

We believe the Bank's consistent communication and active engagement with key stakeholders have supported investor confidence and helped position our shares as a resilient and attractive investment proposition, notwithstanding the global and domestic developments outlined in the Operating Environment and Outlook section.

Performance of the Colombo Stock Exchange and the Banking Sector in 2025 Graph – 27



CSE and Banking Sector Momentum

Building on the strong performance recorded in 2024, the Colombo Stock Exchange (CSE) sustained its bullish momentum through 2025. The All Share Price Index (ASPI) closed the year at 22,624 points, a 41.89% increase from 15,945 points at end-2024, while the S&P SL20 Index rose by 26.64% to 6,157 points. This market performance translated into a notable expansion in market capitalisation, which increased by 41.67% to Rs. 8.069 Tn. at end-2025. Against this backdrop, banking sector shares also recorded healthy gains, with the Bank Index rising to 1,788 points by year-end-an increase of 33.73% from 1,337 points at end-2024. Improved macroeconomic stability and sustained investor confidence supported this broad expansion, reinforcing the CSE's role in enhancing Sri Lanka's investment attractiveness.

Commercial Bank Share Performance

Reflecting this positive sector performance, the Bank's ordinary voting and ordinary non-voting shares appreciated by 38.69% and 64.94%, respectively, during 2025. Accordingly, the market prices of the ordinary voting and ordinary non-voting shares closed at Rs. 200.75 and Rs. 190.50, respectively, compared to Rs. 144.75 and Rs. 115.50 at end-2024. With the inclusion of the recommended dividend for FY2025 of Rs. 10.50 per share, the total shareholder return on ordinary voting and ordinary non-voting shares amounted to 45.94% and 74.03%, respectively.

As at end-2025, the ordinary voting share traded at 1.01 times its book value (compared to 0.85 times in 2024). Commercial bank remained the largest bank by market capitalisation, successfully crossing the USD 1 Bn. milestone during the year, reflecting investor confidence in the Bank's strong fundamentals and strategic positioning.

The Bank's public holding (free float) remained high as at December 31, 2025, with ordinary voting shares at 99.83% (99.79% in 2024) and ordinary non-voting shares at 99.96% (99.88% in 2024). The Bank's float-adjusted market capitalisation – compliant under Option 1 of the CSE minimum public holding requirements – increased by 42.19%, from Rs. 229.836 Bn. in 2024 to Rs. 326.807 Bn. in 2025.

As shown in Tables 62 and 63 on page 196, both ordinary voting and ordinary non-voting shares remained actively traded on the CSE, providing investors with liquidity and ease of entry and exit. Trading activity increased, with the number of share transactions rising by 32.80% for ordinary voting shares (45.84% in 2024) and 71.49% for ordinary non-voting shares (61.40% in 2024). In addition, volumes traded increased by 15.71% for ordinary voting shares (118.98% in 2024) and 25.95% for ordinary non-voting shares (97.76% in 2024).

Investor interest in the Bank's shares also strengthened during the year, reflected in the expansion of the shareholder base. As at end-2025, 22,695 shareholders held ordinary voting shares (16,966 in 2024) and 8,345 shareholders held ordinary non-voting shares (6,342 in 2024), as set out in Table 65 on page 197.

CSE Listing Rules Disclosure Compliance

We confirm that the Bank has complied with the applicable disclosure requirements set out in Section 7.6 of the CSE Listing Rules relating to the Annual Report and Financial Statements of a listed entity. A comprehensive compliance table (Table 55) is presented below, providing cross-references to each requirement and the relevant sections and page numbers where the corresponding disclosures are included in this Annual Report.

The pages that follow provide an overview of the performance of the Bank's listed securities, reflecting market movements, investor activity and key indicators relevant to shareholders and the wider investor community.

Compliance with requirements of the Section 7.6 of the Listing Rules of the CSE Table – 55

Rule No.	Disclosure requirement	Section/reference	Page/s
7.6 (i)	Names of Directors during the financial year and their profiles.	Board of Directors and Profiles	32 to 39
7.6 (ii)	Principal activities of the Bank and its subsidiaries during the year and any changes therein.	Note 1.3 to the Financial Statements Group Structure	319 and 320 24 and 25
7.6 (iii)	Names and the number of shares held by the 20 largest holders of voting and non-voting ordinary shares and the percentage of such shares held.	Item 4.2 of the "Investor Relations"	197 and 198
7.6 (iv) (a)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Bank complies with the minimum public holding requirement, in respect of voting ordinary shares. The public holding percentage (%) in respect of non-voting ordinary Shares.	Item 4.3 of the "Investor Relations"	198
7.6 (iv) (b)	Public holding percentage (%), and the number of public shareholders of foreign currency denominated Shares.	The Bank has not issued any foreign currency denominated Shares	N/A

Rule No.	Disclosure requirement	Section/reference	Page/s
7.6 (v)	Details of each Director's and Chief Executive Officer's holding in each class of shares of the Bank at the beginning and end of the financial year.	Item 4.4 of the "Investor Relations"	199
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Bank.	Risk Governance and Management	273 to 296
		Report of the Board Integrated Risk Management Committee	238 to 240
		Note 66 to the Financial Statements: Financial Risk Review	437 to 469
		Directors' Statement on Internal Control over Financial Reporting and Risk Management	266 and 267
		Independent Assurance Report – Internal Control	268
		The Independent Auditors' Report	300 to 304
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Bank.	During the year under review, the Bank did not encounter any material employee or industrial relations issues that require disclosure	
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Bank's land holdings and investment properties.	Note 38.5 (a) and (b) to the Financial Statements	385 to 391
		Note 39.1 (a) and (b) to the Financial Statements	394 and 395
7.6 (ix)	Number of shares representing the Bank's stated capital.	Note 51 to the Financial Statements	416 and 417
		Item 5 of the "Investor Relations"	200
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings as at the end of the year.	Item 4.5 of the "Investor Relations"	199
7.6 (xi)	Ratios and market price information:		
	Equity – Dividend per share, dividend payout ratio, net asset value per share, market value per share – highest, lowest values recorded during the financial year and the market value as at the end of the financial year.	Financial Highlights	20
		Items 2 and 3 the "Investor Relations"	194 and 196
	Debt – Interest rate of comparable Government Securities, debt/equity ratio, interest cover and Debt Service Coverage ratio, market prices and yield during the year – High, low and last traded prices	Item 8 of the "Investor Relations"	203
		Note 50 to the Financial Statements: Subordinated Liabilities	414 to 416
		Annex 2 – Basel III – Disclosures under Pillar III as per Banking Act Directions No. 01 of 2016 – Disclosure 6 – Main features of regulatory capital instruments – Group	512 and 513
	Any changes in credit rating (for the Bank or any other instrument issued by the Bank).	Item 10 of the "Investor Relations"	203

Rule No.	Disclosure requirement	Section/reference	Page/s
7.6 (xii)	Significant changes in the Bank's or its subsidiaries' fixed assets including substantial difference between market value and book value of lands.	Note 38.5 (b) to the Financial Statements	386 to 391
		Note 39.1(b) to the Financial Statements	395
7.6 (xiii)	Details of funds raised through Initial Public Offering and/or a further issue of Securities during the year.	Notes 51 and 51.1 to the Financial Statements.	416 and 417
	a. the manner in which the funds of such issue/s have been utilised in conformity with the format provided by the CSE from time to time;	Note 50 to the Financial Statements for the details of debentures issued during the year.	414 to 416
	b. if any shares or debentures have been issued, the number, class of shares or debenture and consideration received and the reason for the issue; and,		
	c. any material change in the use of funds raised through an issue of Securities.	Annex 2 – Basel III – Disclosures under Pillar III as per Banking Act Directions No. 01 of 2016 – Disclosure 6 – Main features of regulatory capital instruments – Group	512 and 513
7.6 (xiv)	a. Information in respect of Employee Share Option Schemes (ESOS).		
	• The number of options granted to each category of employees during the financial year.	Note 52 to the Financial Statements "Employee Share Option Plans"	417 to 419
	• Total number of options vested but not exercised by each category of employees during the financial year.		
	• Total number of options exercised by each category of employees and the total number of shares arising therefrom during the financial year.		
	• Options cancelled during the financial year and the reasons for such cancellation.		
	• The exercise price.		
	• A declaration by the Directors of the Bank confirming that the Bank or any of its subsidiaries has not, directly or indirectly, provided funds for the ESOS.	The Group and the Bank have not, directly or indirectly, provided funds to employees to purchase shares under the ESOPs The Group and the Bank do not have any employee profit sharing plans, except the variable bonus scheme.	N/A
	b. Information in respect of Employee Share Purchase Schemes (ESPS)	Not applicable as the Bank does not have Employee Share Purchase Schemes	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Required disclosures are given in Annexure 1.3 "Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange"	495 to 501
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the Bank as per Audited Financial Statements, whichever is lower	The Bank did not have any related party transactions exceeding this threshold during the year 2025 and as at end 2025 (Note 62.6 to the Financial Statements).	435

Rule No.	Disclosure requirement	Section/reference	Page/s
	Details of investments in a related party and/or amounts due from a related party to be set out separately The details shall include, as a minimum: i. The date of the transaction ii. The name of the Related Party iii. The relationship between the Entity and the Related Party iv. The amount of the transaction and terms of the transaction V. The rationale for entering into the transaction	Note 62 to the Financial Statements "Related Party Disclosures"	430 to 435
7.6 (xvii)	Disclosures on foreign currency denominated securities listed on the CSE	The Bank has not issued Foreign Currency denominated Securities	N/A
7.6 (xviii)	Disclosures on the GSS + Bonds listed on the CSE a. The list of GSS + Projects/s to which proceeds of the GSS + Bonds have been allocated to/invested in, including a brief description of such project/s and the amounts disbursed. b. Any updates in relation to the disclosures made in the documentation on GSS + Bonds from the date of listing. c. Qualitative performance indicators in line with the ICMA Principles and Guidelines, 'ICMA Harmonised Framework for Impact Reporting and Harmonised Framework for Impact Reporting for Social Bonds' and where applicable Green Finance Taxonomy or any related Taxonomy issued by the Central Bank of Sri Lanka where feasible, quantitative performance measures of the environmental impact of the GSS+ Project/s. In the event the quantitative benefits/impact cannot be ascertained, the said fact may be appropriately disclosed along with the reasons for non-ascertainment of the benefits/impact on the environment. d. Methods and the key underlying assumptions used in preparation of the performance indicators and metrics.	In August 2025, the Bank infused Rs. 15 Bn., through a green bond issue Basel III Compliant – Tier II Listed Rated Unsecured Subordinated Redeemable with a Non-Viability Conversion feature.	84
7.6 (xix)	Disclosures on Perpetual Debt Securities listed on the CSE	The Bank has not issued any Perpetual Debt Securities	N/A
7.6 (xx)	Disclosures on Infrastructure Bonds listed on the CSE	The Bank has not issued any Infrastructure Bonds	N/A
7.6 (xxi)	Disclosures on Shariah Compliant Debt Securities listed on the CSE	The Bank has not issued any Shariah Compliant Debt Securities	N/A
7.6 (xxii)	Disclosures on High Yield Corporate Debt Securities listed on the CSE	The Bank has not issued any High Yield Corporate Debt Securities	N/A

1. Listed Securities of the Bank

The Bank's ordinary voting and ordinary non-voting shares are listed on the Main Board of the Colombo Stock Exchange (CSE) under the ticker symbol "COMB". In addition, all debentures issued by the Bank are also listed on the CSE, supporting transparency and accessibility for investors. A summary of the Bank's listed securities is provided in Table 56 on page 193.

Trading activity and daily price movements for shares and listed debentures (where applicable) are also reported in the Business sections of leading daily newspapers, including the Daily News, Daily FT, The Island and the Daily Mirror, typically under the name "Commercial Bank" or the abbreviation "COMB".

Summary of listed securities of the Bank Table – 56

	Number in issue as at		Security code/ID
	December 31, 2025	December 31, 2024	
Equity			
Ordinary shares – Voting	1,539,161,949	1,515,212,126	COMB.N0000
Ordinary shares – Non-voting	96,341,685	95,086,178	COMB.X0000
Debt			
Fixed rate Debentures March 2016/26	17,490,900	17,490,900	COMB-BD-08/03/26-C2342-11.25
Fixed rate Debentures October 2016/26	19,282,000	19,282,000	COMB-BD-27/10/26-C2359-12.25
Fixed rate Debentures July 2018/28	16,061,600	16,061,600	COMB-BD-22/07/28-C2405-12.50
Fixed rate Debentures September 2021/26	42,374,700	42,374,700	COMB-BD-20/09/26-C2491-09.00
Fixed rate Debentures September 2021/28	43,580,000	43,580,000	COMB-BD-20/09/28-C2492-09.50
Fixed rate Debentures December 2022/27	67,246,800	67,246,800	COMB-BD-11/12/27-C2504-28.00
Fixed rate Debentures December 2022/29	32,638,200	32,638,200	COMB-BD-11/12/29-C2503-27.00
Fixed rate Debentures December 2022/32	115,000	115,000	COMB-BD-11/12/32-C2505-22.00
Fixed rate Debentures December 2023/28	21,324,000	21,324,000	COMB-BD-19/12/28-C2516-14.50
Fixed rate Debentures December 2023/28	75,580,900	75,580,900	COMB-BD-19/12/28-C2517-15.00
Fixed rate Debentures December 2023/30	329,800	329,800	COMB-BD-19/12/30-C2519-13.75
Fixed rate Debentures December 2023/30	8,177,600	8,177,600	COMB-BD-19/12/30-C2521-14.25
Fixed rate Debentures December 2023/33	308,400	308,400	COMB-BD-19/12/33-C2518-13.50
Fixed rate Debentures December 2023/33	14,279,300	14,279,300	COMB-BD-19/12/33-C2520-14.00
Fixed rate Debentures July 2024/29	14,272,500	14,272,500	COMB-BD-09/07/29-C2532-12.60
Fixed rate Debentures July 2024/29	124,551,600	124,551,600	COMB-BD-09/07/29-C2533-13.00
Fixed rate Debentures July 2024/31	1,396,700	1,396,700	COMB-BD-09/07/31-C2534-12.85
Fixed rate Debentures July 2024/31	3,688,900	3,688,900	COMB-BD-09/07/31-C2535-13.25
Fixed rate Debentures July 2024/34	730,400	730,400	COMB-BD-09/07/34-C2536-13.00
Fixed rate Debentures July 2024/34	55,359,900	55,359,900	COMB-BD-09/07/34-C2537-13.50
Fixed rate Green Bonds August 2025/30	8,019,400	Issued during the year 2025	COMB-BD-11/08/30-C2584-10.55
Fixed rate Green Bonds August 2025/30	134,081,300		COMB-BD-11/08/30-C2585-10.85
Fixed rate Green Bonds August 2025/32	403,000		COMB-BD-11/08/32-C2586-10.85
Fixed rate Green Bonds August 2025/32	3,247,700		COMB-BD-11/08/32-C2587-11.15
Fixed rate Green Bonds August 2025/35	1,094,200		COMB-BD-11/08/35-C2588-11.00
Fixed rate Green Bonds August 2025/35	3,154,400		COMB-BD-11/08/35-C2589-11.30

Equity securities

Description of ordinary shares Table – 57

Security type	Quoted ordinary shares
Listed exchange	Colombo Stock Exchange (CSE) – Main Board
Featured stock indices	All Share Price Index (ASPI)
	Standard & Poor's Sri Lanka 20 (S&P SL20)
GICS Industry Group	Banks
CSE stock symbol	Voting – COMB.N0000
	Non-Voting – COMB.X0000
International Securities Identification Number (ISIN)	Voting – LK0053N00005
	Non-Voting – LK0053X00004

2. ComBank share performance, liquidity, and market standing

Investor interest in the Bank's shares remained strong throughout 2025, sustaining the momentum recorded in 2024. This was reflected in the higher number of share transactions (Table 62 on page 196), increased trading volumes (Table 63 on page 196) and a marked expansion in the shareholder base across both ordinary voting and ordinary non-voting categories (Table 65 on page 197).

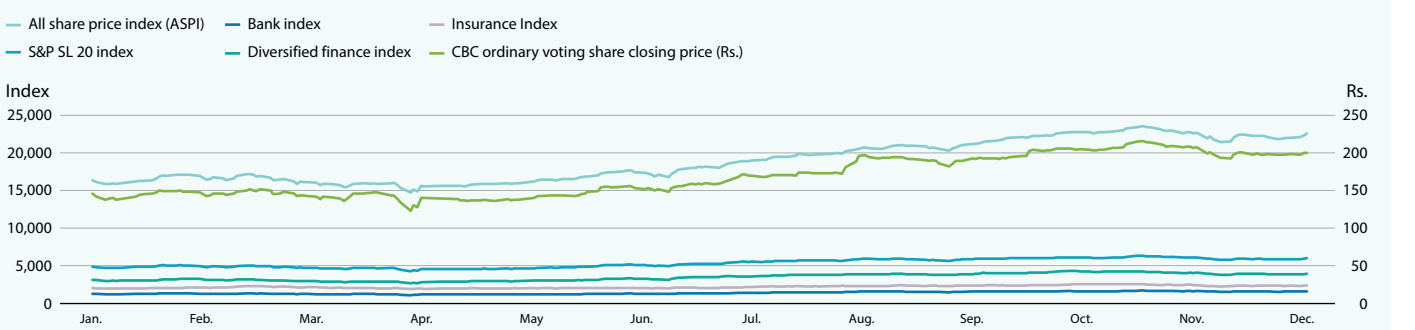
The market price of the Bank's ordinary voting shares increased by 38.69% (compared to 51.57% in 2024) to close at Rs. 200.75 at end-2025, up from Rs. 144.75 at end-2024. Ordinary non-voting shares rose by 64.94% (compared to 43.66% in 2024) to close at Rs. 190.50, from Rs. 115.50 a year earlier (Table 59 on page 195). During the year, non-voting share prices broadly tracked the movement of voting shares, reflecting consistent market alignment.

The Bank continued its policy of issuing scrip dividends, supporting shareholder value and reinforcing long-term investor confidence.

Market capitalisation of the Bank's voting and non-voting shares increased to Rs. 327.340 Bn. (USD 1.056 Bn.) at end-2025, from Rs. 230.309 Bn. (USD 786.039 Mn.) at end-2024. This represented 4.06% of the total market capitalisation of the CSE (4.04% in 2024), underscoring the Bank's growing market presence.

The Bank's shares ranked second among all listed entities on the CSE (up from fourth in 2024) and remained the highest-ranked corporate entity in the banking sector, reaffirming investor confidence in the Bank's fundamentals and market leadership.

Performance of the ordinary shares – voting – 2025 Graph – 28



2.1 Movement of COMB voting share price during the year Table – 58

Month	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Highest Price (Rs.)	151.00	152.25	151.00	146.00	149.75	159.50	178.75	199.25	197.00	207.50	218.00	205.00
Lowest Price (Rs.)	135.00	139.50	135.50	120.00	135.75	143.00	156.50	170.00	181.75	193.00	205.00	170.00
Price at the month end (Rs.)	148.50	148.50	147.50	136.50	148.25	159.00	169.75	194.75	192.75	205.00	208.00	200.75

2.2 Share price movement of last five years [As per Rule No. 7.6 (xi) of the Listing Rules of the CSE] Table – 59

Year	2025 Rs.	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.
Ordinary shares – Voting					
Highest price during the year	218.00	145.75	107.50	85.00	105.00
Lowest price during the year	120.00	78.00	50.00	48.70	76.90
Last traded price	200.75	144.75	95.50	50.20	79.30
Ordinary shares – Non-voting					
Highest price during the year	200.00	117.00	89.00	78.50	95.90
Lowest price during the year	96.10	67.50	40.00	39.40	69.60
Last traded price	190.50	115.50	80.40	41.30	72.00

2.3 Sustainable value for investors Table – 60

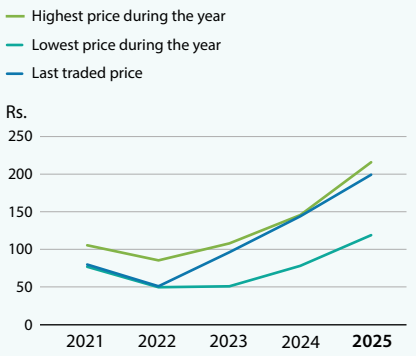
	Ordinary shares – Voting			Ordinary shares – Non-voting		
	Trade date	2025 Rs.	2024 Rs.	Trade date	2025 Rs.	2024 Rs.
Highest price	November 13, 2025	218.00		November 13, 2025	200.00	
	December 31, 2024		145.75	December 31, 2024		117.00
Lowest price	April 07, 2025	120.00		April 07, 2025	96.10	
	September 12, 2024		78.00	September 10, 2024		67.50
Year-end price		200.75	144.75		190.50	115.50

2.4 Information on shareholders' funds and Bank's market capitalisation Table – 61

As at December 31,	Shareholders' funds Rs. Bn.	Commercial Bank's market capitalisation (*) Rs. Bn.	Total market capitalisation of the CSE Rs. Bn.	Commercial Bank's market capitalisation as a % of CSE market capitalisation %	Commercial Bank's market capitalisation ranking Rank	Commercial Bank's market capitalisation (*) USD Mn.
2025	324	327	8,069	4.06	2	1,055.935
2024	275	230	5,696	4.04	4	786.039
2023	215	124	4,249	2.93	9	383.429
2022	204	62	3,847	1.60	12	167.824
2021	165	94	5,490	1.72	9	470.963

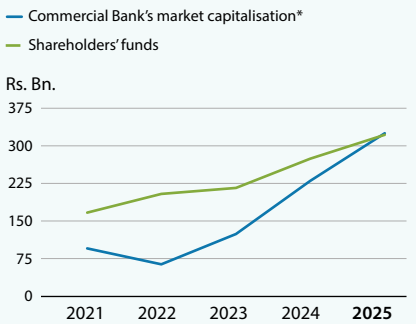
(*) Market capitalisation includes both voting and non-voting shares.

Share price movement – Ordinary shares – Voting Graph – 29



Share price movement – Ordinary shares – Non-voting Graph – 30

Shareholders' funds and Bank's market capitalisation Graph – 31



** Market capitalisation includes both voting and non-voting shares*

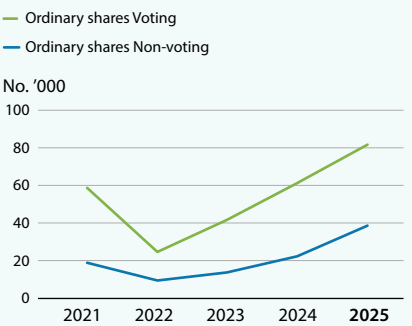
2.5 Number of share transactions Table – 62

For the year ended December 31,	2025	2024	2023	2022	2021
Ordinary shares – Voting	81,756	61,562	42,212	25,271	58,754
Ordinary shares – Non-voting	38,466	22,430	13,897	10,075	18,827

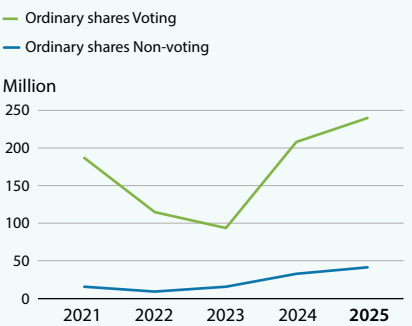
2.6 Number of shares traded ('000) Table – 63

For the year ended December 31,	2025	2024	2023	2022	2021
Ordinary shares – Voting	240,365	207,727	94,863	114,432	187,853
Ordinary shares – Non-voting	39,980	31,744	16,052	8,355	15,712

Number of share transactions Graph – 32



Number of shares traded Graph – 33



3. Dividend declaration, capital priorities, and regulatory alignment

The Bank recognises the importance of dividends in balancing shareholder expectations with the Bank's capital and funding requirements. Historically, interim cash dividends were paid until 2019. However, in line with the Central Bank of Sri Lanka's Banking Act Directions on Restrictions on Discretionary Payments of Licensed Banks, the Bank did not declare interim cash dividends from 2020 to 2024. These measures were introduced to safeguard liquidity and key prudential indicators during a period of heightened economic uncertainty. In addition, licensed banks were required to defer dividend declarations until the financial statements for the respective year were finalised and audited.

Having considered the applicable regulatory guidance and the Bank's performance, the Board of Directors has recommended a final dividend of Rs. 10.50 per ordinary share for both ordinary voting and ordinary non-voting shares (Rs. 9.50 in 2024), in accordance with the Board-approved dividend policy. The dividend will be distributed as a cash dividend of Rs. 8 per share and a scrip dividend of Rs. 2.50 per share, consistent with the Bank's capital management strategy (compared to Rs. 7.50 and Rs. 2.00 per share, respectively, in 2024).

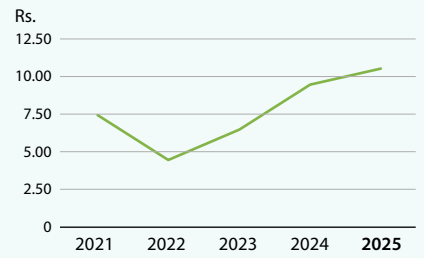
This first and final dividend for 2025 will be submitted for shareholder approval at the 57th Annual General Meeting, scheduled to be held on March 31, 2026.

3.1 Dividend information [As per Rule No. 7.6 (xi) of the Listing Rules of the CSE] Table – 64

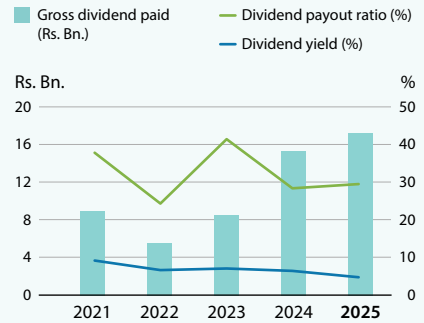
Dividends/year	2025	2024	2023	2022	2021
Cash – Rs. Per share					
Interim paid	–	–	–	–	–
Final proposed	8.00	7.50	4.50	–	4.50
Total	8.00	7.50	4.50	–	4.50
Scrip – Rs. Per share					
Final proposed/allotted	2.50	2.00	2.00	4.50	3.00
Total	10.50	9.50	6.50	4.50	7.50
Gross dividend paid (Rs. Bn.)					
Cash	13.08	12.08	5.91	–	5.37
Scrip	4.09	3.22	2.63	5.58	3.58
Total	17.17	15.30	8.54	5.58	8.95
Dividend payout ratio (%)					
Cash	22.37	22.33	28.90	–	22.77
Cash and shares	29.36	28.29	41.75	24.29	37.94
Dividend yield (%)*					
Cash	3.99	5.18	4.71	–	5.67
Cash and shares	5.23	6.56	6.81	8.96	9.46

**Based on the voting share price*

Dividend per share Graph – 34



Dividend paid, dividend payout ratio and dividend yield Graph – 35



4. Shareholders

As at December 31, 2025, the Bank had 22,695 ordinary voting shareholders and 8,345 ordinary non-voting shareholders, compared to 16,966 and 6,342, respectively, at end-2024 (Table 65 on page 197).

The composition of the 20 largest shareholders recorded two new entrants during the year. The top 20 shareholders held 72.60% of ordinary voting shares (77.08% in 2024). In the ordinary non-voting share category, the top 20 shareholders' holding declined to 34.63% from 35.46% in 2024, reflecting a similar pattern of changes in the shareholder mix.

These ownership patterns reflect continued investor confidence and stability in the Bank's shareholder base, while supporting diversification and liquidity in trading.

4.1 Number of ordinary shareholders Table – 65

As at December 31,	2025 Nos.	2024 Nos.
Ordinary shareholders – Voting	22,695	16,966
Ordinary shareholders – Non-voting	8,345	6,342
Total	31,040	23,308

4.2 The names, number of shares, and percentages of shares held by the twenty largest shareholders [As per Rule No. 7.6 (iii) of the Listing Rules of the CSE]

Voting shareholders Table – 66

As at December 31,	2025		2024 (*)	
Ordinary shares – Voting	Number of shares	%	Number of shares	%
1. Mr Y S H I Silva	153,026,437	9.94	149,546,792	9.87
2. Mr D P Pieris	148,424,191	9.64	146,615,856	9.68
3. DFCC Bank PLC A/C 1	148,302,476	9.64	147,220,542	9.72
4. Employees Provident Fund	112,533,469	7.31	124,889,157	8.24
5. CB NY S/A International Finance Corporation	108,734,867	7.06	107,483,349	7.09
6. Sri Lanka Insurance Corporation Ltd. – Life Fund	77,138,564	5.01	76,250,714	5.03
7. Melstacorp PLC	63,693,977	4.14	62,960,871	4.16
8. CB NY S/A IFC Emerging Asia Fund. LP	56,056,359	3.64	55,411,161	3.66
8. CB NY S/A IFC Financial Institutions Growth Fund LP	56,056,359	3.64	55,411,161	3.66
10. Sri Lanka Insurance Corporation Ltd. – General Fund	54,092,459	3.51	53,469,865	3.53
11. Citibank New York S/A Norges Bank Account 2	23,966,545	1.56	21,220,536	1.40
12. Renuka Hotels PLC	20,356,520	1.32	20,122,221	1.33
13. Cargo Boat Development Company PLC	14,296,344	0.93	13,981,796	0.92
14. Est. of Late M J Fernando	13,740,204	0.89	13,582,057	0.90
15. Renuka Consultants & Services Limited	12,292,358	0.80	12,041,979	0.79
16. DFCC BANK PLC/Y S H R S Silva	11,527,338	0.75	5,548,293	0.37
17. First Capital Holding PLC	11,252,302	0.73	15,179,466	1.00
18. Metrocorp (Pvt) Ltd.	11,195,895	0.73	Nil	–
19. Hatton National Bank PLC/Phantom Investments (Private) Limited	10,529,109	0.68	Nil	–
20. Employees Trust Fund Board	10,228,264	0.66	17,064,771	1.13
Sub Total	1,117,444,037	72.60	1,098,000,587	72.48
Other Shareholders	421,717,912	27.40	417,211,539	27.52
Total	1,539,161,949	100.00	1,515,212,126	100.00

** Comparative shareholdings as at December 31, 2024 of the twenty largest voting shareholders as at December 31, 2025.*

Non-voting shareholders Table – 67

As at December 31,	2025		2024 (*)	
Ordinary shares – Non-voting	Number of shares	%	Number of shares	%
1. Akbar Brothers (Pvt) Ltd.	6,485,188	6.73	4,772,046	5.02
2. Employees Trust Fund Board	3,928,663	4.08	6,111,455	6.43
3. Mr A L Gooneratne, Mrs C Gooneratne (Joint)	2,027,023	2.10	1,894,608	1.99
4. Mr T W A Wickramasinghe, Mrs N Wickramasinghe (Joint)	1,900,000	1.97	1,660,000	1.75
5. Saboor Chatoor (Pvt) Ltd.	1,632,147	1.69	1,380,574	1.45
6. Mr A P Somasiri	1,522,000	1.58	800,000	0.84
7. Mrs L V C Samarasinha	1,459,013	1.51	1,440,000	1.51
8. Mr M F Hashim	1,444,351	1.50	1,425,529	1.50
9. Mr E Chatoor	1,320,000	1.37	1,147,000	1.21
10. Quick Tea Pvt Ltd.	1,288,480	1.34	1,133,319	1.19
11. Mr R Gautam	1,235,100	1.28	1,217,800	1.28
12. Janashakthi Insurance PLC – Shareholders	1,191,441	1.24	1,175,915	1.24
13. Mr S R Mather	1,129,907	1.17	Nil	–
14. Swastika Mills Ltd.	1,049,012	1.09	874,592	0.92
15. Mr K S M De Silva	1,032,453	1.07	1,003,550	1.06
16. Mr J D Bandaranayake, Ms N Bandaranayake & Dr V Bandaranayake (Joint)	993,663	1.03	980,714	1.03
17. J B Cocoshell (Pvt) Ltd.	992,311	1.03	1,124,374	1.18
18. Mr J D Bandaranayake, Dr V Bandaranayake & Ms I Bandaranayake (Joint)	968,893	1.01	956,267	1.01
19. Est. of Late M J Fernando	946,615	0.98	934,279	0.98
20. Mr A H Munasinghe	830,723	0.86	854,686	0.90
Sub Total	33,376,983	34.63	30,886,708	32.49
Other Shareholders	62,964,702	65.37	64,199,470	67.51
Total	96,341,685	100.00	95,086,178	100.00

(*) Comparative shareholdings as at December 31, 2024 of the twenty largest non-voting shareholders as at December 31, 2025.

4.3 Public shareholding [As per Rule No. 7.6 (iv) and 7.13.1 of the Listing Rules of the CSE] Table – 68

As at December 31,	2025		2024	
	Number	%	Number	%
Number of shareholders representing the public holding (Voting)	22,656	99.83	16,927	99.79
Number of shareholders representing the public holding (Non-voting)	8,343	99.96	6,338	99.88
Float adjusted market capitalisation (Compliant under Option 1) – Rs. Bn.	327		230	

4.4 Directors' shareholding including the Chief Executive Officer's shareholding [As per Rule No. 7.6 (v) of the Listing Rules of the CSE] Table – 69

	Ordinary shares voting		Ordinary shares non-voting	
As at December 31,	2025	2024	2025	2024
Mr S Muhseen – Chairman (*)	3,400	3,361	Nil	Nil
Mr R Senanayake – Deputy Chairman (*)	Nil	Nil	Nil	Nil
Mr S C U Manatunge – Managing Director/Chief Executive Officer	564,324	198,084	Nil	Nil
Ms J Lee (*)	Nil	Nil	Nil	Nil
Ms D L T S Wijewardena (*)	Nil	Nil	Nil	Nil
Dr S Selliah (*)	38,855	38,408	Nil	Nil
Mr S Prabagar – Chief Operating Officer	355,061	309,955	42,772	42,215
Mr D N L Fernando (*)	Nil	Nil	Nil	Nil
Mr P M Kumarasinghe (*)	Nil	Nil	Nil	Nil
Mr P Y S Perera (*)	2,427	2,400	Nil	Nil
Ms R M A S Parakrama (**)	123	Nil	Nil	Nil

(*) Independent Non-Executive Director
(**) Appointed as an Independent Non-Executive Director w.e.f. August 11, 2025

4.5 Distribution schedule of number of holders and percentage of holding in each class of equity securities [As per Rule No. 7.6 (x) of the Listing Rules of the CSE] Table – 70

As at December 31,	2025				2024			
	Number of shareholders	Percentage %	Number of shares	Percentage %	Number of shareholders	Percentage %	Number of shares	Percentage %
Ordinary shares – Voting								
1 – 1,000	14,940	65.83	3,075,029	0.20	9,965	58.74	2,114,698	0.14
1,001 – 10,000	5,136	22.63	18,138,526	1.18	4,564	26.90	16,712,337	1.10
10,001 – 100,000	2,105	9.28	62,167,592	4.04	1,976	11.64	59,567,028	3.93
100,001 – 1,000,000	421	1.85	129,875,458	8.44	383	2.26	110,264,030	7.28
Over 1,000,000	93	0.41	1,325,905,344	86.14	78	0.46	1,326,554,033	87.55
Total	22,695	100.00	1,539,161,949	100.00	16,966	100.00	1,515,212,126	100.00
Ordinary shares – Non-voting								
1 – 1,000	5,353	64.15	1,173,166	1.22	3,579	56.44	797,274	0.84
1,001 – 10,000	2,094	25.09	7,215,442	7.49	1,840	29.01	6,561,441	6.90
10,001 – 100,000	741	8.88	21,065,477	21.87	774	12.20	22,240,440	23.39
100,001 – 1,000,000	142	1.70	38,242,822	39.69	134	2.11	36,374,240	38.25
Over 1,000,000	15	0.18	28,644,778	29.73	15	0.24	29,112,783	30.62
Total	8,345	100.00	96,341,685	100.00	6,342	100.00	95,086,178	100.00

4.6 Composition of shareholders based on residency and category Table – 71

As at December 31,	2025				2024			
	Number of shareholders	Percentage %	Number of shares	Percentage %	Number of shareholders	Percentage %	Number of shares	Percentage %
Ordinary shares – Voting								
Resident	22,429	98.83	1,263,514,934	82.09	16,727	98.59	1,238,491,891	81.74
Non-resident	266	1.17	275,647,015	17.91	239	1.41	276,720,235	18.26
Total	22,695	100.00	1,539,161,949	100.00	16,966	100.00	1,515,212,126	100.00
Individuals	21,855	96.30	516,938,577	33.59	16,238	95.71	556,300,655	36.71
Institutions	840	3.70	1,022,223,372	66.41	728	4.29	958,911,471	63.29
Total	22,695	100.00	1,539,161,949	100.00	16,966	100.00	1,515,212,126	100.00
Ordinary shares – Non-voting								
Resident	8,262	99.01	92,688,724	96.21	6,270	98.86	91,810,004	96.55
Non-resident	83	0.99	3,652,961	3.79	72	1.14	3,276,174	3.45
Total	8,345	100.00	96,341,685	100.00	6,342	100.00	95,086,178	100.00
Individuals	8,041	96.36	64,354,575	66.80	6,062	95.58	62,158,895	65.37
Institutions	304	3.64	31,987,110	33.20	280	4.42	32,927,283	34.63
Total	8,345	100.00	96,341,685	100.00	6,342	100.00	95,086,178	100.00

5. Information on movement in number of shares represented by the stated capital [As per Rule No.7.6 (ix) of the Listing Rules of the CSE] Table – 72

Year	Description	Type of share	Basis	Number of shares issued/(redeemed)	Number of shares	
					Ordinary shares – voting	Ordinary shares non-voting
1987	As at December 31, 1987			–	3,000,000	–
1988	Bonus Issue	Voting	2 for 3	2,000,000	5,000,000	–
1990	Bonus Issue	Voting	1 for 1	5,000,000	10,000,000	–
1993	Rights Issue	Voting	1 for 4	2,500,000	12,500,000	–
1996	Bonus Issue	Voting	3 for 5	7,500,000	20,000,000	–
	Rights Issue	Voting	1 for 4	5,000,000	25,000,000	–
	Share Swap	Non-voting		894,275	25,000,000	894,275
	Bonus Issue	Non-voting	3 for 5	536,565	25,000,000	1,430,840
	Rights Issue	Non-voting	1 for 4	357,710	25,000,000	1,788,550
1998	Bonus Issue	Voting	3 for 10	7,500,000	32,500,000	1,788,550
	Bonus Issue	Non-voting	3 for 10	536,565	32,500,000	2,325,115
2001	Bonus Issue	Voting	1 for 5	6,500,000	39,000,000	2,325,115
	Bonus Issue	Non-voting	1 for 5	465,023	39,000,000	2,790,138
	Issue of cumulative redeemable preference shares			90,655,500	39,000,000	2,790,138
2003	Bonus Issue	Voting	1 for 3	13,000,000	52,000,000	2,790,138
	Rights Issue	Voting	1 for 4	13,000,000	65,000,000	2,790,138
	Bonus Issue	Non-voting	1 for 3	930,046	65,000,000	3,720,184
	Rights Issue	Non-voting	1 for 4	930,046	65,000,000	4,650,230
	Issue of cumulative redeemable preference shares			100,000,000	65,000,000	4,650,230

Year	Description	Type of share	Basis	Number of shares issued/(redeemed)	Number of shares	
					Ordinary shares – voting	Ordinary shares non-voting
2004	ESOP	Voting		29,769	65,029,769	4,650,230
2005	ESOP	Voting		1,361,591	66,391,360	4,650,230
	Bonus Issue	Voting	1 for 1	66,389,162	132,780,522	4,650,230
	Bonus Issue	Non-voting	1 for 1	4,650,230	132,780,522	9,300,460
2006	ESOP	Voting		737,742	133,518,264	9,300,460
	Redemption of cumulative redeemable preference shares			(90,655,500)	133,518,264	9,300,460
2007	Rights Issue	Voting	3 for 10	40,288,996	173,807,260	9,300,460
	Bonus Issue	Voting	1 for 3	58,204,268	232,011,528	9,300,460
	ESOP	Voting		919,649	232,931,177	9,300,460
	Rights Issue	Non-voting	3 for 10	2,790,138	232,931,177	12,090,598
	Bonus Issue	Non-voting	1 for 3	4,030,199	232,931,177	16,120,797
2008	Redemption of cumulative redeemable preference shares			(100,000,000)	232,931,177	16,120,797
	ESOP	Voting		350,049	233,281,226	16,120,797
2009	ESOP	Voting		540,045	233,821,271	16,120,797
2010	Share Split	Voting	1 for 2	117,402,608	351,223,879	16,120,797
	Share Split	Non-voting	1 for 2	8,060,398	351,223,879	24,181,195
	ESOP	Voting		2,081,508	353,305,387	24,181,195
2011	Scrip issue for final dividend 2010	Voting	Rs. 2.00 per share	2,277,195	355,582,582	24,181,195
	Scrip issue for final dividend 2010	Non-voting		255,734	355,582,582	24,436,929
	ESOP	Voting		1,457,645	357,040,227	24,436,929
	Rights Issue	Voting	1 for 14	25,502,433	382,542,660	24,436,929
	Rights Issue	Non-voting	1 for 14	1,745,494	382,542,660	26,182,423
	Share Split	Voting	1 for 1	382,542,660	765,085,320	26,182,423
	Share Split	Non-voting	1 for 1	26,182,423	765,085,320	52,364,846
2012	Scrip issue for final dividend 2011	Voting	Rs. 2.00 per share	13,587,144	778,672,464	52,364,846
	Scrip issue for final dividend 2011	Non-voting		1,108,902	778,672,464	53,473,748
	ESOP	Voting		1,341,768	780,014,232	53,473,748
2013	Scrip issue for final dividend 2012	Voting	Rs. 2.00 per share	13,076,189	793,090,421	53,473,748
	Scrip issue for final dividend 2012	Non-voting		1,069,474	793,090,421	54,543,222
	ESOP	Voting		1,445,398	794,535,819	54,543,222
2014	Scrip issue for final dividend 2013	Voting	Rs. 2.00 per share	12,504,344	807,040,163	54,543,222
	Scrip issue for final dividend 2013	Non-voting		1,036,724	807,040,163	55,579,946
	ESOP	Voting		3,237,566	810,277,729	55,579,946
2015	Scrip issue for final dividend 2014	Voting	Rs. 2.00 per share	8,118,773	818,396,502	55,579,946
	Scrip issue for final dividend 2014	Non-voting		719,740	818,396,502	56,299,686
	ESOP	Voting		2,170,613	820,567,115	56,299,686
2016	Scrip issue for final dividend 2015	Voting	Rs. 2.00 per share	11,818,040	832,385,155	56,299,686
	Scrip issue for final dividend 2015	Non-voting		912,967	832,385,155	57,212,653
	ESOP	Voting		1,136,732	833,521,887	57,212,653

Year	Description	Type of share	Basis	Number of shares issued/(redeemed)	Number of shares	
					Ordinary shares – voting	Ordinary shares non-voting
2017	Scrip issue for final dividend 2016	Voting	Rs. 2.00 per share	10,521,802	844,043,689	57,212,653
	Scrip issue for final dividend 2016	Non-voting	Rs. 2.00 per share	903,357	844,043,689	58,116,010
	Rights Issue	Voting	1for10	84,649,465	928,693,154	58,116,010
	Rights Issue	Non-voting	1for10	5,811,601	928,693,154	63,927,611
	ESOP	Voting		3,278,537	931,971,691	63,927,611
2018	Scrip issue for final dividend 2017	Voting	Rs. 2.00 per share	11,998,388	943,970,079	63,927,611
	Scrip issue for final dividend 2017	Non-voting	Rs. 2.00 per share	1,085,563	943,970,079	65,013,174
	ESOP	Voting		1,739,324	945,709,403	65,013,174
2019	Scrip issue for final dividend 2018	Voting	Rs. 2.00 per share	15,249,529	960,958,932	65,013,174
	Scrip issue for final dividend 2018	Non-voting	Rs. 2.00 per share	1,241,095	960,958,932	66,254,269
	ESOP	Voting		293,385	961,252,317	66,254,269
2020	Scrip issue for final dividend 2019	Voting	Rs. 2.00 per share	22,485,434	983,737,751	66,254,269
	Scrip issue for final dividend 2019	Non-voting	Rs. 2.00 per share	1,716,432	983,737,751	67,970,701
	Issue of shares via a private placement	Voting		115,197,186	1,098,934,937	67,970,701
2021	Scrip issue for final dividend 2020	Voting	Rs. 2.00 per share	25,071,337	1,124,006,274	67,970,701
	Scrip issue for final dividend 2020	Non-voting	Rs. 2.00 per share	1,770,070	1,124,006,274	69,740,771
	ESOP	Voting		474,254	1,124,480,528	69,740,771
2022	Scrip issue for final dividend 2021	Voting	Rs. 3.00 per share	42,755,914	1,167,236,442	69,740,771
	Scrip issue for final dividend 2021	Non-voting	Rs. 3.00 per share	2,800,834	1,167,236,442	72,541,605
2023	Scrip issue for final dividend 2022	Voting	Rs. 4.50 per share	68,687,375	1,235,923,817	72,541,605
	Scrip issue for final dividend 2022	Non-voting	Rs. 4.50 per share	5,054,128	1,235,923,817	77,595,733
	ESOP	Voting		601,578	1,236,525,395	77,595,733
2024	Scrip issue for final dividend 2023	Voting	Rs. 2.00 per share	23,202,324	1,259,727,719	77,595,733
	Scrip issue for final dividend 2023	Non-voting	Rs. 2.00 per share	1,642,749	1,259,727,719	79,238,482
	Rights issue	Voting	1 for 5	252,353,693	1,512,081,412	79,238,482
	Rights issue	Non-voting	1 for 5	15,847,696	1,512,081,412	95,086,178
	ESOP	Voting		3,130,714	1,515,212,126	95,086,178
2025	Scrip issue for final dividend 2024	Voting	Rs. 2.00 per share	17,646,951	1,532,859,077	95,086,178
	Scrip issue for final dividend 2024	Non-voting	Rs. 2.00 per share	1,255,507	1,532,859,077	96,341,685
	ESOP	Voting		6,302,872	1,539,161,949	96,341,685

6. Engaging with shareholders

The Bank has a Board-approved Shareholder Communication Policy that sets out formal channels for engaging with shareholders and ensuring timely, consistent and transparent communication. In line with this Policy, we provide regular updates on the Group's and the Bank's quarterly performance, as set out in the Summary of Interim Financial Statements – Group and Bank (pages 204 to 209), and disclose significant events that could reasonably be expected to influence the Bank's share price (refer Financial Calendar on page 299).

We also value shareholder feedback and invite you to share your views on this Annual Report using the Stakeholder Feedback Form included at the end of the Report. Your input will help us further enhance the clarity, presentation and relevance of our disclosures in future reports.

7. Quarterly performance in 2025 compared to 2024 (As per Rule No. 7.5 (a) (i) of the Listing Rules of the CSE)

We wish to inform shareholders that the Bank duly submitted its Interim Financial Statements for 2025 to the Colombo Stock Exchange (CSE) within the applicable statutory deadlines, consistent with its timely submissions in 2024. Details of these requirements and the Bank's compliance are set out in the Financial Calendar on page 299.

A summary of the Income Statement and the Statement of Financial Position, presenting the Bank's quarterly performance for 2025 with comparative figures for 2024, is provided in the Summary of Interim Financial Statements – Group and Bank on pages 204 to 209 for stakeholder reference.

The Annual Report, including the Audited Financial Statements for the year ended December 31, 2025, will be submitted to the CSE within three months of the year-end in accordance with Rule 7.5(a) of the CSE Listing Rules (as complied with in 2024).

The Annual Report is available on the Bank's website in both PDF and interactive formats at http://www.combank.lk/newweb/en/investors.

Shareholders who prefer a printed copy may request one. The Bank's Company Secretary will respond to individual requests submitted using the specimen request letter included in the booklet sent to shareholders.

8. Debt securities

Details of debentures issued and redeemed by the Bank, together with outstanding balances and other relevant information, are set out in Note 50 to the Financial Statements – Subordinated Liabilities on pages 414 to 416.

8.1 Debenture composition (As per Rule No. 7.6 (xi) of the Listing Rules of the CSE)

For full details, please refer to Note 50 to the Financial Statements – Subordinated Liabilities on pages 414 to 416.

9. Key shareholder return indicators (As per Rule No. 7.6 (xi) of the Listing Rules of the CSE)

Table – 73

For the year ended/as at December 31,	2025	2024
Key financial indicators		
Interest margin (%)	4.51	4.27
Return on assets (before tax) (%)	2.96	3.56/2.12*
Return on equity (%)	19.51	22.06/16.57*
Net asset value per share (Rs.)	198.30	170.94
Regulatory liquidity		
Liquidity coverage ratio – LCR (%) (Minimum 100%)		
Rupee	419.40	529.20
All currencies	288.58	454.36
Net stable funding ratio – NSFR (%) (Minimum 100%)	163.94	187.29
Debt service related ratios		
Debt equity ratio (%)	22.61	20.96
Interest cover (Times)	14.16	17.54
Debt service coverage ratio – DSCR (%)	166.35	220.16

**Normalised – After discounting the effect of debt restructuring*

Please 🕮 refer "Financial Highlights" and "Core Financial Soundness Indicators" on pages 20 and 179 for a comprehensive list of financial indicators.

10. Credit ratings [As per Rule No. 7.6 (xi) of the Listing Rules of the CSE]

10.1 National long-term ratings

Following the sovereign upgrade and the recalibration of Sri Lanka's national rating scale, Fitch Ratings upgraded the Bank's National Long-Term Rating to AA-(lka) from A(lka) with a Stable Outlook in January 2025. This rating was reaffirmed in September 2025.

In June 2025, Credit Rating Information Services Ltd (CRISL) reaffirmed the Bank's AAA credit rating for its Bangladesh operations for the 15th consecutive year.

These ratings reflect the Bank's strong financial profile, its established position as Sri Lanka's third-largest bank, and its well-entrenched domestic deposit franchise, which continues to underpin its funding and liquidity strength.

10.2 Credit ratings – Debentures/Green Bonds [As per Rule No. 7.6 (xi) of the Listing Rules of the CSE]

The credit rating of the Bank's Subordinated Debentures was upgraded to A(lka) by Fitch Ratings Lanka Ltd. in January 2025 and reaffirmed in September 2025.

Further, the Bank's debut green bond issue in August 2025 was rated with A(lka) by Fitch Ratings Lanka Ltd.

Summary of interim financial statements

Income Statement – Group and Bank – 2025 and 2024

	1st Quarter ended March 31		2nd Quarter ended June 30	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Group				
Net interest income	34,214,823	27,698,032	34,596,943	30,921,819
Net fee and commission income	6,549,789	5,633,198	6,747,269	5,436,243
Other operating income (net)	5,774,309	1,545,206	4,669,371	5,831,876
Less: Impairment charges/(reversal) and Other Losses	7,150,971	3,365,009	3,976,047	15,460,769
Net operating income	39,387,950	31,511,427	42,037,536	26,729,169
Less: Expenses	12,801,632	12,054,299	13,034,880	12,408,404
Operating profit before Taxes on financial services	26,586,318	19,457,128	29,002,656	14,320,765
Less: Taxes on financial services	4,028,747	2,718,730	4,746,182	1,941,302
Operating profit after Taxes on financial services	22,557,571	16,738,398	24,256,474	12,379,463
Add/(less): Share of profit/(loss) of associate, net of tax	(636)	(576)	5	29
Profit before income tax	22,556,935	16,737,822	24,256,479	12,379,492
Less: Income tax expense	7,584,821	5,929,491	8,063,146	4,288,752
Profit for the period	14,972,114	10,808,331	16,193,333	8,090,740
Quarterly profit as a percentage of the profit after tax of the year	24.6	19.4	26.6	14.5
Cumulative quarterly profit as a percentage of the profit after tax of the year	24.6	19.4	51.2	33.9

	1st Quarter ended March 31		2nd Quarter ended June 30	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Bank				
Net interest income	33,251,596	26,888,136	33,551,492	30,063,986
Net fee and commission income	6,280,057	5,442,141	6,522,380	5,215,603
Other operating income (net)	5,574,388	1,521,734	4,439,940	5,659,383
Less: Impairment charges/(reversal) and Other Losses	6,966,048	3,240,512	3,936,109	15,183,000
Net operating income	38,139,993	30,611,499	40,577,703	25,755,972
Less: Expenses	12,271,136	11,702,062	12,505,622	11,999,431
Operating profit before Taxes on financial services	25,868,857	18,909,437	28,072,081	13,756,541
Less: Taxes on financial services	3,990,155	2,714,659	4,707,709	1,931,010
Profit before income tax	21,878,702	16,194,778	23,364,372	11,825,531
Less: Income Tax Expense	7,381,842	5,743,494	7,809,602	4,179,094
Profit for the period	14,496,860	10,451,284	15,554,770	7,646,437
Quarterly profit as a percentage of the profit after tax of the year	24.8	19.3	26.6	14.1
Cumulative quarterly profit as a percentage of the profit after tax of the year	24.8	19.3	51.4	33.4

3rd Quarter ended September 30		4th Quarter ended December 31		For the Year ended December 31		
2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	
						Group
34,671,662	30,358,990	37,477,114	29,155,843	140,960,542	118,134,684	Net interest income
7,427,622	5,936,994	8,250,841	6,639,743	28,975,521	23,646,178	Net fee and commission income
5,534,566	2,048,401	5,243,960	(44,616,413)	21,222,206	(35,190,930)	Other operating income (net)
2,933,466	885,475	9,056,013	(82,475,171)	23,116,497	(62,763,918)	Less: Impairment charges/(reversal) and Other Losses
44,700,384	37,458,910	41,915,902	73,654,344	168,041,772	169,353,850	**Net operating income**
13,575,309	12,029,939	18,091,177	15,345,716	57,502,998	51,838,358	Less: Expenses
31,125,075	25,428,971	23,824,725	58,308,628	110,538,774	117,515,492	**Operating profit before Taxes on financial services**
4,588,329	4,206,463	4,387,433	10,840,180	17,750,691	19,706,675	Less: Taxes on financial services
26,536,746	21,222,508	19,437,292	47,468,448	92,788,083	97,808,817	**Operating profit after Taxes on financial services**
488	(195)	(519)	282	(662)	(460)	Add/(less): Share of profit/(loss) of associate, net of tax
26,537,234	21,222,313	19,436,773	47,468,730	92,787,421	97,808,357	**Profit before income tax**
9,681,139	8,584,217	6,520,798	23,319,485	31,849,904	42,121,945	Less: Income tax expense
16,856,095	12,638,096	12,915,975	24,149,245	60,937,517	55,686,412	**Profit for the period**
27.7	22.7	21.1	43.4	100.0	100.0	Quarterly profit as a percentage of the profit after tax of the year
78.9	56.6	100.0	100.0	–	–	Cumulative quarterly profit as a percentage of the profit after tax of the year

3rd Quarter ended September 30		4th Quarter ended December 31		For the Year ended December 31		
2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	
						Bank
33,388,328	29,398,775	36,102,691	28,207,442	136,294,107	114,558,339	Net interest income
7,184,969	5,776,534	7,508,796	6,094,931	27,496,202	22,529,209	Net fee and commission income
5,387,986	1,892,540	4,836,123	(44,972,352)	20,238,437	(35,898,695)	Other operating income (net)
2,905,910	588,119	8,698,048	(82,614,635)	22,506,115	(63,603,004)	Less: Impairment charges/(reversal) and Other Losses
43,055,373	36,479,730	39,749,562	71,944,656	161,522,631	164,791,857	**Net operating income**
13,188,184	11,601,509	16,626,037	14,350,371	54,590,979	49,653,373	Less: Expenses
29,867,189	24,878,221	23,123,525	57,594,285	106,931,652	115,138,484	**Operating profit before Taxes on financial services**
4,536,263	4,170,041	4,319,754	10,788,163	17,553,881	19,603,873	Less: Taxes on financial services
25,330,926	20,708,180	18,803,771	46,806,122	89,377,771	95,534,611	**Profit before income tax**
9,360,820	8,429,989	6,338,216	23,108,530	30,890,480	41,461,107	Less: Income Tax Expense
15,970,106	12,278,191	12,465,555	23,697,592	58,487,291	54,073,504	**Profit for the period**
27.3	22.7	21.3	43.9	100.0	100.0	Quarterly profit as a percentage of the profit after tax of the year
78.7	56.1	100.0	100.0	–	–	Cumulative quarterly profit as a percentage of the profit after tax of the year

Statement of Financial Position – Group – 2025 and 2024

	1st Quarter		2nd Quarter	
As at	March 31, 2025	March 31, 2024	June 30, 2025	June 30, 2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets				
Cash and cash equivalents	104,077,008	119,329,381	90,836,612	103,437,079
Balances with Central Banks	75,559,646	44,654,477	60,029,419	48,211,823
Placements with banks	87,443,412	109,891,013	104,144,302	126,150,729
Securities purchased under re-sale agreements	35,787,594	31,290,304	6,375,243	11,917,984
Derivative financial assets	4,109,892	8,000,370	4,597,614	5,291,686
Financial assets recognised through profit or loss – measured at fair value	81,626,530	68,322,294	102,957,484	77,951,714
Financial assets at amortised cost – Loans and advances to banks	–	–	–	–
Financial assets at amortised cost – Loans and advances to other customers	1,530,982,051	1,224,802,343	1,615,411,824	1,265,991,667
Financial assets at amortised cost – Debt and other financial instruments	720,679,088	652,390,804	751,530,187	648,766,175
Financial assets measured at fair value through other comprehensive income	274,126,840	250,960,953	311,988,004	297,079,303
Investments in subsidiaries	–	–	–	–
Investment in associate	58,154	58,319	58,159	58,411
Property, plant and equipment and right-of-use assets	30,815,972	28,784,956	30,575,488	29,938,899
Investment properties	725,000	597,825	763,000	628,125
Intangible assets	4,734,421	4,410,409	4,790,405	4,309,381
Leasehold property	–	–	–	–
Deferred tax assets	12,940,815	34,013,003	12,562,756	37,108,309
Other assets	35,172,650	38,913,287	34,785,477	33,621,620
Total assets	2,998,839,073	2,616,419,738	3,131,405,974	2,690,462,905
Liabilities				
Due to banks	36,525,103	24,554,816	44,592,316	29,722,835
Derivative financial liabilities	791,653	3,934,942	1,293,732	1,196,124
Securities sold under repurchase agreements	100,436,157	98,228,587	124,896,570	121,428,959
Financial liabilities at amortised cost – due to depositors	2,411,899,841	2,140,750,660	2,505,692,987	2,192,925,482
Financial liabilities at amortised cost – other borrowings	13,318,508	12,584,684	12,856,257	11,587,547
Current tax liabilities	19,201,533	18,031,815	23,436,799	18,101,556
Deferred tax liabilities	509,428	513,179	509,285	513,703
Other liabilities and provisions	69,112,907	55,275,609	54,120,537	48,377,491
Due to subsidiaries	–	–	–	–
Subordinated liabilities	59,105,122	37,349,629	59,624,088	37,178,895
Total liabilities	2,710,900,252	2,391,223,921	2,827,022,571	2,461,032,592
Equity				
Stated capital	90,786,713	65,184,125	90,825,735	65,374,734
Statutory reserves	16,469,686	13,586,534	16,469,686	13,586,534
Retained earnings	16,683,903	12,042,982	32,426,355	19,971,984
Other reserves	159,339,526	130,019,202	159,722,225	125,898,028
Total equity attributable to equity holders of the Group	283,279,828	220,832,843	299,444,001	224,831,280
Non-controlling interest	4,658,993	4,362,974	4,939,402	4,599,033
Total equity	287,938,821	225,195,817	304,383,403	229,430,313
Total liabilities and equity	2,998,839,073	2,616,419,738	3,131,405,974	2,690,462,905
Contingent liabilities and commitments	764,614,678	686,561,276	886,144,744	661,784,412
Net assets value per ordinary share (Rs.)	173.84	164.93	183.71	167.66
Quarterly growth (%)				
Financial assets at amortised cost – loans and advances to banks & loans and advances to other customers (net) (%)	7.74	1.65	5.51	3.36
Financial liabilities at amortised cost – due to depositors (%)	4.59	-0.33	3.89	2.44
Total assets (%)	4.27	-1.48	4.42	2.83

3rd Quarter		4th Quarter (Audited)		
September 30, 2025 Rs. '000	September 30, 2024 Rs. '000	December 31, 2025 Rs. '000	December 31, 2024 Rs. '000	As at
				Assets
105,835,626	80,306,909	88,857,011	89,615,459	Cash and cash equivalents
64,087,960	58,735,643	47,890,989	55,989,574	Balances with Central Banks
96,272,150	78,158,980	110,223,171	101,104,941	Placements with banks
19,180,261	29,331,046	21,746,102	28,655,962	Securities purchased under re-sale agreements
4,255,861	4,965,263	5,422,850	4,264,271	Derivative financial assets
102,487,944	88,971,212	111,753,532	91,677,346	Financial assets recognised through profit or loss – measured at fair value
–	–	–	–	Financial assets at amortised cost – Loans and advances to banks
1,787,598,276	1,320,237,111	1,958,360,596	1,421,004,171	Financial assets at amortised cost – Loans and advances to other customers
734,286,739	662,264,081	732,853,697	701,751,287	Financial assets at amortised cost – Debt and other financial instruments
237,510,759	330,910,503	219,011,462	303,218,395	Financial assets measured at fair value through other comprehensive income
–	–	–	–	Investments in subsidiaries
58,647	58,305	–	58,791	Investment in associate
30,854,598	30,555,118	31,652,401	30,670,410	Property, plant and equipment and right-of-use assets
763,000	628,125	775,060	743,900	Investment properties
5,015,210	4,332,953	5,008,060	4,757,905	Intangible assets
–	–	–	–	Leasehold property
12,176,311	36,417,900	14,409,667	12,563,217	Deferred tax assets
32,302,807	37,393,604	30,899,808	29,917,238	Other assets
3,232,686,149	2,763,266,753	3,378,864,406	2,875,992,867	**Total assets**
				Liabilities
28,153,284	35,954,748	43,098,281	25,376,564	Due to banks
524,925	1,197,206	1,263,165	837,497	Derivative financial liabilities
122,944,361	92,630,606	107,950,168	112,461,472	Securities sold under repurchase agreements
2,588,705,595	2,226,517,754	2,700,027,141	2,306,079,421	Financial liabilities at amortised cost – due to depositors
13,280,152	12,238,822	14,426,414	14,273,156	Financial liabilities at amortised cost – other borrowings
24,600,653	18,939,734	26,360,346	13,502,666	Current tax liabilities
508,561	512,850	508,080	511,000	Deferred tax liabilities
57,671,779	55,596,643	73,058,414	59,423,992	Other liabilities and provisions
–	–	–	–	Due to subsidiaries
73,856,361	58,647,141	74,586,565	57,707,677	Subordinated liabilities
2,910,245,671	2,502,235,504	3,041,278,574	2,590,173,445	**Total liabilities**
				Equity
90,877,985	87,971,557	91,557,690	88,017,094	Stated capital
16,469,686	13,586,534	19,649,096	16,469,686	Statutory reserves
49,011,064	32,531,218	20,772,539	17,533,670	Retained earnings
160,841,166	122,323,505	200,087,100	159,108,992	Other reserves
317,199,901	256,412,814	332,066,425	281,129,442	**Total equity attributable to equity holders of the Group**
5,240,577	4,618,435	5,519,407	4,689,980	**Non-controlling interest**
322,440,478	261,031,249	337,585,832	285,819,422	**Total equity**
3,232,686,149	2,763,266,753	3,378,864,406	2,875,992,867	**Total liabilities and equity**
981,215,700	697,644,269	986,379,346	750,876,960	**Contingent liabilities and commitments**
194.53	159.28	203.04	174.58	**Net assets value per ordinary share (Rs.)**
				Quarterly growth (%)
10.66	4.28	9.55	7.63	Financial assets at amortised cost – loans and advances to banks & loans and advances to other customers (net) (%)
3.31	1.53	4.30	3.57	Financial liabilities at amortised cost – due to depositors (%)
3.23	2.71	4.52	4.08	**Total assets (%)**

Statement of Financial Position – Bank – 2025 and 2024

As at	1st Quarter		2nd Quarter (Audited)	
	March 31, 2025 Rs. '000	March 31, 2024 Rs. '000	June 30, 2025 Rs. '000	June 30, 2024 Rs. '000
Assets				
Cash and cash equivalents	101,740,307	116,947,631	87,306,233	101,811,169
Balances with Central Banks	62,299,324	33,208,736	51,805,521	39,797,629
Placements with banks	84,424,806	109,120,147	98,363,271	125,372,367
Securities purchased under re-sale agreements	35,787,594	31,290,304	6,375,243	11,917,984
Derivative financial assets	4,109,892	8,000,370	4,597,614	5,291,686
Financial assets recognised through profit or loss – measured at fair value	81,626,530	68,322,294	102,957,484	77,951,714
Financial assets at amortised cost – Loans and advances to banks	–	–	–	–
Financial assets at amortised cost – Loans and advances to other customers	1,493,776,574	1,197,264,264	1,573,514,026	1,233,245,826
Financial assets at amortised cost – Debt and other financial instruments	684,566,536	624,438,559	711,526,182	619,707,183
Financial assets measured at fair value through other comprehensive income	271,642,469	250,098,847	310,179,196	295,333,192
Investments in subsidiaries	6,338,179	5,808,429	6,397,979	5,808,429
Investment in associate	44,331	44,331	44,331	44,331
Property, plant and equipment and right-of-use assets	27,807,707	26,059,513	27,550,202	26,982,885
Investment properties	–	–	–	–
Intangible assets	4,198,265	3,852,023	4,239,710	3,769,124
Leasehold property	–	–	–	–
Deferred tax assets	12,436,313	33,571,817	12,071,961	36,608,773
Other assets	34,842,126	38,623,177	34,564,705	33,369,841
Total assets	2,905,640,953	2,546,650,442	3,031,493,658	2,617,012,133
Liabilities				
Due to banks	30,939,340	24,373,544	37,942,234	29,151,318
Derivative financial liabilities	791,653	3,934,942	1,293,732	1,196,124
Securities sold under repurchase agreements	100,712,176	98,258,447	124,908,745	121,461,356
Financial liabilities at amortised cost – due to depositors	2,336,983,176	2,082,546,570	2,426,761,846	2,132,108,093
Financial liabilities at amortised cost – other borrowings	13,318,508	12,584,684	12,856,257	11,587,547
Current tax liabilities	18,869,621	17,789,977	23,015,966	17,781,089
Deferred tax liabilities	–	–	–	–
Other liabilities and provisions	67,550,496	54,028,516	52,098,995	47,069,515
Due to subsidiaries	227,145	143,850	174,363	196,511
Subordinated liabilities	59,105,122	37,349,629	59,624,088	37,178,895
Total liabilities	2,628,497,237	2,331,010,159	2,738,676,226	2,397,730,448
Equity				
Stated capital	90,786,713	65,184,125	90,825,735	65,374,734
Statutory reserves	15,079,581	12,375,906	15,079,581	12,375,906
Retained earnings	14,265,163	10,483,110	29,592,067	18,129,699
Other reserves	157,012,259	127,597,142	157,320,049	123,401,346
Total equity attributable to equity holders of the Bank	277,143,716	215,640,283	292,817,432	219,281,685
Non-controlling interest	–	–	–	–
Total equity	277,143,716	215,640,283	292,817,432	219,281,685
Total liabilities and equity	2,905,640,953	2,546,650,442	3,031,493,658	2,617,012,133
Contingent liabilities and commitments	757,642,191	680,875,324	882,140,479	656,066,205
Net assets value per ordinary share (Rs.)	170.07	161.05	179.64	163.52
Quarterly growth (%)				
Financial assets at amortised cost – loans and advances to banks & Loans and advances to other customers (net) (%)	7.89	1.78	5.34	3.01
Financial liabilities at amortised cost – due to depositors (%)	4.49	-0.12	3.84	2.38
Total assets (%)	4.15	-1.31	4.33	2.76

3rd Quarter		4th Quarter (Audited)		
September 30, 2025 Rs. '000	September 30, 2024 Rs. '000	December 31, 2025 Rs. '000	December 31, 2024 Rs. '000	As at
				Assets
102,490,978	77,865,228	84,937,446	86,848,291	Cash and cash equivalents
56,208,618	47,548,512	38,802,321	45,702,086	Balances with Central Banks
89,272,033	76,191,803	102,457,000	99,300,303	Placements with banks
19,180,261	29,331,046	20,353,118	28,655,962	Securities purchased under re-sale agreements
4,255,861	4,965,263	5,422,850	4,264,271	Derivative financial assets
102,487,944	88,971,212	111,753,532	91,677,346	Financial assets recognised through profit or loss – measured at fair value
–	–	–	–	Financial assets at amortised cost – Loans and advances to banks
1,740,792,119	1,287,731,593	1,903,430,445	1,384,524,660	Financial assets at amortised cost – Loans and advances to other customers
692,695,959	636,567,585	689,347,677	667,709,691	Financial assets at amortised cost – Debt and other financial instruments
235,709,734	329,292,200	217,991,351	301,584,142	Financial assets measured at fair value through other comprehensive income
6,458,229	5,808,429	6,958,229	5,808,429	Investments in subsidiaries
44,331	44,331	–	44,331	Investment in associate
27,781,947	27,590,010	28,674,833	27,600,648	Property, plant and equipment and right-of-use assets
–	–	–	–	Investment properties
4,466,396	3,788,351	4,464,103	4,221,131	Intangible assets
–	–	–	–	Leasehold property
11,710,894	35,864,555	13,829,232	12,085,844	Deferred tax assets
31,827,392	37,053,856	29,526,075	29,753,153	Other assets
3,125,382,696	2,688,613,974	3,257,948,212	2,789,780,288	**Total assets**
				Liabilities
18,876,305	32,551,799	29,724,059	21,306,752	Due to banks
524,925	1,197,206	1,263,165	837,497	Derivative financial liabilities
122,969,595	92,645,238	110,462,494	112,470,392	Securities sold under repurchase agreements
2,505,990,734	2,167,546,941	2,608,851,844	2,236,566,800	Financial liabilities at amortised cost – due to depositors
13,280,152	12,238,822	14,426,414	14,273,156	Financial liabilities at amortised cost – other borrowings
24,237,111	18,681,367	25,758,993	13,145,697	Current tax liabilities
–	–	–	–	Deferred tax liabilities
55,650,714	54,164,586	69,681,255	58,064,777	Other liabilities and provisions
101,280	147,640	138,542	145,794	Due to subsidiaries
73,856,361	58,647,141	73,322,023	57,707,677	Subordinated liabilities
2,815,487,177	2,437,820,740	2,933,628,789	2,514,518,542	**Total liabilities**
				Equity
90,877,985	87,971,557	91,557,690	88,017,094	Stated capital
15,079,581	12,375,906	18,003,946	15,079,581	Statutory reserves
45,551,371	30,450,668	17,281,960	15,330,940	Retained earnings
158,386,582	119,995,103	197,475,827	156,834,131	Other reserves
309,895,519	250,793,234	324,319,423	275,261,746	**Total equity attributable to equity holders of the Bank**
–	–	–	–	**Non-controlling interest**
309,895,519	250,793,234	324,319,423	275,261,746	**Total equity**
3,125,382,696	2,688,613,974	3,257,948,212	2,789,780,288	**Total liabilities and equity**
975,734,860	690,052,925	981,204,632	743,964,900	**Contingent liabilities and commitments**
190.05	155.79	198.30	170.94	**Net assets value per ordinary share (Rs.)**
				Quarterly growth (%)
10.63	4.42	9.34	7.52	Financial assets at amortised cost – loans and advances to banks & Loans and advances to other customers (net) (%)
3.26	1.66	4.10	3.18	Financial liabilities at amortised cost – due to depositors (%)
3.10	2.74	4.24	3.76	**Total assets (%)**

Financial statements (US Dollars)

Income Statement

	Group			BANK		
For the year ended December 31,	2025 USD '000	2024 USD '000	Change %	2025 USD '000	2024 USD '000	Change %
Gross income	1,178,003	885,505	33.03	1,144,552	861,109	32.92
Interest income	972,150	887,797	9.50	947,143	869,665	8.91
Less: Interest expense	517,439	506,718	2.12	507,485	500,122	1.47
Net interest income	454,711	381,079	19.32	439,658	369,543	18.97
Fee and commission income	137,394	111,227	23.53	132,124	107,246	23.20
Less: Fee and commission expense	43,924	34,950	25.68	43,427	34,571	25.62
Net fee and commission income	93,470	76,277	22.54	88,697	72,675	22.05
Net gains/(losses) from trading	878	(7,100)	112.37	878	(7,100)	112.37
Net gains/(losses) from derecognition of financial assets	9,059	(132,312)	106.85	9,059	(132,312)	106.85
Net other operating income	58,522	25,893	126.01	55,348	23,610	134.43
Other operating income	68,459	(113,519)	160.31	65,285	(115,802)	156.38
Total operating income	616,640	343,837	79.34	593,640	326,416	81.87
Less: Impairment charges/(reversal) and other losses	74,569	(202,464)	136.83	72,600	(205,171)	135.39
Net operating income	542,071	546,301	(0.77)	521,040	531,587	(1.98)
Less: Expenses						
Personnel expenses	97,378	90,024	8.17	93,035	86,819	7.16
Depreciation and amortisation	19,005	15,281	24.37	18,772	15,064	24.62
Other operating expenses	69,110	61,915	11.62	64,292	58,290	10.30
Total operating expenses	185,493	167,220	10.93	176,099	160,173	9.94
Operating profit before taxes on financial services	356,578	379,081	(5.94)	344,941	371,414	(7.13)
Less: Taxes on financial services	57,260	63,570	(9.93)	56,625	63,238	(10.46)
Operating profit after taxes on financial services	299,318	315,511	(5.13)	288,316	308,176	(6.44)
Share of profit/(loss) of associate, net of tax	(2)	(1)	(43.91)	–	–	–
Profit before tax	299,316	315,510	(5.13)	288,316	308,176	(6.44)
Less: Income tax expense	102,742	135,877	(24.39)	99,647	133,746	(25.50)
Profit for the year	196,574	179,633	9.43	188,669	174,430	8.16
Profit attributable to:						
Equity holders of the Bank	193,905	177,655	9.15	188,669	174,430	8.16
Non-controlling interest	2,669	1,978	34.93	–	–	–
Profit for the year	196,574	179,633	9.43	188,669	174,430	8.16
Earnings per share						
Basic earnings per ordinary share (USD)	0.12	0.12	(2.85)	0.12	0.12	(3.70)
Diluted earnings per ordinary share (USD)	0.12	0.12	(3.09)	0.12	0.12	(3.98)

The Income Statement and the Statement of Financial Position given on pages 210 and 211 are solely for the convenience of stakeholders.

Statement of Financial Position

As at December 31,	Group 2025 USD '000	Group 2024 USD '000	Group Change %	BANK 2025 USD '000	BANK 2024 USD '000	BANK Change %
Assets						
Cash and cash equivalents	286,636	289,082	(0.85)	273,992	280,156	(2.20)
Balances with Central Banks	154,487	180,612	(14.46)	125,169	147,426	(15.10)
Placements with banks	355,559	326,145	9.02	330,506	320,324	3.18
Securities purchased under resale agreements	70,149	92,439	(24.11)	65,655	92,439	(28.97)
Derivative financial assets	17,493	13,756	27.17	17,493	13,756	27.17
Financial assets recognised through profit or loss Measured at fair value	360,495	295,733	21.90	360,495	295,733	21.90
Financial assets at amortised cost – loans and advances to other customers	6,317,292	4,583,884	37.82	6,140,098	4,466,209	37.48
Financial assets at amortised cost – debt and other financial instruments	2,364,044	2,263,714	4.43	2,223,702	2,153,902	3.24
Financial assets measured at fair value through other comprehensive income	706,489	978,124	(27.77)	703,198	972,852	(27.72)
Investments in subsidiaries	–	–	–	22,446	18,737	19.80
Investment in associate	–	190	(100.00)	–	143	(100.00)
Property, plant and equipment and right–of–use assets	102,105	98,937	3.20	92,499	89,034	3.89
Investment properties	2,500	2,400	4.19	–	–	–
Intangible assets	16,155	15,348	5.26	14,400	13,617	5.76
Deferred tax assets	46,483	40,527	14.70	44,610	38,987	14.43
Other assets	99,677	96,507	3.28	95,245	95,978	(0.76)
Total assets	10,899,564	9,277,398	17.49	10,509,508	8,999,293	16.78
Liabilities						
Due to banks	139,027	81,860	69.83	95,884	68,731	39.51
Derivative financial liabilities	4,075	2,702	50.83	4,075	2,702	50.83
Securities sold under repurchase agreements	348,226	362,779	(4.01)	356,331	362,808	(1.79)
Financial liabilities at amortised cost – due to depositors	8,709,765	7,438,966	17.08	8,415,651	7,214,732	16.65
Financial liabilities at amortised cost – other borrowings	46,537	46,042	1.07	46,537	46,042	1.07
Current tax liabilities	85,033	43,557	95.22	83,094	42,405	95.95
Deferred tax liabilities	1,639	1,648	(0.57)	–	–	–
Other liabilities and provisions	235,674	191,692	22.94	224,775	187,307	20.01
Due to subsidiaries	–	–	–	447	470	(4.97)
Subordinated liabilities	240,602	186,154	29.25	236,523	186,154	27.06
Total liabilities	9,810,578	8,355,400	17.42	9,463,317	8,111,351	16.67
Equity						
Stated capital	295,347	283,926	4.02	295,347	283,926	4.02
Statutory reserves	63,384	53,128	19.30	58,077	48,644	19.39
Retained earnings	67,008	56,560	18.47	55,748	49,455	12.73
Other reserves	645,442	513,255	25.75	637,019	505,917	25.91
Total equity attributable to equity holders of the Bank	1,071,181	906,869	18.12	1,046,191	887,942	17.82
Non-controlling interest	17,805	15,129	17.69	–	–	–
Total equity	1,088,986	921,998	18.11	1,046,191	887,942	17.82
Total liabilities and equity	10,899,564	9,277,398	17.49	10,509,508	8,999,293	16.78
Contingent liabilities and commitments	3,181,869	2,422,184	31.36	3,165,176	2,399,887	31.89
Net assets value per ordinary share (USD)	0.65	0.56	16.30	0.64	0.55	16.01

An exchange rate of 1 USD to LKR of 310 has been used to present these statements for both periods.

Decade at a glance – Bank

STATEMENT OF FINANCIAL POSITION		SLFRSs		
As at December 31, Rs. Mn.	CAGR (*) (%)	2025	2024	2023
Assets				
Cash and cash equivalents		84,937	86,848	157,819
Balances with Central Banks		38,802	45,702	52,818
Placements with banks		102,457	99,300	81,345
Securities purchased under resale agreements		20,353	28,656	31,149
Derivative financial assets		5,423	4,264	7,226
Other financial instruments – Held for trading		-	–	–
Financial assets recognised through profit or loss – Measured at fair value		111,754	91,677	29,450
Loans and receivables to banks	14.11	-	–	–
Financial assets at amortised cost – Loans and advances to banks		-	–	–
Loans and receivables to other customers		-	–	–
Financial assets at amortised cost – Loans and advances to other customers		1,903,430	1,384,525	1,176,360
Financial investments – Held to maturity		-	–	–
Financial investments – Loans and receivables		-	–	–
Financial assets at amortised cost – Debt and other financial instruments		689,348	667,710	649,740
Financial investments – Available for sale		-	–	–
Financial assets measured at fair value through other comprehensive income		217,991	301,584	287,023
Total financial assets		3,174,495	2,710,266	2,472,930
Investments in subsidiaries		6,958	5,808	5,808
Investment in associate		-	44	44
Property, plant & equipment and right-of-use assets		28,675	27,601	26,258
Intangible assets		4,464	4,221	3,737
Leasehold property		-	–	–
Deferred tax assets		13,829	12,086	34,077
Other assets		29,526	29,754	37,474
Total assets	13.99	3,257,948	2,789,780	2,580,328
Liabilities				
Due to banks		29,724	21,307	47,274
Derivative financial liabilities		1,263	837	2,319
Securities sold under repurchase agreements		110,462	112,470	111,199
Due to other customers/deposits from customers	15.38	-	–	–
Financial liabilities at amortised cost – Due to depositors		2,608,852	2,236,567	2,085,046
Other borrowings		-	–	–
Financial liabilities at amortised cost – Other borrowings		14,426	14,273	12,756
Current tax liabilities		25,759	13,146	14,952
Deferred tax liabilities		-	–	–
Other provisions		-	–	–
Other liabilities and provisions		69,681	58,064	55,050
Due to subsidiaries		139	146	317
Subordinated liabilities		73,322	57,708	36,483
Total liabilities		2,933,629	2,514,518	2,365,397
Equity				
Stated capital		91,558	88,017	62,948
Statutory reserves		18,004	15,080	12,376
Retained earnings		17,282	15,331	8,558
Other reserves		197,476	156,834	131,049
Total liabilities and equity	13.99	3,257,948	2,789,780	2,580,328
Contingent liabilities and commitments		981,205	743,965	668,876

(*) CAGR – Compound Annual Growth Rate

SLFRSs					LKASs	
2022	2021	2020	2019	2018	2017	2016
149,394	68,078	50,251	52,535	39,534	33,225	30,194
66,493	52,898	110,971	39,461	54,385	44,801	43,873
95,900	11,585	15,939	24,527	19,899	17,633	11,718
1,517	3,000	–	13,148	9,514	–	–
8,345	3,245	2,637	1,831	7,910	2,335	1,053
–	–	–	–	–	4,411	4,988
24,873	23,436	35,189	21,468	5,520	–	–
–	–	–	–	–	641	624
–	–	780	758	763	–	–
–	–	–	–	–	737,447	616,018
1,130,443	1,014,619	896,845	884,646	861,100	–	–
–	–	–	–	–	63,563	60,981
–	–	–	–	–	48,712	51,824
725,935	369,418	292,728	101,145	83,855	–	–
–	–	–	–	–	154,714	160,023
117,056	335,463	278,461	197,568	176,507	–	–
2,319,956	1,881,742	1,683,801	1,337,087	1,258,987	1,107,482	981,296
5,808	5,808	5,808	5,011	4,264	3,066	2,435
44	44	44	44	44	44	44
25,425	23,075	23,212	20,507	15,301	14,635	10,308
3,563	1,725	1,233	1,080	906	777	641
–	–	–	–	72	73	74
30,301	9,793	2,500	294	–	–	964
40,699	27,024	19,620	23,323	23,911	17,297	16,439
2,425,798	1,949,213	1,736,218	1,387,346	1,303,485	1,143,374	1,012,201
65,130	73,777	87,451	51,506	50,101	57,121	67,609
2,881	2,092	1,501	1,495	8,022	3,678	1,515
97,726	151,912	91,438	51,220	49,104	49,677	69,867
–	–	–	–	–	850,128	739,563
1,914,359	1,443,093	1,265,966	1,053,308	983,037	-	–
–	–	–	–	–	23,786	9,270
16,150	32,587	54,556	23,249	25,362	–	–
24,475	9,294	6,778	4,968	6,566	4,144	3,441
–	–	–	–	646	3,275	–
–	–	–	–	–	–	2
39,861	33,211	33,038	30,497	24,208	19,225	17,710
115	49	97	54	41	75	20
61,401	38,303	38,247	37,887	37,992	25,166	24,850
2,222,099	1,784,319	1,579,072	1,254,184	1,185,079	1,036,275	933,847
58,150	54,567	52,188	40,917	39,148	37,144	24,978
11,353	10,204	9,024	8,205	7,354	6,477	5,648
5,592	9,028	7,596	5,144	5,063	4,987	4,464
128,604	91,094	88,338	78,896	66,841	58,491	43,264
2,425,798	1,949,213	1,736,218	1,387,346	1,303,485	1,143,374	1,012,201
549,422	682,400	728,712	579,999	658,722	564,795	498,305

SUMMARISED INCOME STATEMENT		SLFRSs		
For the year ended December 31, Rs. Mn.	CAGR (*) (%)	2025	2024	2023
Operating results				
Gross income (*****)	**16.38**	**354,811**	**266,944**	**335,389**
Interest income		293,614	269,596	292,618
Interest expense		(157,320)	(155,038)	(209,515)
Foreign exchange profit		14,227	2,990	4,908
Net commission and other income (**) (*****)		33,508	(16,360)	29,717
Operating expenses, net impairment and taxes on financial services (***) (*****)		(94,651)	(5,654)	(85,848)
Profit before tax	**17.95**	**89,378**	**95,534**	**31,880**
Income tax expense		(30,890)	(41,461)	(11,419)
Profit for the year	**17.26**	**58,488**	**54,073**	**20,461**
Ratios				
Return on average shareholders' funds (%)		19.51	22.06	9.78
Income growth (%) (**) (*****)		32.92	(20.41)	21.94
Return on average assets (%)		1.93	2.01	0.82
Ordinary share dividend cover (times)		3.76	3.53	2.40
Advances to deposits and refinance (%)		77.30	66.06	60.33
Property, plant & equipment and intangible assets to shareholders' funds (%)		10.22	11.56	13.96
Total assets to shareholders' funds (times)		10.05	10.14	12.01
Capital funds to liabilities including contingent liabilities (%)		8.28	8.45	7.08
Cost to income ratio (including taxes on financial services) (%) (****) (*****)		39.20	42.00	40.44
Net impaired loans (stage 3) ratio (%)		1.54	2.76	5.85
Impairment (stage 3) to stage 3 loans ratio (%)		73.50	64.61	43.22
Capital adequacy (%) (under Basel II) Tier I		N/A	N/A	N/A
Tier I & II		N/A	N/A	N/A
Capital adequacy (%) (under Basel III)				
Common equity Tier I capital ratio		13.04	14.23	11.44
Tier I capital ratio		13.04	14.23	11.44
Total capital ratio		16.70	18.14	15.15
Share information				
Market value of a voting ordinary share (**A**) (Rs.)		200.75	144.75	95.50
Earnings per share (**B**) (Rs.)		36	37	15
Dividend per share (Rs.)		10.50	9.50	6.50
Price earnings ratio (**A/B**) (times)		6	4	6
Net assets value per share (Rs.)		198	171	164
Earnings yield (**B/A**) (%)		18	26	16
Gross dividends (Rs. Bn.) to ordinary shareholders		17.17	15.30	8.54
Dividend payout ratio (%) – Cash		22	22	29
Total dividend payout ratio (%)		29	28	42
Other information				
Number of employees		5,726	5,461	5,201
Number of delivery points – Sri Lanka	1.01	272	272	271
Number of delivery points – Bangladesh		20	20	20
Number of automated teller machines	4.33	978	974	948

(*) CAGR – Compound Annual Growth Rate

(**) Includes the net derecognition loss on restructuring of SLISBs during 2024.

(***) Includes the net impairment reversals on restructuring of SLISBs during 2024.

(****) After discounting the net derecognition loss on restructuring of SLISBs and related taxes on financial services.

(*****) For a better presentation and to be comparable with the current year classification, Recoveries o/a loans written off has been reclassified from 'Net other operating income' to 'Impairment charges/(reversal) and other losses' as disclosed in Note 18 on page 345.

	SLFRSs					LKASs	
	2022	2021	2020	2019	2018	2017	2016
	275,051	**160,612**	**149,554**	**148,686**	**138,028**	**114,325**	**93,143**
	218,327	130,443	122,330	127,780	117,466	103,034	80,738
	(136,583)	(65,832)	(72,759)	(80,571)	(72,524)	(64,011)	(47,915)
	31,120	10,589	8,338	6,726	7,900	588	2,326
	19,632	15,921	16,874	12,062	10,824	9,136	8,951
	(109,898)	(59,120)	(51,272)	(43,658)	(38,075)	(25,564)	(24,049)
	22,598	**32,001**	**23,511**	**22,339**	**25,591**	**23,183**	**20,051**
	372	(8,395)	(7,138)	(5,314)	(8,047)	(6,602)	(5,539)
	22,970	**23,606**	**16,373**	**17,025**	**17,544**	**16,581**	**14,512**
	12.46	14.66	11.28	13.54	15.56	17.88	19.52
	71.25	7.39	0.58	7.72	20.73	22.74	19.62
	1.05	1.28	1.05	1.27	1.43	1.54	1.53
	4.12	2.64	2.34	2.55	2.67	2.62	2.25
	63.30	73.54	72.96	86.74	86.96	86.07	82.69
	14.23	15.04	15.56	16.21	13.75	14.46	14.07
	11.91	11.82	11.05	10.42	11.01	10.68	12.92
	7.35	6.68	6.81	7.26	6.42	6.69	5.47
	29.31	38.08	40.04	49.42	46.37	51.12	51.06
	5.25	3.85	6.78	N/A	N/A	N/A	N/A
	39.60	42.76	30.87	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	11.56
	N/A	N/A	N/A	N/A	N/A	N/A	15.89
	11.39	11.92	13.22	12.30	11.34	12.11	N/A
	11.39	11.92	13.22	12.30	11.34	12.11	N/A
	14.66	15.65	16.82	16.15	15.60	15.75	N/A
	50.20	79.30	80.90	95.00	115.00	135.80	145.00
	17	19	15	17	17	17	16
	4.50	7.50	6.50	6.50	6.50	6.50	6.50
	3	4	5	5	7	8	9
	164	138	135	130	117	108	88
	35	24	19	17	15	13	11
	5.58	8.96	7.59	6.68	6.57	6.48	5.77
	–	22	32	27	26	26	28
	24	38	46	39	37	38	40
	5,121	5,072	5,057	5,062	5,027	4,982	4,987
	269	268	268	268	266	261	255
	20	19	19	19	19	19	19
	934	921	906	885	850	775	677

Governance and accountability
Annual corporate governance report

Our governance framework is built on the principles of accountability, ethical conduct, and stakeholder engagement, ensuring transparency in our disclosures and decision-making.

Chairman's message

Strong corporate governance remains central to how Commercial Bank protects stakeholder interests and sustains long-term value. Our governance framework is anchored in accountability, ethical conduct, and transparent decision-making, and we continue to apply regulatory and best-practice requirements in both letter and spirit.

By strengthening oversight of strategy execution, risk discipline, and capital stewardship, we ensure governance remains a practical driver of sustainable value creation for shareholders while safeguarding the interests of all stakeholders.

The operating environment continued to evolve rapidly, shaped by digitalisation, changing customer expectations, and heightened regulatory and compliance standards in the year 2025. Against this backdrop, the Board and the Management remain committed on maintaining a robust governance culture, supported by effective oversight, clear delegation, and disciplined assurance mechanisms.

I am pleased to confirm that the Bank continues to adhere to the applicable requirements of the Banking Act Directions on Corporate Governance issued by the CBSL, Listing Rules on Corporate Governance issued by the CSE, as well as the Code of Best Practice on Corporate Governance – 2023 issued by CA Sri Lanka. During 2025, we have continued our efforts to align governance structures and Board Committee composition with the Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks, which became effective from January 01, 2025, and will address any remaining gaps within the timelines stipulated by the regulator.

We also remain committed to responsible banking practices, including the continued integration of ESG considerations into our strategy and decision-making. Our policies and frameworks on conduct, integrity, and compliance, including measures to prevent bribery and corruption, support the standards of ethical behaviour expected across the Bank and reinforce stakeholder confidence.

This Corporate Governance Report sets out our approach, structures, and practices with clarity and transparency. I thank my fellow Directors, the Management team, and our employees for their continued commitment to the Bank's values. We will continue to strengthen governance standards as we pursue resilient performance and sustainable growth.

S Muhseen
Chairman

February 26, 2026
Colombo

Governance to value – How good governance supports value creation

For a licensed commercial bank entrusted with significant volumes of uncollateralised public funds, strong governance is a core mechanism through which resilience is strengthened, stakeholder confidence is preserved, and long-term performance is sustained. As such, corporate governance enables the Bank to create and protect value by ensuring that strategy is executed with discipline, risk-taking remains prudent, decisions are transparent, and conduct meets the expectations of regulators, customers, shareholders and the wider community.

During 2025, the Bank strengthened the connectivity between governance and value creation by focusing on three outcomes:

(i) improving decision quality and strategic execution through clear oversight, timely information, and disciplined capital stewardship;

(ii) protecting franchise value and resilience by strengthening risk governance, internal controls and assurance; and

(iii) sustaining stakeholder trust by reinforcing conduct, ethics, transparency and ESG oversight across the Bank and the Group.

The table 74 below summarises key governance initiatives, the material matters they address, the governance actions that create value, and the capitals addressed:

Governance to value – How good governance supports value creation Table – 74

Governance initiative	Material matter	Governance actions that create value	Capitals addressed
Effective tone from the top; ethical culture	Risk, compliance, and governance	Reinforced accountability via Board capability-building (Eg. SLFRS Sustainability Disclosure Standards workshops and cybersecurity) and periodic review of Board/Committee charters and terms of reference	
Oversight of strategic priorities & capital allocation	Financial performance and economic contribution	Oversaw strategy execution through mid-year review of 2025 Budget & 2025–2029 Strategic Plan; guided capital decisions including Green Bonds (Tier II) programme	
Governance of risk and controls	Risk, compliance, and governance	Strengthened governance via review of committee mandates/ charters; enhanced Board oversight of technology risk with dedicated cybersecurity programme	
Performance & remuneration governance	People and community	Ensured leadership continuity via succession planning and senior management appointments	
Oversight of digital transformation, cyber security, customer experience, and service continuity	Innovation and digital transformation/Customer centricity and experience	Oversight of Retail Transformation Programme, external strategic partner approval, and expansion of customer convenience via 'ComBank Shakthi'; strengthening digital leadership with the appointment of Chief Digital Officer and strengthened cyber/technology risk awareness at Board	
ESG integration and stakeholder responsibilities	ESG and sustainability	Established the Board Sustainability Committee; built SLFRS Sustainability Disclosure Standards readiness through Board/management training; complemented by green funding initiatives and targeted stakeholder support	
Related party transactions (RPT) governance	Risk, compliance, and governance/Financial performance	Oversaw RPTs, policy updates, and disclosure controls to ensure fairness, transparency, and regulatory compliance	

Corporate governance at the Bank at a glance
(Principle D7)

Our governance framework is designed to safeguard depositor and investor interests, uphold integrity and transparency, and support sustainable value creation through effective oversight of strategy, risk, performance and conduct.

Board and leadership
Board size; nine INEDs, two EDs (MD/CEO and COO), Company Secretary.

Connectivity to value creation
Governance enables value creation through clear accountability, strong risk oversight, sound controls, transparent reporting, and stakeholder engagement.

Board Committees
Five mandatory (BAC, BIRMC, BNGC, BHRRC, BRPTRC) and five voluntary committees (BCC, BIC, BTC, BSDC, BSC), meeting at a minimum of quarterly frequency.

Key governance highlights in 2025
Please refer Board highlights on page 225.

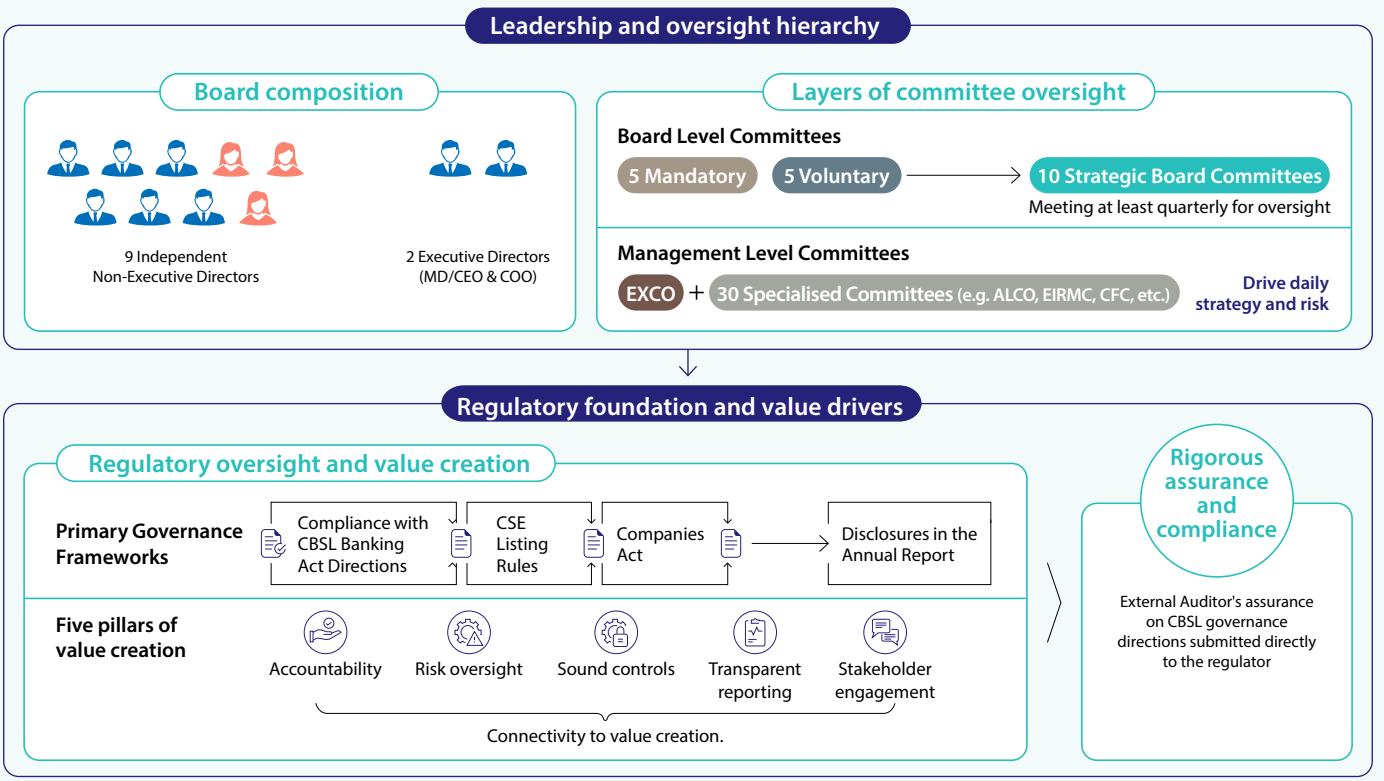
Management Committees
Executive Management Committee and 30 other Management Committees including EIRMC, ALCO, CPC, ECMN, BCMSC, ISC, EIC, EHRSC, ESDC, ITSC, ESC, RCPSC.

Key governance frameworks
CBSL Banking Act Directions (including Directions No. 05 of 2024 and amendments thereto), CSE Listing Rules (Section 9), Companies Act No. 07 of 2007 and amendments thereto, and CA Sri Lanka Code of Best Practice on Corporate Governance – 2023.

Assurance and compliance
Submission of External Auditor's assurance to the CBSL on compliance with CBSL corporate governance directions.

Detailed disclosures
Compliance with mandatory Corporate Governance requirements and Voluntary Code (pages 472 to 501) and Note 62 to the Financial Statements on Related Party Disclosure (pages 430 to 435).

The following diagrams provide a snapshot of the Bank's governance framework at a glance, highlighting the key structures, committees, policies, and mechanisms that enable effective oversight, ensure regulatory compliance, and support sustainable value creation for stakeholders.



Bank's approach to governance (Principle D7)

The Bank's approach to corporate governance anchored in a strong "tone from the top", fostering a culture of integrity, compliance and accountability. Good governance is treated as more than a compliance obligation, with the Code of Business Conduct together with the Bank's conduct risk framework underpins this culture. To remain resilient amid emerging risks and shifting stakeholder expectations, the Bank continuously strengthens its governance practices. In line with this approach, the Bank's governance structure, Board and management committee mandates, key policies are reviewed and updated on a timely basis to ensure they remain effective, relevant and responsive to a fast-changing environment shaped by technology, customer expectations and heightened regulatory scrutiny.

The Bank has established a comprehensive corporate governance framework that aligns external mandates with internal practices to ensure robust oversight and responsible decision-making. The key elements of this framework, including compliance with statutory and regulatory requirements and internal governance arrangements are presented below: Elements of the Corporate Governance Framework, which also presents the status of compliance and related disclosure references.

Independent assurance further reinforces confidence in the Bank's governance practices. The Bank's External Auditors, M/s KPMG, have provided an assurance statement to the CBSL following their review of the Bank's compliance with the applicable CBSL Directions on Corporate Governance.

The Bank's commitment to governance excellence is further reflected in awards/ certifications for 2025 as detailed under the awards and accolades on pages 14 to 18.

Elements of the Corporate Governance Framework Table – 75 (Principle D7)

The Bank's corporate governance framework given below, which is underpinned by both external mandates and internal practices, ensure that the Bank operates with transparency, accountability and integrity.

Elements of the Corporate Governance Framework

Transparency, Accountability, Integrity

A. External mandates (requirements and guidance)	**B. Internal practices** (structures, policies and culture)
Listing Rules and investor protections • Section 9 of the Listing Rules on Corporate Governance and Section 7 of the Listing Rules on Continuing Listing Requirements of the CSE, which include corporate governance requirements for listed entities and protections for investor rights.	**Foundational documents** • The Bank's Articles of Association, defining its governance structure and authority.
Banking and financial services regulations • Banking Act No. 30 of 1988 and amendments thereto, designed to protect depositors' rights and define the responsibilities of regulators. • Directions issued to Licensed Commercial Banks by the CBSL, including the Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance and other directives from regulatory authorities in countries where the Bank operates.	**Organisational structure** • Ensure clarity in roles and responsibilities.
Corporate governance standards • Code of Best Practice on Corporate Governance 2023, issued by CA Sri Lanka, outlining corporate responsibilities towards key stakeholders.	**Policies and risk frameworks** • Board-approved policies governing major operational aspects. • Integrated Risk Management Framework, aligning with the Three Lines Model.
Company law and stakeholder protection • Companies Act No. 07 of 2007 and amendments thereto, with provisions to safeguard investors' rights. • Circulars issued by the Securities and Exchange Commission of Sri Lanka (SEC).	**Governance charters** • Terms of Reference and Charters for the Board, Board Committees, and Management Committees, providing clear mandates and accountability.

C. Governance Standards/Requirements

Standard/requirement	Status	Reference
CBSL Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks – effective January 01, 2025 (with extended effective dates for some provisions)	Complied	Annex 1.1 on pages 472 – 489
CSE Listing Rules – Section 9 on Corporate Governance	Complied	Annex 1.2 on pages 490 – 494
CA Sri Lanka Code of Best Practice on Corporate Governance – 2023	Complied	Annex 1.3 on pages 495 – 501
CBSL Disclosure requirements for publication of Annual Financial Statements	Complied	Annex 1.4 on pages 502 – 508

Taxation and financial reporting

- Acts, Gazette Notifications, Notices and Circulars from Taxation Authorities for compliance and acting as collection agents.
- Requirements under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto.

Ethics and conduct

- Code of Business Conduct and Ethics, applicable to all employees, fostering a culture of integrity.

Employee and social responsibility legislation

- Shop and Office Employees Act No. 19 of 1954, outlining employee rights and responsibilities.

Sustainability practices

- A comprehensive Sustainability Framework, supporting sustainable banking, responsible organisation, and community engagement.
- Board Sustainability Committee, Executive Sustainability Committee and Sustainability Working Committee.

Sustainability and data protection

- CBSL Roadmap for Sustainable Finance in Sri Lanka 2.0, encouraging sustainable banking practices.
- Personal Data Protection Act No. 09 of 2022, ensuring secure management of customer data.
- SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2).
- UN SDGs.
- Global Reporting Initiative (GRI).

Related party transactions

- A structured Related Party Transactions Policy and Executive Related Party Transactions Review Committee, ensuring transparency, capture of transactions and compliance with regulations.

Guidance for Directors

- Corporate Directors' Handbook and related guidelines for effective Board oversight and governance.
- Guidance for Directors of Banks on the Directors' Statement on Internal Control, issued by CA Sri Lanka.

Objectives of the corporate governance framework

The framework safeguards trust placed by depositors, investors and other stakeholders, while enabling disciplined decision-making and sustainable value creation.

Core objectives

- Ensure effective strategic oversight and challenge on key decisions, aligned to strategic intent.
- Define accountability and ownership for key and emerging risks; maintain robust internal controls.
- Enable timely, well-informed decisions through structured reporting and escalation.
- Strengthen resilience in capital, liquidity, cyber and operational continuity.
- Align remuneration with prudent risk-taking and long-term success.
- Uphold compliance and ethical standards in letter and spirit respecting regulatory intent; protect assets and reputation.
- Integrate sustainability and ESG considerations into oversight of strategy and performance.

Board contribution

- Clear demarcation of roles among the Board, Board Committees, Management and Management Committees through charters/ToRs, reviewed periodically.
- Defined reporting lines and reporting frequencies.
- Consideration of legitimate stakeholder needs and expectations.
- Oversight to uphold fairness, transparency and accountability.

Roles and responsibilities Table – 76

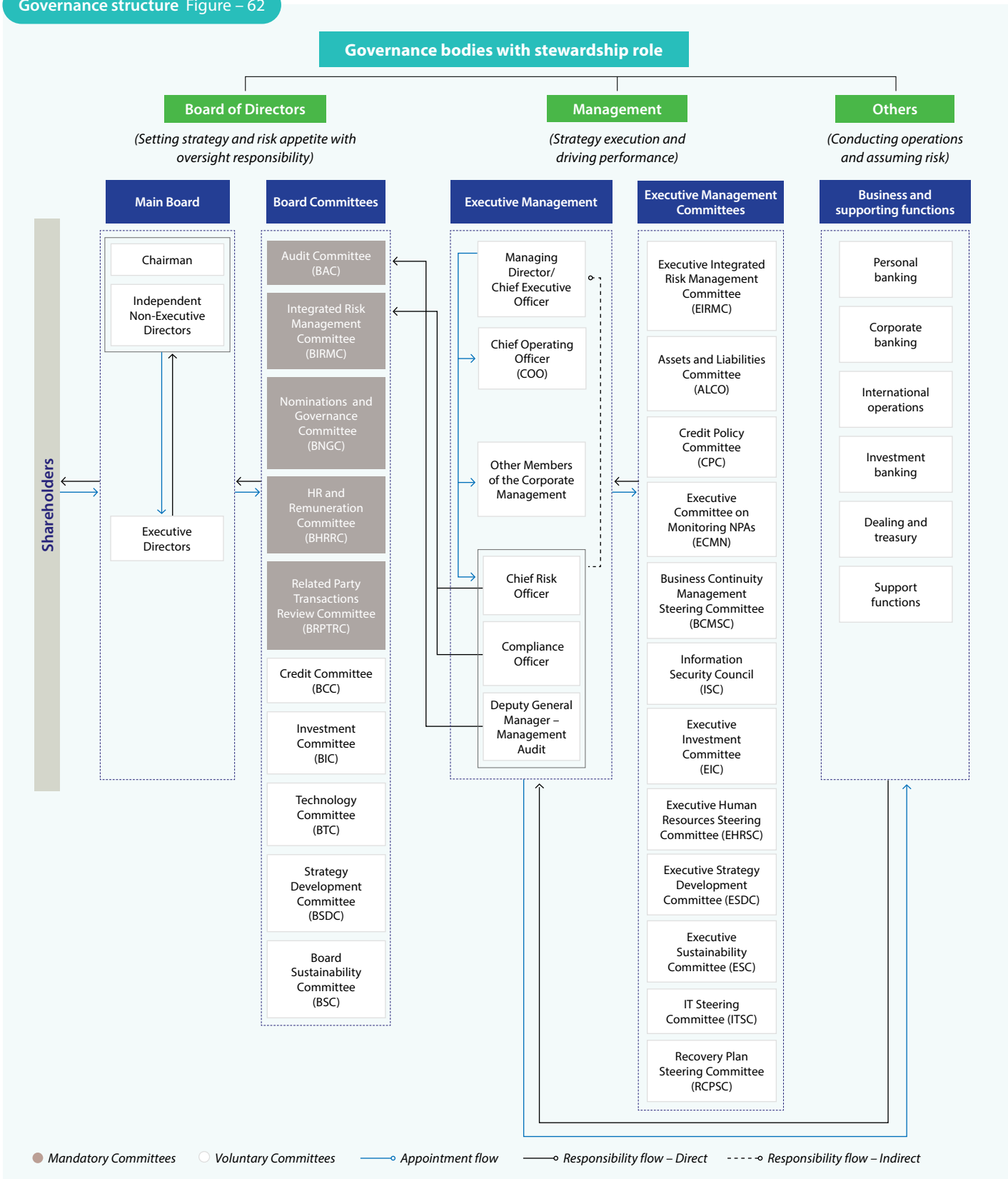
Governance layer	Primary role
Board of Directors and Board Committees	Set strategy and risk appetite; oversee performance, compliance, internal controls, risk management and conduct; approve key policies and appointments.
Corporate Management and Executive Management Committee (EMC)	Execute strategy; manage performance and risks; implement policies; ensure compliance; strategy execution in relation to digital roadmap and sustainability.
Other Executive Level Management Committees	Subject-specific governance and execution within delegated authority and approved Terms of Reference.
Assurance and external oversight	Three Lines Model (business/risk & compliance/internal audit), complemented by external audit and regulatory supervision.

Please refer Governance bodies with stewardship role – Figure 62 on page 221 for more details.

Governance structure and decision rights

The governance structure ensures clarity, accountability and efficiency across strategic oversight and operational execution.

Governance structure Figure – 62



Board of Directors (Principle A.1)

The Board is the highest governing body responsible for the long-term sustainability, resilience and integrity of the Bank and the Group.

Role and responsibilities (Principles A.1.1-A.1.8, D.2)

- Set strategic direction and approve corporate plans, budgets and major investments.
- Approve and oversee risk appetite and key policies; oversee internal controls, financial reporting integrity and compliance.
- Appoint and oversee the MD/CEO, Executive Directors and Key Management Personnel; oversee succession planning.
- Oversee performance of the Bank and the Group entities.
- Promote an ethical culture and responsible banking practices, including ESG oversight.

Board oversight of risk management (Principle D.2, D.4)

Risk management forms the cornerstone of the long-term sustainability of the Bank. The Board, supported by the BIRMC, oversees risk appetite, monitoring of the risk profile and escalation of deviations.

For a detailed discussion of risk governance, methodologies and practices, refer to the section on Risk Governance and Management on pages 273 to 296.

Powers reserved for the Board

The Board Charter includes a schedule of matters reserved for the Board, which include;

- Strategy and capital allocation: corporate plan, budgets, acquisitions/divestitures, major capex.
- Capital and liquidity oversight: capital planning, funding strategy, material issuances.
- Governance: Board Committees, charters/ ToRs, evaluation of Board/Committees.
- Appointments: Company Secretary; MD/CEO; Executive Directors; key management personnel.
- Financial reporting and assurance: interim/ annual financial statements; external audit appointment and independence.
- Risk and resilience: risk appetite; key risk policies; cyber and business continuity oversight.

Segregation of Roles and Responsibilities of the Chairman and the Chief Executive Officer (Principles A.2, A.3)

The Bank maintains a segregation of roles between the Chairman and the MD/CEO. While the Chairman provides strategic oversight, governance leadership, and Board facilitation, the MD/CEO is responsible for operational management, execution of strategy, and day-to-day leadership of the Bank. The Table 77 below summarises the key responsibilities of each role.

Segregation of Roles and Responsibilities of the Chairman and the MD/CEO Table 77

Position	Key responsibilities
Chairman (INED)	• Leadership of the Board: Presides over Board meetings and ensures effective discharge of Board duties. • Promoting Corporate Governance: Upholds the highest standards of integrity and probity across the Group. • Providing Necessary Information: Ensures the Board receives all relevant information for informed decision-making. • Balancing Power: Maintains balance between Executive and Non-Executive Directors, ensuring Board control over the Bank's affairs. • Director Participation: Encourages active engagement of all Directors during deliberations. • Stakeholder Awareness: Ensures Board obligations to stakeholders are met. • Communication: Maintains open channels with Corporate Management to facilitate strategic and operational discussions.
MD/CEO (ED)	• Operational Leadership: Leads the Management team in daily operations and implements Board-approved strategies, plans, and budgets. • Corporate Governance: Conducts the Group's affairs in line with Board-defined governance principles, integrity, and probity. • Defined Authority: Operates within the corporate objectives and authority boundaries set by the Board. • Execution of Responsibilities: Focuses on achieving strategic objectives while ensuring operational efficiency and effectiveness.

Collaboration between Chairman and MD/CEO

While their roles are distinct, the Chairman and the MD/CEO collaborate regularly to set the agenda for Board meetings, discuss current and future developments impacting the Bank and address any material issues or challenges to ensure alignment towards the Bank's overall progress. This effective segregation of duties and collaborative approach enables the Board to maintain robust governance and supports the Bank's strategic and operational excellence.

Board–Corporate Management dynamics: (Principle A.6)

The Board sets direction, risk appetite and decision boundaries, and entrusts Corporate Management with execution within delegated authority. This clarity of roles, supported by timely escalation and constructive challenge, strengthens governance effectiveness and delivery of strategic outcomes.

Board balance and diversity (Principles A.5.1, A.5.2, A.7.2)

As at December 31, 2025, the Board comprised 11 Directors (end-2024: 12), including 9 INEDs and 2 ED's. As a higher-tier Domestic Systemically Important Bank (D-SIB), the Bank maintains heightened focus on resilience, confidence and governance discipline.

The Board's diversity of skills, experience, perspectives and backgrounds supports constructive challenge, independent judgment, and effective oversight. In composing and refreshing the Board, the Bank considers a balanced mix of skills and sector experience, as well as gender representation, tenure mix (continuity and renewal), age/career-stage diversity, and nationality/international exposure. This inclusive approach ensure a breadth of perspectives relevant to the Bank's strategy, risk profile and stakeholder expectations, thereby supporting long-term value creation by improving the quality of debate, broadening strategic insight and strengthening oversight of conduct, resilience and sustainability.

The Figure 63 on page 223 provides a snapshot of the composition of the Board as at December 31, 2025 and the gender, tenure, age, and nationality distribution, showing how the Bank's diversity principles are reflected in tangible representation across key dimensions.

Composition of the Board, Board Committees and attendance at meetings Table – 78

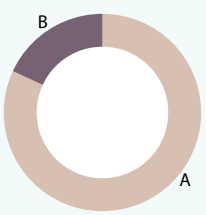
Name of the Director	Designation	DOA	Age (Years)	Membership status	Meeting attendance			Board Committees and membership										Tenure on the Board (Years)
					Eligible to attend/ Attended	Mode of Participation		BAC	BIRMC	BNGC	BHRRC	BRPTRC	BCC	BTC	BIC	BSDC	BSC	
						In person	Virtual											
Mr S Muhseen	Chairman	15.02.2021	50	NED ID	15/15	15	0			M	M		C		M	C	C	4+
Mr R Senanayake	Deputy Chairman	16.09.2020	64	NED ID	15/15	13	2	M	C	M	M					M	M	5+
Mr S C U Manatunge	Managing Director/ Chief Executive Officer	27.07.2018	55	ED NID	15/15	15	0	BI	EX	BI	BI	BI	M	M	M	M	EX	7+
Ms J Lee	Director	13.08.2020	58	NED ID	15/15	2	13		M	C	M				M	M	M	5+
Ms D L T S Wijewardena	Director	31.03.2021	52	NED ID	15/14	11	3		M			M		C				4+
Dr S Selliah	Director	27.04.2022	66	NED ID	15/15	14	1			M	C				C	M		3+
Mr S Prabagar	Chief Operating Officer	12.05.2022	59	ED NID	15/15	15	0	BI	BI			BI	M	M	M		BI	3+
Mr D N L Fernando	Director	07.02.2023	65	NED ID	15/15	14	1		M				M	M				2+
Mr P M Kumarasinghe	Director	12.04.2023	67	NED ID	15/15	14	1	M				C	M	M				2+
Mr P Y S Perera	Director	02.10.2024	67	NED ID	15/15	15	0	C	M			M		M	M			1+
Ms R M A S Parakrama (Appointed with effect from August 11, 2025)	Director	11.08.2025	61	NED ID	6/6	6	0	M					M	M	M		M	<1
Mr L D Niyangoda (Relinquished duties with effect from August 27, 2025)	Director	26.08.2016	69	NED ID	9/9	9	0											9
Ms N T M S Cooray (Relinquished duties with effect from September 20, 2025)	Director	19.09.2016	67	NED ID	10/9	9	0											9

DOA – Date of Appointment, ED – Executive Director, NED – Non-Executive Director, ID – Independent Director, NID – Non-Independent Director

C – Chairman M – Member BI – By Invitation EX – Ex Officio Invitee

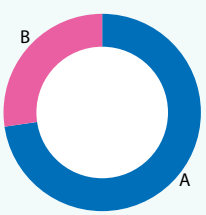
Composition of the Board as at December 31, 2025 Figure – 63

Executive and Non-Executive Directors



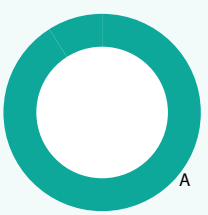
		%
A	Non-Executive Independent Directors	82
B	Executive Non-Independent Directors	18

Board's gender composition



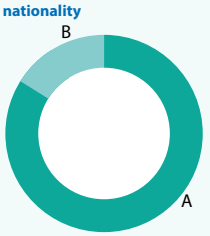
		%
A	Male	73
B	Female	27

Board's age composition



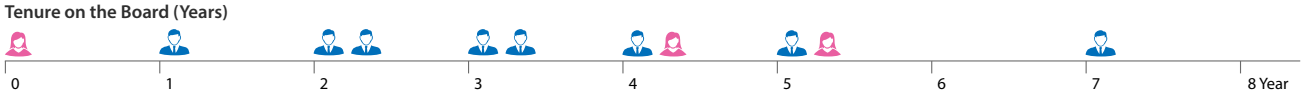
		%
A	Age above 50 years	100
B	Age below 50 years	–

Board's nationality



		%
A	Sri Lankans	82
B	Non-Sri Lankan	18

Tenure on the Board (Years)



Board of Directors' industry/background experience

Banking and management	Investment banking, corporate finance and capital markets	Finance, accounting, auditing and corporate reporting	Law, regulation and public policy	Science, engineering, technology, digital and cyber	Risk management, capital management and governance	Diversified sectors
7	2	5	2	3	6	4

Role of Independent Non-Executive Directors (INEDs)
(Principle A.1.5, A.5)

INEDs form a significant component of the Board, ensuring robust governance and impartiality in decision-making.

Contributions of INEDs

The INEDs bring objectivity, expertise, and a fresh perspective to the Board by:

- Providing an independent view, conveying unbiased and independent opinions on key matters.
- Enhancing decision-making, leveraging their skills and experience to complement those of Executive Directors and other Board Members.
- Constructively challenging the Board and the Management, ensuring thorough deliberation and effective decision-making.
- Strategic guidance, assisting in formulating and refining the Bank's strategy, ensuring alignment with long-term goals and governance principles.

The presence of a strong cohort of INEDs ensures that the Board remains committed to ethical governance, sound decision-making, and stakeholder value creation. During the year, the Chairman also convened a meeting exclusively with NEDs, without the EDs, to facilitate open discussion and independent deliberation.

Role of the Company Secretary
(Principles A.1.4)

- Board and Meeting Support: Assists the Board and Chairman in the effective and orderly conduct of Board and general meetings, ensuring compliance with the Articles of Association, Board Charter, and legal/regulatory requirements.
- Governance Records: Maintains accurate minutes, statutory registers, and regulatory filings to ensure the integrity of governance records.
- Committee Oversight: Ensures proper constitution and operation of Board Committees and supports Directors in fulfilling their duties.
- Access to Professional Advice: Facilitates Directors' access to independent professional guidance when required.
- Regulatory and Disclosure Compliance: Coordinates preparation and dissemination of statutory and financial reports; ensures adherence to Listing Rules and disclosure obligations.
- Stakeholder and Regulator Liaison: Maintains effective communication with regulators, the CSE, and security holders, ensuring transparency and timely information flow.

Board processes and meetings
(Principles A.1.1-A.1.3)

In 2025, the Board convened 15 scheduled meetings (2024: 14) as indicated in Table 78 – Composition of the Board, Board Committees and attendance at meetings on page 223. A hybrid format continued to facilitate participation by Directors when overseas or under unavoidable circumstances.

Key focus areas of Board deliberations in 2025:

- Strategy and budgeting; strategic milestones and resource allocation.
- Performance monitoring: results vs KPIs; capital, liquidity and funding; provisioning and tax impacts.
- Risk oversight: credit quality, market and liquidity risks, operational and cyber risks; business continuity; ESG risks and opportunities.
- Governance: committee minutes and matters arising; policy approvals; regulatory compliance actions.
- Subsidiary oversight: performance reviews and strategic plans.

Processes designed to safeguard effective oversight:

- Governance record: Minutes of Board/Committee deliberations and decisions are maintained with sufficient detail to evidence robust oversight.
- Management insight: Corporate Management is invited as needed to present on performance, controls, material initiatives and emerging risks.
- Independent advice: Directors may seek independent professional advice, where required, at the Bank's expense through the Company Secretary/Chairman.
- Director protection: Directors are covered by a Directors' and Officers' Liability Insurance policy in respect of the discharge of their duties.

Quarterly review of Directors' independence
(Principles: A.5.3, A.5.4, A.5.5)

To ensure robust governance and maintain stakeholder confidence, the Bank conducts a structured quarterly review of Directors' independence as summarised in Table 79 below.

Quarterly review of Directors' independence Table 79

Aspect	Details/Process
Purpose	To regularly assess the independence of Independent Non-Executive Directors (INEDs) and ensure objective judgment and impartial oversight.
Responsible Committee	Board Nominations and Governance Committee (BNGC).
Frequency	Quarterly, in line with Section 6.4(f) of the Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks and amendments thereto.
Scope of Review	• Evaluates whether any relationships or circumstances create actual or perceived conflicts of interest. • Reviews independence status of all INEDs.
Independence Status (as at December 31, 2025)	Nine of the eleven Directors were INEDs, with their only connection to the Bank and Group being through their directorships.
Reporting	• Any change in independence status is promptly addressed. • Formal reporting is made to the Director of Bank Supervision of the CBSL in line with regulatory requirements.
Reference	See Table 78: Composition of the Board, and Board Committees and attendance at Meetings on page 223.

Board highlights for year 2025 Figure – 64

- Approved/recommended a First and Final dividend for the year ended December 31, 2024 of Rs. 9.50 per share. This comprised a regular cash dividend of Rs. 5.50 per share, a special cash dividend of Rs. 2.00 per share, and a scrip dividend of Rs. 2.00 per share, on both voting and non-voting shares of the Bank, totalling to Rs. 15,301,154,793.50.
- Conducted the 56th Annual General Meeting (AGM), followed immediately by an Extraordinary General Meeting (EGM), to obtain shareholder approval for the Green Bonds Issue 2025. Approved/recommended to issue and allot up to 150,000,000 fully paid, Basel III Compliant – Tier II Listed Rated Unsecured Subordinated Redeemable Green Bonds with a Non-Viability Conversion Feature at a par value of Rs. 100/- each, for tenures of 5 years, 7 years, and 10 years, raising up to Rs. 15 Bn.
- Appointed a new Independent Non-Executive Director (INED) to strengthen the Board.
- Reviewed the composition of the Board and Board Committees, respective Committee Charters, and Terms of References.
- Conducted the Mid-Year Review of the Bank's 2025 Budget and 2025–2029 Strategic Plan.
- Participated in two training programmes on Board of Directors' Role in Adopting SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2) for the Board of Directors, in collaboration with M/s KPMG and M/s EY.
- Established the Board Sustainability Committee to oversee and guide the Bank's sustainability journey.
- Participated in an Awareness Programme on Cybersecurity and Technology Risk Management for the Board of Directors.
- Approved the appointment of an external strategic partner for the Bank's Retail Transformation Programme.
- Conducted the Annual Strategy Meeting with the Corporate Management Team to review and approve Budget 2026 and the Corporate Plan 2026-2030.
- Approved a Donation worth Rs. 110 Mn. to the Rebuild Sri Lanka Fund, to help the country recover from the impacts of Cyclone Ditwah.
- Approved another decisive step in its customer convenience journey with the launch of the Bank's Agency Banking operations, branded 'ComBank Shakthi'.
- Based on recommendations by the Board Nominations and Governance Committee (BNGC), the Board decided to:
  - Promote the Assistant General Manager – Personal Banking III/SME, as the Deputy General Manager – Personal Banking.
  - Promote three senior officers to the grades of Assistant General Manager – Personal Banking, Assistant General Manager – Finance and Assistant General Manager – Treasury.
- Re-designate the Deputy General Manager – Finance as the Chief Financial Officer.
- Re-designate three Assistant General Managers to oversee Operations, Personal Banking and Corporate Banking.
- Establish two new Assistant General Manager positions as the Assistant General Manager – Marketing and the Chief Digital Officer.
- Re-designate the Deputy General Manager (Designate) – Human Resource Management as the Deputy General Manager – Human Resource Management.
- Appoint the Deputy General Manager – Corporate Banking as the Executive Director/Chief Operating Officer of the Bank w.e.f. April 27, 2026 (subject to regulatory approval), in consideration of the incumbent Executive Director/Chief Operating Officer retiring from the said position on April 26, 2026.
- Promote the Assistant General Manager – Information Technology (Operations) to the grade of Deputy General Manager – Information Technology (Operations) (Subject to regulatory approval).

Appointments and retirements/resignations of Directors
(Principle A.7)

The process for appointing Directors at the Bank is based on ensuring the Board's combined knowledge, experience, and diversity. This includes consideration of gender, age, and other industry-relevant factors to maintain the Board's effectiveness in executing the Bank's strategic plans.

The Table 80 below outlines the key steps, criteria, and regulatory considerations involved in the nomination and appointment of both Non-Executive and Executive Directors.

Appointment of new Directors Table 80

Aspect	Details/Process
Formal and Transparent Process	• Nominations and appointments are overseen by the BNGC. • Resumes of potential candidates are evaluated; interviews conducted where necessary.
Assessment Criteria	• Candidates are assessed for their ability to bring fresh perspectives and contribute to Board effectiveness. • BNGC members abstain from decisions related to their own appointment or reappointment.
Appointments of Executive Directors (EDs)	• Follows a similar process; internal Corporate Management candidates are considered where applicable. • BNGC ensures a succession plan for MD/CEO and KMPs, including identification of training and development needs.
Regulatory and Listing Requirements	• Appointments are communicated to the CSE following CBSL approval for fitness and propriety. • Announcements include brief resume, expertise, shareholdings, directorships, and independence status. • Internal circulars inform staff of appointments, retirements, or resignations.

Changes to the Board in 2025

New appointments – One new INED was appointed to the Board during the year.

Retirements – Two INEDs retired from the Board after completing nine years of service.

Resignations – There were no resignations of Directors during the year ended December 31, 2025.

Details of these changes are provided in Table 78 – Composition of the Board, Board Committees and attendance at meetings, on page 223.

The Bank ensured all required details regarding the appointments/retirement of Directors were promptly communicated to the CSE, as stipulated in the Listing Rules.

Re-election/election of Directors (Principles A.8 and A.9.3)

The Articles of Association of the Bank prescribe a process for the re-election and election of Directors, ensuring that the Board maintains its effectiveness and alignment with governance principles.

Refer the report of the BNGC on pages 241 to 243 for further details.

Induction and training of Directors (Principles A.1.8)

Directors receive induction materials and ongoing briefings to support effective oversight, including governance documents, internal frameworks and access to historical records.

The Table 81 below summarises the programme components, key details, and intended outcomes:

Induction and training of Directors Table 81

Programme Component	Description/Details
Structured Induction on Appointment	Directors receive a comprehensive induction package including: • Key Governance Documents: Articles of Association, Banking Act Directions, Corporate Directors' Handbook (SLID), CA Sri Lanka Code on Corporate Governance. • Internal Governance Framework: Organisational structure, approved Board Charter, Board Related Party Transactions Policy. • Operational and Historical Context: Most recent Annual Report and access to electronic archive of Board and Committee meeting minutes over the past 12 years.
Ongoing Training and Familiarisation	• Membership in Governance Institutions: Directors are encouraged to join SLID to enhance knowledge on governance and skills. • Mandatory Participation: Attendance at CBSL Director Forums for updates on regulatory and industry developments. • Presentations and Briefings: Regular updates from Corporate Management including Annual Corporate Plan meeting briefings and external experts on business environment, operations, and sustainability initiatives.
Purpose/Outcome	• Ensures Directors remain well-informed, strategically aligned, and equipped to contribute effectively to Board deliberations.

Conflicts of interest and related party transactions (Principle D.1.8, D.5, D.6.1)

The Bank maintains a framework to identify, manage and mitigate conflicts of interest, protecting the integrity and independence of decision-making.

- Directors declare conflicts and withdraw from deliberations where a conflict exists or may appear to exist; declarations/ actions are minuted.
- Directors' interests are declared on joining the Bank and quarterly thereafter; the Company Secretary maintains a register of interests available for inspection as required by law.
- Related party transactions are governed by a Board-approved Related Party Transactions Policy and conducted on arm's-length terms in compliance with CBSL requirements.
- Transactions are reviewed/recommended by the BCC and approved by the Board; once approved, tabled at the meetings of the BRPTRC for information.
- Disclosures on related party transactions are provided in the section on Directors' Interests in Contracts with the Bank on pages 271 and 272 and Note 62 to the Financial Statements on Related Party Disclosures on pages 430 to 435.

Board Committees

Board Committees support the Board with delegated authority in specialised areas. The Board retains overall responsibility for Committee decisions, and minutes and matters arising are tabled at the Board for information/approval.

Structure and governance

CBSL corporate governance directions and the Listing Rules require several mandatory committees. The Bank also maintains additional committees based on operational and strategic needs as indicated in Figure 62 – Governance Structure on page 221. Each Committee meets regularly (at least quarterly or as mandated); minutes are maintained; matters are escalated to the Board as appropriate. Committees may obtain external expertise where necessary. Each Director typically serves on multiple Committees (three at least) to ensure broad oversight.

Committee membership, meeting attendance, and details of activities

Please refer Table 78 for Composition of the Board, Board Committees and attendance at meetings on page 223 and Board Committee Reports on pages 233 to 257 for details of activities of respective committees.

Management Committees

Executive Management Committee (EMC) (Principle: A.6)

The EMC supports the MD/CEO in translating Board-approved strategy into execution, ensuring prudent risk-taking, operational performance and regulatory compliance across the Group.

Key responsibilities:

- Implement Board-approved strategies, plans and budgets; monitor divisional performance.
- Manage risks within the approved risk profile; Implement policies and operational decisions.
- Monitor capital allocation and investment decisions; monitor progress of the digital roadmap.
- Support staff welfare, safety and development initiatives; implement sustainability framework and ESG commitments.
- Ensure timely, accurate and comprehensive information is presented to the Board and Board Committees.

Other Management Committees

Other Management Committees operate under delegated authority with Board-approved Terms of Reference, chaired by the MD/CEO or the COO, to strengthen governance and decision-making across subject-specific areas.

Other Management Committees *inter alia* include Executive Integrated Risk Management Committee (EIRMC), Assets and Liabilities Committee (ALCO), Credit Policy Committee (CPC), Executive Committee on Monitoring NPAs (ECMN), Business Continuity Management Steering Committee (BCMSC), Information Security Council (ISC), Executive Investment Committee (EIC), Executive Human Resources Steering Committee (EHRSC), Executive Strategy Development Committee (ESDC), Executive Sustainability Committee (ESC), IT Steering Committee (ITSC), Recovery Plan Steering Committee (RCPSC), Cost Optimisation Committee (COC), Data Analytics Steering Committee (DASC) and Early Warning Signals Corporate Health Council (EWSCHC).

Board and Committee evaluations (Principle: A.9)

The Bank conducts annual evaluations of the Board, its Committees, and individual Directors to ensure effective governance, transparency, and accountability. These evaluations are aligned with the Code of CA Sri Lanka and formally reviewed by the BNGC, with findings discussed at Board meetings.

The Table 82 below summarises the evaluation components, processes, and timelines:

Board and Committee evaluation Table 82

Evaluation component	Details/Process
Self and Collective Appraisal	• Directors assess their own performance and that of the Board and its Committees. • Assessment forms follow the Board Performance Evaluation Checklist outlined in the Code.
Collation of Responses and Review	• The Company Secretary collects and summarises all responses. • The BNGC reviews findings and presents them to the Board for discussion.
NED Evaluations	• NEDs are evaluated individually by EDs and the Chairman.
EDs and KMP Evaluations	• EDs are evaluated by NEDs and the Chairman to ensure a balanced and fair assessment. • The BHRRC conducts a 360-degree appraisal of EDs and other KMPs annually. • Results are shared with the Board to support skill development, governance improvement, and strategy refinement.
Annual Review Timeline	• 2024 Board evaluations were reviewed in February 2025. • 2025 Board evaluations are scheduled to be reviewed in March 2026.
Outcome and Recommendations	• Provides insights on the Board's skills, experience, independence, and industry knowledge, as well as the effectiveness of governance, strategy review, and training needs. Supports continuous improvement and alignment with the Bank's strategic objectives.

Appraisal of the MD/CEO (Principle: A.11)

The performance of the MD/CEO is evaluated annually through a structured process led by the Board with the assistance of the BHRRC.

- Predefined Criteria: Performance is assessed against objectives and targets set at the start of the year, covering short-, medium, and long-term goals, including financial and non-financial metrics.
- Contextual Evaluation: Appraisal considers changes in the operating environment to ensure performance is evaluated in context.
- Formal Feedback: The Chairman provides formal feedback to the MD/CEO on the evaluation results.
- Response Consideration: The MD/CEO's feedback is reviewed and factored into the final evaluation.

- Timely Completion: The process is completed within three months of the financial year-end, aligning with governance and strategic planning.

Remuneration governance

Directors' and executive remuneration (Principles B.1-B.3)

The Bank's remuneration framework is designed around transparency, fairness, and strategic alignment. Through a robust governance structure, remuneration decisions are made to drive long-term value creation while ensuring that no Director participates in decisions regarding their own pay.

Remuneration and benefits policy

The Bank's Remuneration and Benefits Policy aligns employee rewards with strategic objectives and sustainable performance, underpinning a high-performance culture.

Key objectives:

- Attracting Elite Talent: Providing a competitive Employee Value Proposition (EVP) to secure professionals whose skills and values match the Bank's business requirements.
- Retaining Skilled Professionals: Offering compelling rewards and benefits to foster loyalty, reduce turnover, and maintain a stable leadership pipeline.

Decision-Making framework

Oversight of the remuneration framework is provided by the BHRRC.

Governance features:

- Independence: Comprised entirely of INEDs.
- Advisory Role: Recommends remuneration for Directors and Executives in consultation with the MD/CEO and external HR professionals to ensure market-based, fair, and objective judgments.
- Performance Calibration: Annually reviews Executive Directors' performance against Board-approved targets to adjust fixed and variable pay.
- NED Compensation: Fees for NEDs are determined collectively by the Board.

For further details, please refer to the Report of the BHRRC on pages 244 and 245.

Remuneration structure Table – 83

The Bank's remuneration framework combines immediate compensation with long-term incentive programs, aligning management performance and decision-making with the Bank's strategic objectives and shareholder value creation.

Component	Nature	Purpose and governance
Guaranteed Remuneration	Fixed	Reflects role complexity, experience, and skills. Includes monthly salary and allowances, reviewed annually for performance and inflation.
Annual Performance Bonus	Variable	Based on a multi-layered performance matrix, communicated transparently at the start of the year.
Employee Share Option Plans (ESOPs)	Variable	Focused on long-term value creation and retention. Subject to approval by shareholders at Extraordinary General Meetings (EGMs), employees can purchase shares at a pre-determined price. Employees can purchase shares at a pre-determined price EDs are also eligible for ESOPs.

Disclosure of remuneration

- Aggregate remuneration: Details of the aggregate remuneration paid to EDs and NEDs are disclosed in Note 62.2.1 of the Financial Statements on page 430.
- Corporate Management remuneration: The aggregate remuneration of Corporate management personnel, including the EDs is provided under item 9 (f) in Annex 1.1 on on page 489.
- Details on ESOPs and eligibility criteria are available in Note 52 to the Financial Statements on "Share-based Payment" on pages 417 to 419.

Employee relations

The Bank engages in regular dialogues with the Association of Commercial Bank Executives and the Ceylon Bank Employees' Union (CBEU).

- Collective Agreement: A new agreement covering 2024–2026 was finalised in January 2024, ensuring stable employee relations and predictable cost structures.
- Exit Provisions: Employment contracts do not include compensation for early termination, and no such payments were made during the reporting period.

Ethics, conduct, and speak-up (Principle D.6)

Code of business conduct and ethics

The Bank maintains a Code of Business Conduct and Ethics applicable to all employees, including KMPs. In 2024, its application was extended to the Board through a Board-approved policy. The Code is supported by processes and controls that promote ethical behaviour, transparency and compliance, including:

- A defined process to identify, escalate and report material and price-sensitive information.
- Monitoring and disclosure requirements for share transactions by Directors, KMPs and employees at Assistant Manager grade and above.
- Ongoing communication and capability building, including dissemination of policies via the intranet and e-learning platforms and ethics training incorporated into induction and continuous development programmes.

The Code serves as a cornerstone for trust, ensuring that all actions are aligned with the Bank's values, principles, and commitment to ethical conduct.

The Bank maintains a comprehensive set of policies, codes, and guidelines to support ethical conduct, robust governance, and compliance with laws and regulations. The key policies applicable to employees, Directors, and KMPs include:

Alignment with governance principles Table – 84 (Principles D.6.1 to D.6.6)

Topic	Key policies/Documents/Guidelines
Conflict of Interest	Code of Ethics, Related Party Transactions Policy
Bribery and Corruption	Anti-Bribery and Anti-Corruption Policy, AML/CFT Policy
Entertainment and Gifts	Gift Policy, Code of Ethics
Accurate Accounting and Record-Keeping	Financial Statement Closure Process, Operational Procedure Manual for the Finance Division, Accounts Reconciliation Process and Monitoring of Suspense Accounts, Financial and Risk Management Disclosure Policy
Fair and Transparent Procurement Policies	Procurement Policy, Expenditure Approval Guidelines
Corporate Opportunities	Code of Ethics, HR Policies
Confidentiality	Information Classification Policy, Data Governance Policy
Fair Dealing	Group Conduct Risk Management Policy
Protection and Use of Company Assets (including Information Assets)	Information Security Policy, Risk Management Policies
Sexual Harassment, Discrimination and Abuse	Code of Ethics, HR Policies
Compliance with Laws, Rules and Regulations (including Insider Trading Laws)	Group Compliance Policy
Encouraging Reporting of illegal, Fraudulent or Unethical Behaviour	Whistleblowers' Charter

Anti-bribery and anti-corruption (Principle D.6.1)

The Bank maintains a zero-tolerance stance on bribery and corruption, supported by a Board-approved policy that applies to employees and relevant third parties. The policy is periodically reviewed and updated and is designed to identify, mitigate and manage bribery and corruption risks across the Bank's operations. It is complemented by clear guidance and related controls covering areas such as insider trading restrictions, gifts and hospitality, conflicts of interest, and broader financial crime controls, while reinforcing the Bank's commitment to act responsibly towards communities and the environment. In line with this stance, the use of Bank funds for political contributions is prohibited.

Group conduct risk management (Principle D.6.1)

The Group Conduct Risk Management Policy Framework supports the proactive identification and management of conduct and misconduct risks across the Bank and the Group. It is designed to safeguard customers, uphold market integrity and stability and support fair competition by promoting expected standards of behaviour and strengthening controls over conduct-related risks. In practical terms, the framework focuses on:

- Preventing misconduct and unethical practices, including fraud, insider trading, mis-selling and the provision of improper financial advice.
- Improving customer outcomes by strengthening customer onboarding practices and enhancing transparency in fees and charges.
- Protecting reporting integrity by reducing the risk of inaccurate financial and regulatory disclosures through appropriate governance and oversight.

Whistleblowing (Principle D.6.4)

The Whistleblowers' Charter supports deterrence, detection and resolution of malpractices and unethical behaviour, by providing a trusted mechanism for raising concerns. It is designed to encourage reporting in good faith while ensuring appropriate confidentiality and protection for whistleblowers. The framework is reinforced through:

- Independent oversight and process governance with the Compliance Officer who is responsible for managing the process and ensuring concerns are handled appropriately.
- Clear and accessible reporting channels supported by communication that encourages employees to raise genuine concerns without fear.
- Protection and confidentiality safeguards including protection from retaliation and strict confidentiality for whistleblowers acting in good faith.

Internet of things, cybersecurity, and data privacy (Principle G)

Cyber and information security governance

Cyber and information security governance is embedded within the Bank's enterprise risk management framework, with oversight aligned to the Three Lines Model and Board-level monitoring through the relevant governance committees. Accountability and escalation are supported through a defined management structure and Board-approved policies, including:

- Clear leadership and reporting lines, with the Chief Information Security Officer (CISO) reporting to the MD/CEO.
- Management-level governance, through the Information Security Council (ISC) chaired by the MD/CEO, which serves as the apex management forum for cybersecurity and reports to the BIRMC.
- An Information Security Management System and a policy framework aligned with recognised standards, including an Information Security Policy aligned with ISO/IEC 27001 covering access control, asset management, secure operations, incident response, supplier/third-party risk, business continuity, human resource security and system acquisition and development.

Certifications and standards

The Bank's cyber and technology control environment is supported by recognised certifications and standards. Key certifications/alignments include:

- ISO/IEC 27001:2022 certification, covering the entire operations including branch network.
- PCI DSS v4.0.1 certification for payment card security.
- ISO/IEC 20000:2018 certification for IT service management.
- Alignment with ISO/IEC 22301:2019 for Business Continuity Management Systems.
- SWIFT Customer Security Controls Framework 2025.

Cyber risk management and culture

The Bank manages cyber risk through layered preventive and detective controls, defense-in-depth architecture, response preparedness and awareness programmes designed to strengthen resilience and protect customer trust. Key elements include:

- Defense-in-depth architecture supported by SIEM-enabled real-time monitoring and rapid detection capabilities are being progressively enhanced through ongoing developments to the already established 24x7 Security Operations Center (SOC).
- Incident response and resilience preparedness including response playbooks and cyber resilience strategies.
- Proactive testing and assurance activities including vulnerability assessments, application security reviews, penetration testing and red teaming exercises.
- Third-party security risk management covering suppliers and partners.
- Awareness and simulation programmes extending to employees and relevant third parties to strengthen cyber hygiene and readiness.

For further detail, refer to relevant Board Committee Reports (BIRMC, BTC and BAC reports on pages 238 to 240, pages 252 and 253 and 233 to 237).

Data security and privacy

The Bank safeguards customer personal data through robust data governance and compliance with applicable privacy laws and regulations, including the Personal Data Protection Act No. 09 of 2022. Data protection measures are designed to ensure confidentiality, integrity and availability, and to ensure personal data is used only for legitimate business purposes. This is supported by:

- Policies, processes and controls, implemented by skilled personnel and enabled by appropriate technologies such as data loss prevention solutions.
- Ongoing training and awareness programmes to reinforce responsible data handling and compliance across the Bank.

Shareholder engagement and voting (Principles C.1, C.2, C.3, E, and F)

The Bank engages with shareholders through timely and transparent disclosures, dedicated investor relations channels and general meetings, with a focus on equitable treatment and the effective exercise of shareholder rights. Communication is structured to ensure shareholders have access to relevant information to make informed decisions and to participate in voting processes, including through proxy arrangements where applicable. Key engagement and communication channels include:

- Annual Report (PDF and interactive formats), interim financial statements and press releases.
- Announcements to the CSE and updates on the website (Investor Relations).
- AGMs and EGMs; proxy voting and clear voting instructions.
- Investor feedback channels (surveys/forms) where applicable.

Encouraging shareholder participation

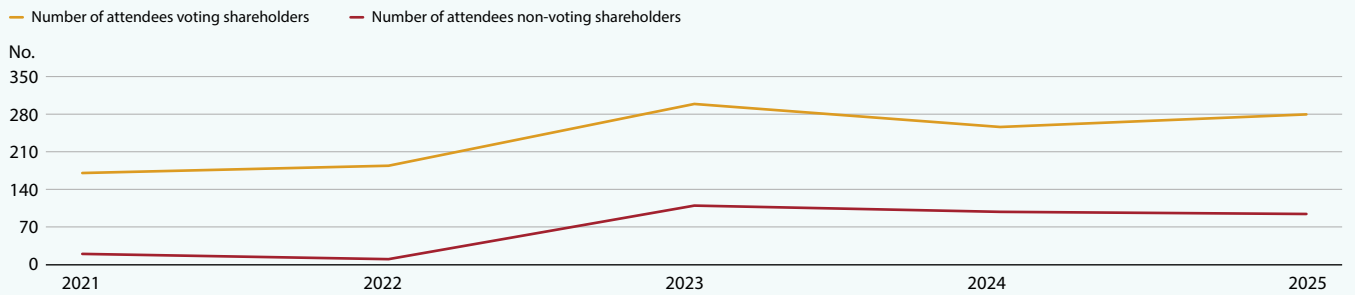
The Bank actively encourages shareholder participation at its Annual and Extraordinary General Meetings, recognising these forums as an important avenue for engagement and accountability. Clear and comprehensive instructions on attendance and voting procedures are circulated together with the notice of meeting, enabling shareholders to exercise their rights in an informed manner. Shareholders are provided the opportunity to vote on key matters including the adoption of financial statements, re-election of Directors, appointment of auditors, and other significant resolutions, and are invited to raise questions and seek clarifications from the Board and the Management.

Attendance at AGM's Table 85

A tabulation of AGM attendance over the past five years is given below:

Year of the AGM	Voting shareholders			Non-voting shareholders		
	Number of Attendees	Shareholding	% of total shareholding	Number of Attendees	Shareholding	% of total shareholding
2025	281	1,190,281,785	78.54	96	5,907,393	6.21
2024	257	975,632,759	78.89	100	8,534,514	10.99
2023	301	943,963,856	80.87	112	10,962,985	15.11
2022	183	795,203,283	72.33	9	4,197,212	6.17
2021	169	795,052,531	72.32	19	4,326,942	6.36

Attendance at AGMs 2021 – 2025 Graph – 36



Commitment to equity and rights

The Board ensures all shareholders are treated equitably, their rights are protected, and they are encouraged to actively participate in governance processes.

Sustainability governance: ESG risks and opportunities (Principle H)

Sustainability governance enables the Bank to create and protect value by ensuring that ESG and climate considerations are embedded in strategy, risk appetite, capital allocation, and performance management, supporting resilient earnings, regulatory confidence, and stakeholder trust. In 2025, this oversight was further strengthened through enhanced Board and management governance arrangements and governance processes to support SLFRS S1/S2 readiness and decision-useful disclosures.

The figure 65 below illustrates how the Bank's Sustainability governance structure converts oversight into measurable actions and value creation.

Sustainability governance: ESG oversight and value creation Figure – 65

ESG governance structure:

Board accountability supported by committee oversight

Board of Directors:

Ultimate accountability for ESG/SRRO oversight, strategy alignment and disclosures

Board Sustainability Committee:

Advisory oversight of sustainability strategy and ESG integration; guidance on climate and sustainability-related risks and opportunities (SRROs) review of SLFRS S1/S2 disclosures readiness: and alignment of stakeholders commitment and sustainable finance initiatives.

Delegated oversight/Board Committees:

- BIRMC (SRRO/ERM)
- BAC (controls/assurance)
- BHRRC (KPIs/incentives)
- BNGC (capability)

Management governance (execution):

- ESC: executes strategy & integrates SRROs; quarterly reporting
- SWC: implementation support; materiality & reporting coordination

Governance to outcomes:

How ESG governance converts oversight into measurable action and value creation

ESG risk management initiatives (to protect value)

- Policies/standards updated (e.g., climate risk policy/procedures
- SRRO monitoring strengthened (dashboards/escalation)
- Financed emissions/data governance enhancements

Leveraging ESG opportunities (to create value):

- Sustainable finance propositions (green/transition products)
- Labeled instruments governance and impact reporting discipline
- Social impact/inclusion initiatives

Disclosure readiness and stakeholder trust (to sustain value):

- SLFRS S1/S readiness – governance, processes, controls
- Assurance approach and disclosure architecture
- Capability building (Board/management training)

Operationalising value protection and creation

- Integration of SRROs into strategy, credit and operations
- Timely risk escalation and Co-ordinated response
- Strengthened materiality data integrity and report discipline
- Consistent implementation and performance tracking across business units

Governance strengthens decision quality and accountability, enabling resilient performance while supporting sustainable finance growth and credible sustainability disclosures.

Disclosures

Core content element: Governance – SLFRS Sustainability-related Financial Disclosures on pages 141 to 171.

Report of the BIRMC on pages 238 to 240

Report of the BSC on pages 256 and 257

Board Committee reports

Report of the Board Audit Committee

The Committee strengthened its oversight of technology governance and information system controls, ensuring that the Bank's digital infrastructure remains resilient.

Composition of the Committee

The Board Audit Committee (the BAC) during the year under review, comprised the following Independent Non-Executive Directors, in conformity with the requirements of the Section 9.13.3 of the Listing Rules issued by CSE, Section D.3.1 of the Code of Best Practice on Corporate Governance – 2023, issued by CA Sri Lanka and Section 6.2 (b) of the CBSL Directions No. 05 of 2024 on Corporate Governance for Licensed Commercial Banks and amendments thereto.

Board Members and attendance

	Eligible to attend/attended
Mr P Y S Perera* Chairman	09/09
Mr R Senanayake* Director	09/09
Mr P M Kumarasinghe* Director	09/09
Ms N T M S Cooray* Director (Relinquished office w.e.f. September 20, 2025)	07/06
Ms R M A S Parakrama* Director (Appointed w.e.f. October 01, 2025)	02/02
Mr L D Niyangoda* Director (Relinquished office w.e.f. August 27, 2025)	07/06

**Independent Non-Executive Director*

Regular attendees by invitation

Mr S C U Manatunge Managing Director/Chief Executive Officer	08/08
Mr S Prabagar Director/Chief Operating Officer	09/09
Mr J Premanath Deputy General Manager – Management Audit	
Mr L W P Indrajith Chief Financial Officer (Appointed w.e.f. May 21, 2025)	
Mr S K K Hettihamu Chief Risk Officer	
Ms R M C Siyambalagastenne Assistant General Manager – Compliance/Compliance Officer	
Mr P K A S K Gunawardhana Chief Information Officer	
Ms S N Dandeniya Chief Information Security Officer	
Mr K D N Buddhipala Chief Financial Officer (Retired w.e.f. May 21, 2025)	

Representatives of the Bank's External Auditor – Messrs KPMG

Secretary to the Committee

Mr J Premanath
Deputy General Manager – Management Audit

Profiles of the members are indicated on pages 32 to 39.

Regulations/Rules relevant to the function of the Committee

The role, functions and the composition of the BAC are defined by the provisions of the:

- Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks in Sri Lanka and amendments thereto (Effective January 01, 2025)
- Section 9.13 of the Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Terms of Reference of the Committee

The BAC, operating under delegated authority from the Board, plays a key role in supporting the Board's responsibilities by providing structured oversight of the Group's financial reporting requirements, internal audit, internal controls, and external audit processes.

The Board-approved Charter/Terms of Reference (TOR) of the Committee comprehensively outline its purpose, composition, duties, responsibilities, and authority. The Committee is tasked with ensuring the quality and integrity of the Bank's financial statements and disclosures, monitoring compliance with internal policies and regulatory requirements, strengthening internal controls over financial reporting, and assessing the performance and independence of the external auditor to protect the interests of shareholders and all other stakeholders.

The Committee's Charter/TOR is reviewed annually to ensure continued alignment with evolving regulatory, governance, and operational requirements. During the year, the BAC Charter was reviewed and approved by the Board at its meeting held on October 31, 2025, reflecting the revisions introduced under the Banking Act Directions No. 05 of 2024 amendments thereto on Corporate Governance for Licensed Banks as well as to oversee the operating effectiveness of internal controls over sustainability reporting processes and disclosures. The revisions primarily incorporated the oversight responsibilities delegated to the BAC in relation to Sustainability-Related Risks and Opportunities (SRROs).

Key responsibilities of the Committee

- Ensure that financial reporting systems in place are effective and well managed in order to provide accurate, appropriate and timely information to the Board, Regulatory Authorities, the Management, and other stakeholders.
- Review the appropriateness of accounting policies, and ensure adherence to statutory and regulatory compliance requirements, and applicable accounting standards.
- Review the appropriateness and reasonableness of the underlying assumptions that inform the estimates and judgments applied in the preparation of the financial statements.
- Ensure that the Bank adopts and adheres to high standards of corporate governance practices, conforming to the highest ethical standards, and good industry practices, in the best interest of all stakeholders.
- Evaluate the adequacy, efficiency, and effectiveness of risk management measures, internal controls, including information systems controls, and governance processes in place to avoid, mitigate, or transfer current and evolving risks.
- Monitor all aspects of Internal Audit, Information Systems Audit, and External Audit program of the Bank, and review Internal and External Audit Reports for follow up with the Management on responses to their findings and recommendations.
- Review the Interim and Annual Financial Statements of the Bank, to ensure the integrity of such Statements prepared for disclosure, prior to submission to the Board.
- Oversee the design, implementation, and operating effectiveness of internal controls over sustainability data collection, aggregation, validation, and reporting to ensure completeness, accuracy, and reliability of sustainability disclosures.
- Oversee the independence of the Internal Audit Department and evaluate the adequacy of its scope, responsibilities, and resource allocation.
- Evaluate the independence, performance, and remuneration of external auditors, including limits on non-audit services and auditor rotation requirements.

Highlights of the year 2025

In 2025, BAC focused on reinforcing the integrity of the Bank's financial reporting processes and enhancing oversight of key governance functions. In fulfilling its oversight responsibilities, the Committee independently reviewed significant accounting policies, material estimates, and management assumptions to ensure integrity and reliability of financial information presented to stakeholders.

During the year, the BAC reviewed the Bank's Expected Credit Loss (ECL) framework, which was developed in accordance with applicable accounting standards and regulatory requirements. The Committee also assessed the adequacy of impairment provisions and material impairment-related adjustments, with due consideration of the key assumptions and management judgments applied. These reviews were conducted to ensure compliance with relevant accounting standards and supervisory expectations, and to provide assurance on the appropriateness, consistency, and robustness of the Bank's impairment provisioning practices.

The Committee also reviewed the Group's consolidated financial results, with particular emphasis on CAPEX investments, to ensure that such investments were appropriately justified, properly accounted for, and supported by the Group's financial strength and long-term strategic objectives.

The Committee also assessed the impact of portfolio growth on key regulatory liquidity indicators, such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), with a view to ensuring ongoing compliance with regulatory requirements and adherence to the Bank's approved risk appetite framework.

The Committee continued to monitor the effectiveness of the internal control framework, with emphasis on governance, compliance, and technology-related risks. Progress on management action plans was tracked to ensure sustainable resolution of control weaknesses and continuous improvement across the Bank's operations.

The Committee reviewed the effectiveness of internal control systems over Related Party Transactions (RPTs) undertaken during the year to ensure compliance with applicable regulatory requirements, accounting standards, and the Bank's approved policies. The Committee assessed the appropriateness of such transactions, including pricing and terms, to confirm that they were conducted on an arm's length basis, duly approved, transparently disclosed, and did not give rise to conflicts of interest or undue risk to the Bank.

As the Bank accelerates its digital-first strategy, the Committee strengthened its oversight of technology governance and information system controls, ensuring that the Bank's digital infrastructure remains resilient against the evolving threat landscape. In this context, the Committee encouraged the expeditious establishment of a Managed Security Operations Center (MSOC) as a key initiative to enhance real-time threat monitoring, detection, and incident response capabilities.

The Committee also maintained close oversight of the implementation of the Identity and Access Management (IAM) project, aimed at strengthening the Bank's logical access controls and overall security posture.

In discharging its oversight responsibilities over the assurance functions, the Committee evaluated the effectiveness, independence, and objectivity of both the internal and external audit activities. The BAC further assessed the adequacy of internal audit resources, professional competencies, audit methodologies, and coverage to ensure continued alignment with the Bank's evolving risk profile and regulatory expectations.

The Committee maintained regular and constructive engagement with the external auditor to support an independent, objective, and high-quality audit process, thereby strengthening the integrity and reliability of the Bank's financial reporting.

Financial reporting

During 2025, BAC diligently discharged its responsibilities to ensure the reliability of financial reporting. The Committee rigorously reviewed the Bank's financial statements to confirm compliance with Sri Lanka Accounting Standards, maintaining transparency and the adequacy of disclosures. Special attention was given to evaluating critical accounting policies and significant judgments made in preparing the financial statements, ensuring consistency with industry standards and providing an

accurate and fair representation of the Bank's financial position. The BAC also reviewed the assumptions underlying the Bank's going concern status, including the viability statement, to validate their appropriateness in light of current and future risks. Furthermore, the Committee ensured that supplementary regulatory information, including tax assessments outstanding, was reported accurately and in full compliance with applicable laws and regulations.

In addition, the Committee reviewed the Group's consolidated financial statements, focusing on the accuracy, completeness, and consistency of consolidation processes, inter-company balances, and related adjustments. The BAC assessed the financial performance and position of subsidiaries and its overseas operations to ensure that Group financial results appropriately reflected underlying business activities, capital investments, and risk exposures, and that they were aligned with the Bank's strategic and capital management objectives.

The Committee also conducted focused reviews on the integrity of financial reporting for the Bank and the Group, taking into account key developments and risks during the year, including exchange rate movements, inflation trends, changes in interest rates, government debt restructuring and evolving regulatory requirements.

Additionally, the Committee obtained assurances from the Managing Director/Chief Executive Officer and the Chief Financial Officer regarding the integrity of the Bank's financial records, confirming that the financial statements provided a true and fair view of the operations and financial position of the Bank and the Group.

Internal controls over financial reporting (ICOFR)

In accordance with Section 9.2(b) of Banking Act Directions No. 05 of 2024, and amendments thereto the Bank has established and maintains a robust framework to ensure the reliability and integrity of its financial reporting systems.

The Committee continued to assess the adequacy and effectiveness of the Bank's internal control environment, ensuring the integrity and accuracy of its financial reporting. This oversight encompassed the evaluation of control design and execution within financial reporting processes, verification of compliance with regulatory requirements, and proactive identification of potential risks. In fulfilling its duties, BAC worked closely with both internal and external auditors to rigorously review these controls and promptly address any weakness identified. The Committee also ensured that Management has established robust processes to sustain continuous compliance, thereby ensuring the financial statements reliably reflect the Bank's operational and financial position.

During the year, the Committee conducted a thorough review of the governance practices within the Finance function, including accounting policies and operational procedures, to ensure the robustness and adequacy of the account reconciliation process and the effective monitoring of suspense accounts. Pursuant to the recommendations of the BAC, an external consultant was engaged to assess and provide guidance on strengthening the internal control environment supporting the financial reporting process within the Finance Department. The Committee continues to closely oversee the engagement, monitoring the implementation of recommended enhancements and evaluating their effectiveness in improving the reliability, robustness, and sustainability of the Bank's financial reporting controls.

The BAC also reviewed the adequacy and integrity of the Bank's Management Information System (MIS) through internal audit reports to ascertain whether information presented to the Board is "fit for purpose".

For Group companies, changes to internal control systems were reviewed by the respective Board Audit Committees, with significant matters escalated to the BAC for attention and resolution. This systematic approach ensures that internal control systems across the Bank and its Group companies remain strong and effective, aligned with regulatory requirements and the Bank's commitment to sound governance.

The Committee reviewed and approved the Directors' Statement on Internal Controls over Financial Reporting and Risk Management for disclosure in the Annual Report.

Integrated Audit, Internal Audit and IS Audit

The BAC provides oversight of the Bank's Integrated Audit Function, which encompasses both Internal Audit and Information Systems Audit (ISA). The Committee ensured the independence and operational effectiveness of the Integrated Audit, maintaining its strategic alignment with the Bank's evolving risk profile and organisational objectives. The Deputy General Manager – Management Audit reports directly to, and meets frequently with, the Chair of the BAC to maintain open and transparent communication.

The Integrated Audit function remained compliant with all applicable local regulatory requirements governing Internal Audit function, while aligning its methodologies and practices with internationally recognised professional standards. This included adherence to the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA), as well as the Code of Ethics promulgated by Information Systems Audit and Control Association (ISACA).

In 2025, the BAC reviewed and approved a risk-based Integrated Audit Plan, developed jointly by the Inspection Department and the Information Systems Audit Unit. The plan adopts a proactive approach to audit prioritisation, integrating thorough risk assessments that encompass both conventional operational risks and emerging challenges, including cybersecurity threats, digital transformation complexities, risks associated with portfolio growth and climate-related financial risks. This approach ensures that audit efforts are concentrated on the most critical areas with the highest potential impact across the Bank and its subsidiaries.

The audit coverage is comprehensive, encompassing a blend of onsite, online, offsite and integrated audits to assess the effectiveness of processes and controls. In addition, thematic reviews and special reviews are undertaken to provide deeper insights into emerging risk areas, control weaknesses, and cross-functional process themes that may not be captured through routine audits. This combined approach ensured broader risk coverage, enhanced assurance, and proactive identification of systemic and emerging issues.

Regular updates from the Deputy General Manager – Management Audit provided the Committee with insights into key findings, risk exposures, and the progress of corrective actions implemented by the Management.

During the year, the Committee's oversight priorities centered on key operational and financial control areas such as Financial Reporting, Treasury Operations, Lending, Branch Operations, Procurement, Payments, and ECL provisioning. The Committee's independent oversight helped reinforce credit risk management

and ensured the adequacy and accuracy of impairment provisions. This oversight supported robust compliance with internal policies and regulatory requirements, while contributing to the ongoing enhancement of the Bank's risk management framework and the strengthening of financial integrity and transparency.

During the year, the Committee reviewed and evaluated the audit coverage of the Information Systems Audit Unit (ISAU), ensuring that it remained aligned with the Bank's key technology risk exposures, with particular emphasis on cyber resilience, IT governance, and regulatory compliance. The Committee's deliberations covered both existing and emerging risk areas associated with the Bank's digital transformation, including cloud adoption, API integrations, endpoint security, and the adequacy of vulnerability and privileged access management controls.

In addition, the Committee maintained oversight of key technology risk domains, including cyber risk, compliance with relevant standards (ISO 27001:2022 and PCI-DSS), IT operational risk, data governance and protection, access management, business continuity readiness, third-party service management, and network vulnerability management. Through such oversight, the Committee ensured that IT Controls and governance frameworks remained effective and consistently applied across local and overseas operations, thereby strengthening the overall technology control environment.

Additionally, the Committee evaluated the resource requirements of the Integrated Audit Department to ensure its capacity to deliver comprehensive audit coverage. The BAC will conduct the performance evaluation of the Deputy General Manager – Management Audit and senior staff members of the Internal Audit Department for 2025.

During the year, Committee members visited twelve branches and their corresponding Regional Offices. Insights and observations from these visits were shared with the Board and the Management, prompting deliberations on key strategic and business-related process improvements. Clear action points identified for immediate execution, as well as broader strategic initiatives to improve business operating models, strengthen control environments, and drive operational transformation across the branch network.

Effectiveness of the External Audit

The Committee reviewed the independence and effectiveness of the Bank's External Auditor. To uphold stringent governance standards, the Committee ensures compliance with regulatory requirements, including limiting the auditor's tenure to a maximum of six years and mandating the rotation of the lead engagement partner after three years within this period. Accordingly, Messrs KPMG, Chartered Accountants, continued as the Bank's External Auditor for the financial year 2025, providing independent assurance and supporting the BAC's oversight of financial reporting integrity.

The Committee met with the External Auditors independently, without the presence of Executive Directors and Management, providing them the opportunity to express their views freely on any matter. This process assured the BAC that management had provided all necessary information and explanations, imposed no restrictions on the audit's scope, and maintained a cooperative relationship with the External Auditors, free of disagreements.

The BAC reviewed the Auditors' Declaration regarding their independence, confirming compliance with the Code of Conduct and Ethics of The Institute of Chartered Accountants of Sri Lanka. Audit fees, expenses, and any non-audit services provided by the Auditors were scrutinised to ensure these did not impair their independence or objectivity. The Committee ensured that non-audit services adhered to regulatory requirements and the Board approved Policy on Non-Audit Services, thereby avoiding any restricted activities.

Following completion of the annual audit for the year ended December 31, 2024, the BAC reviewed other assurance reports, including the Management Letter and discussed its findings with the External Auditors before its formal submission to the Board and the Central Bank of Sri Lanka (CBSL). Further, the Committee evaluated the proposed Audit Plan and scope for the year ending December 31, 2025, ensuring that it remains aligned with the Bank's strategic priorities and regulatory expectations.

Oversight on regulatory compliance

The Committee exercised diligent oversight to ensure the Bank's full compliance with all relevant regulatory and statutory obligations. It comprehensively reviewed the Bank's adherence to mandatory banking regulations and other legal requirements, evaluating the robustness of the existing compliance frameworks and internal controls. Quarterly compliance reports submitted by the Assistant General Manager – Compliance served as a key tool for the Committee to monitor ongoing compliance and promptly identify emerging risks. Furthermore, independent audits conducted by the Bank's Inspection Department provided an additional layer of assurance, reinforcing the Committee's confidence in the Bank's regulatory compliance.

The Committee closely monitored the implementation of recommendations arising from the Central Bank of Sri Lanka's Statutory Examination Reports through regular progress updates. It also reviewed the status of corrective actions taken in response to findings from the Bangladesh Bank's Statutory Examination Report concerning the Bank's operations in Bangladesh, ensuring that all issues were addressed in a timely and effective manner.

Risk management

The Committee diligently reviewed the effectiveness of the Bank's internal control mechanisms, ensuring compliance with regulatory requirements, particularly in relation to ICAAP, and the capital assessment process for the year 2024. In alignment with Section 10 (Pillar II – Supervisory Review Process) of the Banking Act Directions No. 01 of 2016 on the "Capital requirements under Basel III", the Committee confirmed the integrity, accuracy, and reasonableness of the Bank's capital adequacy assessment procedures.

The positive assurance statements submitted by the Chief Risk Officer provided the Committee with confidence that appropriate processes were in place to identify and manage significant risks. The Committee proactively sought and received assurances from relevant Business Units regarding the remedial actions implemented to address identified risks, ensuring the ongoing effectiveness and robustness of the internal control framework.

Governance, conduct, and ethics

Through a review of regulatory, external audit, compliance, risk and internal audit reports, the Committee ensured that Management's role over the first and the second lines is clearly defined and segregated to fortify good governance. The Committee strongly advocated for and strengthened the internal audit function. The Deputy General Manager – Management Audit is independent from the Management in their reporting lines, and holds no operational decision-making responsibilities, which provides an additional degree of independence and governance.

During the year, a comprehensive assessment of the Bank's governance framework was conducted, with particular focus on Board oversight, regulatory compliance, and the effectiveness of internal controls. Through this review, the Committee evaluated the Bank's alignment with applicable legal, regulatory, and industry best practices. The assessment enabled the BAC to identify areas of strength, highlight opportunities for improvement, and make recommendations to enhance governance practices, reinforce regulatory compliance, and support the Bank's long-term sustainability and resilience.

The Committee continuously emphasised on upholding ethical values of the staff members. In this regard, the Bank has a Code of Ethics, a Whistleblowers' Charter and an Anti-Bribery and Anti-Corruption Policy in place, which ensure and encourage all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

The Committee ensured that appropriate mechanisms were in place to uphold the highest standards of corporate governance and to facilitate impartial investigations into incidents reported through the whistleblowing mechanism or identified through other means. Throughout the year, the Deputy General Manager – Management Audit provided the Committee with regular updates on the effectiveness of the whistleblowing program, including adequacy of control measures and the outcomes of key investigations.

In 2025, the Committee conducted a thorough review of the Whistleblowers' Charter, which was subsequently endorsed by the Board, reinforcing the Bank's commitment to ethical conduct and accountability.

Reporting to the Board

The minutes of the Committee meetings were tabled at Board meetings, thereby providing Board members with access to the deliberations of the Committee.

Committee evaluation and effectiveness

During the year, an independent evaluation of the BAC's overall effectiveness was conducted by the other members of the Board. This review assessed the Committee's discharge of its responsibilities, quality of oversight, engagement with Management and the auditors, and its overall contribution to the Bank's governance and risk management framework. The evaluation concluded that the Committee was highly effective in fulfilling its mandate and supporting the Bank's strategic objectives.

In addition, the BAC undertakes an annual self-assessment to support continuous improvement in its operations, reaffirm its independence, evaluate the adequacy of its collective expertise and resources, and confirm alignment with evolving best practices in corporate governance and audit oversight.

P Y S Perera
Chairman
Board Audit Committee

February 26, 2026

Report of the Board Integrated Risk Management Committee

The Committee reviewed all significant and emerging risks during the year, focusing on their potential impact on the Bank's operations, financial stability and strategic objectives.

Composition of the Committee

Pursuant to the requirements of the Section 6.5 of the Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks which became effective from January 01, 2025, and Section D.4.1 of the Code of Best Practice on Corporate Governance-2023, issued by CA Sri Lanka, the Board of Directors of the Bank has resolved that the composition of the Board Integrated Risk Management Committee (BIRMC) shall be comprised of the following Board Members from January 01, 2025.

Board Members and attendance

	Eligible to attend/attended
Mr R Senanayake* Chairman	05/05
Ms J Lee* Director	05/04
Ms D L T S Wijewardena* Director	05/04
Mr D N L Fernando* Director	05/05
Mr P Y S Perera* Director	05/05

**Independent Non-Executive Director*

Invitees by Ex Officio basis

Mr S C U Manatunge — 04/04
Managing Director/Chief Executive Officer

Mr S K K Hettihamu
Chief Risk Officer

Regular attendees by invitation

Mr S Prabagar — 04/04
Director/Chief Operating Officer

Ms R M C K Siyambalagastenne
Assistant General Manager Compliance/ Compliance Officer

Mr P K A S K Gunawardhana
Chief Information Officer

Secretary to the Committee

Mr K D N Buddhipala
Former Chief Financial Officer
(Retired w.e.f. May 21, 2025)

Mr L W P Indrajith
Chief Financial Officer
(Appointed w.e.f. May 21, 2025)

Profiles of the members as at December 31, 2025, are indicated on pages 32 to 39.

Terms of Reference of the Committee

The BIRMC was established in accordance with the Central Bank of Sri Lanka (CBSL) regulatory framework for Corporate Governance in licensed banks. Its formation historically aligned with Directions No. 11 of 2007, which was superseded by the Banking Act Directions on Corporate Governance for Licensed Banks No. 05 of 2024, dated September 30, 2024 and amendments thereto, issued by the CBSL. The composition and the scope of work of the Committee are in line with the said Directions, as set out in the BIRMC Charter which is reviewed annually, most recently in January 2026, which clearly sets out the membership, authority, duties and responsibilities of the BIRMC as described in the "Risk Governance and Management" Section of this Annual Report on pages 273 to 296.

The BIRMC assists the Board of Directors in fulfilling its responsibilities of overseeing the Bank's risk management framework and activities including the review of major risk exposures, the steps taken to monitor and control those exposures pertaining to the myriad of risks faced by the Bank in its business operations. Responsibilities of the BIRMC include determining the adequacy and effectiveness of such measures and ensuring that the actual overall risk profile of the Bank conforms to the desirable risk profile, as defined by the Board. Special attention is given to the material risks that the Bank may face within its existing portfolio of risks, as well as for forward-looking and emerging risks that require action to minimise their potential impact on future performance.

All key risks such as Credit, Operational, Market, Liquidity, Information Security, Technology Risk and Cybersecurity, Strategic, etc. are assessed by the BIRMC regularly through a set of defined risk indicators. The Committee works very closely with the Key Management Personnel and the Board in fulfilling its statutory, fiduciary and regulatory responsibilities for risk management. The risk profile of the Bank is communicated to the Board of Directors periodically through the Risk Assessment report following each BIRMC meeting.

Activities in 2025

In discharging the above duties and responsibilities vested in the BIRMC, the Committee reviewed all significant and emerging risks during the year, focusing on their potential impact on the Bank's operations, financial stability and strategic objectives. The activities carried out by the Committee are appended below:

- The Bank demonstrated continued resilience in 2025, proactively managing its credit portfolio amidst a dynamic market environment as the overall market showed improved signs of recovery and more stability compared to 2024. Recognising that the impact of shifting market conditions in various sectors required continued vigilance, the Bank, with the help of the Integrated Risk Management Department (IRMD), leveraged various internal capabilities and know-how to navigate the evolving economic landscape effectively.
- Local and global macro-economic factors were discussed with a view to identify and assess the impact of such factors on changes in the Banking sector as a whole and for the Bank, in order to initiate remedial action in a proactive manner. Further, various challenges experienced by the Bank due to socio-economic and geo-political factors gave rise to volatile market conditions. The impact of these factors on the Bank's capital and performance were reviewed closely by the BIRMC, and mitigatory measures were deliberated accordingly to reduce the impact.
- Comprehensive risk oversight was maintained on all financial subsidiaries including Commercial Bank of Maldives and the Bangladesh operations. The Committee deliberated extensively on various risk aspects associated with the Maldives and the Bangladesh Operations, taking into account the macro-economic and political uncertainties that prevailed in both countries. Strategic decisions were made to mitigate potential impacts, strengthen resilience and proactively address emerging challenges.
- Comprehensive Policy and Guideline frameworks for Overseas Lending, Supply Chain and Distributor Financing, as well as Agency Banking, have been developed and implemented to reinforce and enhance the Bank's overall Risk Management framework, ensuring robust governance, effective oversight, and alignment with regulatory and strategic objectives.
- Successfully established and operationalised the Operational Risk Review function to enhance the Bank's operational risk landscape, enabling timely identification and escalation of critical risks to support informed Management decision-making.
- Reviewed and approved comprehensive scorecards for assessing climate related risks within Internal Capital Adequacy Assessment Process (ICAAP) 2024, covering the Bank's lending portfolio, to ensure effective integration of climate risk into the capital planning process in alignment with industry best practices and regulatory expectations.
- Provided oversight of sustainability-related risks and reviewed and approved the Bank's sustainability disclosures, ensuring compliance with SLFRS S1 and S2 standards and alignment with global best practices in sustainability reporting.
- Provided oversight of risk mitigation measures for IT incidents, cybersecurity breaches, and digital fraud, ensuring quarterly monitoring and reporting of IT and cybersecurity risks in compliance with regulatory requirements.
- Successfully implemented an automated, web-based solution for Individually Significant Customer (ISC) impairment assessments. This solution establishes a seamless end-to-end data pipeline for the accurate identification and validation of ISC exposures, thereby strengthening the Bank's credit risk assessment framework. Implemented as part of the Bank's broader digital transformation agenda and ongoing commitment to enhancing risk management practices, the initiative supports more robust credit risk assessments, timelier decision-making, and improved regulatory compliance.
- Artificial Intelligence & Machine Learning (AI & ML) Model Governance and Data Cleansing Policy frameworks were implemented to strengthen and enhance the Bank's overall Data Governance framework, in line with the Personal Data Protection Act No. 09 of 2022 and industry best practices.
- Approval of parameters and limits set by the Management against various risk categories upon ascertaining that they are in accordance with the relevant laws and regulations as well as the desired policy levels stipulated by the Board of Directors.
- Periodic reports from the Management were reviewed on the metrics used to measure, monitor and manage risks, including acceptable and appropriate levels of risk exposures. The reviews covered both inherent and residual risk levels which indicated the progress of implementing controls and assessing the effectiveness of measures to address the sources of risk.
- Improvements were recommended to the Bank's Risk Management Framework and related policies and procedures as deemed suitable, in consideration of anticipated changes in the economic and business environment, including consideration for emerging risks, legislative or regulatory changes and other factors relevant to the Group's risk profile.
- The Key Risk Indicators (KRIs) designed to monitor the level of specific risks were reviewed regularly, with a view of determining the adequacy of such indicators to serve the intended risk management objectives. Moreover, proactive measures were taken to control risk exposures. The actual results computed monthly were reviewed against each risk indicator and prompt corrective actions were recommended to mitigate the effects of specific risks, in case such risks exceeded the prudent thresholds defined by the Board of Directors.
- Reviewed and revised the Terms of Reference of all Management Committees dealing with specific risks or some aspects of risk such as the Executive Integrated Risk Management Committee, Executive Committee on Monitoring NPLs, Credit Policy Committee, Information Security Council, Asset and Liability Committee, etc. for enhanced effectiveness. Actions initiated by the Senior Management were monitored periodically to verify the effectiveness of the measures taken by these respective Committees.
- The annual work plans, related strategies, policies and frameworks of the above Committees were reviewed to ensure that these Committees have a sound understanding of their mandates and mechanisms to identify, measure, avoid, mitigate, transfer or manage the risks within the qualitative and quantitative parameters set by the BIRMC.

- Reviewed and approved the ICAAP results related to Commercial Bank Group entities to ensure that the Group maintains an appropriate level and quality of capital in line with the risks inherent in its activities and projected business performance.
- Reviewed, approved and oversaw the Bank's Recovery Plan (RCP) framework and accountability matrix whilst ensuring that RCP is subject to comprehensive internal audit. Moreover, the Early Warning Indicators/Trigger events defined in the RCP paper were periodically monitored in order to assess compliance with regulatory guidelines and Board approved RCP Policy parameters.
- Reviewed and approved the identified critical systems essential for uninterrupted banking operations, as per CBSL Banking Act Directions No. 16 of 2021 on Technology Risk Management and Resilience.
- Monitored the effectiveness and the independence of the risk management function within the Bank and ensured the adequacy of resources deployed for this purpose.
- Reviewed the effectiveness of the compliance function in order to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of business operation. Increasing regulatory expectations, challenging working conditions and heightened levels of misbehaviour of certain customer segments posed further challenges during the period under review in this front.
- Initiated appropriate action through the Management against failures of the Risk Owners in order to improve the overall effectiveness of the Risk Management of the Bank.
- The risk profiles of the Subsidiaries of the Bank were monitored through periodic review of KRIs and comprehensive annual risk reviews.
- Continually overseeing the Sustainable Banking Initiatives performed by the Bank (through Executive Sustainability Committee) whilst consistently directing the Data Governance Framework of the Bank and periodically evaluating the adequacy of controls deployed with regard to confidentiality, integrity and availability of Data Assets.
- Reviewed the adequacy of the Business Continuity and Disaster Recovery plans of the Bank, in line with the statutory requirements.
- Findings from the bi-annual Risk Control Self-Assessment (RCSA) exercise were reviewed.

During the year under review, the BIRMC held four (04) meetings on a quarterly basis and one (01) additional meeting specifically to discuss the ICAAP of the Bank.

Proceedings of the Committee meetings which also included activities under its Charter were regularly reported to the Board of Directors.

R Senanayake
Chairman
Board Integrated Risk Management Committee

February 26, 2026

Report of the Board Nominations and Governance Committee

The Committee has overall responsibility for ensuring that the Board and its Committees have the appropriate balance of skills, experience, independence, diversity, and expertise to effectively discharge their respective duties and responsibilities.

Composition of the Committee

The Board Nominations and Governance Committee (the BNGC) during the year under review comprised of the following Independent Non-Executive Directors in conformity with the requirements of Direction 6.4 of the Banking Act Directions No. 05 of 2024 and amendments thereto, Section 9.11.4 of the Listing Rules of the CSE and Section A.7.1 of the Code of Best Practice on Corporate Governance-2023, issued by CA Sri Lanka.

Board Members and attendance

	Eligible to attend/attended
Ms J Lee* Chairperson	09/09
Mr S Muhseen* Director	09/09
Mr R Senanayake* Director	09/09
Dr S Selliah* Director	09/09

**Independent Non-Executive Director*

Attendees by invitation

Mr S C U Manatunge
Managing Director/Chief Executive Officer

Secretary to the Committee

Mr R A P Rajapaksha
Company Secretary

Profiles of the members as at December 31, 2025, are indicated on pages 32 to 39

Terms of Reference of the Committee

The Committee was established to ensure Board's oversight and control over the selection of Directors, Chief Executive Officer and Key Management Personnel. The Composition and the scope of work of the Committee are in line with the Terms of Reference (TOR) of the Committee. The Committee makes recommendations to the Board on all new appointments to the Board and Key Management Personnel in line with its TOR. The Committee has overall responsibility for ensuring that the Board and its Committees have the appropriate balance of skills, experience, independence, diversity, and expertise to effectively discharge their respective duties and responsibilities. Refer Composition of the Board (as at December 31, 2025) – Figure – 63 on page 223 for further information in this connection.

The BNGC assists the Board of Directors in fulfilling the following responsibilities:

- Review the composition of the Board and its Committees and make recommendations for approval by the Board of the membership of Board and Board Committees ensuring appropriate skills and experience in sustainability, climate change and stakeholder governance to arrange Director development where required.
- Review the leadership needs of the organisation, both Executive and Non-Executive with a view to ensuring long term sustainability of the Bank to compete effectively in the market place.
- Implement a procedure for the appointment and re-appointment of Directors to the Board taking into account factors such as fitness, propriety including qualifications, competencies, independence and relevant statutory provisions and regulations.
- Oversee appointment and composition of the Sharia Supervisory Board (SSB or Sharia Board) of the Islamic Banking Unit (IBU).
- Implement a procedure for the selection/ appointment of Managing Director/ Chief Executive Officer (MD/CEO), Chief Operating Officer (COO) and other Key Management Personnel (KMP).
- Set the criteria such as academic/ professional qualifications, skills, competencies, experience, independence, conflict of interest and other key attributes required for the eligibility to be considered for the appointment or promotion to the position of MD/CEO, COO and KMP.
- Prior to any appointment being made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment, and to conduct periodic evaluations of the performance of Board of Directors and the CEO to ensure that their responsibilities are satisfactorily discharged.
- Consider in respect of the Executive Directors and KMP proposals for their appointment or promotion and any proposal for their dismissal or any substantial change in their duties or responsibilities or the terms of their appointment.
- Prior to the appointment of a Director, ensure that the proposed appointee would disclose any other business interests that

may result in a conflict of interest and report any future business interests that could result in a conflict of interest.

- Consider and recommend from time to time, the requirements of additional/new expertise for Directors and other KMP.
- Propose the maximum number of listed Company Board representations which any Director may hold in accordance with relevant statutory provisions and regulations.
- Peruse duly completed Affidavits and Declarations of all Directors and KMP and recommend same for approval of the Board.
- Consider if each Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the knowledge, experience and qualifications required to meet the strategic demands faced by the Bank, the number of directorships of listed Company Boards on which the Director is represented, other principal commitments and applicable provisions of Law.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re-appoint Directors of the Bank.
- Ensure the Directors, CEO and the KMP are fit and proper persons to hold office as specified in Directions 03 and 8.2 of the Banking Act Directions No.05 of 2024 and amendments thereto in any other applicable laws and regulation.
- Formulate and annually review plans for succession for KMP, Executive and Non-Executive Directors in the Board and in particular the key roles of Chairman, CEO and Chief Operating Officer, taking into account challenges and opportunities facing the Company and skills needed in the future.
- Make recommendations to the Board concerning suitable candidates for the role of Senior Independent Director in instances where Chairman is not an Independent Director, and membership of other Board Committees as appropriate in consultation with the Chairpersons of those Committees. Additionally, the Committee ensures that all Directors are required to submit themselves for re-election at regular intervals, and at least once every three years, in accordance with the Section 9.11.6 of the Listing Rules of the CSE.
- Review and recommend the overall Corporate Governance framework of the Bank taking into account the Listing Rules of the CSE, other applicable regulatory requirements and industry/international best practices.
- Monitor the progress of any relevant Corporate Governance or Regulatory Developments and recommend any actions or changes it considers necessary for Board approval and ensure compliance with existing Laws and regulations.
- Be authorised to express their independent views when making decisions.
- Be authorised by the Board to obtain, at the Bank's expense, outside legal or other professional advice on any matters within its TOR.
- Invite any Member of the Corporate Management, any Member of the Bank staff or any external advisers to attend meetings as and when appropriate and necessary.
- Periodically review and update the Corporate Governance Policies/framework of the Bank in line with the regulatory and legal developments relating to the same.
- Recommend to Board on the indemnity and insurance cover to be taken in respect of all Directors and other KMP in accordance with the Companies Act No. 07 of 2007 (as amended), Articles of Association and other applicable regulations or laws.
- Obtain the views of the Board Integrated Risk Management Committee in selecting the Chief Risk Officer and the Compliance Officer, and that of the Board Audit Committee in selection of the Deputy General Manager – Management Audit.
- Quarterly evaluate the status of Independence of the Independent Non-Executive Directors in terms of Direction 2.5(b) of the Banking Act Directions No. 05 of 2024 and amendment thereto.
- Ensure that the Directors are updated on the applicable laws, regulations, macroeconomic policies, latest technological developments and emerging financial sector and market developments relevant to the Banking industry on a continuous basis.
- Identify the training needs of the Directors and make recommendations to the Board relating to training, capacity building and professional development programmes for the Directors on a regular basis.

Activities in 2025

- In discharging the above duties and responsibilities vested in the BNGC, the Committee obtained declarations from all Directors (except the two Executive Directors) through a prescribed format, confirming their status of independence to ensure compliance with the Listing Rules of the CSE and the Banking Act Directions No. 05 of 2024 and amendment thereto. During the reporting period, there were no major issues that needed to be communicated to the Independent Directors.
- Affidavits signed by each of the Directors in the prescribed format were obtained with the assistance of the Company Secretary to satisfy an annual requirement imposed under a Direction issued by the Central Bank of Sri Lanka (CBSL) and the originals of same were furnished to the Director of Bank Supervision of CBSL to enable the CBSL to re-assess their fitness and propriety.
- In addition, Affidavits signed by each of the Director was obtained with the assistance of the Company Secretary to satisfy a regulatory requirement imposed on the Bank by the CSE to reinforce the Directors commitment towards upholding their Fitness and Propriety.
- Deliberated and recommended the Board Sustainability Committee (BSC) to align with global best practices and provide Board-level oversight to the Bank's existing Corporate Social Responsibility (CSR) Trust and green financing initiatives.
- The Committee, having considered the vacancy created in the Board by the retirement of Mr L D Niyangoda, identified a suitable candidate and recommended the appointment of Ms R M A S Parakrama as an Independent Non-Executive Director to the Board in August 2025.

  Based on the Committee's recommendations, the Board approved several significant changes in the KMP cadre during the year. These changes included the appointment of a new Chief Digital Officer and Assistant General Manager – Marketing to the Bank. Deputy General Manager – HRM (Designate) was re-designated as the Deputy General Manager – Human Resource Management (HRM) pursuant to the retirement of the incumbent Deputy General Manager – HRM. Three Senior Officers were promoted to the grade of Assistant General Manager, and one Assistant General Manager was promoted to the grade of Deputy General

Manager. Three Assistant General Managers were re-designated to oversee Operations, Personal Banking and Corporate Banking and the Deputy General Manager – Finance was re-designated as the Chief Financial Officer.

- The BNGC recommended the proposed Director appointments for Board approval and subsequent nomination to the respective subsidiary boards.
- The BNGC conducted periodic evaluations on the performance of the Board of Directors and the CEO to ensure that their responsibilities are satisfactorily discharged. The Board approved the Succession Plan in May 2025, as recommended by the Committee.
- An Evaluation of the BNGC Performance by Directors who are not Members of the Committee was conducted to ensure that the Committee responsibilities are satisfactorily discharged.
- The BNGC deliberated in detail pertaining to results of the Self-Assessment Questionnaires, Board Assessment Questionnaires, and Assessment of the Effectiveness of Corporate Governance Practices.
- The BNGC ensures that induction programmes and orientation sessions for newly appointed Directors, covering Corporate Governance, Listing Rules, Securities Market Regulations, and other applicable laws and regulations, are conducted by the Bank after their appointment. The Committee continued to work closely with the Board of Directors on matters assigned to it and duties and responsibilities delegated to it in terms of the Committee's TOR and reported back to the Board of Directors with its recommendations.
- An annual update was provided to existing Directors on Corporate Governance, Listing Rules, and other applicable laws and regulations by the Compliance Officer and the Company Secretary. The Bank has fully complied with the Corporate Governance requirements stipulated under the Listing Rules of the CSE. Additionally, the Bank has met all provisions outlined in the Banking Act Directions No. 05 of 2024 and thereto. Corporate Governance for Licensed Commercial Banks in Sri Lanka.
- During the year under review, the BNGC held nine (09) meetings.
- Proceedings of the Committee meetings which also included activities under the TOR were regularly reported to the Board of Directors.

Re-election/Election of Directors at the AGM 2026

As provided for in the Articles of Association of the Bank, the Committee recommended the retirement by rotation of two Directors and the election of one Director who was appointed to fill a casual vacancy on the Board during the year 2025. The Committee ensures that all Directors are required to submit themselves for re-election at regular intervals, and at least once in every three years, in accordance with the provisions of the Section 9.11.6 of the Listing Rules of the CSE.

Directors proposed to be re-elected/elected at the AGM 2026 Table – 86

Name of Director	Board Committees in which the Director is a Chairperson	Date of first appointment as Director	Date of last re- appointment	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Bank
Ms J Lee	Board Nominations and Governance Committee	August 13, 2020	March 30, 2023 (Elected under Article 92 of the Articles of Association)	Refer "Board of Directors and Profiles" on pages 32 to 39	None
Dr S Selliah	Board Human Resources & Remuneration Committee Board Investment Committee	April 27, 2022	March 30, 2023 (Elected under Article 92 of the Articles of Association)	Refer "Board of Directors and Profiles" on pages 32 to 39	None
Ms R M A S Parakrama	N/A	August 11, 2025	N/A	Refer "Board of Directors and Profiles" on pages 32 to 39	None

Ms J Lee
Chairperson
Board Nominations and Governance Committee

February 26, 2026

Report of the Board Human Resources and Remuneration Committee

The Committee maintained rigorous oversight of the Bank's internal frameworks to ensure alignment with local labour laws and international best practices.

Composition of the Committee

The Board Human Resources and Remuneration Committee (the BHRRC) during the year under review, comprised of the following Independent Non-Executive Directors in conformity with the requirements of Section 9.12.6 of the Listing Rules of the CSE the Section B.2.2 of the Code of Best Practice on Corporate Governance 2023, issued by CA Sri Lanka and the requirements of the Section 6.3 of the Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks and amendments thereto, which became effective from January 01, 2025.

Board Members and attendance

	Eligible to attend/attended
Dr S Selliah* Chairman (Appointed as the Chairman w.e.f. January 01, 2025)	07/07
Mr S Muhseen* Director	07/07
Mr R Senanayake* Director	07/07
Ms J Lee * Director	07/07

**Independent Non-Executive Director*

Regular attendees by invitation

Mr S C U Manatunge — 07/07
Managing Director/Chief Executive Officer
(Participated in all deliberations except those matters impacting his own terms and conditions of employment)

Secretary to the Committee

Mr U I S Tillakawardana
Former Deputy General Manager – Human Resource Management
(Served as the Secretary to the Committee until March 02, 2025 and he subsequently retired from the services of the Bank on September 30, 2025)

Mr S K Ranaweera
Deputy General Manager – Human Resource Management
(Appointed as the secretary to the committee w.e.f. March 03, 2025)

Profiles of the members are indicated on pages 32 to 39

Terms of Reference of the Committee

The Committee is vested with power to evaluate, assess, decide and recommend to the Board of Directors on any matter that may affect the Human Resources Management of the Bank and shall specifically include:

- Determining the compensation of the Chairman, Deputy Chairman, Managing Director and other members of the Board of Directors of the Bank.
- Determining the compensation and benefits of the Key Management Personnel (KMP) and establishing performance parameters in setting their individual targets.
- Lay down guidelines, policies and parameters for the compensation structures for all executive staff of the Bank and oversee the implementation thereof.
- Review information related to executive pay from time to time to ensure same is in par with the market/industry rates as per the strategy of the Bank.
- Setting goals and targets for the Directors, Managing Director and KMP.
- Evaluate the performance of the Managing Director and KMP against the pre agreed targets and goals.
- Make recommendations to the Board of Directors from time to time of the additional/new expertise required at the Bank.
- Review and recommend Sustainability – linked KPIs for relevant Executive Directors, Corporate management, and senior leadership and ensure appropriate linkage between Sustainability-Related Risks and Opportunities (SRRO) outcomes and remuneration.
- Assess and recommends to the Board of Directors, succession management and issues connected to the Organisational Structure.
- Recommend/decide/direct on disciplinary action where significant financial or reputational loss to the Bank is caused by KMP of the Bank.
- Review of the effectiveness of Terms of Reference of the Executive Human Resources Steering Management Committee.

The Chairman of the Committee can convene a special meeting in the event a requirement arises provided all members are given sufficient notice of such special meeting. The quorum for a meeting is three (3) members. Members of the Corporate Management may be invited to participate at the sittings of the Committee meetings as and when required by the Chairman, considering the topics for deliberation at such meetings.

Guiding principles

The overall focus of the Committee:

- Setting guidelines and policies to formulate compensation packages, which are attractive, motivating and capable of retaining qualified and experienced employees in the Bank.
- Providing guidance and policy direction for relevant matters connected to general areas of Human Resources Management of the Bank.
- Ensuring that the performance related element of remuneration is designed and tailored to align employee interests with those of the Bank and its main stakeholders and support sustainable growth.
- Structuring remuneration packages to ensure that a significant portion of the remuneration is linked to performance, to promote a pay for performance culture.
- Promoting a culture of regular performance reviews to enable staff to obtain feedback from their superiors in furtherance of achieving their objectives and development goals.
- Developing a robust pipeline of talent capable and available to fill key positions in the Bank.

Methodology adopted by the Committee

The Committee recognises rewards as one of the key drivers influencing employee behaviour, thereby impacting business results. Therefore, the reward programmes are designed to attract, retain and motivate employees to perform by linking performance to demonstrable performance-based criteria. In this regard, the Committee evaluates the performance of the Managing Director and KMP against the pre-agreed targets and goals that balance short-term and long-term financial and strategic objectives of the Bank.

The Bank's variable (bonus) pay plan is determined according to the overall achievements of the Bank and pre-agreed individual targets, which are based on various performance parameters. The level of variable pay is set to ensure that individual rewards reflect the performance of the Bank overall, the particular business unit and individual performance. The Committee makes appropriate adjustments to the bonus pool in the event of over or under achievement against predetermined targets. In this regard, the Committee can seek external independent professional advice on matters falling within its purview.

Further, the Committee may seek external agencies to carry out salary surveys to determine the salaries paid to staff vis-à-vis the market position, enabling the Committee to make informed decisions regarding the salaries and perquisites in the Bank.

Activities in 2025

During the year, the Committee carried out its duties in accordance with the Committee's Terms of Reference and regulatory requirements and maintained rigorous oversight of leadership performance and organisational stability throughout 2025. The Committee maintained rigorous oversight of the Bank's internal frameworks to ensure alignment with local labor laws and international best practices.

The Key activities carried out included the following:

- **Executive Performance & Rewards:** The Committee evaluated the performance of the Corporate Management, including the Managing Director/CEO. Based on a holistic review of the Bank's financial results, market benchmarks, and the established reward scheme, the Committee recommended performance-based incentives for Board approval.
- **Succession Planning & Talent Management:** To ensure long-term leadership continuity, the Committee reviewed the Corporate Management structure. This assessment integrated the Bank's Succession Plan with the career trajectories of high-potential internal candidates to align with future strategic needs.
- **Enhancement of Staff Loan benefits:** To ensure that total remuneration package remains competitive within the evolving talent market, the Committee conducted a comprehensive review of staff loan entitlements. Following this assessment, amendments were approved to enhance the benefit offerings, reinforcing our commitment to employee financial well-being and long-term retention.
- **Review of HR Policy:** The Committee carried out a comprehensive review of the Bank's overarching Human Resources Policy to enhance employee welfare and operational efficiency. The Bangladesh Human Resources Policy was also reviewed by the Committee.
- **Renewal of Outsourcing Policy:** The Committee conducted a comprehensive review and renewal of the Bank's Outsourcing Policy. This update ensures robust governance of third-party engagements, strengthens risk management frameworks, and aligns vendor performance with the Bank's operational efficiency goals.
- **Manpower Planning:** Reviewed and formally submitted the Manpower Plan for 2025-2026. This plan focuses on optimising staff strength across branches and head office departments to meet the Bank's growth targets.
- **Organisational Structure Modification:** In response to the Bank's digital transformation goals, the Committee oversaw critical changes to the management hierarchy and approved strategic modifications to the Bank's organisational chart to remove silos and improve cross-departmental agility.
- **Resource Optimisation and Workforce Planning:** To optimise organisational resources and facilitate career progression, the Committee reviewed and recommended a Voluntary Retirement Scheme (VRS) for Executive Assistants (EA). This initiative was specifically designed for EAs who have completed 20 years of service within the grade, ensuring a balanced workforce structure and addressing potential career stagnation.
- **Corporate Management Recruitment:** The Committee oversaw the recruitment process for Key Corporate leadership roles.

The Committee convened seven (07) times during the year. Further, the Committee maintained agility by reviewing and approving urgent matters via circular resolutions. Proceedings of the Committee meetings which also included activities under its Charter were regularly reported to the Board of Directors.

Dr S Selliah
Chairman
Board Human Resources and Remuneration Committee

February 26, 2026

Report of the Board Related Party Transactions Review Committee

Under the oversight and guidance of the BRPTRC, the Bank implemented a range of strategic initiatives aimed at enhancing the governance and monitoring framework for RPT.

Composition of the Committee

The Board Related Party Transactions Review Committee (the BRPTRC) during the year under review, comprised of the following Independent Non-Executive Directors in conformity with the requirements of the Section 9.14.2 of the Listing Rules of the CSE and Section D.5.2 of the Code of Best Practice on Corporate Governance-2023, issued by CA Sri Lanka.

Board Members and attendance

	Eligible to attend/attended
Mr P M Kumarasinghe* Chairman (Appointed as the Chairman w.e.f. January 01, 2025)	04/04
Ms D L T S Wijewardena* Director (Appointed w.e.f. January 01, 2025)	04/04
Mr P Y S Perera* Director (Appointed w.e.f. January 01, 2025)	04/04
Mr L D Niyangoda* Director (Relinquished office w.e.f. August 27, 2025)	02/02

**Independent Non-Executive Director*

Regular attendees by invitation

Mr S C U Manatunge Managing Director/Chief Executive Officer	04/04
Mr S Prabagar Director/Chief Operating Officer	04/04

Secretary to the Committee

Mr L W P Indrajith
Chief Financial Officer

Profiles of the members are indicated on pages 32 to 39.

Terms of reference of the Committee

Demonstrating its commitment to good governance, the Board of Directors of the formed the BRPTRC in 2014 by early adopting the Code of Best Practice on Related Party Transactions as issued by the Securities and Exchange Commission of Sri Lanka (SEC) which became mandatory for all listed entities from January 01, 2016.

The Committee assists the Board in reviewing all related party transactions (RPT) carried out by the Bank, all its subsidiaries in the Group to ensure that the interests of shareholders as a whole are taken into account by the Bank when entering into RPT and also to ensure that Directors, Key Management Personnel (KMP) and shareholders with material shareholding of the Bank do not secure any undue advantage due to their positions, thereby avoiding any conflicts of interest. The Committee also assists the Board in maintaining transparency in relation to RPT with the required disclosures.

The mandate of the Committee includes inter-alia, the following:

- Developing, updating and recommending a RPT Policy consistent with that proposed by the Section 9 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange (CSE), the Banking Act No. 30 of 1988 and amendments thereto and the Directions issued thereunder for adoption by the Board of Directors of the Bank and its listed subsidiary.
- Updating the Board of Directors on the RPT of the Bank and each of the companies in the Group as and when required.
- Advising the Board in making immediate market disclosures on applicable RPT as required by the Section 9.14.7 of the Listing Rules of the CSE.
- Advising the Board in making appropriate disclosures on RPT in the Annual Report as required by the Section 9.14.8 of the Listing Rules of the CSE.
- Reviewing and recommending RPT as per the RPT Policy for the approval of the Board of Directors.

Methodology adopted by the Committee

- Reviewing the mechanisms in place to obtain declarations from all Directors (at the time of joining the Board and quarterly thereafter) by the Company Secretary, the primary contact point for Directors, of any existing or potential RPT carried out by them or their Close Family Members (CFM) and obtaining further declarations in the event of any change during the quarter to the positions previously disclosed.
- Reviewing the mechanisms in place to obtain confirmations on any new appointments accepted by Directors of the Bank in other entities as KMP, informing the Company Secretary to identify and capture transactions carried out by the Bank with such entities, if any, which need to be disclosed under 'Directors' Interest in Contracts with the Bank' as disclosed on pages 271 and 272 of this Annual Report.
- Reviewing the mechanisms in place to capture and feed relevant information on RPT, which also includes information on KMP, CFM and the Bank's subsidiaries into the data collection system and the accuracy of such information.

- Ensuring that a Director who has a material personal interest in matters considered at meetings is abstained while the matter is being discussed at meetings and does not take part in recommending such RPT to the Board of Directors.
- Obtaining an annual declaration from each Director, as required by the CBSL which is designed to elicit information about any existing or potential RPT.
- Ensuring that annual declarations are submitted by Directors directly to the Bank's external auditor immediately after the closure of the Financial Year for external audit purposes.
- Obtaining independent validation from the Bank's Internal Audit division for information submitted to the Committee for its review.

Following types of RPT were brought to the attention of the Committee during the year under review as required by the Sections 7.3 and 7.4 of the Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks and amendments thereto issued by the CBSL.

- Any credit facility or any other form of accommodation for Related Parties- "Individuals" as identified by the Directions aforesaid as approved by the Board.
- Any credit facility or any other form of accommodation for Related Parties- "Entities" as identified by the Directions aforesaid as approved by the Board.

Activities in 2025

During 2025, under the oversight and guidance of the BRPTRC, the Bank implemented a range of strategic initiatives aimed at enhancing the governance and monitoring framework for RPT, as given below.

- Established the Executive Related Party Transactions Review Committee (ERPTRC) to support the BRPTRC in identifying potential issues in RPT, reviewing quarterly declarations from business and other units, evaluating the RPT Policy for improvements, conducting staff training and awareness, and escalating matters requiring corrective action or guidance to the BRPTRC.
- Implemented a Related Party Framework within the Core Banking System To enhance RPT tracking and monitoring. This system enhancement enables the client-facing teams to identify and monitor Related Parties during customer onboarding, customer inquiry, and maintenance functions on customer information, with system alerts configured to display the relationship during these functions. Complementing this, the RPT Knowledge Hub was developed and hosted on the Bank's intranet to serve as a central repository for all RPT-related policies, guidelines, and information, improving accessibility and awareness across the Bank.
- The RPT Policy and the Terms of Reference (TOR) of the Committee was reviewed and updated during the year as part of the Bank's ongoing policy review process. The amended RPT Policy and the TOR was reviewed and approved by the Board and arrangements were made to disseminate the amended RPT Policy among all relevant stakeholders for their acknowledgement and implementation.
- Awareness sessions were also conducted by the Finance Division for relationship managers and the regional managers to educate them on the requirements of the Banking Act Directions for compliance.

Meetings

The Committee held four (4) meetings during the year under review as required by Section 9.14.4 (I) of the Listing Rules. The Committee reviewed all RPT carried out during the year at its quarterly meetings and the proceedings of the Committee meetings, which also included activities under its TOR, were regularly reported to the Board of Directors for information.

P M Kumarasinghe
Chairman
Board Related Party Transactions Review Committee

February 26, 2026

Report of the Board Credit Committee

The Committee provided strategic oversight of the Bank's credit direction, prioritised disciplined credit growth and portfolio quality, while further integrating Environmental, Social, and Governance (ESG) considerations into the Bank's lending framework.

Composition of the Committee

The Board Credit Committee (the BCC) during the year under review comprised of the following Board members.

Board Members and attendance

	Eligible to attend/attended
Mr S Muhseen* Chairman	12/12
Mr D N L Fernando* Director	12/12
Mr P M Kumarasinghe* Director	12/11
Mr S C U Manatunge Managing Director/Chief Executive Officer	11/11
Mr S Prabagar Director/ Chief Operating Officer	11/11
Ms R M A S Parakrama* Director (Appointed to the committee w.e.f. October 01, 2025)	03/03
Ms N T M S Cooray* Director (Relinquished office w.e.f. September 20, 2025)	08/07

**Independent Non-Executive Director*

Secretary to the Committee

Mr R A P Rajapaksha
Company Secretary

Profiles of the members as at December 31, 2025, are indicated on pages 32 to 39.

Terms of Reference of the Committee

The BCC assists the Board of Directors in effectively fulfilling its responsibilities relating to Credit Direction, Credit Policy and Lending Guidelines of the Bank in order to inculcate healthy lending culture, meeting standards and best practices and ensure relevant rules, regulations and directions issued by the appropriate authorities are complied with.

Responsibilities of the BCC include:

- Review and consider changes proposed by the Management from time to time to the Credit Policy and the Lending Guidelines of the Bank.
- Review the credit risk controls in lending, ensure alignment with the market context and the internal policy of the Bank and the prevailing regulatory framework in order to ensure continuous maintenance and enhancement of the overall quality of the Bank's loan book.
- Evaluate, assess and approve credit proposals which fall within the delegated authority level of the Committee as prescribed by the Board from time to time.
- Ensure Bank follows appropriate credit pricing taking in to account the capital charges in relation to the lending limits.
- Evaluate, assess and approve concessions on interest and writing off of bad debts within the delegated authority level of the Committee as prescribed by the Board from time to time.
- Review and recommend credit proposals which fall within the purview of the Board.
- Evaluate and recommend counterparty exposures, sector exposures and cross border exposures to the Board as per the frequencies identified in the Risk Management Policy of the Bank.
- Review and evaluate special reports called for by the BCC.
- Set lending directions based on the current economic climate and risk appetite of the Bank.
- Proactively review, discuss and remedy significantly large lending exposures with increased vulnerabilities.

The Committee works very closely with the Key Management Personnel and the Board in fulfilling its statutory, fiduciary and regulatory responsibilities for risk management.

Activities in 2025

The activities carried out by the Committee are appended below:

- The Committee navigated a complex macroeconomic and geopolitical landscape, the Committee provided strategic oversight of the Bank's credit direction, prioritised disciplined credit growth and portfolio quality, while further integrating Environmental, Social, and Governance (ESG) considerations into the Bank's lending framework to ensure long-term resilience.

- The Bank closely monitored the significant physical and economic disruptions caused by Cyclone Ditwah when determining strategic credit directions.
- The Committee approved credit proposals above the predetermined limit and recommended credit proposals and other credit reports for approval/perusal by the Board of Directors after careful scrutiny.
- The Committee ensured strict compliance with applicable regulatory requirements concerning Large Exposure Limits and Related Party Transactions.
- The Committee provided guidance for the implementation of customer profitability metrics such as Gross Return on Assets (GROA), Net Return on Assets (NROA) and Capital Adjusted Return Metrics.
- The Committee deliberated strategies and framework for overseas lending for better credit and FX related risk management.
- The Committee deliberated on credit-related implications from political changes for the Bank's operations in Bangladesh and Maldives.
- The Committee conducted its first-ever meeting in Bangladesh, marking a significant milestone in the Bank's oversight of its international operations and demonstrating a deepened commitment to the regional credit portfolio.
- Members of the Committee engaged in direct field assessments, visiting large-scale industrial facilities of key corporate clients in Bangladesh. These site visits provided the Committee with firsthand insights into the operational scale and market dynamics of the Bangladesh portfolio, further strengthening the Bank's credit evaluation process for cross-border facilities.
- The Committee engaged in strategic dialogue with the Governor of the Central Bank of Bangladesh to assess the nation's macroeconomic stability. These discussions focused on the resilience of key economic drivers, including remittance flows and export performance, ensuring the Bank's credit strategy remains aligned with Bangladesh's regulatory and economic trajectory.
- The Committee executed its mandate in strict alignment with the Bank's lending policies and regulatory requirements. By operating within the Board-approved credit risk appetite, the Committee ensured the portfolio was managed according to stipulated risk parameters while successfully meeting the Bank's strategic lending targets.
- The Committee deliberated and reviewed on various Policies such as the 'Group Environmental and Social Risk Management Policy' and the 'Credit Risk Review Policy', 'Write off and Write down Policy of Credit Facilities' of the Sri Lankan Operations of the Bank.
- The Committee reviewed the activities of the Business Revival and Rehabilitation unit on a quarterly basis.
- The Committee deliberated on credit exposures of the Bank to various sectors such as 'Rice Mill Industry' and 'Tourism Sector'.

During the year under review, the BCC held Twelve (12) meetings, and the proceedings of the BCC meetings were regularly reported to the Board of Directors.

S Muhseen
Chairman
Board Credit Committee

February 26, 2026

Report of the Board Strategy Development Committee

The Committee emphasised the elevation of customer experience as a core strategic differentiator and evaluated the advancement of digital tools and the implementation of comprehensive human capital development programs to equip staff for a service-led transformation.

Composition of the Committee

The Board Strategy Development Committee (the BSDC) during the year under review comprised of the following members.

Board Members and attendance

	Eligible to attend/attended
Mr S Muhseen* Chairman	09/09
Mr R Senanayake* Director	09/09
Mr S C U Manatunge Managing Director/Chief Executive Officer	09/09
Ms J Lee* Director	09/09
Dr S Selliah* Director	09/09
Mr L D Niyangoda* Director (Relinquished office w.e.f. August 27, 2025)	07/07
Ms N T M S Cooray* Director (Relinquished office w.e.f. September 20, 2025)	07/07

**Independent Non-Executive Director*

Secretary to the Committee

Mr R A P Rajapaksha
Company Secretary

Profiles of the members as at December 31, 2025, are indicated on pages 32 to 39.

Terms of Reference of the Committee

The BSDC was established to have an overall Bank-wide strategic management oversight. The Committee is empowered:

- To assist the Board in performing its core responsibilities relating to the Bank's strategy.
- To advise and monitor the Management on:
  - Identification of business strategies geared for the sustainable development of the Bank; and
  - Establishment of processes for planning, implementing, assessing and adjusting of the business strategies.
- To oversee the Management's engagement on the strategic perspective, direction and development of the strategy for the Bank and its business units.
- To oversee the Management's implementation of the approved strategic plan and the progress against strategic milestones and goals.
- To oversee the Management's implementation of major business transformation projects and their execution.
- To engage in detailed discussion and provide guidance to the Management on:
  - Whether the governance, risk appetite, financial and capital planning, liquidity and funding management, risk and control environment and resources can support the Bank's strategic objectives.
  - Divestitures, Mergers and Acquisitions (M&A) strategies including post transaction performance tracking.
  - The impact of changes in the competitive environment.
- To foster a cooperative, interactive strategic planning process between the Board and the Management.
- To provide recommendations for strategic direction of the Bank's subsidiaries whenever appropriate.

Activities in 2025

The activities carried out by the Committee are appended below:

- The Committee emphasised the elevation of customer experience as a core strategic differentiator. In this regard, the Committee evaluated the advancement of digital tools and the implementation of comprehensive human capital development programs designed to equip staff with the competencies required for a service-led transformation.
- The Committee deliberated on the importance of standardising service levels across all customer touch points.
- The Committee evaluated the strategic progression of the Bank's digital banking platform, focusing on the impact of new product offerings on customer satisfaction and identifying future enhancements to optimise the platform's overall effectiveness and market reach.

- The Committee discussed the use of data analytics and AI to improve customer experience.
- The Committee requested regular presentations by the Chief Information Officer on the technology road-map and ongoing technological developments within the Bank.
- The Committee conducted a comprehensive performance review of the Bank's subsidiaries, focusing on strengthening Group-wide synergies. Deliberations centered on optimising subsidiary operations and aligning their strategic road-maps with the Group's overarching objectives to enhance their collective contribution to consolidated earnings and shareholder value.
- The Committee conducted a collaborative Mid-Year Review of the 2025 Budget and 2025–2029 Corporate Plan with the Board of Directors to assess progress.
- The Committee deliberated on the potential stress on the capital adequacy arising due to many external factors and measures that need to be taken to augment capital adequacy.
- The Committee reviewed and discussed matters of importance arising from the Minutes of the Executive Strategy Development Committee Meetings.
- The Committee discussed strategies for the Bank's overseas expansion, focusing on potential markets and entry strategies.
- The Committee conducted discussions regarding the initiation of operations at the Colombo Port City, exploring feasibility, strategic implications, and operational considerations to make informed decisions moving forward.
- The Committee deliberated on the commencement of the Islamic Banking Window Operations during the year under review.
- The Committee formulated the strategic transition of the Elite Banking segment towards 'World-Class Excellence,' prioritising the delivery of superior customer experiences and the deployment of advanced wealth management capabilities to meet the expectations of the global affluent market.

During the year under review, the BSDC held nine (09) meetings and the proceedings of the BSDC meetings were regularly reported to the Board of Directors.

S Muhseen
Chairman
Board Strategy Development Committee

February 26, 2026

Report of the Board Technology Committee

Proceedings were reported to the Board with recommendations on the 2026-2030 Strategy, which focuses on AI & Hyper-Personalisation, Customer-Facing Intelligence, and Ecosystem Banking.

Composition of the Committee

During the year under review, the Board Technology Committee (BTC) comprised the following members. The committee's composition was revised in 2025 to include the Assistant General Manager – Transformation, Chief Digital Officer (CDO), and Chief Information Security Officer (CISO) as Ex-Officio members as permanent attendees.

Board Members and attendance

	Eligible to attend/attended
Ms D L T S Wijewardena* Chairperson	08/08
Mr S C U Manatunge Managing Director/Chief Executive Officer	07/07
Mr S Prabagar Director/Chief Operating Officer	07/07
Mr P M Kumarasinghe* Director	08/06
Mr D N L Fernando* Director	08/08
Mr P Y S Perera* Director (Appointed to the committee w.e.f. January 01, 2025)	08/07
Ms R M A S Parakrama* Director (Appointed to the committee w.e.f. October 01, 2025)	02/02

**Independent Non-Executive Director*

Regular attendees by invitation

Mr P K A S K Gunawardhana
Chief Information Officer

Mr T P Suraweera
Assistant General Manager – Transformation

Mr U K P Banduwansa
Assistant General Manager – Operations

Mr J W R N Boteju
Chief Digital Officer

Ms S N Dandeniya
Chief Information Security Officer

Ms J D S Denagama
Principal Engineering Manager – IT R&D

Secretary to the Committee

Mr K S A Gamage
Assistant General Manager – Information Technology (Operations)

Profiles of the members as at December 31, 2025, are indicated on pages 32 to 39.

Terms of Reference of the Committee

The primary objective of the BTC is to ensure technology initiatives align with the Bank's strategy while maintaining secure, reliable, and compliant systems. In 2025, the Terms of Reference (TOR) were updated to include oversight of the effectiveness of data governance, AI ethics frameworks, and the value realisation of technology investments. The Committee also expanded its focus to include governance of emerging technologies like Artificial Intelligence (AI) and the Cybersecurity Strategy roadmap.

Activities in 2025

The Committee convened on eight (08) occasions during the year. Proceedings were reported to the Board with recommendations on the 2026–2030 Strategy, which focuses on AI & Hyper-Personalisation, Customer-Facing Intelligence, and Ecosystem Banking. The Bank demonstrated a strong capacity for execution, delivering over 520 projects in 2025, exceeding the initial target of 350.

Key IT initiatives in 2025

- **Digital Transformation Performance:** Overall digital penetration reached 86.42% as of August. Revenue from digital channels grew by 33%, surpassing the Rs. 1 billion mark.
- **AI and Data Science (BCG Project):** Successfully launched SME underwriting models and initiated personal and housing loan scorecards. The Bank is moving toward an "AI Super Assistant" model to provide ultra-personalised services to 100% of users.

- **OneApp (Super App) Platform:** Advanced the development of a unified application to consolidate existing mobile apps. The Phase 1 go-live is planned for H1 2026, with a full Sri Lanka launch in H2 2026.
- **Micro services Architecture:** Orchestrated the transition to a robust Micro services Architecture. This shift replaces rigid monolithic structures with a dynamic ecosystem, ensuring our infrastructure is fully AI-ready and highly adaptable to market demands.
- **Identity and Access Management (IAM):** Implemented Single Sign-On (SSO) for internal staff and critical systems like Corporate Banking to mitigate risks of dormant user accounts.
- **Customer Data Platform (CDP):** Commenced implementation of a CDP to act as the "central nervous system", unifying siloed data for a 360-degree customer view.
- **Infrastructure Modernisation:** Started Software-Defined Wide Area Network (SD-WAN) implementation for foreign regions to enhance security and centralised management.

Information security and resilience

The Bank continued its Information Security Roadmap (2025–2029), prioritising 20 critical projects. Key milestones included:

- **Managed Security Operations Center (MSOC):** Shortlisted and recommended vendors for 24/7 proactive threat detection and incident response.
- **Network Access Control (NAC):** Progressed with site-wise deployment after a successful Proof of Concept (POC) to ensure only authorised devices access the network with the posture verification.
- **Database Encryption:** Achieved full encryption for branch workstations and production/DR Nutanix virtual servers.

Modernisation & governance

To ensure the Bank remains at the forefront of the industry, the Committee prioritised a "Future-Ready" technology strategy. Major recommendations for the year focused on redefining the customer experience by developing an all-encompassing digital banking platform and integrating frictionless payment solutions.

By recommending the acquisition of centralised data platforms and advanced analytics engines, the Committee has prioritised a shift towards Data-driven Hyper-Personalisation, ensuring that customer interactions are timely, relevant, and tailored to individual needs.

Simultaneously, the Committee reinforced the Bank's defensive posture by approving the procurement of advanced cyber-surveillance tools and upgrading global disaster recovery capabilities. The roadmap also emphasised internal efficiency, with significant approvals for the digitisation of workforce management and risk compliance frameworks, ensuring the Bank's operations are as agile as its digital channels.

Future outlook

The Bank is establishing a Change Acceleration Office (CAO) and a 'Digital Academy' to build agile, cross-functional skills. The strategic shift for the next decade focuses on transitioning from Graphical User Interfaces (GUI) to Language User Interfaces (LUI), powered by AI agents that anticipate and serve customer needs conversationally.

Ms D L T S Wijewardena
Chairperson
Board Technology Committee

February 26, 2026

Report of the Board Investment Committee

Recommended for approval by the Board and monitored the issuance of a Basel III compliant Tier II Green Bond. This included setting provisional interest rates and overseeing the successful conclusion of the issue.

Composition of the Committee

The Board Investment Committee (the BIC) during the year under review comprised of the following members.

Board Members and attendance

	Eligible to attend/attended
Dr S Selliah* Chairman	12/12
Mr S Muhseen* Director	12/12
Ms J Lee* Director	12/08
Mr S C U Manatunge Managing Director/Chief Executive Officer	10/10
Mr S Prabagar Director/Chief Operating Officer	12/12
Mr P Y S Perera* Director (Appointed to the Committee w.e.f. January 01, 2025)	12/11
Ms R M A S Parakrama* Director (Appointed to the Committee w.e.f. October 01, 2025)	03/03
Ms N T M S Cooray* Director (Relinquished office w.e.f. September 20, 2025)	08/08

**Independent Non-Executive Director*

Regular attendees by invitation

Mr K D N Buddhipala Former Chief Financial Officer (Retired w.e.f. May 21, 2025)

Mr L W P Indrajith Chief Financial Officer (Appointed w.e.f. May 21, 2025)

Mr A Wijesiriwardane Deputy General Manager – Treasury

Mr S K K Hettihamu Chief Risk Officer

Secretary to the Committee

Mr A Wijesiriwardane
Deputy General Manager – Treasury

Profiles of the members as at December 31, 2025, are indicated on pages 32 to 39.

Terms of Reference of the Committee

The BIC is mandated to achieve the Bank's financial goals, whilst maintaining market risk and liquidity risk at desired levels and maintaining a healthy capital buffer at all times.

In October 2025, the Committee reviewed the Terms of Reference (TOR) and approved them with no changes incorporated. Subsequently, in November 2025, the Committee formally approved the TOR for the year. The Committee also reviewed the TOR for the Asset and Liability Committee (ALCO) and recommended it be submitted to the Board Integrated Risk Management Committee (BIRMC) for better alignment with risk management functions.

Methodology adopted by the Committee

The Committee met monthly during the year to discuss, review, and action key responsibilities, including defining investment objectives, overseeing asset allocation, approving investment limits, and evaluating macroeconomic developments.

Activities in 2025

The Committee evaluated and recommended actions proposed by the Management in areas of investment, risk management, and capital mobilisation. Following key areas where the Committee was required to recommend and make decisions can be highlighted:

- **Capital Augmentation (Green Bond):** Recommended for approval by the Board and monitored the issuance of a Basel III compliant Tier II Green Bond. This included setting provisional interest rates (10.5%-12.5% AER) and overseeing the successful conclusion of the issue in August 2025, which received Rs. 22 Bn. in bids for the Rs. 15 Bn. issuance.
- **Strategic Asset Allocation:** Guided the Bank's strategy to liquidate portions of the LKR investment portfolio to fund credit growth and manage liquidity, ensuring the Net Interest Margin (NIM) was optimised against a backdrop of declining portfolio yields.
- **Bangladesh Operations Expansion:** Significant policy changes for Bangladesh operations, including the "Capital Markets Investment Policy" to commence equity investments and the enhancement of High Frequency Trading (HFT) portfolio limits to BDT 45 Bn. were recommended for approval by the Board. The Committee also approved Money Market limits for selected local banks to facilitate term lending.
- **Foreign Currency Investment Strategy:** Recommended the investment of USD 30 Mn. in Past Due Interest (PDI) bonds under the Fair Value through Other Comprehensive Income (FVOCI) portfolio to enhance foreign currency yields for approval by the Board. The Committee also monitored the impairment and capital repayment of these instruments.
- **Risk and Limit Management:** Reviewed and recommended counterparty limits for various international financial institutions, including Qatar National Bank, Bank of Bahrain, SMBC, and First Abu Dhabi Bank for approval by the Board. Additionally, the Committee approved the increase of overall USD/LKR swap limits to USD 350 Mn.

- **Macroeconomic Monitoring:** Conducted continuous assessment of macroeconomic risks, specifically the impact of US tariffs on the export sector, the economic impact of the "Ditwah" cyclone, and the application of the Taylor Rule in forecasting policy rates.
- **Investor Relations:** Tracking of the share price and pricing recommendations by different analysts, and discussion of the investor relations activities by the Bank.

Dr S Selliah
Chairman
Board Investment Committee

February 26, 2026

Report of the Board Sustainability Committee

Provided strategic direction to ensure sustainability considerations are integrated into the Bank's strategy, governance, operations and risk management.

Formation of the Committee

The Board Sustainability Committee (BSC) was established on 2025, to provide structured guidance of the Bank's sustainability matters. It supports the Board in sustainability strategy and disclosure credibility, with primary guidance for areas such as the sustainability roadmap, targets, external positioning, while ensuring compliance with SLFRS Sustainability Disclosure Standards and alignment with relevant national priorities and international best practices.

Composition of the Committee

In accordance with its Charter, the Committee comprises a minimum of four Non-Executive Directors, with the Chair being an Independent Non-Executive Director.

Board Members and attendance

	Eligible to attend/attended
Mr S Muhseen* Chairman	01/01
Mr R Senanayake* Director	01/01
Ms J Lee* Director	01/01
Ms R M A S Parakrama* Director	01/00

**Independent Non-Executive Director*

Ex-Officio Members

	Eligible to attend/attended
Mr S C U Manatunge Managing Director/Chief Executive Officer	01/01
Mr S K K Hettihamu Chief Risk Officer	
Mr L W P Indrajith Chief Financial Officer	

Regular attendees by invitation

	Eligible to attend/attended
Mr S Prabagar Director/ Chief Operating Officer	01/01
Mr L H Munasinghe Deputy General Manager – Corporate Banking/Chairman – Sustainability Working Committee	
Mr M D C P Dharmasena Assistant General Manager- Services	
Mr M A T Jayawardana Assistant General Manager – Finance	
Ms M A A U Senaratne Assistant General Manager – Marketing	

Secretary to the Committee

Ms M A A U Senaratne
Assistant General Manager – Marketing

Profiles of the members as at December 31, 2025 are indicated on pages 32 to 39.

Term of Reference of the Committee

The Charter of the BSC sets out the authority, roles, responsibilities and operating procedures required for the Committee to assist the Board in providing strategic direction on Environmental, Social and Governance (ESG) matters. The Charter is reviewed annually to ensure it remains aligned with evolving relevant regulatory, accounting, or prudential requirements applicable to Licensed Commercial Banks, including updates to SLFRS Sustainability Disclosure Standards.

The primary responsibilities of the Committee

- Provide strategic guidance to promote alignment between sustainability considerations, the Bank's corporate strategy and stakeholder expectations.
- Assist compliance with relevant national and international sustainability-related standards and disclosures, including SLFRS Sustainability Disclosure Standards.
- Provide strategic direction to ensure sustainability considerations are integrated into the Bank's strategy, governance, operations and risk management.
- Review the material sustainability matters and management proposals, and recommend necessary improvements or alternative approaches to the Board of Directors.
- Advise the Board of Directors on significant sustainability strategies, policies, frameworks and disclosures for Board of Directors approval.

In order to discharge the above primary responsibilities, the Committee undertakes the following activities under four themes:

Strategic Integration

- Review Management proposals on the integration of sustainability and ESG considerations into business strategy, products, operations and governance, and recommend improvements or actions to the Board of Directors, as appropriate.

Sustainable Finance

- Provide strategic guidance and recommendations on emerging sustainable financing initiatives, innovative instruments, and global best practices to enhance the Bank's sustainable finance positioning and alignment with international and national standards.

Climate Transition Plan and Net Zero Strategy

- Review and provide recommendations on the Bank's Climate Transition Plan and associated initiatives to support long-term climate objectives, including the progression towards net zero by 2050 target.
- Provide strategic recommendations on the Bank's operational initiatives related to environmental performance, such as the adoption of renewable energy, strategies for Green Buildings, and plans to achieve and maintain Carbon Neutrality.
- Provide guidance to the Management in engaging additional stakeholders to enable successful execution of the plan, if required.

Disclosure, governance, and capacity building

- Provide guidance on sustainability-related disclosures across applicable national and international reporting frameworks, emphasising transparency, credibility, consistency, and clarity in communicating the Bank's ESG performance to stakeholders.
- Assist the Bank in developing and maintaining the necessary skills, expertise, and internal capacity to effectively respond to evolving Sustainability and ESG best practices.
- Advise and provide strategic guidance on the Bank's long-term sustainability plan, offering specialised ESG insights.

Activities in 2025

The Committee held its inaugural meeting on 2025. During this meeting, the members formally agreed on the Terms of Reference of the Committee, which are constituted by the Board Sustainability Committee Charter.

S Muhseen
Chairman
Board Sustainability Committee

February 26, 2026

Statement of compliance

Further to the Annual Report of the Board of Directors on the Affairs of the Company appearing on pages 4 and 5, given below is a summary of the extent of compliance with the requirements of Section 168 of the Companies Act No. 07 of 2007 and amendments thereto, other relevant statutes and Recommended Best Practice (RBP).

Statement of compliance Table 87

	Disclosure requirement	Reference to the relevant statute/ rule/RBP	Compliance and other necessary disclosures	Page/s
Mandatory disclosures as required by the Companies Act No. 07 of 2007 and amendments thereto (CA)				
01.	The nature of the business of the Group and the Bank together with any changes thereof during the accounting period	Section 168 (1) (a)	Notes to the Financial Statements: Item 1.3: Principal Business Activities, Nature of Operations of the Group and ownership by the Bank in its subsidiaries and the Associate	319 and 320
02.	Signed Financial Statements of the Group and the Bank for the accounting period completed in accordance with Section 152	Section 168 (1) (b)	Financial Statements of the Group and the Bank for the year ended December 31, 2025	307 to 318
03.	Auditors' Report on the Financial Statements of the Group and the Bank	Section 168 (1) (c)	Independent Auditors' Report	300 to 304
04.	Accounting Policies of the Group and the Bank and any changes therein	Section 168 (1) (d)	Notes 5 to 10 to the Financial Statements: Material Accounting Policies adopted in the preparation of the Financial Statements of the Group and the Bank	328 to 339
05.	Entries made in the Interests Registers of the Bank and its Subsidiaries during the accounting period	Section 168 (1) (e)	The Bank and all its Subsidiaries maintain Interests Registers. All Directors have made declarations as required by the Section 192 (1) and (2) and all related entries were made in the Interests Registers during the year under review. The Interests Registers are available for inspection by shareholders or their authorised representatives as required by the Section 119 (1) (d). Refer "Directors' Interest in Contracts with the Bank". Note 62 to the Financial Statements: Related Party Disclosures	 271 and 272 430 to 435
06.	Remuneration and other benefits paid to Directors of the Bank and its Subsidiaries during the accounting period	Section 168 (1) (f) and as per section 9.2 (d) of the CBSL Directions on Corporate Governance	Note 21 to the Financial Statements: Other Operating Expenses Note 62 to the Financial Statements: Related Party Disclosures Report of the Board Human Resources and Remunerations Committee	351 430 to 435 244 and 245
07.	Total amount of donations made by the Bank and its Subsidiaries during the accounting period	Section 168 (1) (g)	Note 21 to the Financial Statements: Other Operating Expenses	351

	Disclosure requirement	Reference to the relevant statute/ rule/RBP	Compliance and other necessary disclosures	Page/s
08.	Information on Directorate of the Bank and its Subsidiaries during and at the end of the accounting period	Section 168 (1) (h)	Risk Governance and Management	
			"Board of Directors and Profiles" for details of members of the Board of Directors of the Bank	32 to 39
			"Group Structure" for details of members of the Board of Directors of the Group	24 and 25
			Recommendations for Re-election/election (i) In terms of Article 85 of the Articles of Association, two Directors are required to retire by rotation at each Annual General Meeting (AGM). Article 86 provides that the Directors to retire by rotation at an AGM shall be those who (being subject to retirement by rotation) have been in office for longest period, since their last re-election or appointment. The Board recommended the re-election of the following Directors, after considering the contents of the Affidavits & Declarations submitted by them and all other related issues: Ms Judy Lee Dr S Selliah	
			(ii) Election of the Director who was appointed to fill a casual vacancy: Ms R M A S Parakrama	
			(iii) Directors who served on the Board for nine years – None as at end of 2025. [In terms of the Banking Act Directions No. 05 of 2024 and amendment thereto on Corporate Governance, the total period of service of a Director (other than an Executive Director) is limited to nine years. Further, under the criteria to assess the fitness and proprietary of Directors, the age of a person who serves as director of a bank has been restricted to a maximum of 70 years. Accordingly, following Directors relinquished office during the year after serving the Board for nine years: Mr L D Niyangoda – with effect from August 27, 2025 Ms N T M S Cooray – with effect from September 20, 2025	
09.	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Bank and its Subsidiaries	Section 168 (1) (i)	Note 21 to the Financial Statements: Other Operating Expenses	351

	Disclosure requirement	Reference to the relevant statute/ rule/RBP	Compliance and other necessary disclosures	Page/s
10.	Auditors' relationship or any interest with the Bank and its Subsidiaries (Lead auditor's independence)	Section 168 (1) (j)	Independence Confirmation has been provided by Messrs KPMG as required by Section 163 (3), in connection with the audit for the year ended December 31, 2025, confirming that Messrs KPMG is not aware of any relationship with or interest in the Bank or any of its subsidiaries that in their judgement, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by CA Sri Lanka, applicable as at the reporting date. No prohibited non-audit services have been provided by Messrs KPMG as per the Direction issued by the CBSL on "Guidelines for External Auditors relating to their Statutory Duties". The Bank adhered to the Board approved policy governing Non-Audit services, ensuring that all engagements involving the external auditors undergo formal review and approval. The Directors are satisfied as the BAC has assessed each service, having regard to auditor's independence requirements of applicable laws, rules and regulations, and concluded in respect of each non-audit service or type of non-audit service that the provision of that service or type of service would not impair the independence of Messrs KPMG.	
11.	Acknowledgement of the Contents of this Report/ Signatures on behalf of the Board of Directors	Section 168 (1) (k)	The Board of Directors have acknowledged the contents of this Annual Report as disclosed.	4 and 5
Other Disclosures as required by the RBP, Listing Rules (LR) of the Colombo Stock Exchange, Companies Act No. 07 of 2007 and amendments thereto (CA) and the Banking Act Directions No. 05 of 2024 and amendments thereto (the Direction)				
12.	Vision, Mission and Corporate Conduct	RBP	The business activities of the Group and the Bank are conducted maintaining the highest level of ethical standards in achieving our "Vision and Mission", which reflect our commitment to high standards of business conduct and ethics. The Bank issues a copy of its Code of Ethics to each and every staff member and all employees are required to abide by the provisions contained therein.	Inner Front Cover
13.	Review of Business operations of the Group and the Bank and future developments	RBP	"Chairman's Message" and "Managing Director/Chief Executive Officer's Review"	26 to 31
			Embedding sustainability into operations	78 to 171
			Note 61 to the Financial Statements: Operating Segments	428 and 429
14.	Gross Income	RBP	Notes 12 & 61 to the Financial Statements: Gross Income & Operating Segments	340, 428 and 429
15.	Dividends on Ordinary Shares	RBP	Notes 25 & 68 to the Financial Statements: Dividends on ordinary shares & Events after the reporting period	354 and 470
			Item 3 of "Investor information and performance trends"	196
16.	Reserves and appropriations	RBP	Statement of Changes in Equity	310 to 317
			Notes 53, 54 & 55 to the Financial Statements: Statutory reserves, Retained earnings & Other reserves	419 to 422
17.	Corporate Social Responsibility (CSR)	RBP	"Community Engagement- Empowering lives and creating shared value"	126 to 137
18.	Issue of Shares and Debentures by Subsidiaries	RBP	Note 50 to the Financial Statements: Subordinated Liabilities	414 to 416
			Annex 2 – Basel III – Disclosures under Pillar III as per Banking Act No. 01 of 2016 – Disclosure 6 – Main features of regulatory capital instruments Group	512 and 513

Disclosure requirement		Reference to the relevant statute/ rule/RBP	Compliance and other necessary disclosures	Page/s
19.	**Share information and Substantial Shareholdings**			
19.1	Minimum public holding requirement	LR 7.13.1 (a)	Item 4.3 of "Investor Relations"	198
19.2	Own Share Purchases	CA S.64	The Bank does not purchase its own shares.	N/A
19.3	Equitable Treatment to Shareholders	RBP	Statement of Directors' Responsibility for Financial Reporting – item (k)	265
			Annual Corporate Governance Report – Shareholder engagement and voting (Principles C.1, C.2, C.3, E and F)	230
20.	**Information on Directors' Meetings and Board Committees**			
20.1	Directors' Meetings	RBP	Composition of the Board, Committees and attendance at meetings – Table 78 for details of the meetings of the Board of Directors	223
			Board Processes and Meetings (Principles A.1.1 A.1.3, A 1.5, A 1.6, A.6)	224
20.2	Board Committees	RBP	Board Committee Reports	233 to 257
21.	**Disclosure of Directors' dealings in shares**			
	Directors' Interest in Contracts or Proposed Contracts and Remuneration & other benefits of Directors during the year under review	CA S.192	Directors declare their outside business interests on appointment and quarterly thereafter, details of which are recorded in the Directors' Interests Register, and available for inspection in terms of the Companies Act.	
			Directors' interest in contracts with the Bank	271 and 272
			Note 21 to the Financial Statements: Other Operating Expenses	351
			Note 62 to the Financial Statements: Related Party Disclosures	430 to 435
		RBP	As a standard practice, Directors abstain from voting on matters where they have a material interest. Furthermore, they do not hold any direct or indirect interest in any contract or proposed contract with the Bank, except for those explicitly disclosed under the Directors' interests in contracts with the Bank.	271 and 272
			Related Party Transactions of the Bank governed by the Board approved Related Party Transactions Policy.	
			There are no arrangements that enable the Non-Executive Directors of the Group and the Bank to acquire shares or debentures of the Bank or its Subsidiaries, other than via the market.	N/A
		CA S.217 (2) (d)	There are no restrictions on the approval of loans to Directors in the Bank's ordinary course of business, subject to compliance with all applicable regulations.	
22.	Directors' and Officers' Insurance	CA S.218	During the financial year, the Bank paid an insurance premium for a policy covering the Bank, along with its directors, legal representatives, officers, certain employees, and related corporate entities as specified in the policy. As per commercial practice, the policy restricts disclosure of its terms, including the nature of the liability covered and the premium amount.	
23.	Environmental Protection	RBP	The Group and the Bank have not, to the best of their knowledge, engaged in any activity, which was detrimental to the environment.	N/A
			Specific measures taken to protect the environment are disclosed in the section on "Environmental Engagement"	127 to 128
24.	Declaration on Statutory Payments	RBP	Statement of Directors' Responsibility for Financial Reporting – item (h)	264

Disclosure requirement		Reference to the relevant statute/ rule/RBP	Compliance and other necessary disclosures	Page/s
25.	Events after the reporting period	RBP	Note 68 to the Financial Statements: Events after the reporting period	470
26.	Going Concern	RBP	Statement of Directors' Responsibility for Financial Reporting – item (m)	265
27.	Directors' Responsibility for Financial Reporting	9.2(a) of the Direction	Statement of Directors' Responsibility for Financial Reporting	264 and 265
28.	Appointment of auditors and their remuneration	1.1(r) of the Direction	The Board has adopted a policy of rotation of auditors, once in every six years, in keeping with the principles of good corporate governance and the provisions of the Directions. M/s KPMG was appointed as the external auditor in year 2024 and reappointed at the AGM held on March 28, 2025, and the Directors were authorised to fix their remuneration as approved by the shareholders. In addition, External Auditors submit a statement annually confirming their independence as required by Section 163 (3) of the Companies Act No. 07 of 2007 (as amended) in external audit.	
29.	Corporate Governance	RBP	The Directors declare that – (a) the Bank has complied with all applicable laws and regulations in conducting its business and have not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations, confirm compliance in each quarter to the BIRMC; (b) they have declared all material interests in contracts involving the Bank and refrained from voting on matters in which they were materially interested; (c) they have conducted a review of internal controls covering financial, operational & compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence. (d) the Bank has complied with the Section 9.14 of the Listing Rules on Related Party Transactions Review Committee and has made the required disclosures in the Financial Statements and to the market when applicable; (e) the business is a Going Concern with supporting assumptions or qualifications as necessary, and that the Board of Directors has reviewed Corporate/Business plans of the Bank and is satisfied that the Bank has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Bank, its Subsidiaries and the Associate are prepared based on the Going Concern assumption.	
30.	Focus on new regulations	RBP	**Accounting Standards** Note 11 to the Financial Statements: New Accounting Standards issued but not yet effective as at the reporting date. **Banking Act Directions No. 01 of 2024 on Large Exposures of Licensed Banks** The Bank is well poised to meet this regulatory requirement with effect from January 01, 2026. **Tax Reforms** Note 9 to the Financial Statements: Material Accounting Policies – Taxes and Levies	339 338-339

Disclosure requirement		Reference to the relevant statute/ rule/RBP	Compliance and other necessary disclosures	Page/s
31.	Sustainability	RBP	The Bank has been a pioneer in adopting sustainability practices and reporting, integrating sustainability considerations into its business strategy. The Bank initiated reporting SLFRS S1 and S2 requirements, reinforcing its commitment to transparency and responsible business conduct effective from January 01, 2025.	
			SLFRS Sustainability Related Financial Disclosures	141 to 171
32.	Human Resources	RBP	The Bank remains committed to Human Capital Development, implementing effective HR practices and policies to enhance workforce efficiency, effectiveness, and productivity. Further, it fosters collaborative partnerships that enrich both the work and learning environment for employees.	
			Specific measures taken in this regard are detailed in the "Report of the Board Human Resources and Remuneration Committee".	244 and 245
			Embedding Sustainability into Operations	78 to 171
33.	Technology	RBP	Aligned with our Vision and Mission, technology serves as the foundation of our business processes. Every aspect of our operations is driven by information technology, enabling us to deliver superior products and services to our customers. As a result, our business is now more deeply integrated with technology than ever before, enhancing efficiency, innovation, and customer experience.	
			Key achievements in this regard during the year are detailed in the "Report of the Board Technology Committee".	252 and 253
			Embedding Sustainability into Operations	78 to 171
34.	Operational excellence	RBP	To enhance efficiency and reduce operating costs, the Bank is actively implementing initiatives aimed at policy and process standardisation while optimising the use of existing technology platforms, ensuring streamlined operations and improved productivity.	
35.	Outstanding Litigation	RBP	Based on the Directors' assessment and legal consultation, any pending litigation against the Bank is not expected to have a material impact on its financial results or future operations.	
			Note 59 to the Financial Statements: Litigation Against the Bank	425
36.	Disclosure on Related Party Transactions	LR 9.14.8 (1) and (2)	Note 62 to the Financial Statements: Related Party Disclosures	430 to 435
		LR 9.14.8 (3)	Report of the Board Related Party Transactions Review Committee	246 and 247
		LR 9.14.8 (4)	Annual Report of the Board of Directors	4 and 5
37.	Annual General Meeting and the Notice of Meeting	CA S.133 and CA S.135 (a)	The 57th AGM of the Bank will be held at the Galadari Hotel, "Grand Ballroom", No. 64, Lotus Road, Colombo 01, on Tuesday, March 31, 2026 at 2.30 p.m. Notice relating to the 57th AGM of the Bank is enclosed at the end of the Annual Report.	

Statement of Directors' responsibility for financial reporting

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of the Commercial Bank of Ceylon PLC (the Bank) and the Consolidated Financial Statements of the Bank, its Subsidiaries and the Associate (the Group).

The responsibilities of the External Auditors in relation to the Financial Statements are set out in the *"Independent Auditors' Report"* given on pages 300 to 304.

In terms of Sections 150 (1), 151, 152 (1) and 153 (1) & (2) of the Companies Act No. 07 of 2007 and amendments thereto (the Companies Act), the Board of Directors of the Bank is responsible for preparing Financial Statements that give a true and fair view of the financial position (State of affairs) as at the end of each financial year and the financial performance (profit or loss) for each financial year of the Group and the Bank as per the requirements set out in the Companies Act.

The Directors, are also responsible to keep proper books of account of all the transactions and maintain adequate internal financial controls and risk management framework within the Bank to protect and safeguard the Bank assets and prevents frauds and mismanagements.

The Directors are also required to ensure that adequate resources exist within the Bank to adopt going concern basis in preparing the Financial Statements.

The Financial Statements comprise of the Statement of Financial Position as at December 31, 2025, the Income Statement and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto of the Group and the Bank.

Accordingly, the Board of Directors confirms that the Financial Statements of the Group and the Bank give a true and fair view of the

- financial position of the Group and the Bank as at December 31, 2025 ; and
- financial performance of the Group and the Bank for the financial year then ended.

Compliance Report

The Board of Directors also wishes to confirm that:

(a) appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages 307 to 470 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained;

(b) the Financial Statements for the year ended December 31, 2025, prepared and presented in this Annual Report are in agreement with the underlying books of account and are in conformity with the requirements of the following:

- Sri Lanka Accounting Standards; as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise: Sri Lanka Financial Reporting Standards ("SLFRS"); Sri Lanka Accounting Standards ("LKAS"); Statements of Recommended Practices (SoRPs); Statement of Alternate Treatment (SoATs) and, Financial Reporting Guidelines issued by CA Sri Lanka.
- Companies Act No. 07 of 2007 and amendments thereto;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto;
- Banking Act No. 30 of 1988 and amendments thereto and the Directions, Determinations and Guidelines issued by the Central Bank of Sri Lanka (CBSL);
- Listing Rules of the Colombo Stock Exchange (CSE); and
- Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);

(c) these Financial Statements comply with the prescribed format issued by the CBSL in the Circular No 05 of 2024 on the 'Publication of annual and quarterly financial statements and other disclosures by licensed banks';

(d) proper accounting records which correctly record and explain that the Group's and the Bank's transactions have been maintained as required by Section 148 (1) of the Companies Act to determine at any point of time the Group's and the Bank's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements;

(e) they have taken appropriate steps to ensure that the Group and the Bank maintain proper books of account and review the financial reporting system directly by them at their regular meetings and also through the BAC, the Report of which is given on pages 233 to 237. The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the BAC;

(f) they accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report;

(g) they have taken reasonable measures to safeguard the assets of the Group and the Bank and to prevent and detect frauds and other irregularities. In this regard, the Board of Directors has instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business of banking in an orderly manner, safeguarding its assets and securing as far as practicable, the accuracy and reliability of the records as confirmed in the 'Directors' Statement on Internal Control over Financial Reporting and Risk Management' is given on pages 266 and 267;

(h) to the best of their knowledge, all taxes, duties and levies payable by the Bank and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Bank and its Subsidiaries, and all other known statutory dues as were due and payable by the Bank and its Subsidiaries as at the Reporting date have been paid or, where relevant, provided for

(i) as required by the Section 56 (2) of the Companies Act, they have authorised distribution of the dividends paid and proposed upon being satisfied that the Bank and all its Subsidiaries, subject to complying with all the conditions imposed by the CBSL, would satisfy the solvency test after such distributions are made in accordance with the Section 57 of the Companies Act and have obtained in respect of dividends paid and proposed, and also for which approval is now sought, necessary certificates of solvency from the External Auditors;

(j) as required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Bank, who has expressed desire to receive a printed copy. A soft copy of this Annual Report has also been hosted in the 'Investors' section of the Bank's website (https://www.combank.lk/investors), in addition to the soft copy thereof available in the CSE website for the benefit of other shareholders within the stipulated period of time as required by the Rules No. 7.5 (a) and (b) of Continuing Listing Requirements of the Listing Rules of the CSE. Further, an interactive html version of the Annual Report too has been hosted in the Bank's website (https://www.combank.lk/investors);

(k) that all shareholders in each category have been treated equitably in accordance with the original terms of issue;

(l) that the Bank and its quoted subsidiary have met all the requirements under Section 07 of Continuing Listing Requirements of the CSE, where applicable;

(m) that after considering the financial position, operating conditions, economic indicators, regulatory and other factors and such matters required to be addressed in the "Code of Best Practice on Corporate Governance 2023" issued by CA Sri Lanka, the Board of Directors has a reasonable expectation that the Bank and its Subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements;

(n) the Financial Statements of the Group and the Bank have been certified by the Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 (1) (b) and 152 (1) (b) of the Companies Act and also have been signed by three Directors and the Company Secretary of the Bank on February 26, 2026 as required by the Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements; and

(o) the Bank's External Auditors, Messrs KPMG who were appointed in terms of the Section 158 of the Companies Act and in accordance with a resolution passed at the last Annual General Meeting held on March 28, 2025, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Bank together with all the financial records, related data and Minutes of shareholders' and Directors' Meetings and expressed their opinion in the 'Independent Auditors' Report' which appears as reported by them on pages 300 to 304.

Accordingly, the Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board,

R A P Rajapaksha
Company Secretary

February 26, 2026
Colombo

Directors' statement on internal control over financial reporting and risk management

Responsibility

The Board of Directors (the Board) of Commercial Bank of Ceylon PLC (the Bank) wishes to present this Report on Internal Control over Financial Reporting and Risk Management, in line with the Section 9.2(b) of the Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks in Sri Lanka issued by the Central Bank of Sri Lanka (CBSL) and Principle D.1.5 of the Code of Best Practice on Corporate Governance 2023 (Code) issued by CA Sri Lanka.

The Board is responsible for the adequacy and effectiveness of the system of risk management and internal controls in place at the Bank. However, such a system is designed to manage the Bank's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Bank. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatements of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Bank and this risk management framework has been well established for many years with continuous enhancements on a need basis, which includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued by CA Sri Lanka. The Board has assessed the internal controls taking into account all main principles for the assessment of an internal control system as given in the above-mentioned guidance.

The Board is of the view that the system of internal controls in place over financial reporting at the Bank is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the effective implementation of the Board approved policies and procedures on risk management and internal controls by systematically identifying and assessing the risks faced, and in designing, implementing, operating and continuously monitoring an effective system of risk management and internal controls to ensure that such risks are appropriately managed and mitigated to acceptable levels.

Key features of the process adopted in applying and reviewing the design and effectiveness of the internal control system on financial reporting and risk management

The key processes that have been established for reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting and risk management include the following:

- Ten (10) Committees have been established by the Board, including those mandatory committees as required by the Banking Act Directions No. 05 of 2024 and amendments thereto aforesaid, the Listing Rules of the Colombo Stock Exchange, and the Banking Act Directions No. 01 of 2023, to assist the Board in ensuring the effectiveness of the Bank's daily operations and that the Bank's operations are conducted in line with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved by the Board. Details of the activities undertaken by each Committee are set out on pages 233 to 257.
- Policies/Charters/Terms of Reference have been developed covering all functional areas of the Bank and these have been recommended by the Board appointed Committees and approved by the Board. They are reviewed and approved by the Board at least annually.
- The Board Audit Committee (BAC) approves the audit plan and reviews internal control issues identified by the Inspection/Internal Audit Department/ Information Systems Audit Unit of the Bank (collectively referred to as "Integrated Audit Department"), co-sourced internal auditors, regulatory authorities, external auditors and the Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. The BAC also carries out an annual evaluation to review the effectiveness of the internal audit function with particular emphasis on the scope, quality, independence of internal audit and the adequacy of resources. The Minutes of the BAC meetings are tabled at the meetings of the Board of Directors of the Bank. Further details of the activities carried out by the BAC during the year under review are set out in the BAC Report on pages 233 to 237.
- The Internal Audit Department checks for compliance with policies and procedures and the design and operating effectiveness of the internal control systems/information system controls on an ongoing basis using total population through continuous control monitoring (CCM) and adopting other sampling methods through multifaceted audit approaches and procedures. Further, Onsite, Online (CCM), Offsite, Thematic and Integrated Audits are carried out covering the "Audit Universe" of the Bank's business lines Personal Banking, Corporate Banking, Treasury, Trade, Off Shore Banking, Digital and Card Operations, Supporting Business Units, Bangladesh Operations and Group Entities of all Sri Lanka and Overseas Subsidiaries in accordance with the annual audit plan reviewed and approved by the BAC. The type and frequency of audits of these Business units are dynamically determined based on the assessed level of risk and changes in the control environment, ensuring the delivery of independent and objective reports. Scope of CCM was further enhanced to cover high-risk transactions of the Bank. In addition, monitoring over cybersecurity controls and modifications to core banking systems/ databases was further strengthened utilising appropriate tools/techniques and resources. These audit procedures and techniques enable continuous testing of controls. Significant findings identified during internal audits are submitted to the BAC for review at its periodic meetings.
- In assessing the internal control system over financial reporting, identified officers of the Bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures in the Financial Statements of the Bank. Internal controls were extended to cover sustainability-related disclosures, ensuring their consistency, reliability, and completeness in alignment with the Bank's integrated reporting framework.
- Internal Audit Department independently evaluated the adequacy of the design and operating effectiveness of these controls on an ongoing basis, adopting a risk-based approach with particular focus on significant accounting estimates,

management judgments, and emerging risk areas. Identified control gaps were systematically tracked and remediated, contributing to the continuous strengthening and maturity of the Bank's Internal Controls over Financial Reporting framework.

- The Board Integrated Risk Management Committee (BIRMC) reviews the major risk exposures of the Bank and the measures implemented to manage and control those exposures. This includes assessing key risks such as credit, market, liquidity, data security and Information Technology. The BIRMC works closely with the Board and the BAC in discharging its responsibilities for risk management and communicates the risk profile of the Bank to the Board periodically. Further details of the activities undertaken by the BIRMC during the year under review are set out in the BIRMC Report on pages 238 to 240.

Since the adoption of the Sri Lanka Accounting Standard - SLFRS 9 on 'Financial Instruments', which became effective from January 01, 2018, the Bank introduced and implemented the processes that are required to comply with the requirements of recognition, measurement, presentation and disclosures under the above Accounting Standard. These processes are continuously strengthened based on the feedback received from the External Auditor, Integrated Audit Department, regulators and the BAC. Continuous monitoring is in progress and steps are being taken to further improve the processes where required, and to enhance effectiveness and efficiency. The Bank has documented the procedures relating to these requirements and updates the procedure manuals as and when necessary and also obtains approval of the Board with the recommendation of the BAC for changes made to the documented procedures. The Bank's Integrated Audit Department conducts tests on these processes and the observations from these exercises are regularly tabled for review by the BAC during the year 2025 as well.

Having recognised the need to introduce an automated platform for various computations required under SLFRSs and LKASs including loan impairment, the Bank automated collective impairment calculations (ECL model) through a renowned software solution and commenced computation of impairment for loans and advances based on this automated impairment solution when preparing its Financial Statements from the second quarter of 2023. In line with the Bank's strategic agenda to accelerate digital transformation and operational excellence, and with the objective of strengthening credit portfolio quality through a robust and transparent risk management framework, the Bank introduced a new system for the impairment assessment of individually significant customers during the year 2025. This system driven workflow enhanced the accuracy, governance, efficiency, and auditability of the individual impairment assessment. In addition, the Bank validated its impairment model and the related systems by an independent consultant during the year. The Bank maintained manual documentation along with system computation during the year and will completely move to the system from 2026. The Bank also evaluated the system related risks and has implemented required system/ manual controls underlying the automated impairment calculations referred to above.

In order to further streamline the financial reporting process, the Bank is in the process of reviewing and updating its Financial Statement Closure Process with the support of an external consultant. This included the process review and documentation of Consolidated Financial Reporting of the Group.

The comments made by the External Auditor in the Management Letter in connection with the internal control system over financial reporting in previous years and the recommendations made in the Statutory Examination Reports of the CBSL were continuously reviewed and necessary steps were taken to address them with regular reports from the Management and updates to the BAC and the Board, where appropriate. The recommendations made by the External Auditor in 2025 in connection with the internal control system over financial reporting will be dealt with in the year 2026.

The Bank has implemented robust risk management and reporting processes aligned with the requirements of SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards. As this year is the first annual reporting period in which the Bank has applied this Standard, as permitted by the Standard as transition relief, the Bank has disclosed information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently applied the requirements of the Standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities. These processes are being continuously enhanced to ensure full adoption of the Standards by 2027, including systematic reporting of financed emissions, assessment of anticipated financial effects, and the integration of climate-related scenario analysis into resilience assessment and decision-making.

Confirmation

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards and regulatory requirements of the CBSL.

Review of the statement by External Auditors

The External Auditor, Messrs KPMG, has reviewed the Directors' Statement on Internal Control over Financial Reporting and Risk Management included in this Annual Report for the year ended December 31, 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting and risk management of the Bank. Their independent assurance report on the "Directors' Statement on Internal Control over Financial Reporting and Risk Management" is given on page 268 of this Annual Report.

By Order of the Board,

S Muhseen
Chairman

R Senanayake
Deputy Chairman/
Chairman – Board Integrated Risk Management Committee

P Y S Perera
Chairman –
Board Audit Committee

S C U Manatunge
Managing Director/
Chief Executive Officer

February 26, 2026
Colombo

Independent Assurance Report – Internal Control

KPMG
(Chartered Accountants)
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To the Board of Directors of Commercial Bank of Ceylon PLC

Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Commercial Bank of Ceylon PLC ("Bank") to provide assurance on the Director's Statement on Internal Control ("Statement") included in this Annual Report.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the Section 9.2 of the Schedule 1 "Regulatory Requirements on Corporate Governance for Licensed Banks" issued in compliance with The Banking Act Directions No. 05 of 2024, by the Institute of Chartered Accountants of Sri Lanka.

Our independence and quality control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies Sri Lanka Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3050 (revised), Assurance Report for Banks on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed and audit or review of the financial information.

Summary of work performed

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the system of internal control for the Bank.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

(a) Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the Annual Report.

(b) Reviewed the documentation prepared by the Directors to support their Statement made.

(c) Related the Statement made by the Directors to our knowledge of the Bank obtained during the audit of the financial statements.

(d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.

(e) Attended meetings of the Audit Committee at which the Annual Report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

(f) Considered whether the Director's Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3050 (revised) does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (revised) also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 266 to 267 of this Annual Report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Bank.

Chartered Accountants

February 26, 2026

Colombo

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
W.K.D.C Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.G.H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

Managing Director/Chief Executive Officer's and Chief Financial Officer's statement of responsibility

The Financial Statements of the Commercial Bank of Ceylon PLC (the Bank) and the Consolidated Financial Statements of the Bank and its Subsidiaries and the Associate (the Group) as at December 31, 2025, are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards;
- Companies Act No. 07 of 2007 and amendments thereto;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto;
- Banking Act No. 30 of 1988 and amendments thereto and the Directions, Determinations and Guidelines issued by the Central Bank of Sri Lanka (CBSL);
- Listing Rules of the Colombo Stock Exchange (CSE); and
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka

The formats used in the preparation of the Financial Statements and disclosures made in this Annual Report and the Interim Financial Statements comply with the specified formats prescribed by the CBSL which are also consistent with the disclosure requirements of Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

The Group presents the financial results to its shareholders on a quarterly basis.

The Material Accounting Policies have been consistently applied by the Group. Application of the Material Accounting Policies and estimates and assumptions that involve high degree of judgement and complexity were discussed with the members of the Board Audit Committee (BAC) and the Bank's External Auditors in addition to changes made to those applied in the prior year.

There were no changes to the Material Accounting Policies and methods of computation since the publication of the Annual Report for the year ended December 31, 2024. Accordingly, there was no necessity to amend the comparative information to comply with the current presentation.

We confirm that to the best of our knowledge, the Financial Statements, Material Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects the financial position, results of the operations and the Cash Flows of the Bank/ Group during the year under review. We also confirm that the Bank/Group has adequate resources to continue its operations and has applied the Going Concern basis in preparing these Financial Statements.

During the year, the Group adopted the SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards, which became mandatory for the Bank effective January 01, 2025. The SLFRS sustainability-related financial disclosures have been prepared in accordance with these Disclosure Standards (which are not part of the financial statements) are included in this Annual Report on pages 141 to 171.

As this year is the first annual reporting period in which the Group has applied this Standard, as permitted by the Standard as transition relief, the Group has disclosed information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently applied the requirements of the Standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities. As part of this adoption, the Group strengthened its governance structures and enhanced its risk management framework to ensure effective oversight and integration of sustainability-related risks and opportunities into its decision-making process. In line with best practices, the Bank obtained independent limited assurance on the sustainability disclosures presented under SLFRS S1 and SLFRS S2 as appearing on pages 139 to 140.

We are responsible for establishing, implementing, and maintaining Internal Controls and Procedures within the Bank and all its Subsidiaries and the Associate. We ensure that effective Internal Controls and Procedures are in place, ensuring material information relating to the Group is made known to us for safeguarding assets, preventing, and detecting fraud and/or error as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. We have evaluated the Internal Controls and Risk Management Procedures of the Group for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of the Internal Controls and Risk Management Procedures, to the best of our knowledge. We confirm, based on our evaluations, that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and the detection of fraud that involves management or other employees. The Bank's Internal Audit Department also conducts periodic reviews to ensure that the Internal Controls and Risk Management Procedures are consistently followed.

The Financial Statements of the Bank/ Group were audited by Messrs KPMG, Chartered Accountants and their Report is given on pages 300 to 304. The BAC pre-approves the audit and non-audit services provided by Messrs KPMG, to ensure that the provision of such services does not contravene with the guidelines issued by the CBSL on permitted non-audit services or impair Messrs KPMG's independence and objectivity.

The BAC, *inter alia*, reviewed all the Internal and External Audit and Inspection Programmes, the efficiency of Internal Control Systems and Risk Management Procedures and also reviewed the quality of Material Accounting Policies and their adherence to Statutory and Regulatory requirements, the details of which are given in the *'Report of the Board Audit Committee'* appearing on pages 233 to 237. The Bank engaged the services of two firms of Chartered Accountants approved by the CBSL to strengthen the audit and inspection functions. The continuous inspection and audit functions, engagement of firms of Chartered Accountants and effective functioning of the BAC ensure that the Internal Controls and Procedures are followed consistently. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the BAC to discuss any matters of substance. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

It is also declared and confirmed that the Bank and the Group have complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required.

We confirm that to the best of our knowledge:

- The Bank and the Group have complied with all applicable laws and regulations and guidelines and there is no material litigation against the Group and the Bank other than those disclosed in Note 59 on Litigation Against the Bank on page 425 of the Financial Statements.
- All taxes, duties, levies and all statutory payments payable by the Bank and the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Bank and the Group as at December 31, 2025 have been paid, or where relevant provided for.

S C U Manatunge
Managing Director/Chief Executive Officer

L W P Indrajith
Chief Financial Officer

February 26, 2026
Colombo

Directors' interest in contracts with the Bank

Related party disclosures as per the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures" is disclosed in Note 62 to the Financial Statements on pages 430 to 435 of this Annual Report. In addition, the Bank carries out transactions in the ordinary course of business on an arm's length basis with entities where the Chairman or a Director of the Bank is the Chairman or a Director of such entities.

Table – 88

Director/Company	Relationship	Accommodation granted/Deposits		Current limit as at December 31, 2025 Rs. '000	Balance/outstanding as at December 31, 2025 Rs. '000	Balance/outstanding as at December 31, 2024 Rs. '000
(a) Mr S Muhseen						
Amana Takaful Life PLC	Deputy Chairman	Deposits		–	9,331	15,696
CBC Finance PLC	Chairman	Loans and advances		2,726,829	1,986,829	1,343,417
		Deposits		–	2,839,746	61,029
David Pieris Holdings (Pvt) Ltd	Non-Executive Director	Loans and advances		1,030,000	–	–
		Deposits		–	103	336
		Debentures		–	579,860	350,000
(b) Mr R Senanayake						
Senkadagala Finance PLC	Chairman	Loans and advances		10,000,000	7,641,745	5,756,347
		Deposits		–	2,297,029	677,672
		Debentures		–	6,960	6,960
Virtual Capital Technologies (Pvt) Ltd.	Non-Executive Director	Deposits		–	9	6
Commercial Insurance Brokers (Pvt) Ltd.	Chairman	Loans & Advances		25	10	1
		Deposits		–	37,606	8,631
Orysys Limited (Formerly known as CBC Tech Solutions Ltd.)	Chairman	Deposits		–	407,234	245,915
CBC Myanmar Microfinance Company Limited	Chairman	Off-balance sheet accommodations		620,000	620,000	586,000
(c) Mr S C U Manatunge						
Commercial Development Company PLC	Non-Executive Director	Loans and advances		19,689	19,689	29,932
		Deposits		–	129,375	162,627
Commercial Bank of Maldives Private Limited	Deputy Chairman	Off-balance Sheet Accommodations		651,000	651,000	586,000
		Deposits		–	1,172,768	1,315,175
The Employers' Federation of Ceylon	Vice-Chairperson	Deposits		–	79,409	79,409
		Debentures		–	18,010	18,009
(d) Mr S Prabagar						
Commercial Bank of Maldives Private Limited	Non-Executive Director	Off-balance Sheet Accommodations		651,000	651,000	586,000
		Deposits		–	1,172,768	1,315,175
(e) Dr S Selliah						
Lanka Tiles PLC	Non-Executive Director	Loans and advances	Combined Limits available	200,000	141,634	–
		Off-balance sheet accommodations	Combined Limits available	400,000	146,599	111,014
		Deposits		–	134,812	395,421
ACL Cables PLC	Non-Executive Director	Deposits		–	14,505	12,232
Lanka Walltiles PLC	Non-Executive Director	Loans and advances	Combined Limits available	4,685,080	4,547,828	5,181,476
		Off-balance sheet accommodations	Combined Limits available	1,000,000	316,850	100,506
		Deposits		–	15,661	11,387
Cleanco Lanka (Pvt) Ltd	Chairman	Loans and advances		7,921	7,671	63
		Deposits		–	82,284	78,253

Director/Company	Relationship	Accommodation granted/Deposits		Current limit	Balance/outstanding	
				as at December 31, 2025	as at December 31, 2025	as at December 31, 2024
				Rs. '000	Rs. '000	Rs. '000
Swisstek (Ceylon) PLC	Non-Executive Director	Deposits		–	29,788	11,325
JAT Holdings PLC	Chairman	Loans and advances	Combined Limits available	615,200	1,050,496	1,052,219
		Off-balance sheet accommodations		1,431,494	251,450	410,184
		Deposits		–	73,641	65,791
		Debentures		–	37,190	24,220
		Contracts		–	91,366	91,000
Arunodhaya (Pvt) Ltd	Director	Loans and advances		55,000	–	–
		Deposits		–	130	70
		Debentures		–	4,430	4,430
Arunodhaya Industries (Pvt) Ltd	Director	Loans and advances		55,000	–	–
		Deposits		–	60	53
		Debentures		–	4,430	4,430
Andysel (Pvt) Ltd	Chairman	Loans and advances		47,000	–	–
		Deposits		–	60	55
Vydexa (Lanka) Power Corporation (Pvt) Ltd	Chairman	Deposits		–	801	1,111
Arunodhaya Investments (Pvt) Ltd	Director	Loans and advances		55,000	–	–
		Deposits		–	60	53
		Debentures		–	4,430	4,430
(f) Ms J Lee						
DBS Bank Ltd.	Director	Off-balance sheet accommodations		17,050,000	6,867,740	2,443,970
(g) Mr P Y S Perera						
Hayleys PLC	Non-Executive Director	Loans and advances		6,502,250	6,473,250	9,200,327
		Deposits		–	13,473	453
Hayleys and Associated Companies Executive Employees Provident Fund	Committee Member	Deposits		–	1,505,114	–
		Debentures		–	539,160	–
Haycarb PLC	Non-Executive Director	Loans and advances		1,850,000	1,075,000	454,831
		Off-balance Sheet Accommodations		83,820	–	–
		Deposits		–	62,214	31,737
Dipped Products PLC	Non-Executive Director	Deposits		–	3,794	3,595
E. B. Creasy & Co. PLC	Non-Executive Director	Loans and advances	Combined Limits available	535,841	558,073	288,942
		Off-balance Sheet Accommodations		440,000	121,929	147,578
Overseas Realty (Ceylon) PLC	Non-Executive Director	Loans and advances		1,500	9	121
		Deposits		–	959,941	499,984
Laxapana PLC	Non-Executive Director	Loans and advances		16,885	16,885	–
		Deposits		–	12,393	–
(h) Ms R M A S Parakrama						
Vallibel One PLC	Non-Executive Director	Deposits		–	2,833	–

Risk governance and management

How risk management supports value creation

Risk management enables the Bank to create and protect value by ensuring that growth is well-capitalised, liquid, compliant and operationally resilient – even under adverse conditions. It supports sustainable earnings, preserves stakeholder confidence, and enables the Bank to pursue strategic priorities with discipline.

During 2025, the Bank strengthened the connectivity between risk management and value creation by focusing on four outcomes:

(i) Protecting earnings quality through stronger credit discipline and provisioning governance;

(ii) Improving capital efficiency and risk-adjusted returns through disciplined pricing and portfolio optimisation;

(iii) Reducing earnings volatility by actively managing market risk and interest rate risk in the banking book; and

(iv) Demonstrated resilience through effective cyclone recovery efforts and support for customers during external shocks, while maintaining strong risk discipline and governance standards.

In practical terms, value creation was supported through:

- Sharper credit governance and earlier action on portfolio vulnerabilities, supported by end-to-end automated impairment solution, enhancing transparency, faster turnaround, improved accuracy, strengthened accountability within our digital ecosystem.
- Embedding risk-adjusted decision-making into pricing and portfolio choices through the Risk-Adjusted Return on Capital (RAROC) framework.
- Maintaining strong liquidity buffers, robust stress-testing and contingency buffers to protect funding resilience and enable lending through the cycle.
- Strengthening operational, cyber and technology resilience through enhanced monitoring, improved incident governance and recognised security certifications to protect customer trust and service continuity.
- Sustaining a strong compliance and conduct environment to preserve stakeholder confidence and franchise sustainability, including implementation of Banking Act Direction No. 5 of 2024 governance enhancements.
- Advancing governance and data readiness for emerging expectations, including AI/ML (Artificial Intelligence/Machine Learning) governance and data quality management.
- Enhancing climate readiness, data quality and model governance to strengthen decision quality, disclosure readiness and access to sustainable finance opportunities.

Risk to value - How risk outcomes support value creation Figure – 66

Risk management supports value creation by protecting earnings quality, maintaining strong liquidity and capital buffers, and strengthening operational and cyber resilience. This enables the Bank to serve customers through the cycle, meet regulatory expectations, and sustain stakeholder confidence.

In 2025, these outcomes were evidenced through improvements in asset quality and provisioning strength, maintenance of liquidity and capital ratios well above minimum requirements, low operational loss levels, and strengthened assurance through key security and continuity certifications.

Credit discipline and provisioning governance

Metrics:

- Credit quality – Net impaired loans (Stage 3) to Total Loans Ratio 1.54% (down from 2.76% in 2024)
- Provisioning strength – Impairment (Stage 3) to Stage 3 Loans Ratio 73.50% (up from 64.61% in 2024)

Value impact

- More stable earnings and lower volatility
- Improved confidence among depositors, investors and regulators

Strong buffers (liquidity and capital)

Metrics:

- Liquidity resilience – LCR/NSFR at 288.58% and 163.94% respectively (strong buffers well above the regulatory minimum)
- Capital strength – Tier I and Total Capital 13.035% and 16.698% respectively (comfortable leeway above regulatory minimum)

Value impact

- Capacity to lend through the cycle
- Lower funding cost volatility and stronger market confidence

Market & IRRBB management (earnings/EVE protection)

Metrics:

- Post shock EVE value stood at 2.56% levels, well within the internal limits
- Mark to Market (MtM) loss on the LKR Government Securities Trading portfolio stood at 12.97% and FX sensitivity stood at 82.1% levels. Both indicators remained well within internal limits

Value impact

- More stable NII and margins during rate cycles
- Reduced capital volatility from market movements

Operational resilience and control discipline

Metrics:

- Operational resilience – Operational losses as a % of average gross income 0.132%
- Customer access interfaces operated 24/7 with minimal disruptions, ensuring continuous delivery of high-quality service.

Value impact

- Improved service continuity and customer experience
- Reduced loss leakage and operational disruption

Cyber/technology resilience and information security assurance

Metrics:

- Trust and assurance – ISO 27001:2022 and PCI DSS achieved; ISO 22301 in progress
- Detection/response maturity – Managed Security Operations Centre (MSOC) implementation in progress in phased rollout

Value impact

- Customer trust in digital channels and protection of brand/reputation
- Enables scalable digital growth with stronger security assurance

Compliance, conduct, and data/ model governance maturity

Metrics:

- Conduct and compliance – Zero material breaches/penalties
- Data/model governance – AI/ML Governance Policy and Data Quality Policy implemented

Value impact

- Sustained stakeholder and regulatory compliance (license to operate)
- Faster, better decisions through stronger data/model discipline

Operating context and risk landscape

Macroeconomic conditions remained broadly stable through 2025, with low inflation and a stable interest-rate environment, supporting recovery momentum. These conditions improved borrower affordability and repayment capacity, particularly across retail and SME segments, and supported credit demand. Tourism activity and earnings strengthened during the year, while worker remittances reached an all-time high, reinforcing household cash flows and supporting credit growth in tourism-linked and remittance-dependent customer segments.

From a banking risk perspective, the stable rate environment reduced repricing volatility and supported more predictable Net Interest Income (NII) dynamics. At the same time, the Bank maintained discipline in interest-rate risk management through active Asset and Liability Management (ALM), robust behavioural assumptions, and ongoing IRRBB monitoring under stress scenarios. Liquidity and funding resilience were supported by stronger FX inflows from tourism and remittances, which contributed to system-wide deposit flows and FX liquidity. Marginal LKR/USD depreciation towards year-end, which increased FX-related valuation sensitivity and reinforced the need for continued monitoring of open FX positions. However, the Bank maintained comfortable liquidity buffers to preserve flexibility and absorb potential short-term shocks.

Externally, the reform environment and evolving expectations from regulators, investors and customers continued to shape the risk agenda. Higher digital activity associated with improved economic momentum reinforced the need for heightened cyber vigilance and enhanced monitoring and response capability. In parallel, regulatory focus areas, including Basel III buffers, Risk and Control Self-Assessment (RCSA), liquidity and operational resilience, cybersecurity, data privacy, AML/CFT and climate-related governance and disclosures, required continued investment in frameworks, controls, and evidence trails, supported by sustained compliance monitoring and staff awareness. A full assessment of the Ditwah cyclone's impact on the economy, the financial sector and the Bank is still in progress and will be updated as information becomes available.

Please refer to pages 49 to 53 for a detailed account of the Operating Environment and Outlook, which set the context for the year's performance.

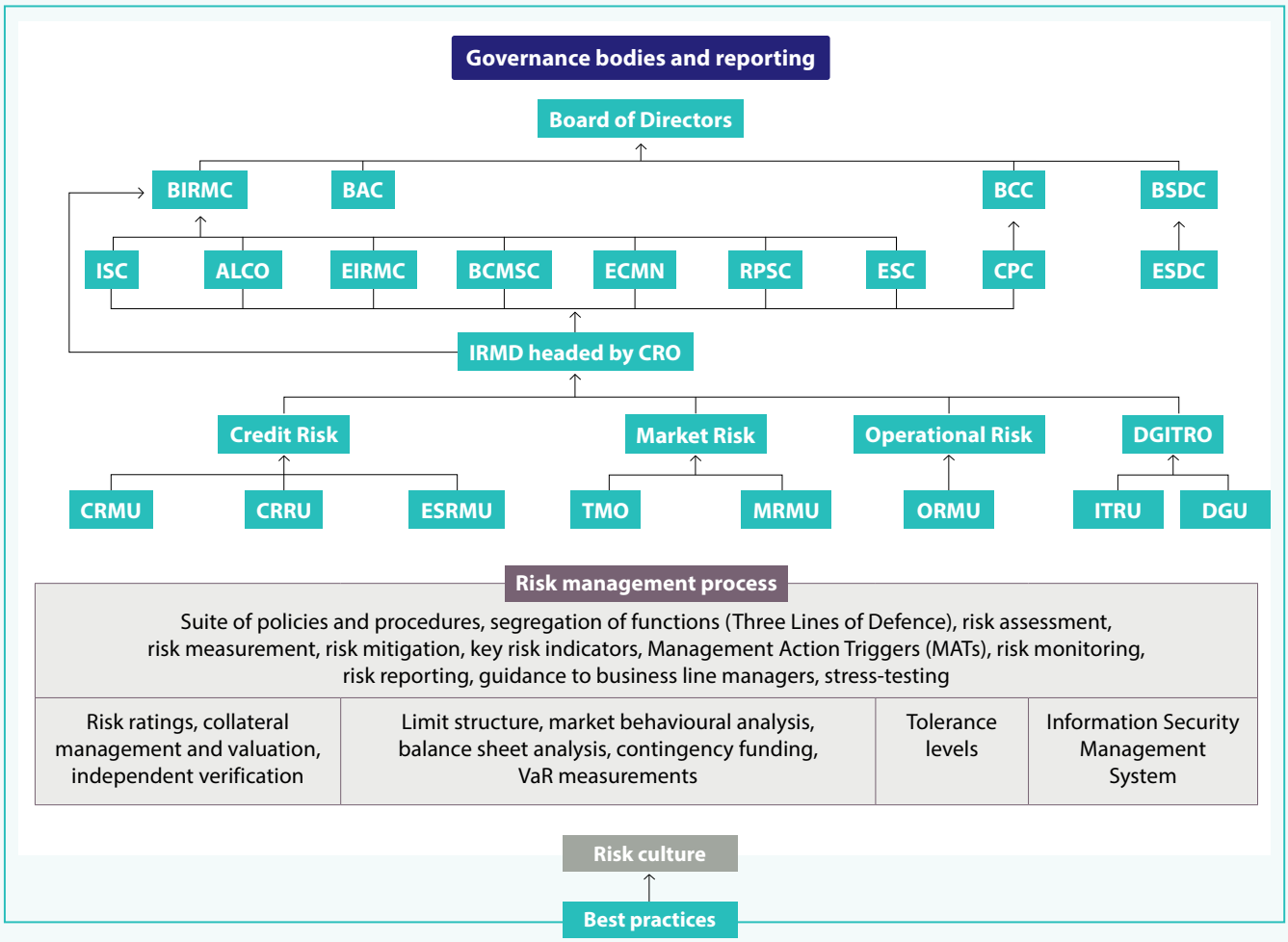
Accordingly, the Bank's 2025 risk landscape was characterised by seven interlinked themes:

- Credit normalisation with pockets of vulnerability: improving system conditions supported asset quality, while sector- and borrower-specific fragilities continued to require monitoring of early warning signals and targeted remediation.
- Balance sheet sensitivity to repricing and FX movements: a stable rate environment supported predictable NII dynamics, while ongoing repricing behaviour and LKR depreciation towards year-end required active IRRBB measurement and monitoring of open FX positions.
- Liquidity and funding resilience: strong buffers and stress-tested contingency options remained central to maintaining confidence and supporting lending capacity.
- Technology, cyber and third-party risk: an expanding digital footprint increased exposure to cyber threats, system outages and vendor/outsourcing risks.
- Data quality and model governance: increased use of analytics and automation required stronger governance, validation and accountability for model outcomes.
- Environmental & Social (E&S) Risks and Climate Risks: integration into Internal Capital Adequacy Assessment Process (ICAAP) and enterprise risk management became increasingly important for resilience and disclosure-readiness.
- Regulatory, compliance and conduct risk: evolving expectations (AML/KYC, data privacy, consumer outcomes) strengthen continuously.

Governance, accountability and risk culture

The Bank's risk governance framework is designed to ensure clear accountability, effective challenge and timely decision-making across all material risks. As the highest governing authority, the Board retains ultimate responsibility for risk oversight and sets the tone for prudent risk-taking by approving the Risk Appetite Statement (RAS), key risk policies and capital and liquidity targets. Oversight responsibilities are delegated to Board committees, including Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Credit Committee (BCC) and Board Strategy Development Committee (BSDC). In 2025, the BIRMC's charter was expanded to include oversight of climate, cyber, and model risks, enhancing the integration of emerging risks into enterprise risk management.

Risk governance structure Figure – 67



BAC – Board Audit Committee, BIRMC – Board Integrated Risk Management Committee, BCC – Board Credit Committee, BSDC – Board Strategy Development Committee, ISC – Information Security Council, ALCO – Asset and Liability Committee, EIRMC – Executive Integrated Risk Management Committee, BCMSC – Business Continuity Management Steering Committee, ECMN – Executive Committee on Monitoring NPAs, CPC – Credit Policy Committee, ESC – Executive Sustainability Committee, ESDC – Executive Strategy Development Committee, IRMD – Integrated Risk Management Department, CRMU – Credit Risk Management Unit, CRRU – Credit Risk Review Unit, ESRMU – Environmental and Social Risk Management Unit, TMO – Treasury Middle Office, MRMU – Market Risk Management Unit, ORMU – Operational Risk Management Unit, ITRU – IT Risk Management Unit, RPSC – Recovery Plan Steering Committee, DGITRO – Data Governance and IT Risk Office, DGU – Data Governance Unit

Governance is strengthened through a committee structure that enables both holistic oversight and specialist decision-making, through structured monitoring, escalation and remedial actions. At executive level, risk oversight is coordinated through an EIRMC, supported by specialist committees such as ALCO (for balance sheet and liquidity), credit committees (for credit decisions and concentrations), and dedicated forums for operational resilience and technology risk. The Bank further strengthened its technology risk oversight through the Technology Risk Management Committee and the implementation of the Technology Risk Management Framework across identified critical systems and processes.

The Three Lines of Defence model underpins accountability with the first line owns and manages risks within business units and support functions, the second line provides independent oversight and challenge through risk and compliance functions (including the IRMD) and the third line provides independent assurance through internal audit. IRMD independently monitors adherence to policies and limits, coordinates stress testing, supports enterprise risk reporting and provides holistic risk assessments to executive and Board committees.

Risk culture is reinforced through clear delegation of authority, periodic training and awareness programmes, and the use of consistent risk tools (risk and control self-assessments, key risk indicators, early warning signals, and incident reporting and thematic reviews). Conduct expectations are embedded through policies, training and monitoring, with a low tolerance for misconduct and material compliance breaches.

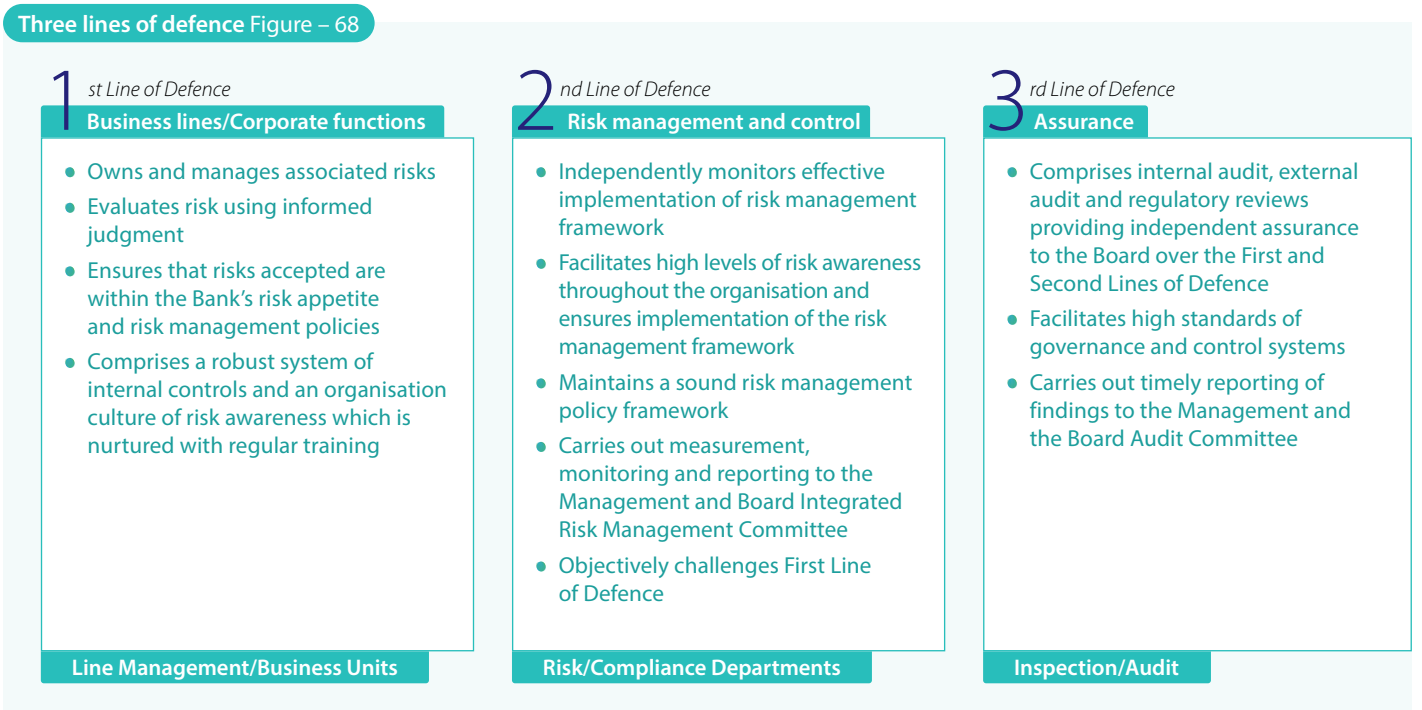
Integrated Risk Management Framework

The Bank's Integrated Risk Management Framework (IRMF) provides a structured methodology to identify, measure, monitor and control risks across the Bank and the Group. The framework is reviewed regularly to remain aligned with the operating environment and evolving regulatory expectations.

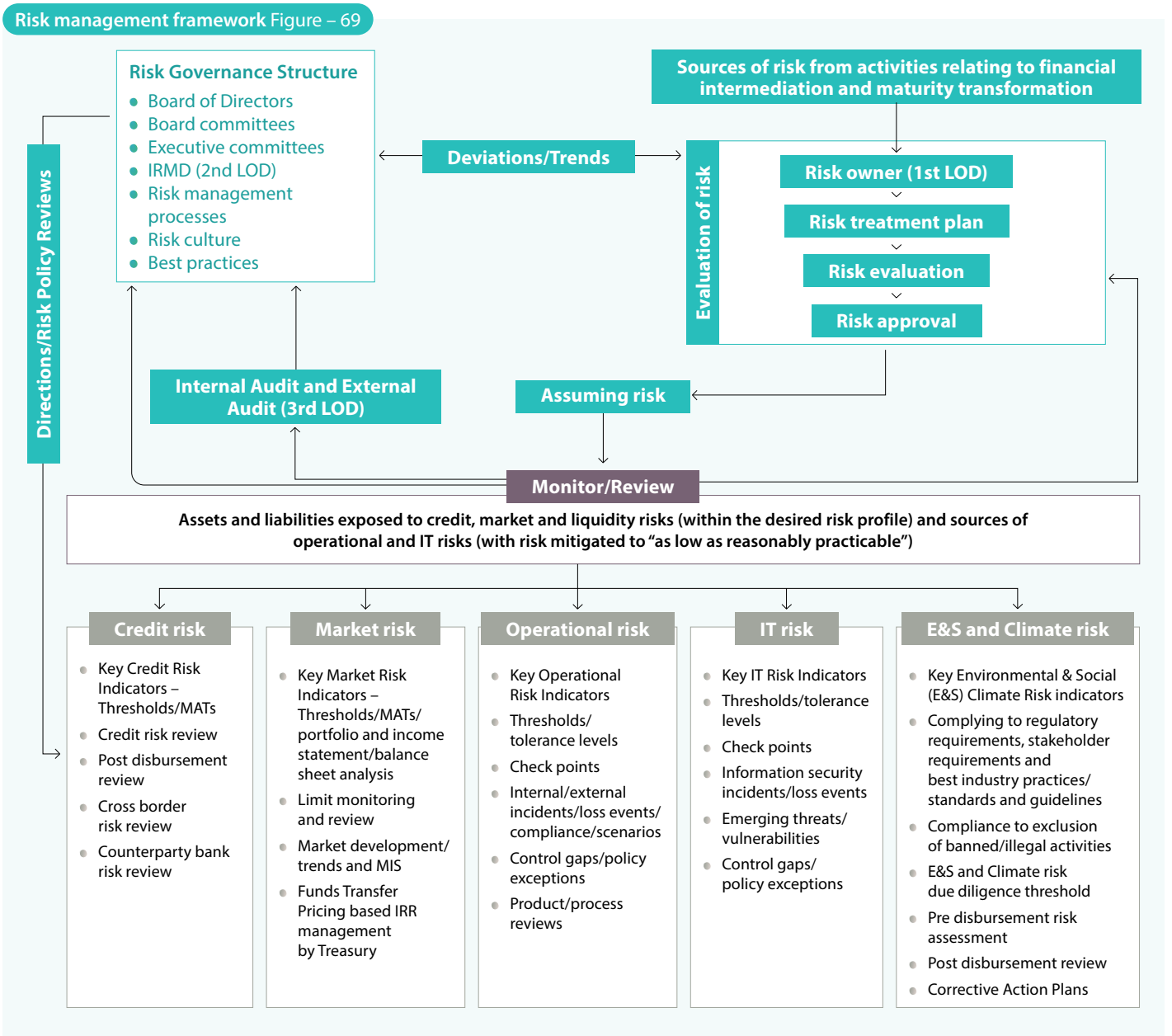
The IRMF is operationalised through:

- Board-approved risk policies and risk appetite parameters that translate strategy into measurable guardrails.
- Quantitative and qualitative indicators tracked through dashboards and escalation triggers to enable timely corrective actions.
- Independent monitoring and reporting to management and Board committees, enabling challenge and accountability.
- Stress testing and scenario analysis to assess resilience under severe-but-plausible conditions and inform capital/liquidity planning.
- Risk data governance and model validation to support reliable analytics, transparent decisioning and audit-ready evidence trails.

Three lines of defence Figure – 68

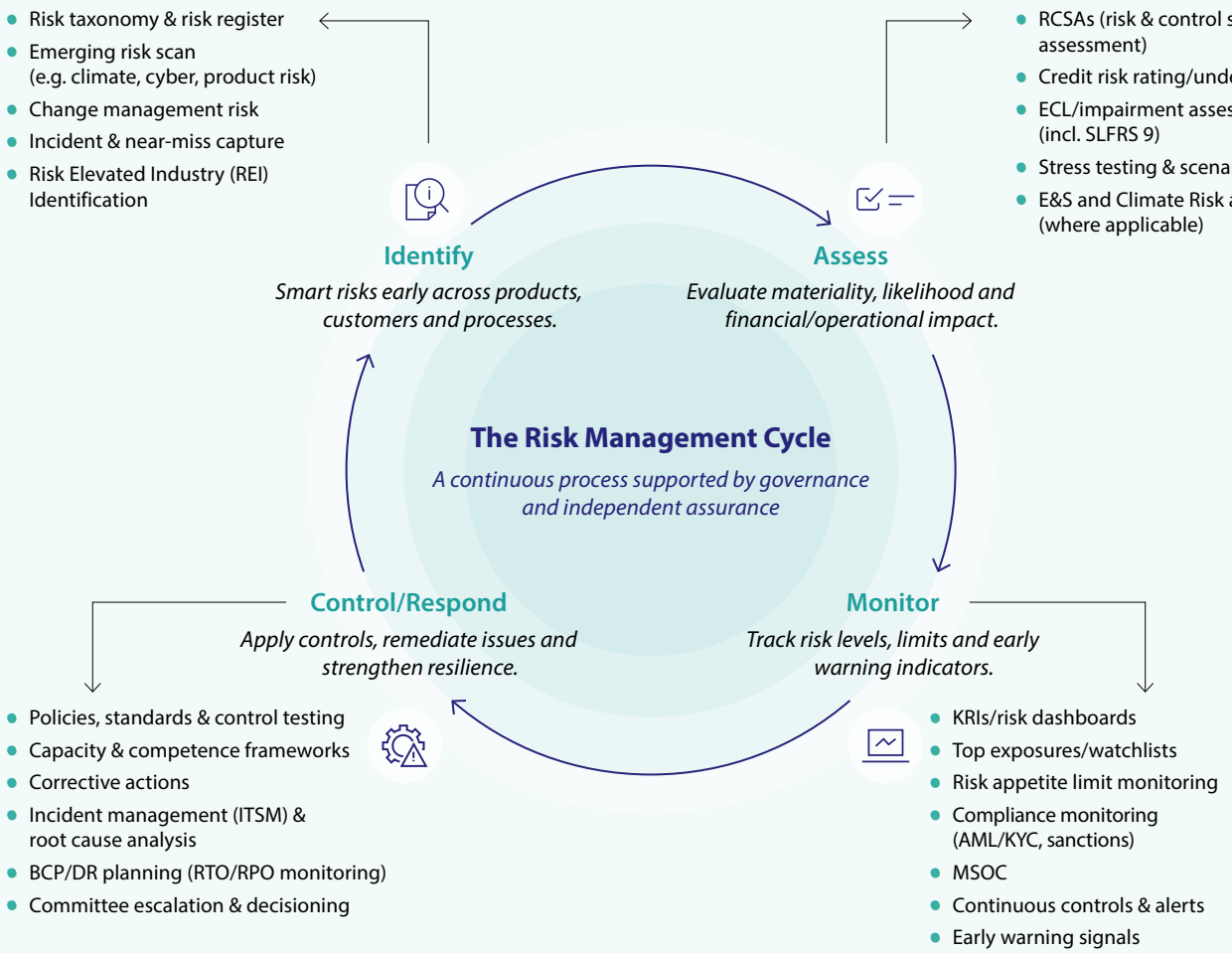


Risk management framework Figure – 69



Risk management activities follow a continuous cycle: identify risks (risk registers and thematic assessments), assess and quantify (models, scorecards and scenario tools), monitor (KRIs, limits and early warning signals), and control (policies, approvals, remediation plans and independent assurance). Where risks cannot be eliminated, mitigation focuses on reducing likelihood and impact, transferring risk (for example through insurance) or holding sufficient capital and liquidity buffers.

The Risk Management Cycle Figure – 70



Governance & Oversight

Board & Board/Management Committees • BIRMC/EIRMC • ALCO • ISC • CPC • Technology Risk Committee • Data Governance and Analytics Steering Committee

Independent Assurance & Enablement

Internal Audit • Compliance reviews • External validation (where applicable)
Data quality & model governance

The cycle applies across all principal risks and the three lines of defence.

Risk appetite, risk profile and monitoring

The Board-approved RAS defines the boundaries for risk-taking and aligns risk capacity with strategic priorities. It is translated into operational limits, thresholds and qualitative and quantitative guardrails and is reviewed at least annually (and more frequently where warranted). Performance against risk appetite is monitored through key risk indicators (KRIs) and periodic reporting to management committees and the Board.

Risk appetite functions as a value steering tool. By linking appetite to business planning, product design and pricing, the Bank seeks to allocate capital efficiently, avoid undesirable concentrations and maintain resilience. In 2025, connectivity to value creation strengthened through disciplined pricing and portfolio optimisation, strengthened provisioning governance, and continued focus on resilience metrics such as liquidity and capital buffers.

Key risk appetite dimensions include:

- Credit: portfolio quality, concentration limits, large exposure monitoring, and underwriting standards.
- Liquidity: LCR/NSFR targets above regulatory minimums, funding concentration limits, and stress survival horizons.
- Market and IRRBB: sensitivity limits, stress testing results and delegated limits.
- Operational: operational loss tolerance thresholds, incident severity triggers and remediation timeliness.
- Compliance and conduct: low tolerance for material breaches, monitored through compliance dashboards and training completion.
- Technology and cyber: key information risk indicators (KIRIs), Critical System Availability, Governance, Cybersecurity, Change Management, DR/BCP Planning, Third-Party Service Failures.
- Capital & strategic: capital ratio buffers and stress headroom, profitability and rating objectives, and strategic risk triggers linked to the planning cycle.

Risk reporting is designed to be decision-relevant with dashboards highlighting movements vs appetite, key drivers, forward-looking emerging risks and recommended actions. Material deviations or emerging risks are escalated through defined governance forums, with corrective action plans tracked to completion.

Risk profile dashboard Table – 89

Principal risk (Appetite and trend as at December 31, 2025)	KRI snapshot (headline + supporting)	Policy parameter	Actual position 2025	Actual position 2024
Credit risk (Within appetite and trend is improving)	**Headline KRIs**			
	Net impaired loans (Stage 3) to Total Loans Ratio (%)	2 – 5	1.54	2.76
	Impairment (Stage 3) to Stage 3 Loans Ratio (%)	40 – 45	73.50	64.61
	Supporting KRIs			
	Weighted average rating score of the overall lending portfolios to be better than '6' (%)	35 – 40	80.86	80.35
	Product concentration – highest exposure (%)	30 – 40	36.36	35.01
	Sector concentration (HHI)	0.015 – 0.025	0.01126	0.0111
	Large exposures HHI (>5% capital)	0.05 – 0.10	0.0060	0.0067
	Large exposures HHI (>15% capital)	0.10 – 0.20	0.0051	0.0054
	Single subsector exposure (% of loans)	4 – 5	2.85	2.74
	Aggregate exposures >15% eligible capital (%)	20 – 30	17.17	16.88
	Cross-border highest exposure rating (S&P Investment Grade – AAA to BBB-)	AA	AAA	AAA
Liquidity risk (Within appetite and trend is stable)	**Headline KRIs**			
	LCR (All currencies) (%)	100	288.58	454.36
	NSFR (%): Limit/Policy	100	163.94	187.29
	Supporting KRIs			
	Foreign currency 03 months cumulative liquidity gap/cumulative liabilities	>20	Positive	Positive
IRRBB (banking book interest-rate risk) (Near appetite and trend is stable)	**Headline KRIs**			
	NII sensitivity to a 100 bps parallel rate shock for LKR and 25 bps for FCY (Rs. Mn.)	Maximum of 1,750	1,942	805.25
	Max repricing gap (RSA/RSL in each maturity bucket up to 1 year) (times)	<1 – 1.15	1.02	0.84
Foreign exchange risk (Within appetite and trend is stable)	**Headline KRIs**			
	Exchange rate shocks on Total FCY exposure (at 1% exchange rate sensitivity) (Rs. Mn.)	750	670.65	562.68

Principal risk (Appetite and trend as at December 31, 2025)	KRI snapshot (headline + supporting)	Policy parameter	Actual position 2025	Actual position 2024
Operational risk (Within appetite and trend is stable)	**Headline KRI**			
	Operational loss tolerance limit (as a % of last three years average gross income)	3 – 5	0.132	0.504
	Supporting KRI			
	Operational Risk Reviews introduced	10	10	–
Cyber and technology risk (Within appetite and trend is stable)	**Headline KRI**			
	Critical systems availability	>= 80	94 %	93%
	Supporting KRI			
	Planned System downtime for Critical Systems	<10%	<10%	<10%
Compliance, Conduct and reputational risk (Within appetite and trend is stable)	**Headline KRIs**			
	Conduct Risk Monitoring: Overall Conduct Risk Score (ICAAP)	>85	93.94	92.42
	Reputational Risk Monitoring: Overall Conduct Risk Score (ICAAP)	>85	91.10	91.00
	Supporting KRI			
	Compliance audits/reviews across branches and units	155	155	136
Environmental & Social (E&S) and Climate Risks (Within appetite and trend is emerging)	**Headline KRIs**			
	Climate Risk Monitoring: Overall Climate Risk Score (ICAAP)	>50	64.65	–
	Environmental & Social (E&S) and Climate Risks Monitoring: Overall E&S and Climate Risk Score (ICAAP)	>85	90.83	90.42
	Supporting KRIs			
	Climate risk tools (heat maps/proxy indicators) and data governance			
	SLFRS S1 and S2 alignment roadmap and disclosure readiness			
Capital and strategic risk (Within appetite and trend is stable)	**Headline KRIs**			
	CET1 (%)	Over 8.5	13.035	14.227
	Total capital (%)	Over 14.0	16.698	18.142
	ROE (%)	Over 20.0	19.51	22.06
	Fitch rating	AA(lka)	A(lka)	A(lka)

Key risk management developments in 2025

2025 saw targeted enhancements across process digitisation, governance and resilience, supporting both efficiency and stronger control evidence.

Digitisation of impairment assessment and collateral data

To strengthen impairment governance, IRMD deployed a new web-based application for the Individually Significant Customer (ISC) impairment assessment process. This process improved productivity and consistency, reduced manual effort and strengthened auditability and accountability through workflow-based approvals and evidence capture.

Key governance enhancements included improved version control, clearer maker–checker accountability, standardised evidence capture, and a stronger audit trail across key judgement areas (staging rationale, cash-flow assumptions and overlays), supporting more consistent outcomes and faster review cycles.

In parallel, the Bank initiated automation of the property valuation process to improve collateral location tracking and establish a reliable property collateral database. Once implemented, this initiative will enable accurate geo-location tracking of collateral, improve monitoring of concentration and collateral coverage at portfolio level, and support stronger recovery readiness through a more reliable and structured collateral data foundation. The project is currently in the final stage of implementation and is expected to roll over within first quarter of 2026.

These initiatives improve credit decision quality, streamline collateral assignment, strengthen recovery readiness and support more consistent collateral-related controls across the credit lifecycle.

E&S integration and climate risk

Broader E&S and Climate Risks were integrated into ICAAP and the enterprise risk management framework. This integration enables forward looking assessment of portfolio vulnerabilities, strengthens governance, and enhances preparedness for evolving disclosure requirements. Climate risk governance is being progressively aligned with emerging global disclosure expectations (including SLFRS S1 and S2), with ongoing development of supporting policies, processes and data-driven disclosure practices. Oversight is exercised through the Board and relevant Board Committees, ensuring clear accountability across the three lines of defence.

Technology risk oversight, AI/ML governance and data quality

In response to accelerating digitalisation and model-driven decisioning, the Bank established a Data Governance & Analytics Steering Committee to oversee model development and other analytics projects.

The Bank also developed an AI and ML Governance Policy to guide responsible, secure and ethical use of AI/ML tools across business areas.

This policy defines approval, validation, monitoring and control requirements across the model lifecycle, including accountability for model outputs, data access controls, bias/ethical considerations, and evidence trails to

support internal assurance and regulatory confidence. To strengthen the reliability of risk analytics and reporting, a Data Quality Policy was implemented covering data quality dimensions and metrics, alongside roles and responsibilities for data owners, data stewards and data custodians. Improved data availability further strengthened independent challenge by enabling independent reviews of ECL assessments for a wider scope of lending units and by centralising the REI assessment process to improve consistency and accuracy.

Technology Risk Committee developed a Technology Risk Management Framework to enhance oversight of evolving technology risks. The framework strengthens governance over key technology risk domains (including cybersecurity, change management, resilience, third-party/outsourcing risk, data protection and availability), supported by structured reporting and escalation to management and Board committees.

Operational and cyber resilience

The Bank introduced Operational Risk Reviews (ORR) as a thematic initiative to strengthen the internal control environment and accelerate remediation across business units. By supplementing existing RCSA and KRI monitoring, ORRs facilitate deeper analysis of end-to-end processes to identify systemic gaps and recurring root causes, including high-frequency, low-impact events. This proactive approach ensures that common lapses are communicated to stakeholders for continuous improvement, with all remediation efforts tracked to closure through formal governance forums to ensure sustained operational resilience.

Cyber and information security focus continued to strengthen with the phased in implementation of a centralised MSOC to improve real-time detection and response. The MSOC is expected to enhance continuous monitoring across critical systems and digital channels (e.g., cyber threats, unauthorised access attempts, malware activity and information security events), with structured alert review, prioritisation and investigation to support timely mitigation, reporting and management oversight.

In addition, key observations relating to cyber risk, process failures and third-party/outsourcing risks are consolidated and presented through a Key Information Risk Indicators (KIRIs) dashboard to support trend analysis and proactive decision-making.

The Bank achieved ISO/IEC 27001:2022 and PCI DSS certifications, strengthening assurance over key information security and payment environments. Work on ISO 22301 (business continuity) certification also progressed, with the Stage 2 audit planned for early 2026. ISO 22301 readiness was supported by completion of the Stage 1 audit (document review) with no major nonconformities; the Stage 2 audit was rescheduled early 2026 based on auditor availability, with certification targeted thereafter.

Building risk resilience: key initiatives 2025 Table – 90

Theme	Q1	Q2	Q3	Q4
Credit and portfolio quality	Enhanced Risk Governance Framework for new lending initiatives and cross border lending	Independent Impairment Review of Bangladesh operations, strengthened oversight and governance	Faster impairment workflow, stronger governance and audit trail	Improved collateral location tracking; stronger collateral database
Technology and cyber	Operational resilience was strengthened through a comprehensive system downtime analysis of IT incidents	Comprehensive revamp of the IT Risk Management Policy to strengthen cyber detection and response oversight	Strengthened cybersecurity and digital scam prevention and reporting mechanisms to enhance customer confidence in the digital infrastructure	Streamlined IT incident reporting through the implementation of ITSM tools, Strengthened real-time threat detection, identification, and timely response capabilities via MSOC
Data/model governance	To strengthen compliance and responsible data management governance, training and awareness programs were conducted for targeted staff handling personal data, processes, and systems	Data Loss Prevention (DLP) controls were implemented to prevent unauthorised sharing of personal data and sensitive bank information	New DLP rules were introduced to improve the quality and consistency of risk reporting Data privacy notice published to explain collection, processing, disclosure and protection of personal data when using Bank's services, visiting branches, or interacting with digital platforms	To strengthen data integrity, promote responsible reporting, and reinforce stakeholder confidence, comprehensive Data Quality and AI & ML Model Governance policies were introduced
Resilience and compliance	Enhanced risk governance framework for Climate risk management	Corporate governance framework were strengthen as per the new CBSL guidelines	Implemented IT and cybersecurity incident reporting requirements to the CBSL Introduced a new Climate Risk Assessment and Management Policy and associated procedures	Implemented Climate risk compliance reporting in accordance with SLFRS S2 disclosure requirements

Managing principal risks

A summary of the Bank's principal risks, how they are managed and why they matter to value creation is given below. Detailed quantitative disclosures are presented in dashboards and cross-referenced to Notes to the Financial Statements and regulatory disclosures to minimise duplication.

Summary of risks Figure – 71

External

	Economic performance and trade cycles	Cyber threats	Increased regulations	Stability of fiscal and monetary policy	Other emerging risks
Mitigation	Guiding business strategy and resource allocation communicated to business lines.	Specialised teams within the risk management function (in addition to the First Line of Defence) and continued investments in enhancing cyber security.	A dedicated compliance function and an independent internal audit function facilitate compliance.	Close monitoring of trends for possible ramifications on the economy and business strategy which could impact asset quality and profitability.	Offering unparalleled and unprecedented convenience by adopting the latest banking technology. Embedding Climate Risk assessment (physical risk and transition risk) under Environmental and Social Risk Assessment.
Our objective	Safeguard stable funding sources, asset quality and returns.	Safeguard information and ensure business continuity.	Dynamic approach to comply with regulations.		To satisfy the rising expectations of stakeholders and to be future ready.

BANK

Internal

	Credit risk	People and operational risk	Market risk	Model risk	Liquidity risk	Environmental & Social and Climate Risk
Our objective	Safeguard the asset quality and reduce exposures to high risk segments	Creating an environment that enables performance while safeguarding the business	Safeguard against adverse movement of market factors arising from price sensitivities of funding sources, investments, lending or trading portfolios	Develop predictive capability to support the decision making process	Safeguard against funding constraints that prevent growth and meet demands of depositors/ investors	Proactively safeguard against exposure to industries, sectors, or projects with significant negative E&S and Climate Risk impacts, such as community displacement, pollution, human rights violations, or climate change.
Mitigation	Robust and rigorous risk assessment and pricing of loans in line with risk appetite and collateral support	Succession plans, code of conduct and business ethics, competency, policy frameworks, segregation of duties and internal controls	Monitoring, predicting and controlling through stringent limits and Management Action Triggers	Assumptions based models and behavioural testing through internal/external independent validation	Retention and growth of a stable deposit base and tapping low cost funding sources locally and overseas, act as a buffer in addition to sound maintenance of the liquid asset portfolio to support contingencies	Robust environmental and social risk assessments followed by corrective action plans development and implementation by the borrowers.

Credit risk

Credit risk is the potential for loss arising from a borrower or counterparty failing to meet contractual obligations. It remains a principal risk given the Bank's role as a financial intermediary and the scale and diversity of its lending and contingent exposures.

2025 performance and developments:

- Asset quality improved during 2025, supported by stabilising operating conditions and enhanced portfolio management discipline.
- Key indicators reported for 2025 included improvements in the Net impaired loans (Stage 3) to Total Loans Ratio to 1.54% (from 2.76% in 2024) and an increase in Impairment (Stage 3) to Stage 3 Loans Ratio to 73.50% (from 64.61% in 2024).
- Open credit exposure ratio improved to 9.17%.

To strengthen early identification over large and complex relationships, the top 20 Group exposures were subject to regular monitoring to detect early warning signals, assess concentration and ensure portfolio stability.

Credit risk is managed through a combination of policy frameworks, delegated authorities, independent review mechanisms, portfolio monitoring and remedial management. Core practices include robust credit underwriting standards, consistent risk grading, concentration limits, collateral governance, and proactive management of early warning triggers.

Key 2025 enhancements and controls:

- Digitised ISC impairment assessment workflow to improve governance, consistency and audit trails for high-impact exposures.
- Collateral data strengthening through the property valuation automation initiative and improved collateral tracking foundations.
- Developed risk controls with AI-powered Underwriting models to ensure decisions remain consistent with policy and appetite. Model governance controls were developed to validate alignment of model outputs with underwriting standards.
- System-driven credit risk rating models introduced for Bangladesh operations to support consistent risk-based decisioning across the Group footprint.
- Regular monitoring of the top 20 Group exposures to identify emerging risks, manage concentrations and trigger proactive actions.
- Embedding RAROC into pricing considerations to support risk-adjusted returns and capital efficiency across products and segments.

Maximum credit risk exposure Table – 91

As at December 31,	2025		2024	
	Rs. Bn.	%	Rs. Bn.	%
Net carrying amount of credit exposure				
Cash and cash equivalents	84.937	2.1	86.848	2.6
Placements with banks	103.157	2.6	104.901	3.2
Financial assets at amortised cost – Loans and advances to banks	–	–	–	–
Financial assets at amortised cost – Loans and advances to other customers	1,903.430	47.8	1,384.525	42.1
Financial assets at amortised cost – Debt and other financial instruments	689.348	17.3	667.710	20.3
Financial assets measured at fair value through other comprehensive income	217.991	5.5	301.584	9.2
Total (a)	2,998.863		2.545.568	
Off-balance sheet maximum exposure:				
Lending commitments	246.589	6.2	196.131	6.0
Contingencies	732.840	18.4	546.359	16.6
Total (b)	979.429		742.490	
Total of maximum credit exposure (a + b)	3,978.292	100.0	3,288.058	100.0
Gross carrying amount of loans and advances to Other Customers	2,027.759		1,486.900	
Stage 3 (credit impaired) loans and advances to other customers	128.460		127.737	
Impaired loans as a % of gross loans and advances to other customers		6.3		8.6
Allowance for impairment – loans and advances to other customers	124.329		102.376	
Allowance for impairment as a % of gross loans and advances to other customers		6.1		6.9
Impairment charge – Loans and advances to other customers	22.688		22.816	

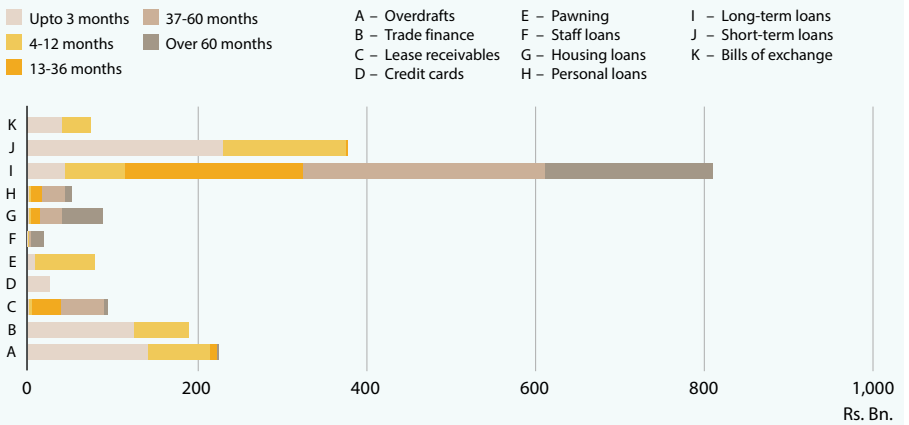
Provisioning and staging governance

The Bank applies expected credit loss (ECL) approaches consistent with SLFRS requirements. Governance focuses on model performance, overlays where warranted, independent review of key assumptions, and consistent documentation for audit and regulatory scrutiny. The digitised impairment workflow supports stronger control evidence and timely escalation of emerging concerns.

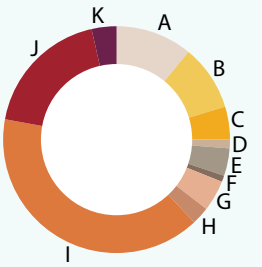
Recovery and remedial management

For higher-risk relationships and stressed sectors, the Bank uses structured monitoring, customer engagement and remedial actions including restructuring where appropriate, enhanced collateral oversight, and recovery strategies. The objective is to minimise losses, preserve value and accelerate resolution while maintaining customer relationships where viable.

Tenure-wise loans & advances to other customers as at December 31, 2025 (based on residual maturity) Graph – 37

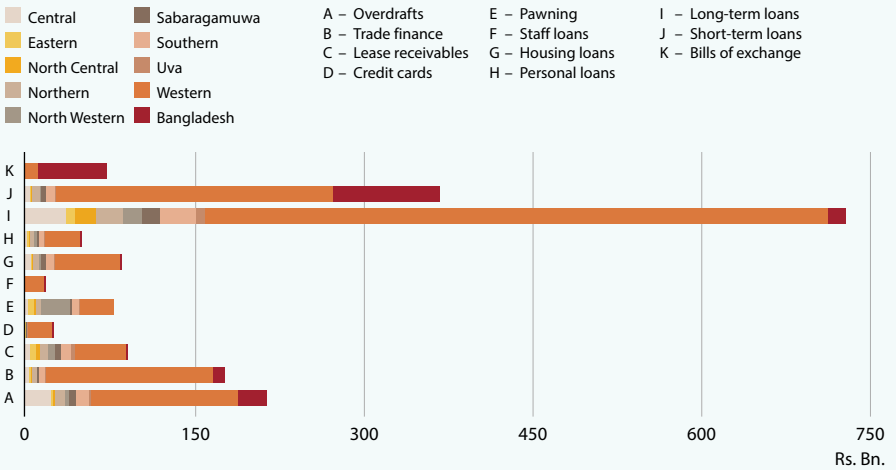


Product-wise analysis of loans & advances to other customers as at December 31, 2025 Graph – 39

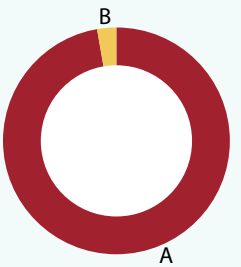


		%	Net exposure (Rs. '000)
A	Overdraft	11.0	223,466,968
B	Trade Finance	9.3	189,541,869
C	Lease Receivables	4.6	93,018,681
D	Credit cards	1.3	25,675,194
E	Pawning	3.9	78,751,859
F	Staff Loans	0.9	18,029,380
G	Housing Loans	4.4	88,882,121
H	Personal Loans	2.5	51,319,875
I	Long Term Loans	39.9	809,905,429
J	Short Term Loans	18.6	376,528,426
K	Bills of Exchange	3.6	72,639,800

Product-wise geographical analysis of loans & advances to other customers as at December 31, 2025 Graph – 38

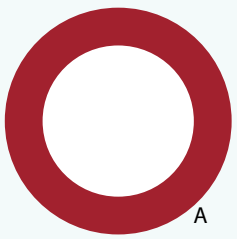


The concentration of counterparty bank exposures in Sri Lanka as at December 31, 2025 (Fitch ratings-wise) Graph – 40



	Country Rating	%	Exposure (USD Mn.)
A	AAA to A	96	100.92
B	BBB to B	4	4.56
C	CCC to Unrated	0	0.09

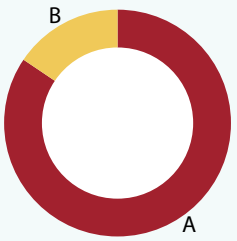
The concentration of counterparty bank exposures in Bangladesh as at December 31, 2025 (CRAB ratings-wise*) Graph – 41



	Country Rating	%	Exposure (USD Mn.)
A	AAA to A	100	173.78
B	BBB to B	0	0.00
C	CCC to Unrated	0	0.00

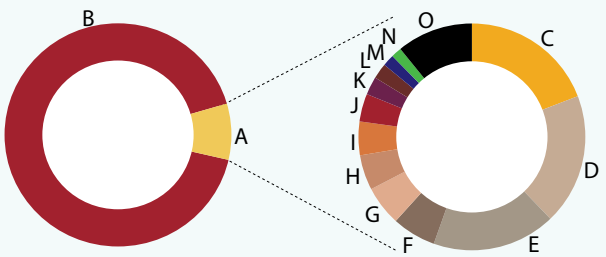
Equal CRISIL/Alpha ratings are given where CRAB ratings are unavailable

The concentration of cross-border exposure (Sri Lanka and Bangladesh operations) – S&P rating wise as at December 31, 2025 Graph – 43



	Country Rating	%	Exposure (USD Mn.)
A	AAA to BBB-	84	671.82
B	Below BBB- and Unrated	16	128.34

Cross border exposure of the Bank (Sri Lankan & Bangladesh operations) as at December 31, 2025 Graph – 42



		%
A	Cross-border Assets	9
B	Other Assets	91

	Country	%
C	SINGAPORE	19.23
D	INDIA	18.51
E	MALDIVES	17.78
F	BANGLADESH	6.29
G	UK	5.66
H	USA	4.96
I	BAHRAIN	4.74
J	QATAR	3.93
K	KENYA	2.57
L	INDONESIA	2.21
M	MAURITIUS	1.67
N	KUWAIT	1.50
O	Others	10.96

Market risk (trading book) and foreign exchange risk

Market risk arises from adverse movements in interest rates, foreign exchange rates, equity prices and other market variables that affect trading and investment positions. Market risk is managed within defined risk appetite limits and regulatory requirements, supported by independent monitoring and escalation.

Market risk categories Table – 92

Major market risk category	Risk components	Description	Tools to monitor	Severity	Impact	Exposure
Interest rate		Risk of loss arising from movements or volatility in interest rates				
	Re-pricing	Differences in amounts of interest-earning assets and interest-bearing liabilities getting re-priced at the same time or due to timing differences in the fixed rate maturities, and appropriately re-pricing of floating rate assets, liabilities, and off-balance sheet instruments	Re-pricing gap limits and interest rate sensitivity limits	High	Medium	Medium
	Yield curve	Unanticipated changes in shape and the gradient of the yield curve	Rate shocks and reports	High	High	High
	Basis	Differences in the relative movements of rate indices which are used for pricing instruments with similar characteristics	Rate shocks and reports	High	Medium	Medium
Foreign exchange		Possible impact on earnings or capital arising from movements in exchange rates arising out of maturity mismatches in foreign currency positions other than those denominated in base currency, Sri Lankan Rupee (LKR)	Risk tolerance limits for individual currency exposures as well as aggregate exposures	Medium	Medium	Medium
Equity		Possible losses arising from changes in prices and volatilities of individual equities	Mark-to-market calculations are carried out daily for Fair Value Through Profit and Loss (FVTPL) and Fair Value Through Other	Low	Low	Negligible
Commodity		Exposures to changes in prices and volatilities of individual commodities	Mark to market calculations	Low	Low	Negligible

Management approach:

The Bank monitors trading exposures primarily through sensitivity measures, supported by a robust governance framework and stress testing. Foreign exchange and fixed income trading positions are MtM, governed by sensitivity limits, and any exceptions are escalated through defined governance channels.

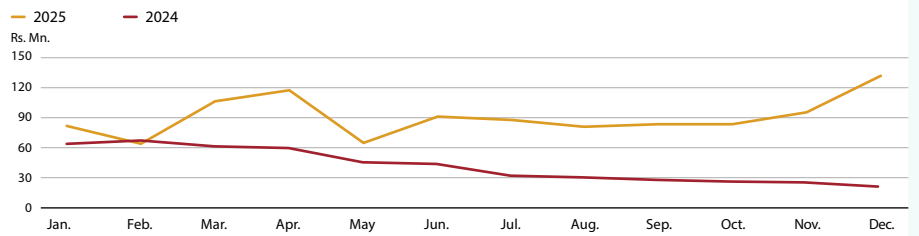
Market risk - key metrics and controls

MtM impact for 100bps rate shock on Gov. Securities Trading Portfolio (FVTPL):

- Maintained an average sensitivity utilisation of 61% and contained MtM loss utilisation to just 12.97%.

Trading book risk remained within Board-approved limits; elevated days were reviewed and explained.

FVTPL Price Sensitivity Graph – 44



Key controls:

- Close monitoring of MtM, sensitivity and market yields
- Independent valuation/price verification
- Escalation and management review for limit breaches

Foreign exchange risk is managed within Board-approved limits and regulatory boundaries. Oversight includes monitoring of net open positions, stress testing and sensitivity analysis, and ensuring sufficient liquidity in foreign currency where relevant to meet obligations and support customer needs.

Sensitivity of Net Interest Income to rate shocks Table – 93

Net Interest Income (NII)	2025		2024	
	Parallel increase Rs. '000	Parallel decrease Rs. '000	Parallel increase Rs. '000	Parallel decrease Rs. '000
As at December 31,	1,941,933	(1,942,803)	805,254	(806,045)
Average for the period	896,742	(897,559)	830,956	(831,385)
Maximum profit/(loss) for the period	1,941,933	(1,942,803)	1,461,243	(1,461,840)
Minimum profit/(loss) for the period	233,446	(234,328)	152,547	(152,674)

Interest rate sensitivity gap analysis of assets and liabilities of the Banking Book Table – 94

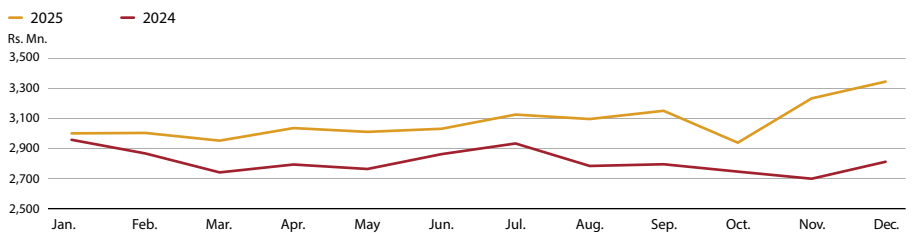
As at December 31, 2025 – Bank

Description	0-90 days Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Non-sensitive Rs. '000	Total Rs. '000
Total financial assets	1,252,819,294	435,654,493	443,091,736	468,269,267	315,203,273	142,281,295	3,057,319,358
Total financial liabilities	1,548,857,107	764,524,542	197,966,454	56,453,787	9,872,060	259,112,884	2,836,786,834
Interest rate sensitivity gap	(296,037,813)	(328,870,049)	245,125,282	411,815,480	305,331,213	(116,831,589)	220,532,524
Cumulative gap	(296,037,813)	(624,907,862)	(379,782,580)	32,032,900	337,364,113	220,532,524	–
RSA/RSL	0.81	0.57	2.24	8.29	31.93	0.55	1.08

FX Sensitivity/Net Open Position:

- Proactive management ensured the Net Open Position (NOP) stayed well within regulatory limits, and FX sensitivity at 1% was closely monitored and averaging 82% of the approved threshold.

Sensitivity Fx Position-Impact of 5% change in Exchange Rate (Sri Lanka Operation) Graph – 45



Exposure managed within limits; late-year LKR movement reinforced monitoring of open positions.

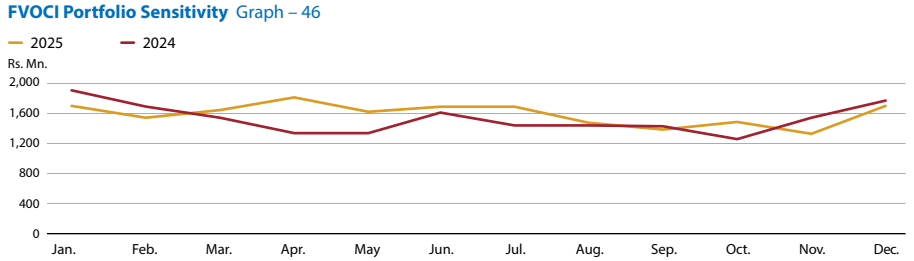
Key controls:

- Intraday/daily NOP limits and monitoring
- Stress scenarios and sensitivity analysis
- Hedging/escalation protocols

Investment Valuation Risk: Gov. Securities Trading Portfolio (FVOCI):

- Average sensitivity utilisation stood at 66%. The portfolio operated profitably, with no utilisation of the MtM loss threshold.

FVOCI Portfolio Sensitivity Graph – 46



Valuations reviewed regularly; portfolio risk monitored for volatility and concentration.

Key controls:

- Independent valuation and governance
- Concentration limits and periodic portfolio review
- Sensitivity/stress testing of investment book

Interest rate risk in the banking book (IRRBB)

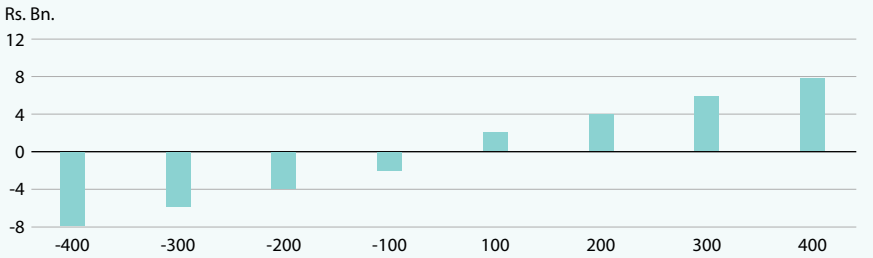
IRRBB reflects the sensitivity of the Bank's earnings and economic value to movements in interest rates. As the interest rate environment evolves, disciplined IRRBB management supports stable margins and sustainable profitability.

IRRBB is assessed through stress testing and scenario analysis from both Economic Value of Equity (EVE) and Earnings at Risk (EAR) perspectives. In 2025, scenario analyses included rate shocks in the range of 100–400 basis points for LKR and 25–100 basis points for foreign currency, supporting ALCO decision-making on pricing, tenor strategy and balance sheet positioning. ALCO oversight ensures that changes in market rates, behavioural assumptions and product repricing characteristics are appropriately considered.

Risk drivers typically include the repricing gap between assets and liabilities, the behaviour of non-maturity deposits, prepayment characteristics, and the optionality embedded in certain products. Robust governance therefore requires both quantitative measures and qualitative challenge of key assumptions.

IRRBB – EAR sensitivity under interest rate shocks (EAR/NII)

Interest Sensitivity Graph – 47



Key management levers ALCO uses to manage IRRBB Figure – 72

Pricing discipline:

Loan and deposit pricing actions to manage spreads and repricing risk.

Tenor/mix:

Adjust tenor and repricing mix of assets and liabilities to reduce gaps.

Deposit behaviour:

Monitor and refine behavioural assumptions for non-maturing deposits.

Hedging:

Use permitted hedging actions and limits, supported by governance and effectiveness review.

Liquidity risk and funding resilience

Liquidity risk is the potential inability to meet obligations as they fall due without unacceptable losses. It is inherent in banking due to the very business model of financial intermediation and maturity transformation and is managed through strong buffers, diversified funding, and stress-tested contingency options.

2025 position:

- LCR (All Currencies): 288.58%
- LCR (Rupee): 419.40%
- NSFR: 163.94%

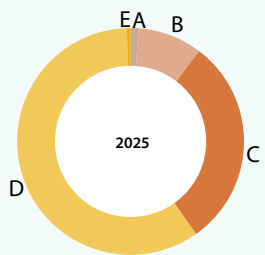
Key ratios used for measuring liquidity under the stock approach Table – 95

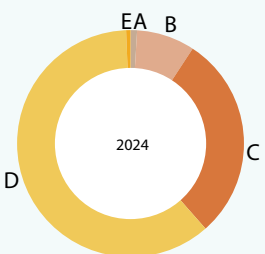
As at December 31,	2025	2024
Liquidity ratios		
Loans to customer deposits	0.78	0.66
Net loans to total assets	0.58	0.50
Purchased funds to total assets	0.24	0.24
(Large liabilities – Temporary Investments) to (Earning assets – Temporary Investments)	0.26	0.26
Commitment to total loans	0.19	0.24

Liquidity risk management includes static and dynamic liquidity gap monitoring, funding concentration monitoring and scenario-based stress testing (minor, moderate and severe). Stress scenarios included institutional deposit outflows of up to 40% to evaluate NII resilience and inform contingency actions. CBSL behavioural assumptions were applied in modelling to strengthen consistency and comparability of results.

Contingency planning includes identifying available liquidity buffers, secured funding options, and operational playbooks for stress conditions. Governance ensures that early warning signals and threshold breaches trigger timely escalation and action, including balance sheet repricing, funding diversification or temporary limits on growth in certain asset classes where necessary.

Funding diversification by product as at December 31, Graph – 48

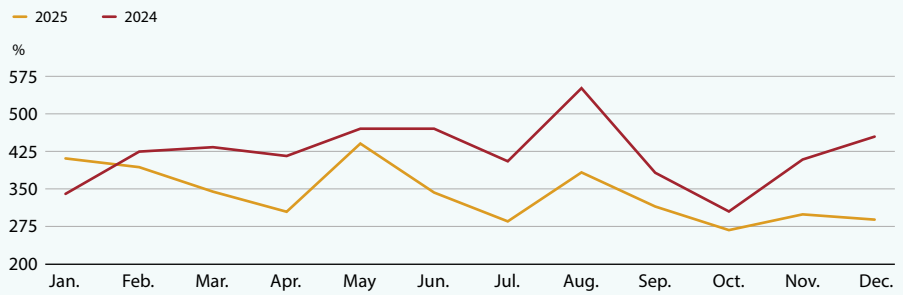




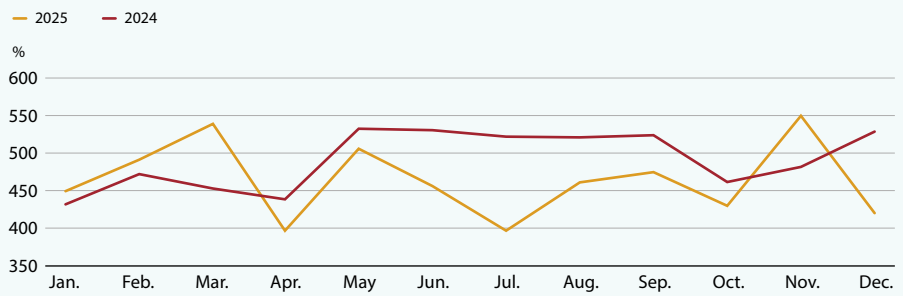
		2025 %	2024 %
A	Due to Banks	1	1
B	Current Account Balances	9	8
C	Savings Deposits	30	29
D	Term Deposits	59	61
E	Other Borrowings	1	1

Liquidity and Funding Dashboard – 2025

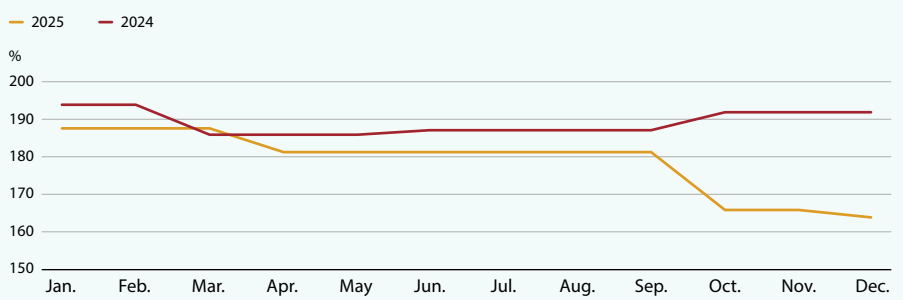
LCR (All Currency) Graph – 49



LCR (Rupee) Graph – 50



NSFR Graph – 51



What changed in 2025:

Liquidity remained well above regulatory minima, supported by strong buffers and disciplined monitoring. Funding resilience benefited from stable market conditions and stronger FX inflows from tourism and record remittances, while stress testing continued to assess resilience under severe deposit outflow scenarios. Currency depreciation towards year-end reinforced focus on FX liquidity, concentration monitoring and contingency readiness.

Stress testing – key assumptions:

- Scenarios: Minor/Moderate/Severe
- Deposit outflows: Institutional up to 40%
- Behavioural assumptions: CBSL/internal parameters
- Metrics tracked: LCR, NII resilience
- Contingency actions: Liquid assets, pricing, funding lines

Operational risk (including fraud, outsourcing and business continuity)

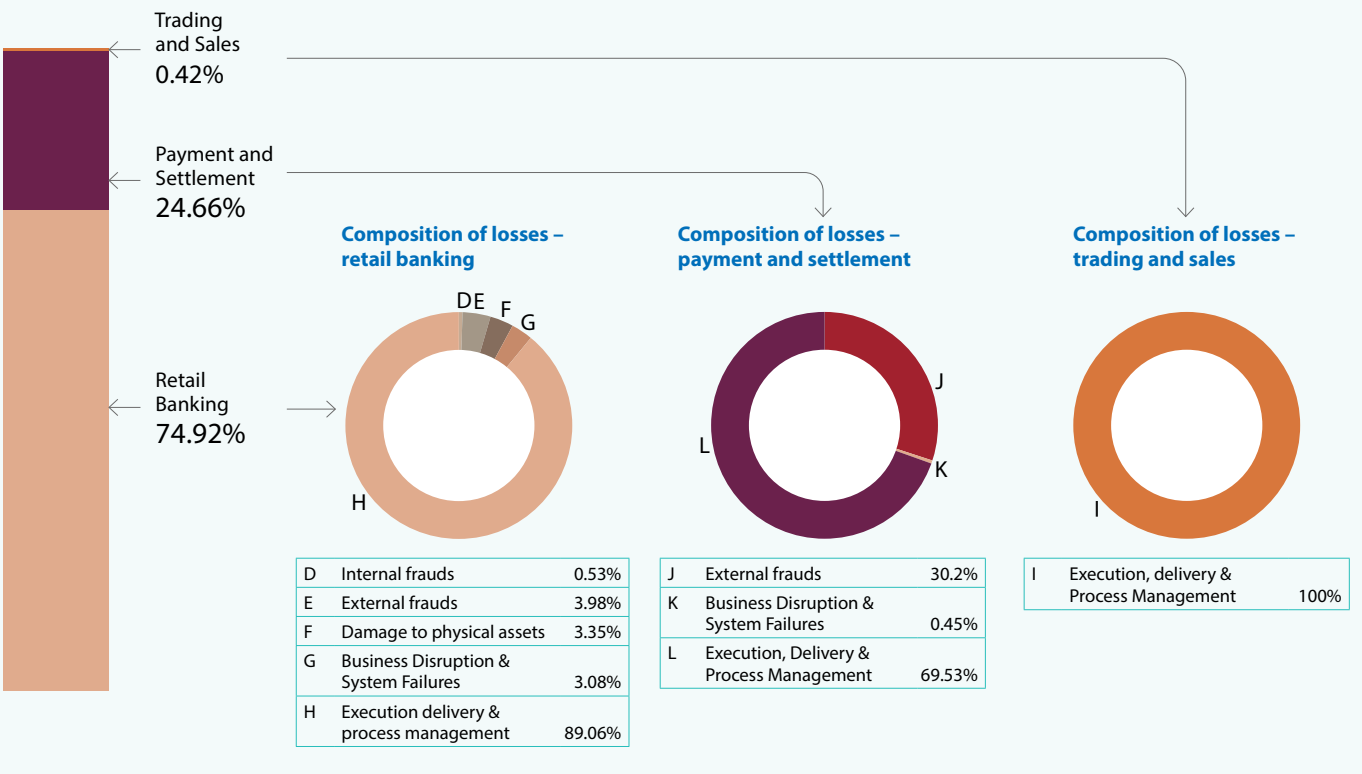
Operational risk is defined as the potential for loss resulting from inadequate or failed internal processes, people, and systems, or from external events. It encompasses fraud, legal risk, and the operational complexities of third-party and outsourcing relationships.

The Bank manages this profile through a robust governance framework, policies, and a suite of integrated tools, including RCSA, incident and loss event reporting, and KRIs. These are further strengthened by thematic reviews and structured remediation tracking to ensure continuous improvement. Additionally, the Bank strategically utilises insurance as a risk transfer mechanism to mitigate the impact of specific high-severity events.

2025 operational performance

ORRs of business units were introduced to proactively identify control gaps and accelerate remediation to mitigate risk arising from the Operational processes. Operational losses remained low at 0.132% of the last three years' average gross income, with a majority of financial impact losses attributable to Retail Banking (high-frequency, low-impact events in cash handling and ATM operations), reinforcing continued focus on control enhancements in high-volume environments.

Composition of losses – 2025 Graph – 52



D	Internal frauds	0.53%
E	External frauds	3.98%
F	Damage to physical assets	3.35%
G	Business Disruption & System Failures	3.08%
H	Execution delivery & process management	89.06%

J	External frauds	30.2%
K	Business Disruption & System Failures	0.45%
L	Execution, Delivery & Process Management	69.53%

I	Execution, delivery & Process Management	100%

IT operational incidents are managed through a structured incident management framework supported by an IT Service Management (ITSM) tool implemented in November 2025. The tool supports consistent recording, impact assessment, root cause analysis and tracking of corrective/preventive actions, with periodic reporting and oversight through relevant management committees.

From a DR/BCP perspective, incidents with potential or actual service disruption are assessed against Recovery Time Objectives (RTOs), and observations (including deviations) are periodically reported by the IT Risk Unit to management to strengthen resilience.

Issues identified are communicated to relevant stakeholders, action plans are agreed, and closure is monitored through governance channels.

Losses by number of events Graph – 53

		2025 %	2024 %
A	Internal frauds	0	0
B	External frauds	21	10
C	Employment practice and work place safety	0	0
D	Clients products and business practices	0	0
E	Damage to physical assets	3	4
F	Business disruption and system failures	6	5
G	Execution delivery and process management	70	81

Business continuity and disaster recovery:

Operational resilience is anchored by robust business continuity planning, rigorous testing, and the diligent oversight of RTOs for critical services. Significant progress has been made toward ISO 22301 certification, with the Stage 2 audit slated for early 2026. Notably, Commercial Bank stands as the only bank in Sri Lanka to have maintained all critical operations from its IT Disaster Recovery (DR) site for over six months, far exceeding the CBSL seven day minimum requirement.

Technology and cyber risk

The continued expansion of the Bank's digital footprint has led to a corresponding increase in technology and cyber risks. These risks include system availability issues, cyber security threats, change management weaknesses, data security exposures, and reliance on third-party technology providers. Given the potential for rapid and material impact on customers, operations, and the Bank's reputation, the Bank maintains a low tolerance for cyber incidents and critical system disruptions.

All IT incidents are reported to the EIRMC and the BIRMC for review, following the completion of a comprehensive risk analysis. This analysis includes root cause assessment and recommendations to prevent recurrence, thereby strengthening overall oversight and control effectiveness, and is monitored through KRIs with a primary focus on cybersecurity risks and the availability of critical systems.

In addition, all new IT initiatives are submitted to the Board Technology Committee for approval, while all initiatives followed comprehensive system development lifecycle covering the Technology risk perspective.

Detection and response maturity

At present, privileged user activities are proactively monitored and detected using Privileged Activity Monitoring (PAM) tools. In addition, a phase 1 of centralised MSOC was implemented in the later part of 2025 with the plan of strengthening the real-time threat detection and incident response across critical systems and digital channels by 2026. Further, the IT Risk Management Policy (v3.0) has been comprehensively revamped to enhance coverage of cybersecurity risks.

Incident governance

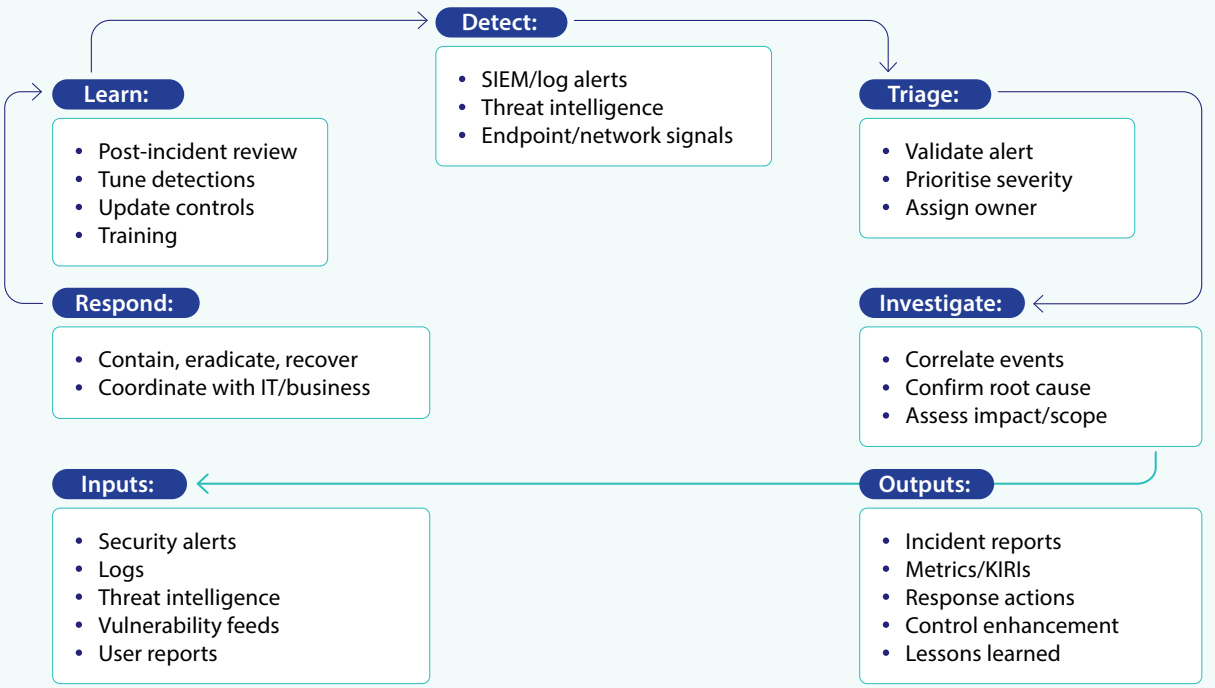
A structured incident management framework, supported by an ITSM tool, ensures consistent incident logging, root cause analysis, and implementation of corrective and preventive actions. Incident remediation progress are periodically reviewed and escalated to relevant governance forums, as appropriate.

Assurance and standards

ISO/IEC 27001:2022 and PCI DSS certifications were achieved in 2025, strengthening assurance over information security and payment environments.

Proposed Operating Model of the Managed Security Operations Centre

SOC operating cycle (continuous improvement) Figure – 73



During 2025, the Bank successfully completed Phase 1 of the MSOC implementation. This phase involved deploying enhanced SOC capabilities, specifically incorporating Security Information and Event Management (SIEM) and Extended Detection and Response (XDR). Furthermore, this deployment included External Attack Surface Monitoring (EASM), Threat Intelligence (TI), and Threat Hunting (TH) within the Bank's operations, leading to a capability enhancement to 24x7x365 security monitoring.

For Phase 2, the Bank plans to expand this capability to its overseas operations and integrate Security Orchestration, Automation, and Response (SOAR). This expansion and integration will further enhance operational resilience and stability by strengthening the overall security and risk management posture.

Compliance, Reputation, conduct and regulatory risk (including data privacy)

Compliance, Reputation and conduct risk arise from failure to comply with laws, regulations, internal standards and ethical expectations and potential negative impact arising from stakeholders' perception of the Bank. Strong reputation, conduct and compliance protect franchise value and stakeholder trust and reduce the risk of legal and regulatory penalties.

Compliance governance includes independent monitoring, reporting to the Board, and periodic training to embed expectations across the organisation. Additionally, the implementation of the Group Reputational Risk Management Policy and the Group Conduct Risk Management Policy formalises the governance of reputational and conduct risks across the organisation, reinforcing a strong risk management culture and providing a structured framework for managing conduct risk while upholding high standards of behaviour and integrity.

AML/KYC and financial crime

The Bank remained steadfast in its commitment to preventing financial crimes by continuously strengthening its AML and KYC frameworks, enhancing monitoring technologies for timely detection and prevention of suspicious activities, and periodically reviewing controls to align with evolving regulatory and global AML expectations, thereby supporting compliance, mitigating financial crime risks, and reinforcing stakeholder trust in the Bank's ethical practices.

Data privacy

As part of Bank's journey to becoming a financial leader in data privacy practices, the Bank has developed several policies and procedures to safeguard the processing of customer data in compliance with the Personal Data Protection Act No. 09 of 2022 of Sri Lanka. A series of training programs were also conducted to enhance staff awareness on the proper handling of personal data.

Environmental & Social (E&S) Climate Risk

E&S and Climate Risks can affect borrower viability, collateral values and operational continuity. Expectations for governance, integration and disclosure continue to rise for banks and financial institutions.

In 2025, climate risk and broader E&S risks were integrated into ICAAP and the enterprise risk management framework. This supports forward-looking assessments of potential portfolio vulnerabilities and strengthens governance as disclosure requirements evolve towards global standards such as SLFRS S1 and S2.

Key focus areas included governance clarity, exposure mapping (for example, climate-sensitive sectors), risk identification in credit processes, scenario analysis capability, and robust internal controls over climate-related data and disclosures.

E&S and Climate Risks Integration (2025 Progress and Forward Outlook) Table – 96

Area	Policies/standards and Processes	Data and tools	Governance/oversight	Metrics and disclosures
ICAAP and capital planning	**ENHANCING** E&S and Climate Risks considerations integrated into ICAAP scorecards, including structured risk identification and assessment of potential financial impacts.	**PLANNED** Scenario analysis methodologies and portfolio-level climate risk indicators under development to support forward-looking risk assessment.	**EMBEDDED** Oversight provided by the BIRMC within the established governance framework, with clear accountabilities across management and the three lines of defense.	**ENHANCING** Qualitative disclosures established; quantitative metrics and scenario-based insights to be progressively implemented.
Credit assessment and underwriting	**ENHANCING** E&S and Climate Risk factors are systematically embedded into credit appraisal, due diligence, and credit approval processes, including comprehensive borrower-level risk assessments. Climate risk frameworks are being enhanced to explicitly reflect climate transition and physical risk considerations.	**ENHANCING** Expanding the use of geographic and sector vulnerability heat maps, risk screening checklists, and external data sources to support credit decision-making.	**EMBEDDED** Well-defined threshold limits are established to oversight through EIRMC and Risk Management functions, with escalation mechanisms for higher-risk exposures.	**PLANNED** Initial qualitative disclosures are in place; development of consistent portfolio-level metrics planned
Collateral and valuation	**PLANNED** Enhancements underway to assess climate-related impacts on collateral values, particularly physical risk exposures.	**ENHANCING** Tools and data sources are being strengthened to assess location-based physical risks exposures and long-term asset vulnerability	**ENHANCING** Arrangements are ongoing to support the current automation of collateral valuation project.	**PLANNED** Metrics and disclosures are being under development, with a focus on material collateral classes/types
Stress testing	**PLANNED** Climate-related physical and transition risk assessments are being progressively integrated into enterprise-wide stress testing frameworks	**PLANNED** Models, scenarios, and data inputs are being enhanced to support multi-year climate stress testing	**EMBEDDED** Stress testing oversight is embedded through Board and management committee structures, supported by clearly defined delegated responsibilities.	**PLANNED** Stress testing matrices will be implemented as planned, with methodologies expected to progressively mature going forward.
Disclosure controls	**ENHANCING** Processes are being strengthened to ensure the consistency, accuracy, and completeness of E&S and Climate Risk disclosures. Policies are being enhanced to align with SLFRS S2 disclosure requirements and other emerging global sustainability reporting standards.	**ENHANCING** Data management systems and controls are being enhanced to support reliable, auditable climate-related data/ information	**EMBEDDED** Oversight embedded through BAC	**ENHANCING** Qualitative and quantitative disclosures are progressively incorporated in line with regulatory and stakeholder expectations.

For a more detailed account of E&S and Climate Related Risks and Opportunities, please refer SLFRS Sustainability Related Financial Disclosures on pages 141 to 171.

Model risk, data and analytics

As the Bank expands the use of analytics and AI-driven tools, model governance and data quality become critical to reliable decision-making and regulatory confidence. Model risk arises from potential errors in model design, implementation, data inputs, assumptions or misuse of outputs.

In 2025, the Bank developed an AI and ML Governance Policy to guide responsible, secure and ethical use of AI/ML tools across business areas. This helps ensure that model outputs are used appropriately, with clear accountability, transparency and controls over data access and outcomes.

To strengthen the reliability of analytics and reporting, a Data Quality Policy was implemented covering data quality dimensions and metrics, alongside roles and responsibilities for data owners, data stewards and data custodians. Risk data initiatives such as repositories and data marts support more consistent reporting and control evidence.

Data governance "golden thread" Table – 97

Roles and accountability:	Critical data elements:	Data quality KPIs:	Dashboards and monitoring:	Decisions and outcomes:
Data Owners (define/approve) **Data Stewards** (quality and controls) **Data Custodians** (storage and access)	**Owners for the data assets are being defined** **Definitions for critical data elements are being defined in the 'Data quality Policy'**	The following quality standards have been defined Error rate 0% – 5% Completeness ≥ 90% Timeliness ≥ 90%	**Data Quality Scorecard:** Monthly report on data quality exceptions (e.g., missing mandatory fields, format errors) by business unit. **Access Control Log Monitoring:** Daily review of privileged user access to production databases and sensitive file shares.	**Better Risk Decisions:** Accurate calculation of ECL based on validated customer and transactional data. **Regulatory Reporting:** Timely and accurate submission of all mandated reports to the Regulatory authorities. **Portfolio Monitoring:** Granular and consistent data enables accurate tracking of loan portfolio health and early warning indicators.

Data Governance Framework

Policy:	Standards:	Processes:	Tools:	Reporting:
Data Governance Policy **Data Breach Handling Policy** **Data Quality Policy** **AI & ML Model Governance Policy**	Mandatory use of single source of truth for all new projects and reporting initiatives. Minimum standards for data quality are being defined Developments of AI and ML models must ensure reliability, trustworthiness and responsible use of data Minimum standards for model performance metrics are being defined	All data requests require Data Protection Officer (DPO) approval in accordance with Personal Data Protection Act (PDPA) requirements Data Protection Impact Assessment (DPIA) is in place to identify and reduce privacy risks when processing personal data **Data Quality Monitoring:** Automated daily checks on critical data elements (CDEs) within the core banking system. DLP controls are in place to secure confidential data from being leaked to unauthorised parties Data breach handling procedures are established in the event of a personal data breach The BIRMC approves AI and ML models prior to development considering the pre-risk assessment and the final approval based on the post risk scores	**Data Validation Tools:** Verify performance, robustness and fairness of the model **DLP tools** To block and monitor unauthorised sharing of personal and confidential non-customer data.	**Committee Packs:** Quarterly reports to the Board on overall data quality maturity and compliance with PDPA/ CBSL directives.

Stress testing and enterprise resilience

Stress testing supports forward-looking risk management by assessing the impact of severe-but-plausible shocks and by informing risk appetite, capital planning, limit calibration and contingency actions. It is an important element of ICAAP and broader enterprise resilience.

In 2025, stress tests incorporated credit default scenarios (including large exposure failure), market and FX shocks, extreme funding crunch conditions, severe interest-rate shocks and operational/cyber disruption events. Combined multi-factor scenarios were also used to assess resilience under concurrent stresses.

Stress test results are used to confirm adequacy of capital and liquidity buffers, identify vulnerabilities, and trigger management actions such as rebalancing of portfolios, adjustments to funding strategy, limit calibration, and strengthening of operational resilience measures.

Capital adequacy and ICAAP

ICAAP provides a structured assessment of the Bank's capital needs over a multi-year horizon and supports proactive capital planning in line with strategy and risk appetite. It considers material risks, stress test outcomes and forward-looking business plans.

As at December 31, 2025, the Bank reported a Tier 1 capital ratio of 13.035% and a total capital ratio of 16.698%, both above regulatory minimums. Capital planning was supported through debenture issuance and risk-weighted assets optimisation initiatives, alongside profitability and disciplined balance sheet growth.

Targeted and actual capital adequacy ratios Table – 99

As at December 31,			2025	2024
Capital ratios	Regulatory minimum %	Goal (internal requirement) %	%	%
CET 1	8.500	>8.500	13.035	14.227
HLA	1.500	>1.500		
Tier I	10.000	>10.000	13.035	14.227
Total	14.000	>14.000	16.698	18.142

Strong capital adequacy supports stakeholder confidence and enables the Bank to invest in strategic priorities such as technology resilience, data foundations and sustainable finance capabilities, while maintaining flexibility to support customer needs.

Impact on CAR at minor, moderate and severe stress levels Table – 98

As at December 31,		2025			2024		
Particulars	Description	Minor	Moderate	Severe	Minor	Moderate	Severe
		%	%	%	%	%	%
Credit risk – asset quality downgrade	Increasing the direct non-performing facilities over the direct performing facilities for the entire portfolio	-0.35	-0.85	-2.21	-0.39	-0.94	-1.51
Operational risk	Impact of; Top five operational losses during last five years Average of yearly operational risk losses during last three years whichever is higher	-0.02	-0.05	-0.09	-0.03	-0.07	-0.15
Foreign exchange risk	Percentage shock in the exchange rates for the Bank (gross positions in each Book without netting)	-0.02	-0.04	-0.06	-0.18	-0.22	-0.34
Liquidity risk (LKR) –	Withdrawal of percentage of the clients, banks and other banking institution deposits from the Bank within a period of three months						
	Rollover of loans to a period greater than three months	-0.05	-0.12	-0.21	-0.18	-0.43	-0.75
Interest rate risk – EAR and EVE (LKR) – Sri Lanka	To assess the long-term impact of changes in interest rates on Bank's EVE through changes in the economic value of its assets and liabilities and to assess the immediate impact of changes in interest rates on Bank's earnings through changes in its net interest income	-0.06	-0.13	-0.18	-1.42	-2.16	-6.25

(1) Stress scenarios are based on SLFRS-9 guidelines and staging of credit facilities pursuant to the Banking Act Direction No. 13 of 2021.

Outlook and priorities for 2026

Looking ahead, the Bank's 2026 risk priorities will be closely aligned to the 2026–2030 strategic direction and the evolving risk landscape, with a focus on strengthening sustainable growth, digitisation and organisational resilience.

Key priorities include:

- Strengthening capital, liquidity and risk-adjusted performance frameworks by optimising buffers and deepening the use of RAROC and ICAAP in line with market developments, while continuing to maintain portfolio quality within the Bank's approved risk appetite.
- Scaling digitisation and value-added risk services, including transforming selected components of the credit risk review function, streamlining pre - and post-credit evaluation processes, and embedding a Risk Insight and Early Warning mechanism that provides granular, timely risk insights through digital platforms.
- Industrialising AI and model governance by strengthening model lifecycle controls, validation, monitoring and evidence trails, while leveraging AI-driven analytics and automation to enhance the efficiency, accuracy and scalability of Level-2 monitoring, reducing reliance on manual intervention.
- Advancing cyber maturity and operational resilience through completion of MSOC implementation and increased automation of monitoring, alongside enhanced capabilities for continuous monitoring, threat hunting and vulnerability management, and stronger third-party/ outsourcing controls.
- Delivering data foundations (risk data repository/data marts) and strengthening data quality KPIs and dash boarding to support better analytics, consistent risk reporting and regulatory compliance.
- Deepening E&S and Climate Risks integration through a more data-driven climate risk assessment process, enhanced scenario capability and disclosure readiness aligned to emerging standards, supported by stronger governance and controls.
- Strengthened Group wide oversight of subsidiaries, related-party entities, and foreign operations through enhanced consolidated risk reporting and governance, harmonised control standards and risk appetite translation, and reinforced escalation and assurance over cross border exposures, concentrations, related party transactions, and operational resilience.
- Talent optimisation and culture through a structured succession plan, targeted upskilling and stronger alignment around shared accountability, building the capabilities required to operate as a more centralised, consultative risk function over time.

Collectively, these priorities strengthen value creation by improving decision quality and speed, reducing leakage through losses, protecting customer and stakeholder trust, and enabling sustainable, risk-adjusted growth.

Financial Statements

The Financial Statements, including the Accounting Policies and Notes, have been prepared in full compliance with the applicable Accounting Standards and present a true and fair view of the Bank's financial performance, financial position, changes in equity and cash flows. As stated in the Independent Auditor's Report, the Financial Statements are free from material misstatement and the auditors have expressed an unmodified opinion thereon.

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Financial calendar – 2025 and 2026

	2025			2026	
	February	March	April	February	March
Annual General Meeting Calendar					
56th Annual Report and Accounts signed on	28th				
56th Annual General Meeting held on		28th			
57th Annual Report and Accounts signed on				26th	
57th Annual General Meeting to be held on					31st
Dividend Calendar					
For the year 2024					
Final – Cash Dividend			7th & 23rd		
Scrip Dividend (Listed)			11th		
For the year 2025					
Final – Cash and Scrip Dividend (Note 1)					31st

Note 1: Subject to the recommendation by the Board of Directors and approval by the Shareholders at the 57th Annual General Meeting to be held on March 31, 2026.

	Published on (2025-2026)				To be published on or before (2026-2027)					
	May	August	November	February	March	May	August	November	February	March
Interim Financial Statements Calendar										
Submission to the Colombo Stock Exchange (CSE) (Note 2)										
For the three months ended/ ending March 31, (unaudited)	14th					15th				
For the six months ended/ ending June 30, (audited)		14th					14th			
For the nine months ended/ ending September 30, (unaudited)			12th					13th		
For the year ended/ending December 31, (audited)				26th					26th	
Publication in the Newspapers (Note 3)										
English	21st	25th	21st		31st	31st	31st	30th		31st
Sinhala	23rd	25th	21st		31st	31st	31st	30th		31st
Tamil	23rd	25th	21st		31st	31st	31st	30th		31st

Note 2: In accordance with Rule 7.4 of the CSE Listing Rules.

Note 3: As per the Section 6 of the Circular No. 05 of 2024 dated December 31, 2024, issued by the CBSL.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF COMMERCIAL BANK OF CEYLON PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Commercial Bank of Ceylon PLC ("the Bank") and the consolidated financial statements of the Bank and its subsidiaries ("the Group"), which comprise the statement of financial position as at December 31, 2025, and the income statement, the statement of profit and loss and other comprehensive income , statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 300 to 304 of this Annual Report.

In our opinion, the accompanying financial statements of the Bank and the Group give a true and fair view of the financial position of the Bank and the Group as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Bank and the Group of the current period. These matters were addressed in the context of our audit of the financial statements of the Bank and the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
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Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
W.K.D.C Abeyrathne FCA
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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

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Allowance for Expected Credit Losses

Refer to Note 2.12 (Use of judgements and assumptions & estimates), Note 18 (Impairment charges/(reversal) and other losses) and Note 33 (Financial assets at amortised cost – loans and advances to other customers), to these financial statements.

Risk Description	Our Responses
As disclosed in Note 33 and 18 to these financial statements, the Bank and the Group have recorded financial assets at amortised cost – loans and advances to other customers, of Rs. 2,027.7 Bn. and Rs. 2,085.5 Bn. respectively as at December 31, 2025. High degree of complexity and judgment are involved in estimating Expected Credit Loss (ECL) Bank – Rs. 124.3 Bn.; Group – Rs. 127.1 Bn. as at the reporting date. Allowance for expected credit losses (ECL) is a Key Audit Matter due to the significance of the loans and advances balances to the Bank's/Group's financial statements and the inherent complexity of the Bank/ Group's Expected Credit Loss models (ECL models) used to measure ECL allowances. These models are reliant on data and estimates including probability weighted economic scenarios and other key assumptions such as defining a Significant Increase in Credit Risk (SICR). SICR identification is a key judgement within the ECL methodology, as this criterion determines if a forward-looking 12 month or lifetime allowance is recorded. SLFRS 9 Financial Instruments requires the Bank/Group to measure ECL on a forward-looking basis reflecting a range of economic conditions. Temporary adjustments are made by the Bank/Group as Post-model adjustments to address known ECL model limitations or emerging trends in the loan portfolio. We exercise significant judgement in challenging the economic scenarios and the judgmental temporary adjustments the Group applies. Additional subjectivity and judgement are applied in the Bank's/Group's modelling due to any uncertainty associated with the impact of the economic outlook and its potential impact on customers, increasing our audit effort thereon. Additionally, allowances for individually assessed loans (Individually Significant Loan – ISL) exceeding specific thresholds set by the Bank/ Group are assessed separately. Challenging the assessment of specific allowances based on the expected future cash repayments and estimated proceeds from the value of the collateral held in respect of the loans by the Bank and Group. The disclosures regarding the Bank/Group's application of SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.	Our audit procedures to assess the allowances for ECL included the following: Testing key controls of the Bank and Group in relation to: • The ECL model governance, monitoring and validation processes which involved assessment of model performance • The assessment and approval of the forward-looking macroeconomic assumptions and scenario weightings through challenge applied by internal governance processes; • Reconciliation of the data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems; • IT system controls which record loans past due, non-performing loan classification and impairment calculation. We tested relevant General Information Technology Controls (GITCs) in relation to the key IT applications used by the Group in measuring ECL allowances as detailed in the IT Systems and Controls Key Audit Matter below. In addition to the controls testing, our procedures included: **Assessing Significant Increase in Credit Risk (SICR) and adequacy of impairment for Individually Significant Customers (ISCs)** • Obtaining and understanding of the Group's process to determine SICR and the resultant stage classification in addition to count of days past due, and testing the implementation of the Bank/Group's SICR methodology by re-performing the staging calculation for a sample of ISL customers (based on quantitative threshold set by the Bank and the Group for ISL customers) and comparing our result to actual staging applied by the Bank/ Group; • Selecting a sample of ISL customers where impairment indicators have been identified by management and assessed as higher risk or impaired, and evaluating management's assessment of recoverability based on the forecasted cash flows external market conditions and in particular potential implications of prevailing economic conditions. • Reperforming a sample of credit assessments for ISL customers where impairment indicators have been identified by management and assessed as higher risk or impaired, and a sample of other loans, focusing on larger exposures assessed by the Bank and Group as showing signs of deterioration, or in areas of current and emerging risk; • For each loan sampled, we challenged the Bank/Group's assessment using the customer's financial position, the valuation of security, and, where relevant, the risk of stranded assets, to inform our overall assessment of loan recoverability and the impact on the credit allowance. To do this, we used the information on the Group's loan file, portfolio and industry reviews, and, we enquired regarding the facts and circumstances of the case with the Relationship Manager; • Exercising our judgement, our procedures included using our understanding of relevant industries and the macroeconomic environment and comparing data and assumptions used by the Bank and Group in recoverability assessments. To externally sourced evidence, such as, publicly available audited financial statements and market information. Where relevant, we assessed the forecast timing of future cash flows in the context of underlying valuations and approved business plans, comparable external valuations of collateral held and used in management's impairment assessments and challenged key assumptions in the valuations.

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Risk Description	Our Responses
	Assessing the adequacy of collectively assessed impairment • Obtaining an understanding of the processes to determine ECL allowances of the Bank and the Group, evaluating the ECL model methodologies of the Bank and the Group's against established market practices and criteria in the accounting standards. Critically evaluating and challenging ECL model methodology enhancements implemented during the financial year; • Assessing the accuracy of the Bank/Group's ECL model estimates by working with our Financial Risk Management (FRM) specialist and independently re-performing, the calculation of the ECL allowance for modelled ECL and comparing this to the amount recorded by the Group; • Challenging the Bank and Group's forward-looking macroeconomic assumptions and scenarios incorporated in the Bank/Group's ECL models. We compared the Group's forecast GDP, inflation and unemployment rates to relevant publicly available macroeconomic information, and considered other known variables and information obtained through our other procedures to identify contradictory indicators; • Evaluating the approach taken by the management in identifying the risk elevated sectors and assessing the current market conditions and specific risks in the loan portfolios of the Bank and the Group due to exposure to risk elevated sectors. **Assessing the adequacy of temporary (post model) adjustments** Challenging key assumptions used by the Bank/Group in their temporary adjustments. This included: • Assessing temporary adjustments against the Group's ECL model and data deficiencies identified in the Bank/Group's model validation processes, particularly in light of the volatility in economic scenarios; • Assessing the completeness of temporary adjustments by checking the consistency of risks we identified in the loan portfolios against the Bank/Group's assessment; • Assessing certain temporary adjustments identified by the Bank/Group against internal and external information; • Assessing the appropriateness of management's release of certain key temporary adjustments, including the rationale and supporting evidence; • Recalculating a sample of temporary adjustments. **Assessing the adequacy of impairment for Financial assets** We also assessed the adequacy and appropriateness of the Bank/Group disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.

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IT systems and controls over financial reporting

Risk Description	Our Responses
The Bank and the Group's businesses utilise many complex, interdependent Information Technology (IT) systems to capture, process record and extraction of a high volume of transactions/information. The controls over access, changes to and operations of IT systems are fundamental to ensure that risks relating to IT systems which are directly indirectly connected to the recording of financial information and the preparation of financial statements which provide a true and fair view of the Bank and the Group's financial position and performance. The IT systems and controls around the systems, as they impact the recording, storing and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Bank and Group's IT controls.	Our testing focused on the technology control environments for key IT applications (systems) used in processing significant financial transactions and recording balances in the general ledgers, and the automated controls embedded within these systems which link the technology-enabled business processes. Working with our IT specialists, our audit procedures included: **General IT controls design, observation and operation** • Assessing the governance and higher-level controls in place across the IT Environment, including those regarding policy design, policy review and, awareness and IT Risk Management practices. • Obtaining an understanding and testing operating effectiveness of the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, monitor system integrity, program development and computer operations. • Data integrity of critical system reporting used by us in our audit to select samples and analyse data used by management to generate financial statements. **Application controls** Design and operating effectiveness testing of key automated business process controls including those relating to enforcing segregation of duties to avoid conflicts from inappropriate role combinations within IT applications. We tested key controls over: • System configurations to perform calculations and mappings of financial transactions, identification of transactions requiring approval and • automated reconciliation controls (both between systems and intra-system); and • Data integrity of key system reporting used in our audit procedures and the Bank/ Group's financial reporting. • On sample basis, re-performed selected automated computations and compared our results with those from the system and the general ledger. Where our testing identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative audit procedures, including. consideration of mitigating controls.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and performed the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the work performed for purpose of our audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Bank.

The Bank's financial position is in compliance with the provisions of the Banking Act No. 30 of 1988 and the Banking (Amendment) Act No. 24 of 2024 relating to the issuance of financial statements and disclosure provisions and, we have not noted any instance to call for an explanation or any information from any officer or agent of the Bank in relation to Section 39 (1A).

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2294.

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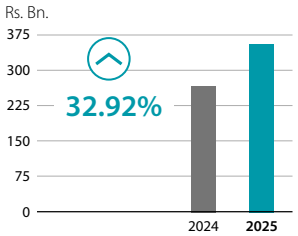
Chartered Accountants

February 26, 2026

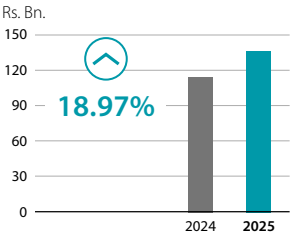
Colombo, Sri Lanka

Financial statements highlights – Bank

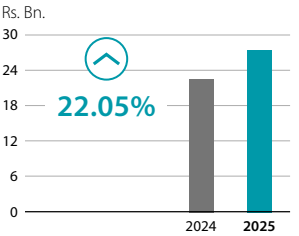
Gross income Graph – 54



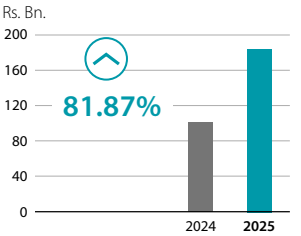
Net interest income Graph – 55



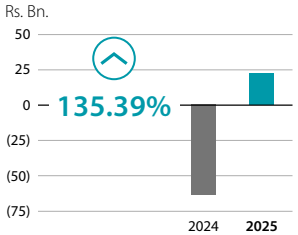
Net fee and commission income Graph – 56



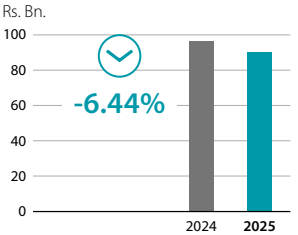
Total operating income Graph – 57



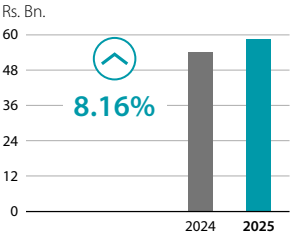
Impairment charges/(reversals) and other losses Graph – 58



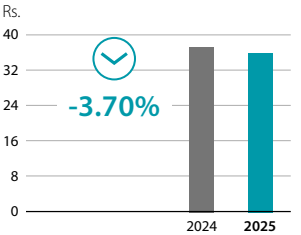
Profit before tax Graph – 59



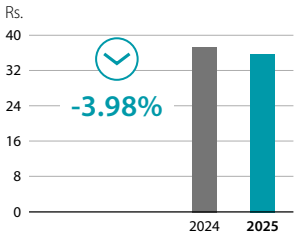
Profit after tax Graph – 60



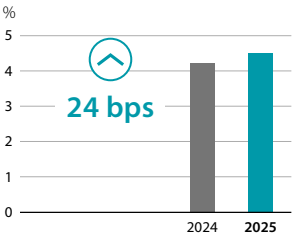
Earnings per share – Basic Graph – 61



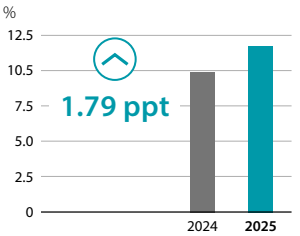
Earnings per share – Diluted Graph – 62



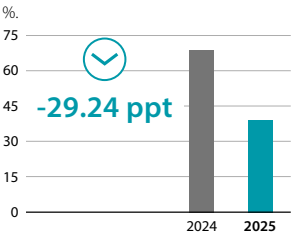
Interest margin Graph – 63



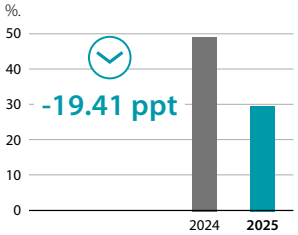
Financial intermediation margin Graph – 64



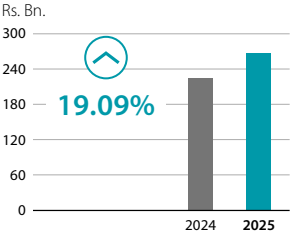
Cost Income Ratio (including taxes on financial services) Graph – 65



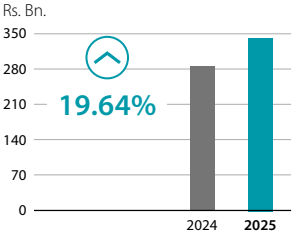
Cost Income Ratio (excluding taxes on financial services) Graph – 66



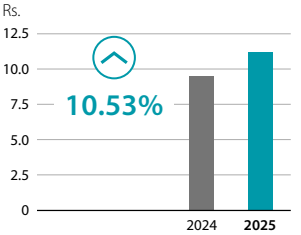
Common Equity Tier I Capital Graph – 67



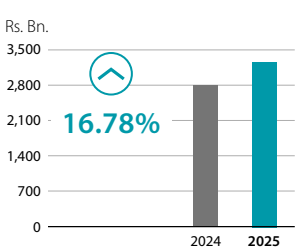
Total Capital Graph – 68



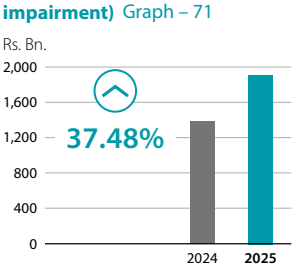
Dividends per share Graph – 69



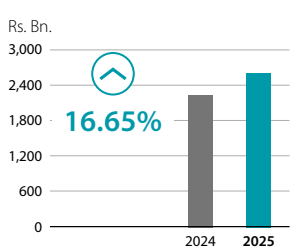
Total assets Graph – 70



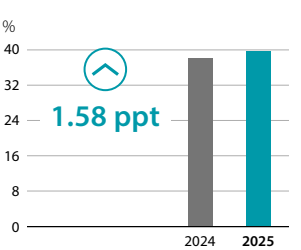
Financial assets at amortised cost – Loans and advances to other customers (net of impairment) Graph – 71



Financial liabilities at amortised cost – due to depositors Graph – 72



CASA Ratio Graph – 73



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Income Statement

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	GROUP Change %	BANK 2025 Rs. '000	BANK 2024 Rs. '000	BANK Change %
Gross income	12	340	365,180,892	274,506,710	33.03	354,811,337	266,943,645	32.92
Interest income	13.1	341	301,366,595	275,217,117	9.50	293,614,476	269,596,222	8.91
Less: Interest expense	13.2	341	160,406,053	157,082,433	2.12	157,320,369	155,037,883	1.47
Net interest income	13	340	140,960,542	118,134,684	19.32	136,294,107	114,558,339	18.97
Fee and commission income	14.1	343	42,592,091	34,480,523	23.53	40,958,424	33,246,118	23.20
Less: Fee and commission expense	14.2	343	13,616,570	10,834,345	25.68	13,462,222	10,716,909	25.62
Net fee and commission income	14	343	28,975,521	23,646,178	22.54	27,496,202	22,529,209	22.05
Net gains/(losses) from trading	15	344	272,311	(2,201,010)	112.37	272,311	(2,201,010)	112.37
Net gains/(losses) from derecognition of financial assets	16	344	2,808,159	(41,016,836)	106.85	2,808,159	(41,016,836)	106.85
Net other operating income	17	345	18,141,736	8,026,916	126.01	17,157,967	7,319,151	134.43
Other operating income			21,222,206	(35,190,930)	160.31	20,238,437	(35,898,695)	156.38
Total operating income			191,158,269	106,589,932	79.34	184,028,746	101,188,853	81.87
Less: Impairment charges/(reversal) and other losses	18	345	23,116,497	(62,763,918)	136.83	22,506,115	(63,603,004)	135.39
Net operating income			168,041,772	169,353,850	(0.77)	161,522,631	164,791,857	(1.98)
Less: Expenses								
Personnel expenses	19	349	30,187,082	27,907,458	8.17	28,840,939	26,913,870	7.16
Depreciation and amortisation	20	350	5,891,690	4,737,203	24.37	5,819,403	4,669,731	24.62
Other operating expenses	21	351	21,424,226	19,193,697	11.62	19,930,637	18,069,772	10.30
Total operating expenses			57,502,998	51,838,358	10.93	54,590,979	49,653,373	9.94
Operating profit before taxes on financial services			110,538,774	117,515,492	(5.94)	106,931,652	115,138,484	(7.13)
Less: Taxes on financial services	22	351	17,750,691	19,706,675	(9.93)	17,553,881	19,603,873	(10.46)
Operating profit after taxes on financial services			92,788,083	97,808,817	(5.13)	89,377,771	95,534,611	(6.44)
Share of profit/(loss) of associate, net of tax	37.1	379	(662)	(460)	(43.91)	–	–	–
Profit before tax			92,787,421	97,808,357	(5.13)	89,377,771	95,534,611	(6.44)
Less: Income tax expense	23	352	31,849,904	42,121,945	(24.39)	30,890,480	41,461,107	(25.50)
Profit for the year			60,937,517	55,686,412	9.43	58,487,291	54,073,504	8.16
Profit attributable to:								
Equity holders of the Bank			60,110,183	55,073,240	9.15	58,487,291	54,073,504	8.16
Non-controlling interest	56	423	827,334	613,172	34.93	–	–	–
Profit for the year			60,937,517	55,686,412	9.43	58,487,291	54,073,504	8.16
Earnings per share								
Basic earnings per ordinary share (Rs.)	24.1	353	36.86	37.94	(2.85)	35.87	37.25	(3.70)
Diluted earnings per ordinary share (Rs.)	24.1	353	36.71	37.88	(3.09)	35.72	37.20	(3.98)

The Notes appearing on pages 319 to 470 form an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	GROUP Change %	BANK 2025 Rs. '000	BANK 2024 Rs. '000	BANK Change %
Profit for the year			60,937,517	55,686,412	9.43	58,487,291	54,073,504	8.16
Other comprehensive income, net of tax								
Items that will never be reclassified to profit or loss								
Net actuarial gains/(losses) on defined benefit plans			(63,528)	(421,295)	84.92	(56,155)	(419,134)	86.60
Gains/(losses) on remeasurement of defined benefit liability/asset			(139,328)	(552,425)	74.78	(128,794)	(549,338)	76.55
Less: Deferred tax charge/(reversal) on actuarial gains/(losses)			(75,800)	(131,130)	42.19	(72,639)	(130,204)	44.21
Net change in fair value of investments in equity			138,254	1,012,450	(86.34)	138,821	1,010,216	(86.26)
Change in fair value of investments in equity at fair value through other comprehensive income			397,950	1,012,450	(60.69)	398,517	1,010,216	(60.55)
Fair value (gains)/losses realised to the retained earnings on disposal			(259,696)	–	(100.00)	(259,696)	–	(100.00)
Gain on disposal of investments in equity instruments			259,696	–	100.00	259,696	–	100.00
Share of other comprehensive income/(expense) of associate, net of tax	37.1	379	–	247	(100.00)	–	–	–
Items that are or may be reclassified to profit or loss								
Net gains/(losses) arising from translating the Financial Statements of foreign operations	55.4	422	2,888,637	(11,971,874)	124.13	2,278,856	(10,890,433)	120.93
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income			(318,000)	24,575	(1,394.00)	(315,470)	22,137	(1,525.08)
Fair value gains/(losses) that arose during the year, net of tax			425,567	2,888,034	(85.26)	428,097	2,885,596	(85.16)
Fair value gains/(losses) realised to the Income Statement on disposal, net of tax			(1,965,832)	(2,863,459)	31.35	(1,965,832)	(2,863,459)	31.35
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax			1,222,265	–	100.00	1,222,265	–	100.00
Other comprehensive income/(expense) for the year, net of tax			2,905,059	(11,355,897)	125.58	2,305,748	(10,277,214)	122.44
Total comprehensive income for the year			63,842,576	44,330,515	44.01	60,793,039	43,796,290	38.81
Attributable to:								
Equity holders of the Bank			62,745,583	44,123,957	42.20	60,793,039	43,796,290	38.81
Non-controlling interest			1,096,993	206,558	431.08	–	–	–
Total comprehensive income for the year			63,842,576	44,330,515	44.01	60,793,039	43,796,290	38.81

The Notes appearing on pages 319 to 470 form an integral part of these Financial Statements.

Statement of Financial Position

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	GROUP Change %	BANK 2025 Rs. '000	BANK 2024 Rs. '000	BANK Change %
Assets								
Cash and cash equivalents	28	360	88,857,011	89,615,459	(0.85)	84,937,446	86,848,291	(2.20)
Balances with Central Banks	29	361	47,890,989	55,989,574	(14.46)	38,802,321	45,702,086	(15.10)
Placements with banks	30	362	110,223,171	101,104,941	9.02	102,457,000	99,300,303	3.18
Securities purchased under resale agreements			21,746,102	28,655,962	(24.11)	20,353,118	28,655,962	(28.97)
Derivative financial assets	31	362	5,422,850	4,264,271	27.17	5,422,850	4,264,271	27.17
Financial assets recognised through profit or loss – measured at fair value	32	363	111,753,532	91,677,346	21.90	111,753,532	91,677,346	21.90
Financial assets at amortised cost – loans and advances to other customers	33	368	1,958,360,596	1,421,004,171	37.82	1,903,430,445	1,384,524,660	37.48
Financial assets at amortised cost – debt and other financial instruments	34	371	732,853,697	701,751,287	4.43	689,347,677	667,709,691	3.24
Financial assets measured at fair value through other comprehensive income	35	374	219,011,462	303,218,395	(27.77)	217,991,351	301,584,142	(27.72)
Investments in subsidiaries	36	376	–	–	–	6,958,229	5,808,429	19.80
Investment in associate	37	378	–	58,791	(100.00)	–	44,331	(100.00)
Property, plant and equipment and right-of-use assets	38	380	31,652,401	30,670,410	3.20	28,674,833	27,600,648	3.89
Investment properties	39	393	775,060	743,900	4.19	–	–	–
Intangible assets	40	396	5,008,060	4,757,905	5.26	4,464,103	4,221,131	5.76
Deferred tax assets	41	398	14,409,667	12,563,217	14.70	13,829,232	12,085,844	14.43
Other assets	42	400	30,899,808	29,917,238	3.28	29,526,075	29,753,153	(0.76)
Total assets			3,378,864,406	2,875,992,867	17.49	3,257,948,212	2,789,780,288	16.78
Liabilities								
Due to banks	43	401	43,098,281	25,376,564	69.83	29,724,059	21,306,752	39.51
Derivative financial liabilities	44	401	1,263,165	837,497	50.83	1,263,165	837,497	50.83
Securities sold under repurchase agreements			107,950,168	112,461,472	(4.01)	110,462,494	112,470,392	(1.79)
Financial liabilities at amortised cost – due to depositors	45	402	2,700,027,141	2,306,079,421	17.08	2,608,851,844	2,236,566,800	16.65
Financial liabilities at amortised cost – other borrowings	46	403	14,426,414	14,273,156	1.07	14,426,414	14,273,156	1.07
Current tax liabilities	47	403	26,360,346	13,502,666	95.22	25,758,993	13,145,697	95.95
Deferred tax liabilities	41	398	508,080	511,000	(0.57)	–	–	–
Other liabilities and provisions	48	404	73,058,414	59,423,992	22.94	69,681,255	58,064,777	20.01
Due to subsidiaries	49	413	–	–	–	138,542	145,794	(4.97)
Subordinated liabilities	50	414	74,586,565	57,707,677	29.25	73,322,023	57,707,677	27.06
Total liabilities			3,041,278,574	2,590,173,445	17.42	2,933,628,789	2,514,518,542	16.67
Equity								
Stated capital	51	416	91,557,690	88,017,094	4.02	91,557,690	88,017,094	4.02
Statutory reserves	53	419	19,649,096	16,469,686	19.30	18,003,946	15,079,581	19.39
Retained earnings	54	420	20,772,539	17,533,670	18.47	17,281,960	15,330,940	12.73
Other reserves	55	420	200,087,100	159,108,992	25.75	197,475,827	156,834,131	25.91
Total equity attributable to equity holders of the Bank			332,066,425	281,129,442	18.12	324,319,423	275,261,746	17.82
Non-controlling interest	56	423	5,519,407	4,689,980	17.69	–	–	–
Total equity			337,585,832	285,819,422	18.11	324,319,423	275,261,746	17.82
Total liabilities and equity			3,378,864,406	2,875,992,867	17.49	3,257,948,212	2,789,780,288	16.78
Contingent liabilities and commitments	57	423	986,379,346	750,876,960	31.36	981,204,632	743,964,900	31.89
Net assets value per ordinary share (Rs.)	58	425	203.04	174.58	16.30	198.30	170.94	16.01
Memorandum information								
Number of employees						5,726	5,461	
Number of customer service centres						292	292	

The Notes appearing on pages 319 to 470 form an integral part of these Financial Statements.

Certification

These Financial Statements have been prepared in compliance with requirements of the Companies Act No. 07 of 2007 and amendments thereto.

L W P Indrajith
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.

S Muhseen
Chairman

R Senanayake
Deputy Chairman

S C U Manatunge
Managing Director/
Chief Executive Officer

R A P Rajapaksha
Company Secretary

February 26, 2026
Colombo

Statement of Changes in Equity – Group

	Note	Page No.	Stated capital Rs. '000	Statutory reserve fund Rs. '000	Retained earnings Rs. '000
Balance as at December 31, 2023			62,948,003	13,586,534	9,943,003
Total comprehensive income for the year 2024					
Profit for the year			–	–	55,073,240
Other comprehensive income, net of tax			–	–	(421,605)
Net actuarial gains/(losses) on defined benefit plans			–	–	(421,605)
Share of other comprehensive income/(expense) of associate, net of tax	55.3	421	–	–	–
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income	55.3	421	–	–	–
Net gains/(losses) arising from translating the Financial Statements of foreign operations	55.4	422	–	–	–
Total comprehensive income for the year 2024			–	–	54,651,635
Transactions with owners recognised directly in equity, contributions by and distributions to owners					
Proceeds from Right issue of Ordinary shares	51	416	22,543,555	–	–
Issue of ordinary voting shares under employee share option plans	51	416	272,475	–	–
Transfer o/a share-based payment transactions	51 & 55.5	416 & 422	19,017	–	–
Transfer of cost o/a of expired ESOP shares (net of tax)	54 & 55.5	420 & 422	–	–	42,808
Dividends to equity holders			2,234,044	–	(8,519,130)
First & final dividend for 2023 satisfied in the form of cash			–	–	(5,913,644)
First & final dividend for 2023 satisfied in the form of issue and allotment of new shares	25 & 51	354 & 416	2,234,044	–	(2,628,286)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years			–	–	22,800
Interim Dividend for 2024			–	–	–
Share-based payment transactions	55.5	422	–	–	–
Transfers during the year	53 to 55	419 & 420	–	2,883,152	(38,584,646)
Total transactions with equity holders			25,069,091	2,883,152	(47,060,968)
Balance as at December 31, 2024			88,017,094	16,469,686	17,533,670

	Other reserves (*)								
	Revaluation reserve	Fair value reserve	Foreign currency translation reserve	Employee share option reserve	Special reserve	General reserve	Shareholders' funds	Non-controlling interest	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	11,502,088	1,964,013	9,697,463	99,600	-	110,730,003	220,470,707	4,503,786	224,974,493
	–	–	–	–	–	–	55,073,240	613,172	55,686,412
	–	1,037,272	(11,564,950)	–	–	–	(10,949,283)	(406,614)	(11,355,897)
	–	–	–	–	–	–	(421,605)	310	(421,295)
	–	247	–	–	–	–	247	–	247
	–	1,037,025	–	–	–	–	1,037,025	–	1,037,025
	–	–	(11,564,950)	–	–	–	(11,564,950)	(406,924)	(11,971,874)
	–	1,037,272	(11,564,950)	–	–	–	44,123,957	206,558	44,330,515
	–	–	–	–	–	–	22,543,555	–	22,543,555
	–	–	–	–	–	–	272,475	–	272,475
	–	–	–	(19,017)	–	–	–	–	–
	–	–	–	(61,154)	–	–	(18,346)	–	(18,346)
	–	–	–	–	–	–	(6,285,086)	(20,364)	(6,305,450)
	–	–	–	–	–	–	(5,913,644)	(16,800)	(5,930,444)
	–	–	–	–	–	–	(394,242)	–	(394,242)
	–	–	–	–	–	–	22,800	36	22,836
	–	–	–	–	–	–	–	(3,600)	(3,600)
	–	–	–	22,180	–	–	22,180	–	22,180
	–	–	–	–	8,731,494	26,970,000	–	–	–
	–	–	–	(57,991)	8,731,494	26,970,000	16,534,778	(20,364)	16,514,414
	11,502,088	3,001,285	(1,867,487)	41,609	8,731,494	137,700,003	281,129,442	4,689,980	285,819,422

	Note	Page No.	Stated capital Rs. '000	Statutory reserve fund Rs. '000	Retained earnings Rs. '000
Total comprehensive income for the year 2025					
Profit for the year			–	–	60,110,183
Other comprehensive income, net of tax			–	–	196,744
Net actuarial gains/(losses) on defined benefit plans			–	–	(62,952)
Gain on disposal of investments in equity instruments			–	–	259,696
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income	55.3	421	–	–	–
Net gains/(losses) arising from translating the Financial Statements of foreign operations	55.4	422	–	–	–
Total comprehensive income for the year 2025			–	–	60,306,927
Transactions with owners recognised directly in equity, contributions by and distributions to owners					
Issue of ordinary voting shares under employee share option plans	51	416	788,473	–	–
Transfer o/a share-based payment transactions	51 & 55.5	416 & 422	14,021	–	–
Dividends to equity holders			2,738,102	–	(15,278,370)
First & final dividend for 2024 satisfied in the form of cash	25	354	–	–	(12,079,859)
First & final dividend for 2024 satisfied in the form of issue and allotment of new shares	25 & 51	354 & 416	2,738,102	–	(3,221,296)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years			–	–	22,785
Interim dividend for 2025			–	–	–
Purchase consideration of the share buyback transaction			–	–	(73,666)
Reclassification of the previously recognised share of Other Comprehensive Income upon the classification of the associate as held for sale			–	–	37
Share-based payment transactions	55.5	422	–	–	–
Transfers during the year	53 to 55	419 & 420	–	3,179,410	(41,716,059)
Total transactions with equity holders			3,540,596	3,179,410	(57,068,058)
Balance as at December 31, 2025			91,557,690	19,649,096	20,772,539

(*) Among the components of other reserves, foreign currency translation reserve and fair value reserve related to the debt instruments at FVOCI, may be reclassified to the profit or loss. All the other reserves never be reclassified to profit or loss.

The Notes appearing on pages 319 to 470 form an integral part of these Financial Statements.

Other reserves (*)								
Revaluation reserve Rs. '000	Fair value reserve Rs. '000	Foreign currency translation reserve Rs. '000	Employee share option reserve Rs. '000	Special reserve Rs. '000	General reserve Rs. '000	Shareholders' funds Rs. '000	Non-controlling interest Rs. '000	Total equity Rs. '000
–	–	–	–	–	–	60,110,183	827,334	60,937,517
–	(179,746)	2,618,402	–	–	–	2,635,400	269,659	2,905,059
–	–	–	–	–	–	(62,952)	(576)	(63,528)
–	–	–	–	–	–	259,696	–	259,696
–	(179,746)	–	–	–	–	(179,746)	–	(179,746)
–	–	2,618,402	–	–	–	2,618,402	270,235	2,888,637
–	(179,746)	2,618,402	–	–	–	62,745,583	1,096,993	63,842,576
–	–	–	–	–	–	788,473	–	788,473
–	–	–	(14,021)	–	–	–	–	–
–	–	–	–	–	–	(12,540,268)	(8,352)	(12,548,620)
–	–	–	–	–	–	(12,079,859)	(4,800)	(12,084,659)
–	–	–	–	–	–	(483,194)	–	(483,194)
–	–	–	–	–	–	22,785	48	22,833
–	–	–	–	–	–	–	(3,600)	(3,600)
–	–	–	–	–	–	(73,666)	(259,214)	(332,880)
–	(37)	–	–	–	–	–	–	–
–	–	–	16,861	–	–	16,861	–	16,861
–	–	–	–	1,136,649	37,400,000	–	–	–
–	(37)	–	2,840	1,136,649	37,400,000	(11,808,600)	(267,566)	(12,076,166)
11,502,088	2,821,502	750,915	44,449	9,868,143	175,100,003	332,066,425	5,519,407	337,585,832

Statement of Changes in Equity – Bank

	Note	Page No.	Stated capital Rs. '000	Statutory reserve fund Rs. '000	Retained earnings Rs. '000
Balance as at December 31, 2023			62,948,003	12,375,906	8,558,385
Total comprehensive income for the year 2024					
Profit for the year			–	–	54,073,504
Other comprehensive income, net of tax			–	–	(419,134)
Net actuarial gains/(losses) on defined benefit plans			–	–	(419,134)
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income	55.3	421	–	–	–
Net gains/(losses) arising from translating the Financial Statements of the foreign operations	55.4	422	–	–	–
Total comprehensive income for the year 2024			–	–	53,654,370
Transactions with owners recognised directly in equity, contributions by and distributions to owners					
Proceeds from Right issue of Ordinary shares	51	416	22,543,555	–	–
Issue of ordinary voting shares under employee share option plans	51	416	272,475	–	–
Transfer o/a share-based payment transactions	51 & 55.5	416 & 422	19,017	–	–
Transfer of cost o/a of expired ESOP shares (net of tax)	54 & 55.5	420 & 422	–	–	42,808
Dividends to equity holders			2,234,044	–	(8,519,454)
First & final dividend for 2023 satisfied in the form of cash	25	354	–	–	(5,913,644)
First & final dividend for 2023 satisfied in the form of issue and allotment of new shares	25 & 51	354 & 416	2,234,044	–	(2,628,286)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years			–	–	22,476
Share-based payment transactions	55.5	422	–	–	–
Transfers during the year	53 to 55	419 & 420	–	2,703,675	(38,405,169)
Total transactions with equity holders			25,069,091	2,703,675	(46,881,815)
Balance as at December 31, 2024			88,017,094	15,079,581	15,330,940

Other reserves (*)								
Revaluation reserve Rs. '000	Fair value reserve Rs. '000	Foreign currency translation reserve Rs. '000	Employee share option reserve Rs. '000	Special reserve Rs. '000	General reserve Rs. '000	Shareholders' funds Rs. '000	Non-controlling interest Rs. '000	Total equity Rs. '000
10,399,577	1,963,995	7,855,533	99,600	–	110,730,003	214,931,002	–	214,931,002
–	–	–	–	–	–	54,073,504	–	54,073,504
–	1,032,353	(10,890,433)	–	–	–	(10,277,214)	–	(10,277,214)
–	–	–	–	–	–	(419,134)	–	(419,134)
–	1,032,353	–	–	–	–	1,032,353	–	1,032,353
–	–	(10,890,433)	–	–	–	(10,890,433)	–	(10,890,433)
–	1,032,353	(10,890,433)	–	–	–	43,796,290	–	43,796,290
–	–	–	–	–	–	22,543,555	–	22,543,555
–	–	–	–	–	–	272,475	–	272,475
–	–	–	(19,017)	–	–	–	–	–
–	–	–	(61,154)	–	–	(18,346)	–	(18,346)
–	–	–	–	–	–	(6,285,410)	–	(6,285,410)
–	–	–	–	–	–	(5,913,644)	–	(5,913,644)
–	–	–	–	–	–	(394,242)	–	(394,242)
–	–	–	–	–	–	22,476	–	22,476
–	–	–	22,180	–	–	22,180	–	22,180
–	–	–	–	8,731,494	26,970,000	–	–	–
–	–	–	(57,991)	8,731,494	26,970,000	16,534,454	–	16,534,454
10,399,577	2,996,348	(3,034,900)	41,609	8,731,494	137,700,003	275,261,746	–	275,261,746

	Note	Page No.	Stated capital Rs. '000	Statutory reserve fund Rs. '000	Retained earnings Rs. '000
Total comprehensive income for the year 2025					
Profit for the year			–	–	58,487,291
Other comprehensive income, net of tax			–	–	203,541
Net actuarial gains/(losses) on defined benefit plans			–	–	(56,155)
Gain on disposal of investments in equity instruments			–	–	259,696
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income	55.3	421	–	–	–
Net gains/(losses) arising from translating the Financial Statements of the foreign operations	55.4	422	–	–	–
Total comprehensive income for the year 2025			–	–	58,690,832
Transactions with owners recognised directly in equity, contributions by and distributions to owners					
Issue of ordinary voting shares under employee share option plans	51	416	788,473	–	–
Transfer o/a share-based payment transactions	51 & 55.5	416 & 422	14,021	–	–
Dividends to equity holders			2,738,102	–	(15,278,798)
First & final dividend for 2024 satisfied in the form of cash	25	354	–	–	(12,079,859)
First & final dividend for 2024 satisfied in the form of issue and allotment of new shares	25 & 51	354 & 416	2,738,102	–	(3,221,296)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years			–	–	22,357
Share-based payment transactions	55.5	422	–	–	–
Transfers during the year	53 to 55	419 & 420	–	2,924,365	(41,461,014)
Total transactions with equity holders			3,540,596	2,924,365	(56,739,812)
Balance as at December 31, 2025			91,557,690	18,003,946	17,281,960

(*) Among the components of other reserves, foreign currency translation reserve and fair value reserve related to the debt instruments at FVOCI, may be reclassified to the profit or loss. All the other reserves never be reclassified to profit or loss.

The Notes appearing on pages 319 to 470 form an integral part of these Financial Statements.

Other reserves (*)								
Revaluation reserve Rs. '000	Fair value reserve Rs. '000	Foreign currency translation reserve Rs. '000	Employee share option reserve Rs. '000	Special reserve Rs. '000	General reserve Rs. '000	Shareholders' funds Rs. '000	Non-controlling interest Rs. '000	Total equity Rs. '000
–	–	–	–	–	–	58,487,291	–	58,487,291
–	(176,649)	2,278,856	–	–	–	2,305,748	–	2,305,748
–	–	–	–	–	–	(56,155)	–	(56,155)
–	–	–	–	–	–	259,696	–	259,696
–	(176,649)	–	–	–	–	(176,649)	–	(176,649)
–	–	2,278,856	–	–	–	2,278,856	–	2,278,856
–	(176,649)	2,278,856	–	–	–	60,793,039	–	60,793,039
–	–	–	–	–	–	788,473	–	788,473
–	–	–	(14,021)	–	–	–	–	–
–	–	–	–	–	–	(12,540,696)	–	(12,540,696)
–	–	–	–	–	–	(12,079,859)	–	(12,079,859)
–	–	–	–	–	–	(483,194)	–	(483,194)
–	–	–	–	–	–	22,357	–	22,357
–	–	–	16,861	–	–	16,861	–	16,861
–	–	–	–	1,136,649	37,400,000	–	–	–
–	–	–	2,840	1,136,649	37,400,000	(11,735,362)	–	(11,735,362)
10,399,577	2,819,699	(756,044)	44,449	9,868,143	175,100,003	324,319,423	–	324,319,423

Statement of Cash Flows

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Cash flows from operating activities						
Profit before income tax			92,787,421	97,808,357	89,377,771	95,534,611
Adjustments for:						
Non-cash items included in Profit or Loss and Other Comprehensive Income	63	436	28,354,345	(59,700,533)	27,560,671	(60,723,394)
Change in operating assets	64	436	(521,753,312)	(244,015,913)	(486,878,857)	(233,400,043)
Change in operating liabilities	65	437	420,789,987	138,769,911	390,633,006	128,849,627
(Gains)/losses on sale of property, plant and equipment	17	345	(25,515)	(15,939)	(13,487)	(2,197)
Loss on sale of investment property	17	345	2,900	3,225	–	–
Share of (profit)/loss of associate, net of tax	37.1	379	662	460	–	–
Dividends received from investments in subsidiaries	17	345	–	–	(75,600)	(93,600)
Proceeds received from the voluntary liquidation of a subsidiary			–	(3,105)	–	(3,105)
Interest expense on subordinated liabilities	13.2	341	9,230,001	7,242,090	9,219,413	7,242,090
Net unrealised gains/(losses) arising from translating the Financial Statements of foreign operations	55.4	422	2,888,637	(11,971,874)	2,278,856	(10,890,433)
Benefits paid on defined benefit plans			(292,071)	(270,771)	(276,358)	(255,784)
Income tax paid	47	403	(19,877,515)	(20,193,005)	(19,035,769)	(19,558,649)
Net cash from/(used in) operating activities			12,105,540	(92,347,097)	12,789,646	(93,300,877)
Cash flows from investing activities						
Purchase of property, plant and equipment	38.1 to 38.4	381 & 384	(3,186,791)	(3,397,817)	(2,930,806)	(3,243,491)
Proceeds from sale of property, plant and equipment			32,389	42,495	16,732	5,264
Proceeds from sale of investment property			16,000	9,000	–	–
Purchase of financial investments			(2,880,760)	(3,151,144)	(2,880,760)	(3,151,144)
Proceeds from sale and maturity of financial investments			1,694,624	1,644,409	1,694,624	1,644,409
Purchase of intangible assets	40.1 & 40.2	397	(1,573,311)	(1,646,414)	(1,541,813)	(1,625,594)
Proceeds received from the voluntary liquidation of a subsidiary			–	3,105	–	3,105
Investments in subsidiaries			(332,880)	–	(1,149,800)	–
Dividends received from investments in subsidiaries	17	345	–	–	75,600	93,600
Net cash from/(used in) investing activities			(6,230,729)	(6,496,366)	(6,716,223)	(6,273,851)
Cash flows from financing activities						
Proceeds from right issue of ordinary shares	51	416	–	22,543,555	–	22,543,555
Proceeds from issue of ordinary voting shares under employee share option plans	51	416	788,473	272,475	788,473	272,475
Proceeds from issue of subordinated liabilities	50	414	16,253,954	20,000,000	15,000,000	20,000,000
Interest paid on subordinated liabilities			(8,605,067)	(6,017,352)	(8,605,067)	(6,017,352)
Payment of lease liabilities/advance payment of right-of-use assets			(2,472,863)	(1,719,337)	(2,578,273)	(1,893,969)
Dividend paid to shareholders			(10,445,326)	(5,165,595)	(10,445,326)	(5,165,595)
Withholding tax paid on scrip dividend			(2,117,825)	(1,142,772)	(2,117,825)	(1,142,772)
Dividend paid to non-controlling interest	56	423	(8,352)	(20,364)	–	–
Net cash from/(used in) financing activities			(6,607,006)	28,750,610	(7,958,018)	28,596,342
Net increase/(decrease) in cash and cash equivalents			(732,195)	(70,092,853)	(1,884,595)	(70,978,386)
Gross cash and cash equivalents as at January 01,			89,623,605	159,716,458	86,855,486	157,833,872
Gross cash and cash equivalents as at December 31,	28	360	88,891,410	89,623,605	84,970,891	86,855,486
Less: Impairment charges on cash and cash equivalents	28.1	360	(34,399)	(8,146)	(33,445)	(7,195)
Net cash and cash equivalents as per Statement of Financial Position	28	360	88,857,011	89,615,459	84,937,446	86,848,291

The Notes appearing on pages 319 to 470 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 Reporting Entity

1.1 Corporate information

Commercial Bank of Ceylon PLC (the Bank) is a public limited liability company listed on the Colombo Stock Exchange (CSE), incorporated on June 25, 1969 under the Companies Ordinance No. 51 of 1938, and domiciled in Sri Lanka. It is a licensed commercial bank regulated under the Banking Act No. 30 of 1988 and amendments thereto (Banking Act). The Bank was re-registered under the Companies Act No. 07 of 2007 on January 23, 2008, under the Company Registration No. PQ 116. The registered office of the Bank is situated at "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka.

The ordinary shares of the Bank (both Ordinary Voting and Non-Voting shares) have a primary listed on the CSE. The unsecured subordinated debentures and green bonds of the Bank are also listed on the CSE.

The staff strength of the Group and the Bank was as follows: Table – 100

As at December 31,	2025	2024
Group	6,799	6,300
Bank	5,726	5,461

Corporate information is presented in the inner back cover of this Annual Report.

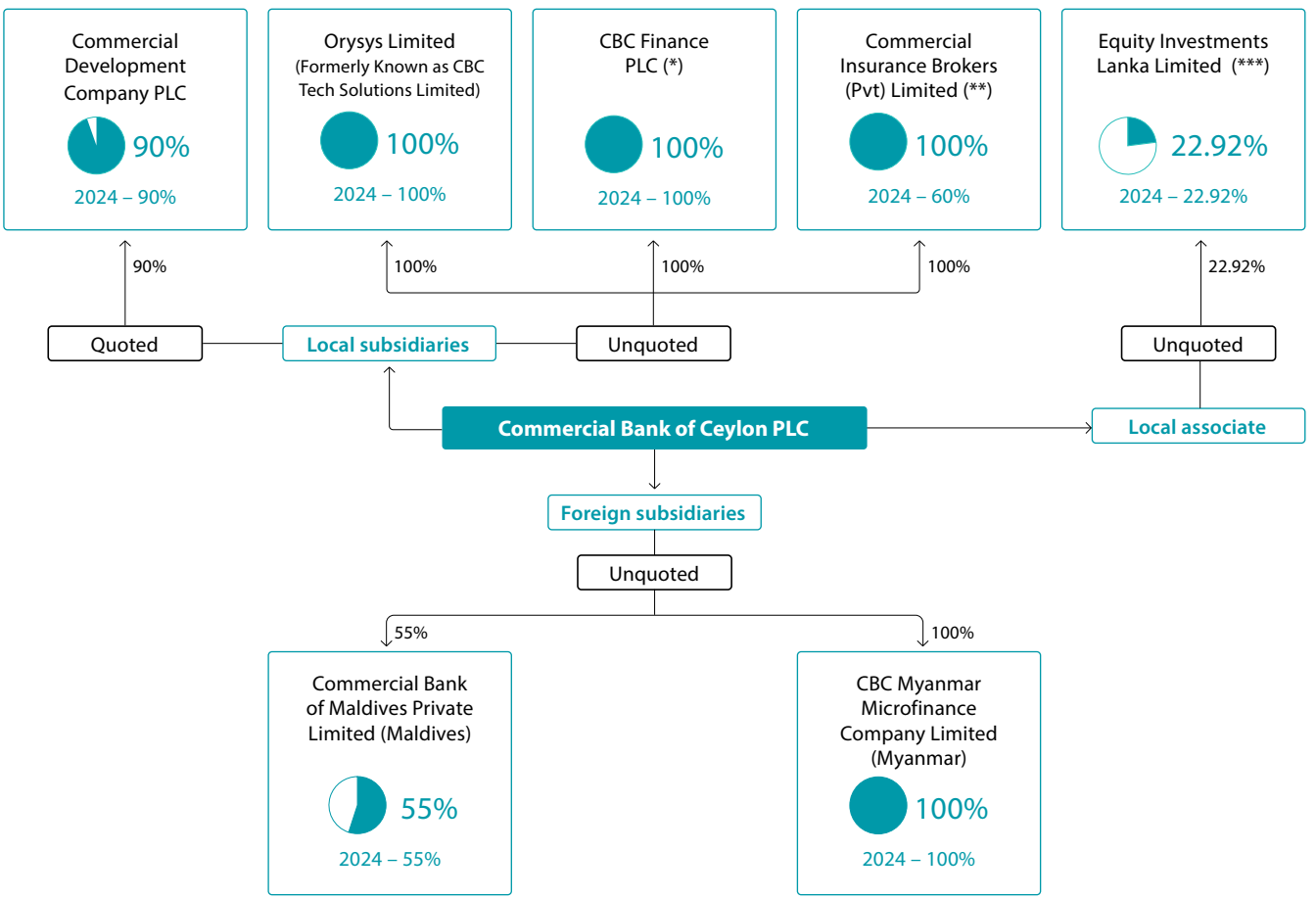
1.2 Consolidated Financial Statements

The Consolidated Financial Statements as at and for the year ended December 31, 2025, comprise the Bank (Parent Company) and its Subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its Associate (which was divested after reporting date).

The Bank does not have an identifiable parent of its own. The Bank is the ultimate parent of the Group.

1.3 Principal business activities, nature of operations of the Group and ownership by the Bank in its subsidiaries and associate

Group Structure Figure – 74



(*) As per the Companies Act No. 07 of 2007, CBC Finance PLC (formerly known as CBC Finance Limited) was listed on the Colombo Stock Exchange, through the listing of its Debentures, with effect from December 11, 2025. However, shares of the CBC Finance PLC remain unlisted.

(**) During the year 2025, Commercial Insurance Brokers (Pvt) Limited became a fully owned subsidiary of the Bank as disclosed in Note 36 on page 376.

(***) Subsequent to the reporting date, the Bank divested its entire equity interest of Equity Investments Lanka Limited as disclosed in Note 42 on page 400.

Principal business activities and nature of business operations of the Group Table – 101

Entity	Principal business activities
Commercial Bank of Ceylon PLC	Banking and related activities covering a comprehensive range of products including dealing in government securities and treasury-related products, bancassurance and Islamic banking products and services etc.
Local subsidiaries	
Commercial Development Company PLC (CDC)	Property development, related ancillary services and providing manpower needs for various support services which are unrelated to providing core banking services to the customers of the Bank (parent).
Orysys Limited	Providing Information & Communication Technology (ICT) related products, services and solutions to the corporate sector.
CBC Finance PLC	Granting of lease facilities, hire purchase, mortgage loans and other credit facilities and accepting deposits.
Commercial Insurance Brokers (Pvt) Limited (CIBL)	Providing professional service and handling all insurance portfolios of individuals as well as many leading and reputed organisations in Sri Lanka engaged in diverse business activities.
Foreign subsidiaries	
Commercial Bank of Maldives Private Limited (CBM)	Offering of an extensive range of banking and related financial including dealing in government securities and treasury-related products etc.
CBC Myanmar Microfinance Company Limited	Operating as a non-deposit taking microfinance institution throughout Myanmar providing micro financial services to the lower segment of the market, and to engage in all activities reasonably allowed by the Microfinance Supervisory Authority of Myanmar.
Local associate	
Equity Investments Lanka Limited	Project financing in the form of Equity, Quasi Equity and other corporate debt instruments of new and existing ventures in Sri Lanka. Subsequent to the reporting date, the Bank divested its entire equity interest of Equity Investments Lanka Limited as disclosed in Note 42 on page 400.

2 Basis of Accounting

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank, have been prepared in accordance with the Sri Lanka Accounting Standards (Accounting Standards), laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by CA Sri Lanka.

These Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka – *www.casrilanka.com.*

Details of the Material Accounting Policies followed by the Group during the year are given in Notes 6 to 10 on pages 329 to 339.

2.2 Responsibility for Financial Statements

The Board of Directors of the Bank is responsible for the preparation and presentation of the Financial Statements of the Group and the Bank as per the provisions of the Companies Act and Sri Lanka Accounting Standards.

The Board of Directors acknowledges its responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibility for Financial Reporting" and the certification on the Statement of Financial Position on pages 4, 264 and 309, respectively.

These Financial Statements include the following components:

- Income Statement and a Statement of Profit or Loss and Other Comprehensive Income (OCI) – which provides the information on the financial performance of the Group and the Bank for the year under review. Refer pages 307 and 308;
- Statement of Financial Position (SOFP) – which provides the information on the financial position of the Group and the Bank as at the year end. Refer page 309;
- Statement of Changes in Equity- which depicts all changes in shareholders' funds during the year under review of the Group and the Bank. Refer pages 310 to 317;
- Statement of Cash Flows – which provides the information to the users, on the ability of the Group and the Bank to generate cash and cash equivalents and utilisation of those cash flows. Refer page 318;
- Notes to the Financial Statements comprising Material Accounting Policies and other explanatory information. Refer pages 319 to 470.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Bank for the year ended December 31, 2025 (including comparatives for 2024), were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on February 26, 2026 (The Financial Statements of the Group and the Bank for the year ended December 31, 2024, were approved and authorised for issue by the Board of Directors on February 28, 2025).

2.4 Basis of measurement

The Financial Statements of the Group have been prepared on the historical cost basis except for the following material items stated in the SOFP.

Basis of measurement Table – 102

Items	Basis of measurement	Note Number/s	Page/s
Financial instruments measured at fair value through profit or loss including derivative financial instruments	Fair value	31, 32 & 44	362, 363 & 401
Financial assets measured at fair value through other comprehensive income	Fair value	35	374
Land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	38	380
Investment Property	Measured at cost at the time of acquisition and subsequently at fair value	39	393
Defined benefit obligation	Net liability for defined benefit obligations are recognised as the present value of the defined benefit obligation, less net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost, and unrecognised actuarial losses	48	404
Equity settled share-based payment arrangements	Fair value on grant date	52	417

2.5 Going concern basis of accounting

These financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities.

The Group has recognised a profit after tax of Rs. 60.938 Bn. for the year ended December 31, 2025 and, as at the date total assets exceeds the total liabilities by Rs. 337.586 Bn.

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Group has considered any material uncertainties associated with the economic conditions and its possible impact on the business operations, projections of profitability, regulatory capital requirements and funding needs.

Considering a wide range of factors including history of profitable operations, strong liquidity positions and the availability of stable external funding sources, diversified lending profile and the initiatives taken to strengthen risk monitoring at borrower level, the Management is satisfied that the going concern basis is appropriate.

During the reporting period, improved macro-economic conditions in Sri Lanka have supported prudent credit expansion across the Bank's core portfolios, resulting in increased profitability and enhanced financial resilience. These factors further support the Management's conclusion that the Group/Bank has adequate resources to continue on a going concern basis for the foreseeable future.

Further, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

2.6 Functional and presentation currency

Items included in these Financial Statements are measured using the currency of the primary economic environment in which the Bank operates (the functional currency).

Each entity in the Group determines its own functional currency and items included in the Financial Statements of these entities are measured using that functional currency. There was no change in the Group's presentation and functional currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

The information presented in US Dollars in the Section on "Investor information and performance trends" on pages 210 and 211 does not form part of the Financial Statements and is made available solely for the information of stakeholders.

2.7 Presentation of Financial Statements

These Financial Statements have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and amendments thereto (Companies Act) and the Banking Act and provide appropriate disclosures as required by the Listing Rules of the CSE.

The formats used in the preparation and presentation of the Financial Statements and the disclosures made therein also comply with the specified formats prescribed by the CBSL in the Circular No. 05 of 2024 dated December 31, 2024, on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks". The Bank also published annual and quarterly financial information and other disclosures in the Annual Report, Press and the Website in compliance with the aforementioned Circular.

The assets and liabilities of the Group presented in the SOFP are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

An analysis on recovery or settlement within 12 months and more than 12 months from the reporting date is presented in Note 60 on pages 426 and 427.

2.8 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" (LKAS 1).

2.9 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the SOFP, only when there is a legally enforceable right to offset the recognised amounts and

there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the IFRS Interpretations Committee and Standard Interpretations Committee) and as specifically disclosed in the Material Accounting Policies of the Group.

2.10 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the LKAS 1 and amendments to the LKAS 1 on "Disclosure Initiative" which was effective from January 01, 2016.

2.11 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.12 Use of judgements and assumptions & estimates

In preparing these Financial Statements in conformity with Accounting Standards, the Management has made judgements, estimates and assumptions about the future, including climate related risks and opportunities which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate related commitments where appropriate.

Revisions to accounting estimates are recognised prospectively.

Significant areas of critical judgements, assumptions and estimation uncertainty, in applying the Accounting Policies that have material effects on the amounts recognised in the Financial Statements of the Group and the Bank are as follows:

A. Judgements

Information about judgements made in applying the Accounting Policies that have material effects on the amounts recognised in these Financial Statements is included in Notes 2.12.1 to 2.12.4 below.

2.12.1 Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 36 on page 376 indicates that the Group controls the investees.

2.12.2 Classification of financial assets and liabilities

The Material Accounting Policy Information of the Group provides scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria;

- The Group's business model for managing the financial assets as set out in Note 7.1.3.1 on page 331.
- The contractual cash flow characteristics of the financial assets as set out in Note 7.1.3.2 on page 331.

2.12.3 Classification of investment property

Management uses its judgment to determine whether a property qualifies as an investment property. A property that is held either to earn rental income or for capital appreciation or both and thus generates cash flows largely independently of the other assets held by the Group are classified as Investment Property. On the other hand, a property used in the production or supply of goods and services or for administrative purposes and thus generates cash flows that are attributable not only to that property but also to other assets used in the production or supply process are classified as Property, Plant & Equipment. The Group assesses on an annual basis, the accounting classification of its investment properties, taking into consideration the current use of such properties.

2.12.4 Determination of Expected Credit Loss (ECL)

Management uses judgement in establishing the criteria for determining whether credit risk on financial assets has increased significantly since initial recognition, determining the methods for incorporating forward looking information into the measurement of ECL and selection and approval of models used to measure ECL.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are included in Notes 2.12.5 to 2.12.15 below.

2.12.5 Fair value of financial instruments with significant unobservable inputs

The fair values of financial assets and financial liabilities recognised on the SOFP, for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. Methodologies used for valuation of financial instruments and fair value hierarchy are stated in Note 27 on pages 356 to 360.

2.12.6 Impairment losses on financial assets

The measurement of impairment losses across the categories of financial assets under Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments" (SLFRS 9) requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Accordingly, the Group reviews its individually significant loans and advances portfolio at each reporting date to assess whether an impairment loss should be recognised in the Income Statement. In particular, the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Management makes judgements about a borrower's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made. A collective impairment provision is established for groups of homogeneous loans and advances that are not considered individually significant.

As per SLFRS 9, the Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the Group's ECL models that are considered accounting judgements and estimates include:

- Criteria for qualitatively assessing whether there has been a Significant Increase in Credit Risk (SICR) and if so, allowances for financial assets measured on a Life Time Expected Credit Loss (LTECL) basis.
- Segmentation of financial assets when their ECL is assessed on a collective basis.

- Various statistical formulas and the choice of inputs used in the development of ECL models.
- Associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect of these inputs on Probability of Default (PDs), Loss Given Default (LGD) and Exposure at Default (EAD).
- Forward-looking macro-economic scenarios and their probability weightings.

As such, the accuracy of the impairment provision depends on the model assumptions and parameters used in determining the ECL calculations.

Early observations of payment behaviour of expiries for this year were considered in the assessment of the changes in the risk of default occurring over the expected life of a financial instrument when determining staging and is a key input in determining migration.

Refer Note 18 on page 345 for details.

2.12.7 Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for an asset or a Cash Generating Unit (CGU) at each reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the Value In Use (VIU) of such individual assets or the CGUs. Estimating VIU requires the Management to make an estimate of the expected future cash flows from the asset or the CGU and also to select a suitable discount rate in order to calculate the present value of the relevant future cash flows. This valuation requires the Group to make estimates about expected future cash flows and discount rates and hence, they are subject to uncertainty.

Refer Note 7.6 on page 335 for details.

2.12.8 Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through OCI. The Group engages independent professional valuers to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard – SLFRS 13 on "Fair Value Measurement" (SLFRS 13). The key assumptions used to determine the fair value of the land and building and sensitivity analyses are provided in Notes 38.5 (b) and 38.5 (c) on pages 386 to 391.

2.12.9 Useful lifetime of the property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Refer Note 20 on page 350.

2.12.10 Fair valuation of investment property

Fair valuation of the investment property is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties at similar locations and categories. They have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The key assumptions used to determine the fair value of investment property are provided in detail in Note 39 on page 393.

2.12.11 SLFRS 16 – leases

2.12.11.1 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

2.12.11.2 Estimating the incremental borrowing rate

As the Group cannot readily determine the interest rate implicit in the lease, it uses its Incremental Borrowing Rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Group estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

2.12.12 Recognition of Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available and can be utilised against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Refer Note 41 on page 398 for details.

2.12.13 Key actuarial assumptions relating to Defined benefit obligation

The costs of the defined benefit plans are determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, future pension increase, etc. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The Bank generally uses similar long-term treasury bond rate as the discount rate for the purpose of assessing the present value of future obligations.

Refer Note 48 on pages 404 to 413 for the assumptions used.

2.12.14 Impact of climate risk

Climate risks can lead to potential negative impact on the Group arising from climate change. Climate related risks have an impact on principal risk categories such as credit, liquidity, market and operational risks, but due to pervasive nature has been identified and managed by the Group on an overall basis.

The Group distinguishes between physical and transition risks. Physical risks arise as the result of acute weather events and transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low carbon economy.

The Group and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks:

ECL: Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL. On the whole, the Group is of the view that the counterparties who have exposures to climate risk are not expected to be materially impacted by physical or transition risks associated with climate change. To address the potential adverse impact on ECL arising from customers affected by the Cyclone Ditwah that occurred in Sri Lanka in November 2025, the Bank performed comprehensive assessments and incorporated the necessary modelled and post model adjustments to its ECL estimates as at the reporting date. Further details are disclosed in Note 18 on pages 345 to 349.

Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with SLFRS 13.

2.12.15 Provisions for liabilities, commitments and contingencies

The Group receives legal claims in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

Information about significant areas of estimation uncertainty and critical judgements in applying Accounting Policies other than those stated above that have material effects on the amounts recognised in the Consolidated Financial Statements are described in Notes 7.10 to 7.15 on pages 337.

2.13 Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in Note 68 on page 470, where necessary.

3 Financial Risk Management

3.1 Introduction and overview

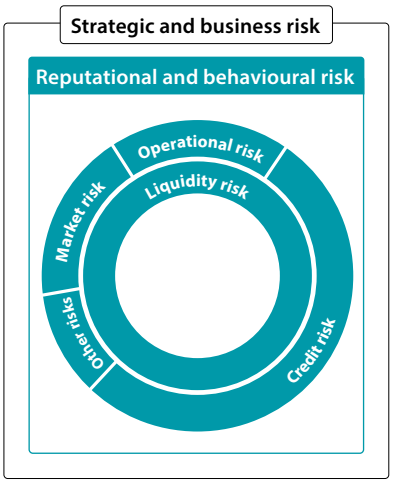
Like any other business model, risk is inherent in the Bank's activities too and attempts to manage through a process of ongoing identification, measurement and monitoring, subject to risk limits and controls are adopted to mitigate possible consequences arising out of volatile and fluid outcomes in the internal and external environment.

The process of risk management is identified as critical to maintain Bank's continuing profitability. Managing the changing stakeholder dynamics whilst preserving culture and value system of the Bank is considered as a priority in the business operation.

The Group has exposure mainly to the following broad risk categories arising out of its business activities that are undertaken in its day to day functions:

- Strategic and business risk;
- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk;
- Conduct risk and reputational risk;
- Environmental, social risk and climate risk.

Types of risk Figure – 75



The Board of Directors of the Bank has the overall responsibility for the establishment and oversight of the Group/Bank's Risk Management Framework.

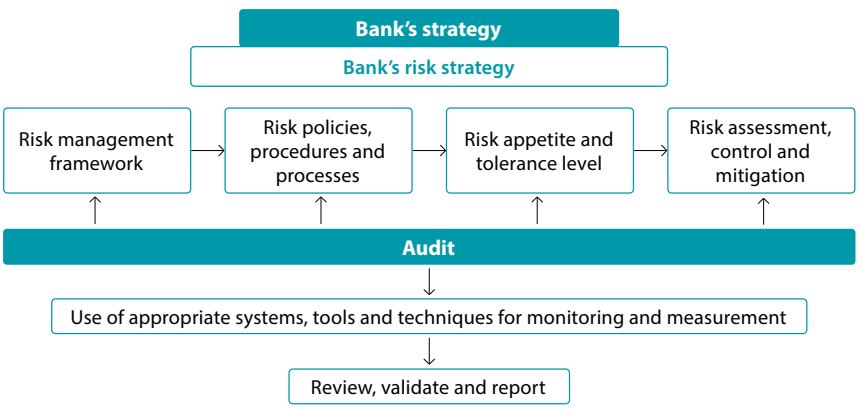
The Risk Management Framework of the Group/Bank translates overall risk appetite on business activities in a holistic approach to provide the guidance required for convergence of strategic and risk perspectives of the Group/Bank.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. The Risk Management Policy Framework constitutes the Credit Policy, Lending Guidelines, Credit Risk Review Policy, ALM Policy including Contingency Funding Plan, Foreign Exchange Policy, Operational Risk Policy, IT Risk Policy, Market Risk Policy, Stress Testing Policy, Financial & Risk Management Disclosure Policy, Group Conduct Risk Management Policy, Group Environmental and Social Policy and Group Reputational Risk Management Policy etc., which have been firmly established to provide control and guidance for decision-making throughout the Group in a uniform manner.

The Committee structure embedded to the Risk Management Framework acts as a fact finding and decision-making authority through deliberations and arriving at consensus arising out of multiple points of views.

3.2 Bank's risk management framework

Risk Management Framework Figure – 76



The Risk Management Committees effectively deliberate on matters at hand to provide guidance to the business lines with a view to managing risk in accordance with the strategic goals and risk appetite of the Bank.

The Board of Directors of the Bank has formed the Board Integrated Risk Management Committee (BIRMC) as a mandatory Board sub-Committee, as per Banking Act Directions No. 05 of 2024 on Corporate Governance. The performance of the Committee and the duties and roles of members are reviewed by the Board annually or more frequently, if warranted.

The Management has set up Executive Integrated Risk Management Committee (EIRMC) before the BIRMC. The meetings of the EIRMC are conducted on a monthly basis to discuss Credit, Operational, Market, IT and Environmental and Social risk matters of the Bank. Assets and Liabilities Committee (ALCO), that convene at least once a fortnight, gives priority for liquidity, funding and profitability in line with the changes taken place in the market.

Risk Control Self-Assessment (RCSA) framework is adopted to identify risks involved in business activities of the Bank and to implement appropriate risk mitigatory measures after assessing criticality of such risks. The Integrated Risk Management Department (IRMD) carries out semi-annual and quarterly Bank-wide RCSA exercise focusing on adherence to laws, regulations, and regulatory guidelines as well as internal controls and approved policies.

Further, the Internal Audit function of the Bank independently monitors and evaluates the risk management function of the Bank and provides its views on the adequacy of the Risk Management Framework to the Board Audit Committee (BAC).

Strategic and business risk

Bank's inability to keep up with the evolving market dynamics, resulting in loss of market share and failure to achieve strategic goals in line with its Vision and Mission is identified as Strategic risk.

Business risk refers to any risk that arises from the Bank's long-term business strategies and affects its profitability, and relatively short term in nature.

Management of strategic and business risk

Corporate planning and budgeting process and continuous evaluation of their alignment with the Bank's Vision, Mission and the risk appetite facilitate management of strategic risk. In the annual Internal Capital Adequacy Assessment Process (ICAAP) exercise of the Bank, detailed scorecard-based qualitative models are used to measure and monitor strategic risk of the Bank. This scorecard-based approach takes a number of variables into account, including the size and sophistication level of the Bank, the nature and complexity of its operations and highlights the areas that require focus to mitigate potential strategic risks.

Business risk of the Bank is managed through its day-to-day decisions made by the line managers and also at different Management Committees in identifying, assessing and remediating such risks.

Also, in line with the Banking Act Direction No. 09 of 2021, commencing from 2022, the Bank being the largest private sector bank in the industry designated as a Domestic Systemically Important Bank (D-SIB), has developed its Recovery Plan (RCP). The Bank has commenced the review of RCP on a quarterly basis commencing from 2023. This plan outlines the Bank's transition from Business-As-Usual (BAU) to different degrees of elevated risk conditions, highlighting the preparedness to the recovery actions, if the financial deterioration occurs and is not rectified.

Credit risk

The risk that the Bank will incur a loss due to its customers or counterparties failing to discharge their contractual obligations, is considered generally under the credit risk assessment.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, groups of counterparties, geographies, business sectors, and industries by monitoring exposures and possible adverse external factors in relation to such limits.

Management of credit risk

Lending Guidelines of the Bank have been formulated based on evolving practices of lending to provide expected granularity of credit assessment and thereby, to ensure strict attention to risks emanating from lending proposals at the time of initiation, analysis, and approval. In addition, Lending Guidelines ensures objective assessment of acceptability of collateral as well as limits on exposures and concentration levels to various sectors, counterparties, geographies and segments etc.

A robust risk grading system in line with the Basel guidelines on rating of facilities and counterparties is adopted by the Bank for evaluation of credit proposals. This risk grading framework consists of 10 grades of gradually escalating continuum of risks as indicators for the Lending Officers to evaluate and arrive at suitable risk reward trade-offs in their propositions. These risk grades were validated by internationally accepted consultants and are reviewed by the IRMD regularly.

Credit Risk Review function covers over 30% of the advances portfolio, including non performing credit facilities of the Bank using the Loan Review Mechanism (LRM). This continuous exercise provides reasonable assurance that all major credit risks embedded in the operation of lending is carried out in line with the stipulated guidelines and within the risk appetite framework of the Bank.

Early Warning Signals (EWS) system which is currently being adopted based on Machine Learning/Regression analysing, Prediction model to assist Lending Officers. This will facilitate the detection of problematic advances, while also providing insights to identify potential lending opportunities. This tool is used to maintain the quality of the Loan Book of the Bank.

Portfolio level credit risk analyses are taken up at monthly EIRMC meetings as well as quarterly at BIRMC meetings. Individual credit proposals evaluated by the Lending Officers are approved by the Authorising Officers within the hierarchy in delegated authority levels whilst ensuring a minimum of the Four Eyes Principle, when approving them. Approval levels are escalated based on delegated authority levels attached to exposure levels, final risk ratings, and changes of risk appetite for specific industries as well as negative deviation of performance levels as compared to previous facilities extended to borrowers.

The Executive Credit Committee (ECC) and the Board Credit Committee (BCC) are responsible for approving credit facilities with high value while the Board will be the ultimate authority for approving facilities exceeding predetermined threshold levels. Deliberations take place at the BCC level on facilities being considered for approval beyond the specified threshold and recommendations for approval of the Board are made based on quantum of exposures at various levels.

The IRMD provides risk approval for individual proposals above predetermined threshold levels, consequent to a rigorous independent risk evaluation guided by Credit Policy, Lending Guidelines, and Circular Instructions within a limit framework stemming from risk appetite of the Bank.

The Expected Credit Loss (ECL) model introduced under the SLFRS 9 replaced the Incurred Loss Model, which was considered inadequate in recognising credit losses in a proactive manner and had failed in accurately estimating the credit losses during economic stress conditions. Accordingly, the Bank also had duly adopted the ECL

modelling in impairment computations. IRMD involves in independent oversight on Individually Significant Loans (ISLs) to improve accuracy of cash flow projections bringing in a more robust and specific approach to the classification, recognition and measurement of credit facilities. The Bank has also taken into consideration the guidance included in the Banking Act Directions No. 13 of 2021 issued by the CBSL. Upgrading of restructured and rescheduled credit facilities shall only be carried out by the IRMD and shall be independent from the credit facility review mechanism.

Liquidity risk

The risk that the Bank will encounter difficulty in meeting obligations associated with the financial liabilities that are settled by delivering cash or another financial asset is focused on this risk domain. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations or not receiving what is due to the Bank when they fall due under both normal and stress circumstances.

To limit this risk, Management has arranged diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has reviewed and strengthened its internal control processes and contingency plans for managing liquidity risk.

Management of liquidity risk

Market Risk Management Policy and the ALM Policy of the Bank approved by the Board of Directors set the tone for managing liquidity risk of the Bank. Liquidity risk of the Bank is given utmost priority when managing a wide range of other risks because it is considered as the most critical risk for any financial institution.

The Bank's Treasury Department is entrusted with managing liquidity of the Bank on a real time basis to ensure smooth functioning of business activities of all other business units of the Bank. Additionally, a team of members of the Corporate Management, comprising the Deputy General Manager - Treasury, Assistant General Manager - Treasury and the Chief Risk Officer, carefully analyse liquidity position of the Bank taking in to consideration, both short-term and medium-term cash flow gaps, more frequently.

Access to a substantial stable Current Account and Savings Account (CASA) base due to its wide branch network and the top of the mind perception created among the depositors, provide immense strength to the Bank in managing liquidity. Also, the growing balance sheet size, higher rating and continuous rapport maintained with local and international counterparty banks have helped immensely to the Bank to maintain adequate foreign currency liquidity amidst stressed market conditions.

Having an adequate buffer of High Quality Liquid Assets (HQLA) at the disposal of the Bank is another plus factor for the Bank. The strength of such portfolio is amply reflected in the Basel III computation the Bank carries out for arriving at Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per the CBSL Directions that recorded very healthy results as compared to regulatory minimum threshold levels.

The Bank has experienced accumulation of rupee liquidity above the minimum regulatory requirements as a result of sluggish economic performance of the country since 2020. However, having adopted many strategies to invest excess liquidity at optimum yields but in staggered maturities and thereby to minimise the negative impact on the bottom line as well as liquidity, the Bank is mindful about the excessive exposure to the Government by way of the Government Securities. As such, the Bank has focused on revitalising the steady expansion of its Loan Book throughout year 2025.

Contingency funding plans are in force, constant monitoring of salient liquidity ratios and scenario-based stress testing being carried out regularly would enable the Bank to take proactive measures towards overcoming an adverse liquidity position that may arise on a future date. The regular stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

Market risk

The risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices comes under the ambit of Market risk. The market risk management is to manage and control market risk exposure within acceptable parameters to ensure the Group's solvency while optimising the return on risk. The Bank classifies exposures to Market Risk into either Trading or Non-Trading portfolios (Banking Book) and manages each of those portfolios separately.

The Market risk for the Trading portfolio is monitored and managed closely having paid attention to the changes on the prices of market.

Management of market risk

Market Risk Management Policy, ALM Policy and Foreign Exchange Risk Policy are the three main policies that constitute the framework governing the Market Risk Management function of the Bank. Due to business model adopted by the Bank, exposure to equity and commodity risk was kept at bay throughout the year.

However, Interest Rate Risk arising from the Banking Book as well as Trading Book and Foreign Exchange Risk arising from dealing in assets and liabilities denominated in currencies other than local currency, continued to expose the Bank to associated risk elements.

Declining interest rates throughout 2025 posed challenges to the Net Interest Margin (NIM), despite a renewed appetite for advances driven with the recent economic reforms introduced in the country.

Interest Rates of the Banking Book is subjected to varying degrees of rate shocks to stimulate and identify impact on earnings perspective in such rate scenarios. The results of such predictions could assist the Bank in formulating strategies to manage the financial position in an effective manner with the limited choices available in the local market.

Trading Book too was subjected to Value at Risk (VaR) framework internally carried out by the Bank on a regular basis. The Bank also carried out sensitivity analysis on a regular basis to ascertain the impact on portfolios maintained, mainly in Government Securities and marking to market of such portfolios to reflect fair value of underlying assets for the decision-making process.

The Bank acknowledges inherent limitations in VaR, particularly within the volatile Sri Lankan market where price movements may deviate from standard economic fundamentals. The framework's reliance on historical data may fail to capture rapid market shifts, while calculations can be skewed by transitory, non-permanent triggers. Furthermore, as VaR represents only a fraction of potential unrealised gains or losses and significant portfolios are not held for speculative purposes, divestment decisions are based on a holistic portfolio view rather than VaR metrics alone.

Forex positions are subjected to continuous sensitivity analysis to provide insights to possible losses arising from currency appreciation/depreciation, as the reporting currency of the Bank, being Sri Lankan Rupees.

Operational risk

The risk that the Bank will incur a loss due to failure of systems, processes, human errors, frauds or external events is focused on this risk domain. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring, escalating, reporting and responding to potential risks.

Circular Instructions and Operational Risk Management Policy play a major part in bringing together business practices with accepted benchmarks to ensure minimum disruption to processes, personnel, technology and infrastructure.

Internal Control Framework and audit function with firmly established "three lines of defences" serve the Bank to manage operational risk at current acceptable levels.

The Bank defines IT Risk as the exposure to loss resulting from technological disruptions or cyber-attacks. To mitigate this, Bank IT Risk Management policy directly supports Financial Risk Management objectives. It ensures that the systems governing assets and liabilities remain reliable, available, and untampered with, thereby preventing operational incidents from escalating into systemic financial crises.

Management of operational risk

The Bank maintains a strong internal operational risk culture overseen by the Board of Directors and Corporate Management, utilising a robust internal control framework defined by the "three lines of defences" model. The first line, Business Line Management, is responsible for implementing robust controls such as checking and authorising transactions at the source. The second line, the Risk Management function, reviews the effectiveness of these controls and monitors Key Risk Indicators (KRIs), while the third line, Internal Audit, provides independent review and challenge. Specific control standards implemented across the Group include the effective segregation of duties, dual authorisations for high-value and important transactions, strict access controls for systems, and regular end of day reconciliation and balancing.

Compliance with these standards is supported by:

- **Documentation of Procedures:** Operational execution is guided by a hierarchy of Board approved Policies, Operation Manuals, and Circular Instructions to ensure clear lines of management responsibility and accountability.
- **Risk Transfer:** For low probability, high impact events, the Bank adopts a risk transfer strategy by obtaining insurance policies against uncontrollable risks such as natural disasters and fraud, which are reviewed annually by the Operational Risk Management Unit.
- **Ethical Standards:** The control environment is reinforced by the upkeep of high standards of ethics and integrity, supported by continuous staff training to build a risk-aware culture across all cross-sections of the Bank.

Management of IT related operational risk

IT Risk of the Bank is managed through strict monitoring of key IT risk Indicators defined in IT Risk management policy covering following six key IT risk indicators.

1. Governance
2. Critical System Availability
3. Cybersecurity
4. Change Management
5. DR/BCP Planning
6. Third-Party Service Failures

In alignment with the CBSL Directions No. 16 of 2021 and No. 02 of 2025, IT risk exposures and cybersecurity incidents are reviewed monthly and reported to the EIRMC and BIRMC.

Bank IT Risk exposure also review annually by external assessment including ISO 27001:2022, ISO 20000:2018, PCIDSS etc. Controls included to effective segregation of duties, access authorisation procedures, staff education and assessment processes.

Outsourcing risk related to IT services is managed through regular monthly reviews of IT incidents and system downtime attributable to outsourced service providers, together with bi-annual Risk RCSAs of third-party IT service providers.

Conduct risk and reputational risk

A well-established framework, developed over decades, mitigates risk associated with mis-selling, unethical business practices, professional misbehaviour and governance deficiencies etc.

The risk that the Bank's reputation will be damaged by one or more than one reputation event, as reflected from negative publicity about the Bank's business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence in the Bank, result in costly litigation, or lead to a decline in its customer base, business or revenue.

Management of the Conduct and Reputational risk is underpinned by a comprehensive policy framework approved by the Board of Directors.

Refer Note 66 on pages 437 to 469 for "Financial risk review".

Environmental and social risk

The Bank's Environmental and Social Management System (ESMS) is a mature and well-established framework that integrates Environmental and Social (E&S) considerations into lending and investment decisions. Aligned with the E&S related country regulations and CBSL's Sustainable Finance Roadmap, the ESMS addresses key factors such as resource efficiency, pollution prevention, labour practices, community health and safety, biodiversity conservation, and governance, supporting both financial stability and long-term sustainability.

Guided by internationally recognised standards such as the IFC Performance Standards, the Bank evaluates Environmental, Social & Governance (ESG) and climate-related impacts of financed activities and considers their implications for borrowers' financial performance and resilience. The outcomes of these assessments inform credit structuring decisions, including promoter equity requirements, lending terms, covenants, and pricing, where appropriate.

Climate risk

In line with the effective adoption of SLFRS S1 and SLFRS S2 which are Disclosure Standards in year 2025, the Bank has strengthened its approach to climate-related risk management through a dedicated Climate Risk Assessment and Management Framework. Climate risks are assessed in two categories in line with Disclosure standards:

Physical Risks – Arising from acute and chronic climate events such as floods, droughts, rising temperatures, and sea-level rise.

Transition Risks – Resulting from the shift to a low-carbon economy, including changes in regulation, technology, market preferences, and reputational considerations.

Climate-related risks may affect the Bank's portfolio through higher credit losses arising from climate-induced disruptions to borrower operations, volatility in asset and collateral valuations, changes in risk-weighted assets, and shifts in sector-level exposures, particularly in climate-sensitive or carbon-intensive sectors.

ESG and climate risk assessments are conducted at borrower and asset levels and aggregated to develop an integrated portfolio-level ESG and climate risk view, supporting regulatory disclosures and strategic risk management. The Bank is also in the process of developing qualitative models to assess the linkage between borrowers' financial performance and climate-related risks. These models will rely on expert judgment, scorecards, sector heat maps, questionnaires, and narrative assessments, with the objective of progressively incorporating climate risk considerations into internal credit assessments, subject to data availability, model validation, and governance approvals. By leveraging its mature ESMS and advancing climate risk analytics, the Bank remains committed to responsible financing and building a climate-resilient portfolio.

Management of environmental and social risks & climate risk

Environmental, social, and climate-related risks are managed within the Bank's overall Risk Management Framework through clearly defined governance structures, roles, and responsibilities.

A team within the IRMD oversees implementation, supported by continuous training for credit analysts and access to sector-specific expertise and analytical tools.

The Bank actively monitors portfolio exposure to climate-related physical and transition risks, as well as environmentally sensitive and carbon-intensive sectors, applying sector specific guidelines and mitigation measures where necessary.

Emerging E&S and climate risk trends are continuously incorporated into risk screening, monitoring, and portfolio analysis processes to enhance resilience and support sustainable growth.

Transparency, continuous improvement, and stakeholder engagement underpin the Bank's approach.

A detailed description of governance, identification, assessment, monitoring, reporting, and mitigation of environmental, social, and climate-related risks is provided in the section "Risk Governance and Management" on pages 273 to 296.

4 Fair Value Measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted pricing in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. External professional valuers are involved for valuation of significant assets such as land and buildings.

An analysis of fair value measurement of financial and non-financial assets and liabilities is provided in Note 27 on pages 356 to 360.

5 Changes in Material Accounting Policies

There were no new or amended standards and interpretations that were required to be incorporated into the Financial Statements with effect from January 01, 2025.

Material Accounting Policies

The Material Accounting Policies set out in Notes 6 to 10 on pages 329 to 339 below have been applied consistently to all periods presented in the Financial Statements of the Group except as specified in Note 2.11 on page 322.

These Accounting Policies have been applied consistently by the Group and there were no changes to Material Accounting Policies. The Group has adopted Sustainability Disclosure Standard – SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2) during the year. As these are Disclosure Standards, the related disclosures have been disclosed in the relevant sections of this Annual Report as appropriate and they do not form part of these Financial Statements.

Set out below is an index of Material Accounting Policies, the details of which are available on the pages that follow:

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6 Material Accounting Policies – General

6.1 Basis of consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Bank and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial Statements" (SLFRS 10) and the proportionate share of the profit or loss and net assets of its associate in terms of the Sri Lanka Accounting Standard – LKAS 28 on "Investments in Associates and Joint Ventures" (LKAS 28). The Bank's Financial Statements comprise the amalgamation of the Financial Statements of the Domestic Banking Unit, the Offshore Banking Centre and the international operations of the Bank.

6.1.1 Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group as per Sri Lanka Accounting Standard – SLFRS 3 on "Business Combinations" (SLFRS 3). In determining whether a particular set of activities and assets is a business, the Bank assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has ability to produce outputs. The consideration transferred in the acquisition and identifiable net assets acquired are measured at fair value. Any goodwill that arises is tested annually for impairment (Refer Note 7.6 on page 335). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

6.1.2 Non-Controlling Interests (NCI)

Details of NCI are given in Note 56 on page 423.

6.1.3 Subsidiaries

Details of the Bank's subsidiaries, how they are accounted in the Financial Statements of the Bank and their contingencies are set out in Notes 36 and 57.4 (a) on pages 376 to 377 and 425.

6.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsequently, it is accounted for as an associate or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

6.1.5 Associates

Details of the associate, how it is accounted in the Financial Statements of the investee, together with its fair values and the Group's share of contingent liabilities of the associate is set out in Notes 37 and 57.4 (b) on pages 378 to 379 and 425.

6.1.6 Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

6.2 Foreign currency

6.2.1 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates of the transactions. In this regard, the Bank's practice is to use the middle rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into the functional currency at the middle exchange rate of the functional currency ruling as at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency as at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate as at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Equity instruments in respect of which an election has been made to present subsequent changes fair value through other comprehensive income
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedge is effective.

6.2.2 Foreign currency translations

The Group's Consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the Bank's Functional Currency. The Financial Statements of the Offshore Banking Centre of the Bank and the Financial Statements of the foreign operations of the Bank have been translated into the Group's Presentation Currency as explained under Notes 6.2.3 and 6.2.4 below.

6.2.3 Transactions of the offshore banking centre

These are recorded in accordance with Note 6.2.1 above, except the application of the annual weighted average exchange rate for translation of the Income Statement and the Statement of Profit or Loss and Other Comprehensive Income. Net gains and losses are dealt through the profit or loss.

6.2.4 Foreign operations

The results and financial position of foreign operations that have a functional currency different from the Bank's presentation currency are translated into the Bank's presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the rates of exchange ruling as at the reporting date.
- Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rates ruling at the transaction date.
- All resulting exchange differences are recognised in the OCI and accumulated in the Foreign Currency Translation Reserve (Translation Reserve), which is a separate component of Equity, except to the extent that the translation difference is allocated to the NCI.

When a foreign operation is disposed of such that the control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount of the translation reserve is reattributed to NCI.

7 Material Accounting Policies – Recognition of assets and liabilities

7.1 Financial instruments – initial recognition, classification and subsequent measurement

7.1.1 Date of recognition

The Group initially recognises loans and advances, deposits and subordinated liabilities, etc., on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

7.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments. Refer Notes 7.1.3 and 7.1.4 for further details on classification of financial instruments.

A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9 and trade receivables that do not have a significant financing component as defined in Sri Lanka Accounting Standard – SLFRS 15 on "Revenue from contracts with customers" (SLFRS 15).

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement.

Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition as defined in SLFRS 15.

When the fair value of financial instruments (except trade receivables that do not have a significant financing component) at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

7.1.2.1 "Day 1" profit or loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gains/(losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

The 'Day 1 loss' arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) in 'Interest income' and 'Personnel expenses' over the remaining service period of the employees or tenure of the loan whichever is shorter in line with SLFRS 9 and Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits" (LKAS 19).

Refer Notes 13 and 19 on pages 340 and 349.

7.1.3 Classification and subsequent measurement of financial assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms. Accordingly, the financial assets are measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

7.1.3.1 Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by-instrument basis because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

7.1.3.2 Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower, limit the Group's claim to cash flow of the underlying collateral (non-recourse loans). The Group applies the adjustment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making the judgements:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payment, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special- purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or substantial portions of the borrower's assets
- whether the Group will benefit from any upside from the underlying assets.

Refer Notes 7.1.3.3 to 7.1.3.5 below for details on different types of financial assets recognised on the SOFP.

7.1.3.3 Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash

flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are given in Notes 7.1.3.3.1 to 7.1.3.3.6 below.

7.1.3.3.1 Loans and advances to other customers

Loans and advances to other customers include amounts due from loans and advances and lease receivables from the customers of the Group.

Details of "Loans and advances to other customers" are given in Note 33 on pages 368 to 371.

7.1.3.3.2 Securities purchased under resale agreements (reverse repos)

When the Group purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a financial asset in the SOFP reflecting the transaction's economic substance as a loan granted by the Group. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income/ receivable being recognised as interest income in profit or loss.

Details of "Securities purchased under resale agreements" are given in the SOFP on page 309.

7.1.3.3.3 Debt and other financial instruments measured at amortised cost

Details of "Debt and other financial instruments measured at amortised cost" are given in Note 34 on page 371.

7.1.3.3.4 Cash and cash equivalents

Details of "Cash and cash equivalents" are given in Note 28 on page 360.

7.1.3.3.5 Balances with central banks

Details of "Balances with central banks" are given in Note 29 on page 361.

7.1.3.3.6 Placement with banks

Details of "Placement with banks" are given in Note 30 on page 362.

7.1.3.4 Financial assets measured at FVOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income.

For financial assets measured at FVOCI refer Notes 7.1.3.4.1 and 7.1.3.4.2.

7.1.3.4.1 Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and selling financial assets, where the asset's contractual cash flows represent payments that are solely payments of principal and interest on principal outstanding. Details of "Debt instruments at FVOCI" are given in Note 35 on page 374.

7.1.3.4.2 Equity instruments designated at FVOCI

Upon initial recognition, the Group elects to classify irrevocably some of its equity instruments held for strategic and regulatory purposes as equity instruments at FVOCI. Details of "Equity instruments at FVOCI" are given in Note 35 on page 374.

7.1.3.5 Financial assets measured at FVTPL

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets measured at FVTPL include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell. Details of "Financial assets measured at FVTPL" are given in Note 7.1.3.5.1 below.

7.1.3.5.1 Financial assets held for trading

Details of "Financial Assets held for trading" are given in Note 32 on pages 363 to 367.

7.1.3.5.1.1 Derivatives recorded at FVTPL

Details of "Derivative financial assets" recorded at fair value through profit or loss are given in Note 31 on page 362.

7.1.4 Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at FVTPL, and within this category as –
  - Held-for-trading; or
  - Designated at FVTPL;
- Financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification.

Refer Notes 7.1.4.1 and 7.1.4.2 as detailed below:

7.1.4.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Refer Note 7.1.4.1.1 below.

7.1.4.1.1 Financial liabilities held for trading

Details of "Derivative financial liabilities" classified under financial liabilities held for trading are given in Note 44 on page 401.

7.1.4.2 Financial liabilities at amortised cost

Financial liabilities of the Group that are not measured at FVTPL are classified as financial liabilities at amortised cost under "Due to banks", "Securities sold under repurchase agreements", "Due to depositors", "Other borrowings" or "Subordinated liabilities" as appropriate, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

The EIR amortisation is included in "Interest expense" in profit or loss. Gains and losses too are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

7.1.4.2.1 Due to banks

Details of "Due to banks" are given in Note 43 on page 401.

7.1.4.2.2 Securities sold under repurchase agreements (repos)

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repos), the arrangement is accounted for as a financial liability in the SOFP reflecting the transaction's economic substance as a deposit. Subsequent to initial recognition, these securities are measured at amortised cost using the EIR with the corresponding interest payable being recognised as "Interest expense" in profit or loss.

Details of "Securities sold under repurchase agreements (repos)" are given in the SOFP on page 309.

7.1.4.2.3 Due to depositors

Details of "Due to depositors" are given in Note 45 on page 402.

7.1.4.2.4 Other Borrowings

Details of "Other Borrowings" are given in Note 46 on page 403.

7.1.4.2.5 Subordinated liabilities

Details of "Subordinated liabilities" are given in Note 50 on page 414.

7.1.5 Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets and liabilities. Derivatives held for risk management purposes are measured at fair value in the SOFP.

The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument is expected to be highly effective in offsetting the changes in fair value or cash flow of the respective hedged item during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80% to 125%. The Group makes an assessment for a cash flow hedge of a forecast transaction, of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

7.1.6 Reclassification of financial assets and liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

7.1.6.1 Timing of reclassification of financial assets

Consequent to the change in the business model, the Bank reclassifies all affected assets prospectively following the change in the business model (the reclassification date). Accordingly, prior periods are not restated.

7.1.7 Derecognition of financial assets and financial liabilities

7.1.7.1 Financial assets

The Group derecognises a financial asset (or where applicable a part of thereof) when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

However, cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

7.1.7.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

7.1.8 Modification of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses measured using a pre modification interest rate. In other cases, it is presented as interest income.

7.1.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the SOFP if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

7.1.10 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

7.1.11 Fair value of financial instruments

Fair value measurement of financial instruments including the fair value hierarchy is explained in Notes 4 and 27 on pages 328 and 356.

7.1.12 Identification and measurement of impairment of financial assets

7.1.12.1 Overview of the ECL principles

The Group records an allowance for ECL for loans and advances to other customers, debt and other financial instruments measured at amortised cost, debt instruments measured at FVOCI, any other financial assets measured at amortised cost, loan commitments and financial guarantee contracts.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- **Stage 1:** A financial asset that is not originally credit impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).
- **Stage 2:** If a significant increase in credit risk (SICR) since origination is identified, the financial asset is moved to Stage 2 and the Group records an allowance for LTECL. Refer Note 7.1.12.2 for a description on how the Group determines when a SICR has occurred.
- **Stage 3:** If a financial asset is credit-impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%. Refer Note 7.1.12.3 for a description on how the Group defines default and credit impaired assets.

The key judgements and assumptions adopted by the Group in addressing the requirements of SLFRS 9 are discussed below:

7.1.12.2 Significant Increase in Credit Risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment and including forward looking information.

The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

The Group individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default. Such indicators include, inter-alia:

- When the risk rating of a customer or an instrument has been downgraded to B+ by an external credit rating agency and/or when there is a two-notch downgrade in the banks internal rating system.
- When reasonable and supportable forecasts of future economic conditions directly affect the performance of a customer/group of customers, portfolios or instruments.
- When there is a significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer/group of customers or an instrument.
- When the value of collateral is significantly reduced and/or realisability of collateral is doubtful.
- Frequent changes in the Board of Directors and senior management of an institutional customer.
- Delay in the commencement of business operations/projects by more than two years from the originally agreed date.
- A fall of 50% or more in the turnover and/or profit before tax of the customer when compared to the previous year for two consecutive years.
- Adverse financial ratios compared to the industry norms.
- Erosion in net-worth by more than 25% when compared to the previous year.
- Number of times credit facilities are restructured.
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants etc., due to credit deterioration.
- Any other indicator that the Group believes which indicate an SICR as per expert credit judgement.

Credit facilities/exposures which have one or more of the above indicators are treated as facilities with SICR and assessed accordingly in ECL computations. The Group also considers the conditions stipulated in the Directions issued by the CBSL on identifying SICR criteria for assessing credit facilities for ECL computations. The Group regularly monitors the effectiveness of the criteria used to identify SICR to confirm that the criteria is capable of identifying SICR before an exposure is in default.

For debt instruments having an external credit rating, which are measured at amortised cost or at FVOCI, the Group determines SICR based on the generally accepted investment/non-investment grade definitions published by international rating agencies. Debt instruments are moved to stage 2, if their credit risk increases to the extent that they are no longer considered under investment grade.

7.1.12.3 Definition of default and credit impaired assets

The Group considers loans and advances to other customers be defaulted when:

- The borrower is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The borrower becomes 90 days past due on its contractual payments.
- The borrower is deceased/insolvent.

In addition, the Group classifies the financial investments under stage 3 when the external credit rating assigned to the particular investment is "default".

In assessing whether a borrower is in default, the Group reviews its individually significant loans and advances above a predefined threshold at each reporting date. Further, as per "CBSL Banking act Directions No. 13 of 2021", Non-Performing credit facilities (NPCF) mean all the credit facilities where the contractual payments of a customer are past due for more than 90 days or has remained in excess of the sanctioned limit for more than 90 days, and any other credit facilities classified as stage 3 credit facility under SLFRS 9.

7.1.12.4 Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described in Note 7.1.12.2 and also as per the Policy on Upgrading of Credit Facilities of the Bank. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described in Note 7.1.12.3 and also as per the Policy on Upgrading of Credit Facilities of the Bank. The Bank has developed a comprehensive Policy on Upgrading of Credit Facilities in line with the CBSL Banking act Directions No. 13 of 2021. Accordingly, credit facilities other than restructured and rescheduled facilities are upgraded to a better stage if all due contractual payments associated with such credit facility as at the date of upgrading are fully settled. Restructured and rescheduled facilities are gradually upgraded upon satisfactory repayment for a stipulated period according to the policy while exercising prudence principle.

7.1.12.5 Grouping financial assets measured on collective basis

The Group calculates ECL either on a collective or an individual basis. Asset classes where the Group calculates ECL on individual basis include:

- Credit impaired facilities and facilities identified with SICR which are impaired based on the individual impairment assessment
- The treasury, trading and interbank relationships (such as due from Banks, money at call and short notice, placements with Banks, government securities, investments in debentures etc.)

Those financial assets for which, the Group determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to other customers are grouped in to homogeneous portfolios, based on a combination of product and customer characteristics.

Details of the ECL calculation are given in Note 18 on pages 345 to 349.

7.2 Non-current assets (or disposal groups) classified as held for sale

The Group intends to recover the value of non-current assets (or disposal groups) classified as held for sale as at the reporting date principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset or disposal group is available-for-sale in its present condition, the management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

As per the Sri Lanka Accounting Standard – SLFRS 5 on "Non-current Assets Held for Sale and Discontinued Operations", (SLFRS 5) these assets are measured at the lower of the carrying amount and fair value, less costs to sell. Thereafter, the Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the investment or a group of investment is impaired. The Group recognises an impairment loss for any initial or subsequent write down of the assets to fair value less costs to sell and also recognises a gain for any subsequent increase in fair value less costs to sell of an asset, only to the extent of the cumulative impairment losses that have been recognised previously. Impairment loss is first allocated to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to financial assets, deferred tax assets or employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. As a result, once classified, the Group neither amortises nor depreciates the assets classified as held for sale.

In the Income Statement of the reporting period and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains an NCI in a subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the Income Statement.

7.3 Property, plant and equipment

Details of "Property, plant and equipment" are given in Note 38 on pages 380 to 392.

7.3.1 Depreciation

Details of "Depreciation" are given in Note 20 on page 350.

7.3.2 Borrowing costs

As per the Sri Lanka Accounting Standard – LKAS 23 on "Borrowing Costs" (LKAS 23), the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in the profit or loss in the period in which they occur.

7.4 Investment property

Investment properties are initially measured at cost, including transaction costs. The Group subsequently measures investment properties under fair value model. Any gain or loss arising from a change in fair value and the rental income from the investment property is recognised under "Net other operating income".

Details of "Investment Property" are given in Note 39 on pages 393 to 396.

7.5 Intangible assets

Details of "Intangible assets" are given in Note 40 on pages 396 and 397.

Amortisation recognised during the year in respect of intangible assets is included under the item of "Amortisation of intangible assets" under "Depreciation and amortisation" in profit or loss.

Refer Note 20 on page 350.

7.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The "recoverable amount" of an asset or CGU is the greater of its VIU and its fair value less costs to sell. VIU is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7.7 Dividends payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from Equity when they are declared and no longer at the discretion of the Bank.

Dividends for the year, that are approved after the reporting date and not provided for, are disclosed as an event after the reporting period in accordance with the Sri Lanka Accounting Standard – LKAS 10 on "Events after the reporting period" (LKAS 10) in Note 68 on page 470.

7.8 Employee benefits

7.8.1 Defined Benefit Plans (DBPs)

A DBP is a post-employment benefit plan other than a Defined Contribution Plan (DCP) as defined in LKAS 19.

7.8.1.1 Defined benefit pension plans

7.8.1.1.1 Description of the plans and employee groups covered

The Bank operates two types of Defined Benefit Pension Plans for its employees as described below:

(a) The Bank has an approved Pension Fund, which was established in 1992. As per the Deed of Trust, only those employees who were less than 45 years of age as at January 01, 1992 were covered by the Pension Fund in order to leave a minimum contribution for a period of 10 years before they are eligible to draw pension from the Pension Fund. Further, only the employees those who joined the Bank before January 01, 2000, became eligible for this pension scheme.

During 2006, the Bank offered a restructured pension scheme to convert

the DBP to a DCP for the pensionable employees of the Bank and over 99% of them accepted it. As a result, the above Pension Fund now covers only those employees who did not opt for the restructured pension scheme and those employees who were covered by the Pension Fund which was established in 1992, but retired before the restructured pension scheme came into effect;

(b) Provision for pensions has been made for those employees who retired before January 01, 2000, and on whose behalf the Bank could not make contributions to the Retirement Pension Fund for more than 10 years. This liability although not funded has been provided for in full in the Financial Statements;

The subsidiaries of the Bank do not operate Pension Funds.

The Bank's net obligation in respect of Defined Benefit Pension Plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets, as per LKAS 19 as detailed in Note 48 on pages 404 to 413.

The past service cost is recognised as an expense on a straight-line basis over the period until the benefits become vested. If the benefits are already vested following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

7.8.1.1.2 Recognition of actuarial gains or losses

Actuarial gains or losses are recognised in the OCI in the period in which they arise.

7.8.1.1.3 Recognition of retirement benefit obligation

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service cost not yet recognised and the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the Projected Unit Credit Method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net-defined benefit liability/(asset), taking into account any changes in the net-defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to DBPs are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a DBP when the settlement occurs.

Amounts recognised in profit or loss as expenses on DBPs and provisions made on DBPs together with the details of valuation methods are given in Notes 19 and 48 on pages 349 and 350 and 404 to 413, respectively.

7.8.2 Defined Contribution Plans (DCPs)

A DCP is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay a further amount. Obligations to DCPs are recognised in the profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Group has four such plans as explained in Notes 7.8.2.1, 7.8.2.2, 7.8.2.3 and 7.8.2.4.

Amounts recognised in profit or loss as expenses on DCPs are given in Note 19 on page 349.

7.8.2.1 Defined contribution pension plan

As explained in Note 7.8.1.1.1 (a), during 2006, the Bank restructured its pension scheme which was a DBP to a DCP. This restructured plan was offered on a voluntary basis to the eligible employees of the Bank. The scheme provides for lump sum payments instead of commuted/monthly pensions to the eligible employees at the point of their separation, in return for surrendering their pension rights. The lump sum offered consisted of a past service package and a future service package. The shortfall on account of the past service package in excess of the funds available in the Pension Fund was borne by the Bank in 2006.

The future service package includes monthly contributions to be made by the Bank for the employees who accepted the offer, to be made during their remaining period of service, at predetermined contribution rates to be applied on their salaries, which are estimated to increase for this purpose at 10% p.a. based on the salary levels that prevailed as at the date of implementation of this scheme. In addition, interest to be earned on the assets of the DCP is also allocated to the employees who opted for the restructured pension scheme.

The assets of this Fund are held separately from those of the Bank and are independently administered by the Trustees as per the provisions of the Trust Deed.

7.8.2.2 Employees' Provident Fund

The Bank and employees contribute to an approved Private Provident Fund at 12% and 8% respectively, on the salaries of each employee. In addition, the employees may voluntarily contribute an excess amount. Other local entities of the Group and their employees contribute at the same percentages as above to the Employees' Provident Fund managed by the CBSL.

7.8.2.3 Employees' Trust Fund

The Bank and other local entities of the Group contribute at the rate of 3% of the salaries of each employee to the Employees' Trust Fund managed by the CBSL.

7.8.2.4 Defined Contribution Pension Fund (DCPF)

Defined Contribution Pension Fund (DCPF) was established on March 01, 2020, which is managed by a Board of Trustees consisting of representatives of Employee Organisations and the Management.

Employees who joined since the year 2000, and who are not covered under the Restructured Pension Scheme of the Bank and are in the service of the Bank as at March 01, 2020 are eligible for the new DCPF. The initial lump sum, based on Gratuity entitlement as at February 29, 2020, is being transferred to the accounts opened in the names of individual eligible employees. Further, all the eligible employees who joined the Bank on or after March 01, 2020 are also covered under this DCPF.

The Bank contributes monthly, a percentage equivalent of 7.5% of the monthly salary of each eligible employee starting from March 01, 2020 until cessation of employment to the DCPF.

Employees cannot withdraw money from the DCPF before cessation of employment. In the event of early separation prior to

retirement (excluding death), eligible employees are entitled to withdraw the accumulated amounts in their respective DCPF accounts. However, the eligible employees are not entitled to receive any DCPF payment where the completed service is less than 5 years (similar to the Gratuity payments are done in case of a separation as per the Gratuity Act at the point of termination and separation). In the event of death of an employee whilst in service, the accumulated funds in the members account will be released in full to the nominated parties/legal heirs as the case may be, where the completed service is more than 5 years.

7.8.3 Terminal benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

7.8.4 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

7.8.5 Share-based payment arrangements

Share-based payment arrangements in which the Bank receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Bank. Executive Employees of the Bank receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group does not operate any cash-settled share-based payment transactions.

The Group applies the requirements of the Sri Lanka Accounting Standard – SLFRS 2 on "Share-based Payment" (SLFRS 2) in accounting for equity-settled share-based payment transactions, if any, that were granted after January 01, 2012 and had not vested at the same date. As per SLFRS 2, on the grant date, fair value of equity-settled share-based payment awards (i.e., share options) granted to employees is recognised as personnel expense, with a corresponding increase in equity, over the period in which the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related service and non-market performance vesting conditions are expected to be met, so that the amount ultimately recognised as an expense is based on the number of share awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Employee Share Option Plans – 2023, which were granted are subjected to the above accounting treatment.

The details of Employee Share Option Plans are given in Note 52 on pages 417 to 419.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share as disclosed in Note 24.1 and Note 24.2 on pages 353 and 354.

7.9 Other liabilities and provisions

Details of "Other liabilities and provisions" are given in Note 48 on pages 404 to 413.

7.10 Restructuring

Provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses arising on such restructuring are not provided for.

The Group does not have any provision for restructuring as at the reporting date.

7.11 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

The Group does not have any onerous contracts as at the reporting date.

7.12 Bank levies

A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

7.13 Financial guarantees, letters of credit and undrawn loan commitments

"Financial guarantees" are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer.

Financial guarantees are initially recognised in the Financial Statements (within other liabilities and provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement and ECL provision, if appropriate.

The premium received is recognised in profit or loss in Note 14.1 on "Fee and commission income" on a straight-line basis over the life of the guarantee.

The nominal contractual value of financial guarantees including performance bond guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the SOFP, but included as part of contingent liabilities and commitments. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 57 on page 423.

Loan commitments at below market interest rates are initially measured at fair value and subsequently measured at the higher of the amount of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised, when appropriate.

7.14 Commitments

All discernible risks are accounted for in determining the amount of known liabilities as explained in Note 7.9 above.

Details of the Commitments are given in Note 57 on page 423.

7.15 Contingent liabilities and commitments

A detailed list of "Contingent liabilities and commitments" and "Litigation against the Bank" are given in Notes 57 and 59 on pages 423 and 425.

7.16 Stated capital and reserves

Details of the "Stated capital and reserves" are given in Notes 51, 53, 54 and 55 to the Financial Statements on pages 416 to 417 and 419 to 422.

7.17 Earnings per Share (EPS)

Details of "Basic and Diluted EPS" are given in Note 24 on page 353.

7.18 Operating segments

Details of "Operating segments" are given in Note 61 on pages 428 and 429.

7.19 Fiduciary assets

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in these Financial Statements as they do not belong to the Bank.

8 Material Accounting Policies – Recognition of income and expense

Details of "Income and expense" are given in Notes 12 to 21 on pages 340 to 351.

8.1 Interest income and interest expense

Details of "Interest income and Interest expense" are given in Note 13 on pages 340 to 342.

8.2 Fee and commission income and fee and commission expense

Details of "Fee and commission income and commission expense" are given in Note 14 on page 343.

8.3 Net gains/ (losses) from trading

Details of "Net gains/ (losses) from trading" are given in Note 15 on page 344.

8.4 Net gains/(losses) from derecognition of financial assets

Details of "Net gains/ (losses) from derecognition of financial assets" are given in Note 16 on page 344.

8.5 Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities.

Dividends are presented in net gains/(losses) from trading, net other operating income based on the underlying classification of the equity investment.

Details of "Dividend income" are given in Notes 15 and 17 on pages 344 and 345.

8.6 Leases

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

After the assessment of whether a contract is, or contains, a lease, the Group determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

8.6.1 Group as a lessee

As per SLFRS 16, when the Group has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the commencement date, the Group recognises right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. Lease payments are discounted using the IBR.

After initial recognition, the Group applies cost model for the right-of-use of an asset and depreciate the asset from commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Group depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss.

Details of "Right-of-use asset" and "Lease liability" are given in Notes 38 and 48 respectively, on pages 380 and 404.

8.6.2 Group as a lessor

Similar to above, at the commencement of the contract, the Group determines whether the contract contains a lease component and one or more additional lease components or non-lease components. When there is one or more additional lease or non-lease component, the Group allocates consideration based on the guidelines given in SLFRS 15.

8.6.2.1 Finance leases – Group as a lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Group recognises assets held under finance lease in the SOFP and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived at by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate of interest which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The Group's net investment in lease is included in Note 33 "Loans and advances to other customers". The finance income receivable is recognised in "interest income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

8.6.2.2 Operating leases – Group as a lessor

As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Group recognises lease payments from operating leases as income on straight-line basis. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

8.7 Rental income and rental expenses

Rental income and rental expense are recognised in profit or loss on an accrual basis.

9 Material Accounting Policies – Taxes and levies

9.1 Income tax expense

9.1.1 Current tax

Details of "Income tax expense" are given in Note 23 on pages 352 and 353.

9.1.2 Deferred tax

Details of "Deferred tax assets and liabilities" are given in Note 41 on pages 398 and 399.

9.1.3 Tax exposures

In determining the amount of current and deferred tax, the Group considers the favourable/adverse impact to the current tax liability and deferred tax liability due to assessments, revision to legislature etc. Such changes to tax liabilities could impact the tax expense in the period in which such revision is considered, as an over or under provision.

9.2 Crop Insurance Levy (CIL)

In accordance with the provisions of Section 14 of Finance Act No. 12 of 2013, the CIL is payable to the National Insurance Trust Fund by institutions licensed under the Banking Act No. 30 of 1988. The levy is calculated at a rate of 1% of the net profit after tax.

9.3 Withholding Tax (WHT) on dividends distributed by the Bank, subsidiaries and associate

9.3.1 WHT on dividends distributed by the Bank

A prevailing Withholding Tax (WHT) rate of 15% applies to all dividend distributions made by the Bank to both resident and non-resident shareholders. Under the existing tax regulations, dividend paid will be exempt in the hands of shareholders to the extent that such dividend payment is attributable to, or derived from dividend received by the Bank or another resident company. Dividend paid out of profit is liable to 15% WHT and will not be subjected to income tax, further.

9.3.2 WHT on dividends distributed by the subsidiaries and associate

Dividend income derived by the Bank from its subsidiaries and associate is subject to WHT at the rate of 15%, which will be a final tax for the Bank.

9.4 Taxes on Financial Services

Value Added Tax on Financial Services (VAT FS) and Social Security Contribution Levy on Financial Services (SSCL FS) is calculated in accordance with Value Added Tax Act No. 14 of 2002, Social Security Contribution Levy Act No. 25 of 2022 and amendments thereto and the Government Gazette No. 2316/13 dated January 24, 2023 (the Gazette).

The value addition attributable to the Taxes on supply of Financial Services is derived by adjusting the accounting profit (before Taxes on Financial Services and Income Tax) with staff emoluments (both monetary and non-monetary benefits) and economic depreciation determined as per rates prescribed in the Gazette. Prevailing statutory VAT FS and SSCL FS rates are 18% and 2.5% respectively.

Pursuant to the Social Security Contribution Levy (Amendment) Act, No. 24 of 2025 dated December 17, 2025, the SSCL FS is slated for abolition, upon the rate of VAT FS increasing to 20.5%. However, the corresponding amendment to the VAT Act has not yet been enacted.

The amount of VAT FS and SSCL FS charged in determining the profit or loss for the period is given in Note 22 on page 351.

9.5 Value Added Tax (VAT) and Social Security Contribution Levy (SSCL)

Non-Financial Services are made liable on the turnover to VAT and SSCL at the rate of 18% and 2.5% respectively.

The VAT rate has been increased from 15% to 18% with effect from January 01, 2024.

Further, certain goods and services which were previously exempt from VAT has been made liable at the rate of 18% effective January 01, 2024.

As per Value Added Tax (Amendment) Act No.04 of 2025, Simplified Value Added Tax (SVAT) scheme was abolished with effect from October 01, 2025 and replaced by a Risk Based Refund Scheme (RBRS). Consequently, customers previously registered under the SVAT scheme have been treated as standard VAT registered persons and VAT is being charged at the rate of 18%.

9.6 Introduction of New Tax Reforms

As per Government Budget proposals for 2026 announced in Parliament on November 06, 2025, a proposal to reduce existing VAT and SSCL registration threshold to Rs. 36 Mn. from Rs. 60 Mn. per annum, effective from April 01, 2026. Aforementioned proposal pending enactment is likely to increase the overhead cost of the Bank.

10 Material Accounting Policies – Statement of Cash Flows

10.1 Statement of Cash Flows

The Statement of Cash Flows is prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on "Statement of Cash Flows" (LKAS 7). Gross cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents as referred to in the Statement of Cash Flows are comprised of those items as explained in Note 28 on page 360.

The Statement of Cash Flows is given on page 318.

11 New or Amended Accounting Standards issued, but not yet effective as at the reporting date

The following new or amended standards and interpretations have been issued, but not yet effective, as at the reporting date of the Consolidated Financial Statements. These are not expected to result in material impact to the Group on adoption.

Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements" (SLFRS 18)

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from January 01, 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" and applies to the Group effective from January 01, 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. Entities' net profit will not change.
- Management – defined Performance Measures (MPMs) are disclosed in a single note in the Financial Statements.
- Enhanced guidance is provided on how to group information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method.

The Group is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Group's Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the Financial Statements including items currently labelled as 'other'.

Sri Lanka Accounting Standard – SLFRS 19 on "Subsidiaries without Public Accountability" (SLFRS 19)

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from January 01, 2027. The Group does not expect this will result in a material impact on its Consolidated Financial Statements. However, this may have an impact on the separate Financial Statements of the subsidiaries of the Bank as appropriate.

12 Gross income

ACCOUNTING POLICY

Gross income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Interest income	13.1	341	301,366,595	275,217,117	293,614,476	269,596,222
Fee and commission income	14.1	343	42,592,091	34,480,523	40,958,424	33,246,118
Net gains/(losses) from trading	15	344	272,311	(2,201,010)	272,311	(2,201,010)
Net gains/(losses) from derecognition of financial assets	16	344	2,808,159	(41,016,836)	2,808,159	(41,016,836)
Net other operating income	17	345	18,141,736	8,026,916	17,157,967	7,319,151
Total			365,180,892	274,506,710	354,811,337	266,943,645

13 Net interest income

ACCOUNTING POLICY

Interest income and expense are recognised in the Income Statement using the Effective Interest Rate (EIR) method.

Interest income and expense presented in the Income Statement include:

- Interest income on financial assets measured at amortised cost (AC) calculated using EIR method;
- Interest income on financial assets measured at fair value through other comprehensive income (FVOCI) calculated using EIR method;
- Interest income on financial assets measured at fair value through profit or loss (FVTPL) calculated using EIR method;
- Interest expense on financial liabilities measured at amortised cost calculated using EIR method;
- Interest expense on financial liabilities measured at FVTPL calculated using EIR method.

Effective Interest Rate (EIR)

The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not Expected Credit Losses (ECLs). For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the EIR includes transaction costs and fees paid or received that are an integral part of the EIR.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Overdue interest on loans and advances is recognised on cash basis.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Interest income	13.1	341	301,366,595	275,217,117	293,614,476	269,596,222
Less: Interest expense	13.2	341	160,406,053	157,082,433	157,320,369	155,037,883
Net interest income			140,960,542	118,134,684	136,294,107	114,558,339

13.1 Interest income

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Cash and cash equivalents			550,281	1,125,854	549,013	1,125,232
Balances with central banks			111,642	110,417	78,211	88,365
Placements with banks			7,346,786	7,130,174	7,113,945	7,051,124
Securities purchased under resale agreements			2,364,546	2,684,252	2,271,382	2,667,926
Financial assets recognised through profit or loss			10,220,744	8,035,069	10,220,744	8,035,069
Derivative financial instruments			39,362	57,329	39,362	57,329
Other financial instruments			10,181,382	7,977,740	10,181,382	7,977,740
Financial assets at amortised cost – Loans and advances to other customers			173,971,386	142,983,240	168,470,184	138,967,018
Financial assets at amortised cost – Debt and other financial instruments(*)			85,196,026	80,585,703	83,500,118	79,372,456
Financial assets measured at fair value through other comprehensive income			20,552,184	29,320,257	20,490,647	29,194,610
Interest accrued on impaired loans and advances to other customers	33.2 (a) & 33.2 (b)	369 & 370	1,053,000	3,242,151	920,232	3,094,422
Total			301,366,595	275,217,117	293,614,476	269,596,222

(*) This includes interest accrued on the USD Step-Up Bond and PDI Bond at the EIR following the restructuring and derecognition of SLISBs in 2024. Refer Note 16.1 on page 344.

13.2 Interest expense

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Due to banks			1,693,813	1,378,050	1,166,376	1,257,854
Derivative financial liabilities			54,177	77,988	54,177	77,988
Securities sold under repurchase agreements			9,151,158	10,835,036	9,153,289	10,836,964
Financial liabilities at amortised cost – due to depositors			138,781,237	136,232,636	136,263,447	134,314,759
Refinance borrowings			825,777	759,123	825,777	759,123
Subordinated liabilities			9,230,001	7,242,090	9,219,413	7,242,090
Interest expense on lease liabilities	48.1	404	669,890	557,510	637,890	549,105
Total			160,406,053	157,082,433	157,320,369	155,037,883

13.3 Net interest income from Government Securities

Interest income and interest expense on Government Securities given in the Notes 13.3 (a), 13.3 (b) and 13.3 (c) have been extracted from interest income and interest expense given in Notes 13.1 and 13.2 respectively and disclosed separately, as required by the guidelines issued by the CBSL.

13.3 (a) Net interest income from Sri Lanka Government Securities

For the year ended December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	100,429,429	106,784,031	100,274,728	106,642,058
Securities purchased under resale agreements	347,708	535,494	254,544	519,168
Financial assets recognised through profit or loss	487,318	257,248	487,318	257,248
Financial assets at amortised cost – Debt and other financial instruments	79,042,219	76,671,032	79,042,219	76,671,032
Financial assets measured at fair value through other comprehensive income	20,552,184	29,320,257	20,490,647	29,194,610
Less: Interest expense	9,150,509	10,834,199	9,152,640	10,836,127
Securities sold under repurchase agreements	9,150,509	10,834,199	9,152,640	10,836,127
Net interest income	91,278,920	95,949,832	91,122,088	95,805,931

13.3 (b) Net interest income from Bangladesh Government Securities

For the year ended December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	15,031,687	11,943,617	15,031,687	11,943,617
Securities purchased under resale agreements	2,016,838	2,148,758	2,016,838	2,148,758
Financial assets recognised through profit or loss	9,694,064	7,720,492	9,694,064	7,720,492
Financial assets at amortised cost – Debt and other financial instruments	3,320,785	2,074,367	3,320,785	2,074,367
Less: Interest expense	649	837	649	837
Securities sold under repurchase agreements	649	837	649	837
Net interest income	15,031,038	11,942,780	15,031,038	11,942,780

13.3 (c) Net interest income from Maldives Government Securities

For the year ended December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	1,696,728	1,208,172	–	–
Financial assets at amortised cost – Debt and other financial instruments	1,696,728	1,208,172	–	–
Net interest income	1,696,728	1,208,172	–	–

14 Net fee and commission income

ACCOUNTING POLICY

Fee and commission income and expense which are integral to the EIR of a financial asset or financial liability are capitalised and included in the measurement of the EIR and recognised in the Income Statement over the expected life of the instrument.

Other fee and commission income, including account servicing fees, investment management fees, sales commission, and placement fees are recognised as the related services are performed. If a loan commitment is not expected to result in the drawdown of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

The Group applies SLFRS 15 where applicable by adopting five step model for revenue recognition as required by the said Standard.

The applicability of SLFRS 15 for the Bank is limited to fee and commission income.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Fee and commission income	14.1	343	42,592,091	34,480,523	40,958,424	33,246,118
Less: Fee and commission expense	14.2	343	13,616,570	10,834,345	13,462,222	10,716,909
Net fee and commission income			28,975,521	23,646,178	27,496,202	22,529,209

14.1 Fee and commission income

For the year ended December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Loans and advances related services	4,379,316	2,790,229	3,840,275	2,443,884
Credit and debit cards related services	19,940,099	16,483,201	19,762,230	16,362,344
Trade and remittances related services	9,133,412	8,866,944	8,576,635	8,347,892
Deposits related services	2,777,363	1,735,944	2,750,614	1,703,661
Guarantees related services	1,645,653	1,587,025	1,643,047	1,581,554
Other financial services	4,716,248	3,017,180	4,385,623	2,806,783
Total	42,592,091	34,480,523	40,958,424	33,246,118

14.2 Fee and commission expense

For the year ended December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Loans and advances related services	125,202	108,119	110,406	85,951
Credit and debit cards related services	12,943,655	10,343,217	12,830,197	10,256,276
Trade and remittances related services	167,677	103,075	141,583	94,748
Other financial services	380,036	279,934	380,036	279,934
Total	13,616,570	10,834,345	13,462,222	10,716,909

15 Net gains/(losses) from trading

ACCOUNTING POLICY

Net gains/(losses) from trading comprise gains less losses related to trading assets and trading liabilities, and include all realised and unrealised fair value changes, related capital gains and losses, dividend income, and foreign exchange gains/(losses) from trading assets and trading liabilities.

	GROUP		BANK	
For the year ended December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Derivative financial instruments	(1,806,984)	(3,504,340)	(1,806,984)	(3,504,340)
Net foreign exchange losses from banks and other customers	(1,808,732)	(3,544,959)	(1,808,732)	(3,544,959)
Net mark-to-market gains	1,748	40,619	1,748	40,619
Financial assets recognised through profit or loss – measured at fair value				
Government Securities	802,921	352,179	802,921	352,179
Net mark-to-market gains	603,473	334,715	603,473	334,715
Net capital gains	199,448	17,464	199,448	17,464
Equities	1,276,374	951,151	1,276,374	951,151
Net mark-to-market gains	841,852	846,874	841,852	846,874
Net capital gains	333,316	34,519	333,316	34,519
Dividend income	101,206	69,758	101,206	69,758
Total	272,311	(2,201,010)	272,311	(2,201,010)

16 Net gains/(losses) from derecognition of financial assets

ACCOUNTING POLICY

Net gains/(losses) from derecognition of financial assets comprise all realised gains less losses related to debt instruments measured at FVOCI and financial assets measured at amortised cost.

			GROUP		BANK	
For the year ended December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
Financial assets measured at fair value through other comprehensive income						
Government Securities			2,808,159	4,090,697	2,808,159	4,090,697
Net capital gains			2,808,159	4,090,697	2,808,159	4,090,697
Financial assets at amortised cost – Debt and other financial instruments						
Government Securities			–	(45,107,533)	–	(45,107,533)
Derecognition loss on restructuring of SLISBs	16.1	344	–	(45,107,533)	–	(45,107,533)
Total			2,808,159	(41,016,836)	2,808,159	(41,016,836)

16.1 Derecognition loss on restructuring of SLISBs

Sri Lanka's economic downturn, which began in 2019, led the country to seek IMF support to restore macroeconomic stability, conditional on a debt restructuring programme. As part of this process, the restructuring of SLISBs was completed on December 20, 2024. Eligible bondholders were given a choice to select either the Global Bonds Option or the Local Bonds Option.

The Bank chose the Local Bonds Option as it offered a significantly lower principal haircut compared to the Global Bonds Option, albeit with lower coupon rates and extended maturities. Before restructuring, the Bank's SLISBs had a face value of USD 517.080 Mn. and past due interest (PDI) of USD 82.411 Mn.

Under the Local Bonds Option, 30% of the portfolio was converted into LKR Bonds amounting to Rs. 45.033 Bn., while the remaining 70% was converted into a USD Step-Up Bond of USD 325.760 Mn., after a 10% haircut. The Step-Up Bond allows repayment in LKR if USD servicing is not feasible. To settle past due interest, a USD-denominated PDI Bond of USD 68.420 Mn. was issued, along with an Exchange Fee Bond of USD 9.602 Mn. for consenting to the restructuring. As the modification was considered substantial as per SLFRS 9, the existing SLISBs were derecognised and the new bonds were recognised at the fair value. The resulting derecognition loss of Rs. 45.108 Bn. was recognised in the Income Statement during the year 2024.

17 Net other operating income

ACCOUNTING POLICY

Net other operating income includes net foreign exchange gains/(losses), dividend income from equity instruments designated at fair value through other comprehensive income, dividend income from group entities, net gains/(losses) on disposal of property, plant and equipment, net gains/(losses) on fair valuation of investment properties and rental and other income.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Net gains/(losses) on sale of property, plant and equipment	17.1	345	25,515	15,939	13,487	2,197
Net gains/(losses) on revaluation of foreign currency assets and liabilities			16,369,100	6,956,434	16,036,081	6,534,955
Dividend income from subsidiaries			–	–	75,600	93,600
Dividend income from other equity securities			64,334	72,612	64,086	72,383
Gain on fair valuation of investment properties	39	393	10,400	3,500	–	–
Loss on sale of investment property			(2,900)	(3,225)	–	–
Rental and other income	17.2	345	1,675,287	981,656	968,713	616,016
Total			18,141,736	8,026,916	17,157,967	7,319,151

17.1 Net gains/(losses) on sale of property, plant and equipment

ACCOUNTING POLICY

The net gains/(losses) on sale of property, plant and equipment are determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item in "net other operating income" in the year in which the Group transfers control of the asset to the buyer.

17.2 Rental and other income

ACCOUNTING POLICY

Rental and other income is recognised in the Income Statement on an accrual basis.

18 Impairment charges/(reversal) and other losses

ACCOUNTING POLICY

Impairment charges as per SLFRS 9

The Group recognises loss allowances for Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Foreign currency balances with central banks other than the operating currency;
- Placements with banks;
- Loans and advances to other customers;
- Financial assets at amortised cost-debt and other financial instruments;
- Debt instruments at fair value through other comprehensive income;
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Group assesses the credit risk and estimates unbiased and probability-weighted ECL, and incorporates all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

Impairment charges on loans and advances to other customers

For customers who are having exposures above the predefined threshold (Individually Significant Customers), the Group individually assesses for Significant Increase in Credit Risk (SICR). If a particular loan is individually impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The exposures below the predefined threshold are assessed collectively.

The Group computes ECL using three main components; a Probability of Default (PD), a Loss Given Default (LGD) and the Exposure At Default (EAD) under the collective assessment. These parameters are generally derived from internally developed statistical models and historical data and then adjusted to reflect forward-looking information.

- **PD** – The probability of default represents the likelihood of a borrower defaulting on its financial obligations (as per Note 7.1.12.3) either over the next 12-months (12m PD) or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are estimates at a certain date and Days Past Due (DPD) is the primary input into the determination of the term structure of PD for exposures. DPD is determined by counting the number of days since the due date. The Group employs statistical models to analyse the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

17 18

- **LGD** – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. The Group estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD.
- **EAD** – The exposure at default represents the expected exposure in the event of a default. The Group estimates EAD, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities. To calculate EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months. To calculate EAD of all other loans, default events over the lifetime of the financial instruments are considered.

Impairment charges on financial investments

Impairment charges on financial investments include ECL on debt instruments at FVOCI and financial assets at amortised cost.

The Group considers PDs published by the external sources (Eg: Bloomberg)

LGD for debt securities issued by the government of Sri Lanka in rupees is considered as 0%, LGDs for foreign currency denominated securities issued by the government of Sri Lanka are considered at a minimum of 20%. For all other instruments LGD is considered as 45% in accordance with the guideline issued by the Central Bank of Sri Lanka.

EAD of the financial investment is considered as the gross carrying amount in order to reflect repayment pattern of the instrument.

Credit cards and revolving facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities. The Group reviews the sanction limits at least annually and therefore has the right to cancel and/or reduce the limits. Therefore, the Group calculates only the 12-month ECL(12m ECL) allowance on these facilities. The EAD is arrived by taking the maximum of either sanction limit adjusted for Credit Conversion Factor (CCF) and the gross carrying amount of the loan (utilised amount). EAD of Stage 3 contracts are limited to the gross carrying amount which is the utilised amount since it is assumed that the Group freeze the limits of those contracts up to the utilised amount. The expected 12-month default probabilities are applied to EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Undrawn loan commitments

When estimating Life Time ECL (LTECL) for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR of the loan. For loan commitments and letters of credit, the allowances for ECLs are recognised within "other liabilities and provisions".

Financial guarantee contracts

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Income Statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The allowances for ECLs related to financial guarantee contracts are recognised within "other liabilities and provisions".

Forward-looking information

The Group incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group also obtained experienced credit judgement from economic experts and Credit and Risk Management Departments to formulate a base case, a best case and a worst case scenario. The base case represents a most-likely outcome and is aligned with information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk both quantitative and qualitative for various portfolio segments.

Quantitative economic factors are based on economic data and forecasts published by the CBSL, other reliable sources and statistical models.

Quantitative drivers of credit risk	Qualitative drivers of credit risk
GDP growth rate	Status of industry business
Unemployment rate	Regulatory impact
Interest rate (AWPLR)	Government policies
Rate of inflation	Average loan to value ratio
Exchange rate	

The Bank assigns a weightage of 80% for the quantitative factors and a weightage of 20% for the qualitative factors as mentioned above, when incorporating forward-looking information to the measurement of ECL.

The calculation of ECLs

The Group measures loss allowance at an amount equal to LTECL, except for following, which are measured as 12m ECL.

- Loans and advances on which credit risk has not increased significantly since the initial recognition.
- Debt instruments that are determined to have low credit risk at the reporting date.

The Group considers a debt instrument to have a low credit risk when they have an "investment grade" credit risk rating.

ECLs are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of expected cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive;
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Financial assets that are not credit-impaired at the reporting date

As described above, the Group calculates 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to EAD and multiplied by the economic factor adjustment, expected LGD and discounted by an approximation to the original EIR. When the financial asset has shown a SICR since origination, the Group records an allowance for LTECLs based on PDs estimated over the lifetime of the instrument.

Financial assets that are credit-impaired at the reporting date

For the credit impaired facilities assessed under individual basis, impairment is computed as the difference between the asset's gross carrying amount and the present value of estimated future cash flows. The expected future cash flows are based on the estimate made by credit risk officers' as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. The Group regularly reviews the assumptions for projecting future cash flows.

Further, the loans and advances identified as credit impaired in note 7.1.12.3 will be assessed for impairment with 100% PD. For the credit impaired facilities assessed under collective basis, LGDs are considered as the impairment ratio.

Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, Government Securities, Letters of Credit/Guarantees, real estate, other non-financial assets and credit enhancements such as netting agreements, etc.

Write-off of financial assets

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any subsequent recoveries o/a loans written off are netted off within "Impairment charges/(reversal) and other losses".

Post Model Adjustments (PMA) – Management overlay

As at the reporting date, the expected impacts of the economic uncertainties have been captured via the modelled outcome as well as post model adjustments reflecting the considerable uncertainty remaining in the modelled outcome given the unprecedented impacts in the economy. Although the credit model inputs and assumptions, including forward-looking macro-economic assumptions, were revised in response to any possible adverse scenarios, the fundamental credit model mechanics and methodology underpinning the Group's calculation of ECL have remained consistent with prior periods.

Due to the high level of economic uncertainty prevailed in 2022, the Bank introduced the concept of post model adjustments to ECL for loans in risk elevated industries based on adverse GDP movements and increase in DPD trends within the industry and loans under review post moratoriums to capture unforeseeable events that cannot be assessed using modelled outcomes. Under the collective assessment, customers operating in risk elevated industries including tourism & hospitality, construction & infrastructure development, few sub sectors under industrial, agriculture and personal loan categories were assessed for Lifetime ECL. Exposures outstanding from the borrowers operating in these industries have been classified as stage 2 at minimum.

Furthermore, in response to the Bank's expectations of economic impacts due to uncertainties following the effects of Cyclone Ditwah occurred in Sri Lanka during November 2025, key assumptions used in the calculation of ECL have been revised as a post model adjustment considering the detailed assessment made on affected customers and based on the debt relief requests.

The Bank assesses the adequacy of these post model adjustments at each reporting date.

Scenario probability weighting (Bank)

	Sri Lankan operations		Bangladesh operations	
As at December 31,	2025 %	2024 %	2025 %	2024 %
Best case	5	5	5	5
Base case	40	30	15	15
Worst case	55	65	80	80

In response to improved macro-economic conditions reflected in the key economic indicators of Sri Lanka, the Bank decided to adjust the probability weightages of macro-economic scenarios by increasing the weight to base case scenario, while reducing the emphasis on worst case scenario. This measure reflects the strengthened outlook while maintaining resilience against potential uncertainties in Sri Lankan operations during the year 2025. Furthermore, the Bank continued to apply the same probability weightages of macro-economic scenarios of Bangladesh operations during the year 2025 as a prudential measure.

Refer Note 2.12.6 on page no 322 for detailed explanation on significant assumptions and estimates used with the objective of capturing the impact of economic uncertainties to ECL provisions.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Loans and advances to other customers	33.2 (a) & 33.2 (b)	369 & 370	23,314,734	23,254,356	22,687,763	22,816,296
Other financial assets			1,809,708	(86,756,674)	1,818,159	(87,221,649)
Off-balance sheet credit exposures	57.3 (a) & 57.3 (b)	424 & 425	(1,729,262)	83,687	(1,732,758)	79,414
Receivables from Special Incentive Schemes	42.1	400	(770,597)	935,789	(770,597)	935,789
Total impairment charges/(reversal)	18.1 & 18.2	348 & 349	22,624,583	(62,482,842)	22,002,567	(63,390,150)
Assets classified as held for sale	37.1	379	30,997	–	17,199	–
Recoveries o/a loans written off (*)			(494,328)	(469,104)	(422,462)	(387,935)
Direct write-offs			955,245	188,028	908,811	175,081
Total			23,116,497	(62,763,918)	22,506,115	(63,603,004)

(*) For a better presentation and to be comparable with the current year classification, the Group and the Bank have netted off the Recoveries o/a loans written off for the year ended December 31, 2024 amounting to Rs. 469.104 Mn. and Rs. 387.935 Mn. of the Group and the Bank respectively, within "Impairment charges/(reversal) and other losses". Until December 31, 2024, this amount had been reported separately under "Net other operating income".

18.1 Impairment charges/(reversal) to the Income Statement – Group

For the year ended December 31,	Note	Page No.	2025 Stage 1 Rs. '000	2025 Stage 2 Rs. '000	2025 Stage 3 Rs. '000	2025 Total Rs. '000	2024 Stage 1 Rs. '000	2024 Stage 2 Rs. '000	2024 Stage 3 Rs. '000	2024 Total Rs. '000
Cash and cash equivalents	28.1	360	25,353	–	–	25,353	(6,109)	–	–	(6,109)
Balances with Central Banks	29.1	361	(98,577)	–	–	(98,577)	128,013	–	–	128,013
Placements with banks	30.1	362	196,730	–	–	196,730	109,235	–	–	109,235
Financial assets at amortised cost – loans and advances to other customers	33.2 (a)	369	2,314,506	7,353,906	13,646,322	23,314,734	(2,344,783)	(5,373,860)	30,972,999	23,254,356
Financial assets at amortised cost – debt and other financial instruments	34.1 (a)	372	28,345	(36,026)	–	(7,681)	226,709	(87,214,522)	–	(86,987,813)
Financial assets measured at fair value through other comprehensive income	35.2	375	–	1,693,883	–	1,693,883	–	–	–	–
Receivables from Special Incentive Schemes	42.1	400	–	(770,597)	–	(770,597)	–	935,789	–	935,789
Contingent liabilities and commitments	57.3 (a)	424	84,931	(108,046)	(1,706,147)	(1,729,262)	(573,063)	(194,861)	851,611	83,687
Total			2,551,288	8,133,120	11,940,175	22,624,583	(2,459,998)	(91,847,454)	31,824,610	(62,482,842)

18.2 Impairment charges/(reversal) to the Income Statement – Bank

For the year ended December 31,	Note	Page No.	2025 Stage 1 Rs. '000	2025 Stage 2 Rs. '000	2025 Stage 3 Rs. '000	2025 Total Rs. '000	2024 Stage 1 Rs. '000	2024 Stage 2 Rs. '000	2024 Stage 3 Rs. '000	2024 Total Rs. '000
Cash and cash equivalents	28.1	360	25,403	–	–	25,403	(6,746)	–	–	(6,746)
Balances with Central Banks	29.1	361	–	–	–	–	–	–	–	–
Placements with banks	30.1	362	149,614	–	–	149,614	(3,547)	–	–	(3,547)
Financial assets at amortised cost – loans and advances to other customers (*)	33.2 (b)	370	2,249,761	7,101,344	13,336,658	22,687,763	(2,314,729)	(5,484,152)	30,615,177	22,816,296
Financial assets at amortised cost – debt and other financial instruments	34.1 (b)	372	(14,715)	(36,026)	–	(50,741)	3,166	(87,214,522)	–	(87,211,356)
Financial assets measured at fair value through other comprehensive income	35.2	375	–	1,693,883	–	1,693,883	–	–	–	–
Receivables from Special Incentive Schemes	42.1	400	–	(770,597)	–	(770,597)	–	935,789	–	935,789
Contingent liabilities and commitments	57.3 (b)	425	81,435	(108,046)	(1,706,147)	(1,732,758)	(577,336)	(194,861)	851,611	79,414
Total			2,491,498	7,880,558	11,630,511	22,002,567	(2,899,192)	(91,957,746)	31,466,788	(63,390,150)

(*) In order to address the potential impact to the ECL following the effects of Cyclone Ditwah, the Bank applied required adjustments when projecting cash flows under the individual impairment assessment.

Under the collective assessment, the Bank provided additional impairment provisions as a management overlay for the customers in specific product portfolios classified under stage 1 and stage 2 who could have possibly impacted as a result of the aforementioned Cyclone Ditwah. Accordingly, the impairment charges of the Bank increased by Rs 1.159 Bn.

As explained on page no 347 under post-model adjustments, the Bank's cumulative additional impairment provision under management overlays for loans in risk elevated industries and loans under review post moratoriums as of December 31, 2025 was Rs 0.630 Bn. (Rs. 0.852 Bn. as at December 31, 2024).

Accordingly, the total of the aforementioned management overlays are amounted to Rs 1.789 Bn.(Rs. 0.852 Bn. as at December 31, 2024).

Further, the Bank performed a comprehensive assessment of individually significant customers as at December 31, 2025, and based on the assessment, those customers who have been impaired due to the SICR or default indicators were moved from Stage 1 to Stage 2 or Stage 3 based on the higher credit risk, as applicable. The Bank continued to review the key assumptions used in the impairment computation against individually significant customers classified under Stages 2 and 3 during the year.

Accordingly, the impairment charge on loans and advances during the year 2025 amounted to Rs. 22.688 Bn (Rs. 22.816 Bn in 2024).

19 Personnel expenses

ACCOUNTING POLICY

See Note 7.8 on pages 335 to 337.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Salary and bonus	19.1	350	23,743,524	22,083,675	22,569,108	21,215,708
Contributions to defined contribution plans			2,782,798	2,548,342	2,715,444	2,502,984
Contributions to defined benefit plans - Funded schemes			103,533	83,650	103,533	83,650
Gratuity fund	48.5.3 (d)	412	83,959	75,640	83,959	75,640
Pension fund	48.5.1 (d)	409	15,927	6,877	15,927	6,877
W&OP Fund	48.5.2 (d)	410	3,647	1,133	3,647	1,133
Contributions to defined benefit plans – Unfunded schemes			73,870	73,310	28,550	31,395
Gratuity fund	48.2 (b)	405	45,320	41,915	–	–
Pension fund and W&OP Fund	48.3 (c)	407	28,550	31,395	28,550	31,395
Equity-settled share-based payment expense	19.2 & 55.5	350 & 422	16,861	22,180	16,861	22,180
Other expenses	19.3	350	3,466,496	3,096,301	3,407,443	3,057,953
Total			30,187,082	27,907,458	28,840,939	26,913,870

19.1 Salary, bonus, and pension costs

Salary, bonus, and contributions to defined contribution/benefit plans, reported above also include amounts paid to and contribution made on behalf of Executive Directors.

19.2 Share-based payment

The Bank has equity-settled share-based compensation plans, the details of which are given in Note 52 on page 417.

19.3 Other expenses

This includes expenses such as overtime payments, leave encashment benefits, medical and hospitalisation charges, expenses incurred on staff training/ recruitment and staff welfare activities, etc.

20 Depreciation and amortisation

ACCOUNTING POLICY

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the Income Statement. Freehold land is not depreciated. Right-of-use assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the assets are depreciated over the shorter of the estimated useful lives and the lease terms.

The estimated useful lives of the property, plant and equipment of the Bank as at December 31, 2025 are as follows:

Class of asset	Depreciation % Per Annum	Useful lives (years)
Freehold and leasehold buildings	2.5	40
Motor vehicles	20	5
Computer equipment	20	5
Office equipment, furniture, and fixtures		
Office equipment	20	5
Office interior work	20	5
Furniture and fittings	10	10

The above rates are compatible with the rates used by all Group entities, and these rates have not been changed during the year.

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and depreciation commences when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year together with other relevant information are given in Note 38 on pages 380 to 392.

Depreciation methods, useful lives, and residual values are reassessed at each reporting date and adjusted, if required.

Amortisation of intangible assets

Intangible assets are amortised using the straight-line method to write down the cost over its estimated useful economic lives from the date on which it is available for use, at the rates specified below:

Class of asset	Amortisation % per annum	Useful lives (years)
Computer software	20	5
Trademarks	20	5

The above rates are compatible with the rates used by all Group entities, and these rates have not been changed during the year.

The unamortised balances of intangible assets with finite lives are reviewed for impairment whenever there is an indication for impairment and recognised in the Income Statement to the extent that they are no longer probable of being recovered from the expected future benefits.

Amortisation method, useful lives, and residual values are reviewed at each reporting date and adjusted, if required.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Depreciation of property, plant and equipment	38.1 to 38.4	381 to 384	2,628,980	2,205,505	2,450,814	2,043,168
Depreciation of right-of-use assets	38.1 to 38.4	381 to 384	1,935,030	1,415,409	2,067,807	1,539,983
Amortisation of computer software	40.1	397	1,327,680	1,116,289	1,300,782	1,086,580
Total			5,891,690	4,737,203	5,819,403	4,669,731

21 Other operating expenses

ACCOUNTING POLICY

These expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenses incurred in running the business and in maintaining the property, plant and equipment in a state of efficiency are charged to the Income Statement.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Directors' fees	21.1	351	189,060	155,128	128,920	101,522
Auditors' remuneration			54,681	47,852	46,335	38,644
Audit fees and expenses			30,484	26,138	23,638	19,665
Audit-related fees and expenses			14,213	12,281	13,061	11,970
Non-audit fees and expenses			9,984	9,433	9,636	7,009
Professional and legal expenses			2,545,641	1,971,740	3,562,457	2,788,721
Deposit insurance premium paid to the Central Banks			2,154,596	1,879,248	2,135,103	1,863,529
Donations including contribution made to the CSR Trust Fund			351,213	220,888	351,160	220,791
Establishment expenses			3,924,662	3,898,218	3,545,138	3,542,512
Maintenance of property, plant, and equipment			4,992,103	4,468,786	4,979,407	4,466,572
Office administration expenses			7,212,270	6,551,837	5,182,117	5,047,481
Total			21,424,226	19,193,697	19,930,637	18,069,772

21.1 Directors' fees

Directors' fees represent the fees paid to both Executive and Non-Executive Directors of the Group and the Bank.

22 Taxes on financial services

ACCOUNTING POLICY

Refer Note 9.4 on page 339.

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Value Added Tax	9.4	339	15,706,847	17,306,021	15,534,038	17,215,756
Social Security Contribution Levy	9.4	339	2,043,844	2,400,654	2,019,843	2,388,117
Total			17,750,691	19,706,675	17,553,881	19,603,873

23 Income tax expense

ACCOUNTING POLICY

Income tax expense comprises of current tax expense/(reversal) and deferred tax expense/(reversal). Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI.

Current tax

"Current tax" comprises the best estimate of expected tax payable to or (recoverable from) taxation authorities for the year and any adjustment to the tax payable or (recoverable) in respect of previous years. It is measured using tax rates enacted or substantively enacted, as at the reporting date in countries where the group operates. "Current tax" also include any tax expense arising from dividend income.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the relevant statutes of tax jurisdictions in countries where the group operates. Major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, is computed as required by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes".

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities as per Statement of Financial Position and the amount of such assets or liabilities considered for taxation purposes.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax liability is not recognised for:

- temporary differences on the initial recognition of goodwill, assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.
- temporary differences at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for deductible temporary, carried forward unused tax losses and carried forward unused tax credits to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reassessed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset or liability is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted as at the reporting date.

The measurement of deferred tax reflects the tax consequences to the Group as at the reporting date in relation to temporary difference in carrying amount of its assets and liabilities recorded in the Statement of Financial Position and the tax base.

Application of International Financial Reporting Interpretations Committee – IFRIC 23 on "Uncertainty Over Income Tax Treatments" (IFRIC 23)

IFRIC 23 was applied in determining taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates in cases where uncertainty existed regarding income tax treatments. However, the application of IFRIC 23 did not have a material impact on the financial statements, and therefore, no additional disclosures were required.

Entity-wise breakup of income tax expense in the Income Statement is as follows:

For the year ended December 31,	Note	Page No.	Applicable tax rate 2025 %	Applicable tax rate 2024 %	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Current tax					33,534,655	20,281,459	32,486,616	19,561,899
Sri Lanka operation			30	30	20,833,939	7,744,334	20,833,939	7,744,334
Sri Lanka operation			15(*)	–	1,137,826	–	1,137,826	–
Bangladesh operation			40	40	9,632,838	11,179,539	9,632,838	11,179,539
Head office cost remittance tax of Bangladesh operation			35	35	857,117	619,211	857,117	619,211
Withholding tax on dividends received			15	15	24,896	18,815	24,896	18,815
Commercial Development Company PLC			30	30	126,009	104,609	–	–
Orysys Limited			30	30	73,571	39,953	–	–
CBC Finance PLC			30	30	157,223	–	–	–
Commercial Bank of Maldives Private Limited			25	25	645,714	552,016	–	–
CBC Myanmar Microfinance Company Limited			22	22	17,442	–	–	–
Commercial Insurance Brokers (Pvt) Limited			30	30	28,080	22,982	–	–
Under/(over) provision	47	403			(21,362)	70,942	(23,161)	70,265
In respect of prior years					(21,362)	70,942	(23,161)	70,265
Deferred tax impact	41.1	398			(1,663,389)	21,769,544	(1,572,975)	21,828,943
Net (Origination) and reversal of deferred tax assets					(1,520,306)	21,394,869	(1,425,410)	21,505,240
Net Origination and (reversal) of deferred tax liabilities					(143,083)	374,675	(147,565)	323,703
Total					31,849,904	42,121,945	30,890,480	41,461,107
Effective tax rate (including deferred tax) (%)					34.33	43.07	34.56	43.40
Effective tax rate (excluding deferred tax) (%)					36.12	20.81	36.32	20.55

(*) The Inland Revenue (Amendment) Act No. 02 of 2025, repealed the previous tax exemption on "foreign-source income" and "service exports". Accordingly, gains and profits derived from services rendered to persons outside Sri Lanka or from any foreign source, are taxable at a concessionary rate of 15% from Year of Assessment 2025/2026, provided the payments are received in foreign currency and remitted to Sri Lanka through the banking system.

23.1 Reconciliation of the accounting profit to income tax expense

A reconciliation between taxable income and the accounting profit multiplied by the statutory tax rates is given below:

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Accounting profit before tax from operations			92,787,421	97,808,357	89,377,771	95,534,611
Tax effect at the statutory income tax rate			28,631,290	33,284,692	27,656,457	32,559,566
Sri Lankan operation of the Bank			18,085,058	21,797,660	18,085,058	21,797,660
Bangladesh operation of the Bank			9,571,399	10,761,906	9,571,399	10,761,906
Subsidiaries			974,833	725,126	–	–
Tax effect of exempt income			(1,764,622)	(4,105,876)	(1,720,567)	(3,960,568)
Tax effect of non-deductible expenses			16,958,099	20,279,548	16,406,923	20,036,586
Tax effect of tax deductible expenses			(11,172,125)	(29,814,931)	(10,738,210)	(29,711,711)
Head office cost remittance tax of Bangladesh operation			857,117	619,211	857,117	619,211
Under/(over) provision of taxes in respect of prior years	47	403	(21,362)	70,942	(23,161)	70,265
Withholding tax on dividends received			24,896	18,815	24,896	18,815
Deferred tax impact	41.1	398	(1,663,389)	21,769,544	(1,572,975)	21,828,943
Net (Origination) and reversal of deferred tax assets			(1,520,306)	21,394,869	(1,425,410)	21,505,240
Net Origination and (reversal) of deferred tax liabilities			(143,083)	374,675	(147,565)	323,703
Income tax expense reported in the Income Statement at the effective income tax rate			31,849,904	42,121,945	30,890,480	41,461,107

24 Earnings Per Share (EPS)

ACCOUNTING POLICY

The Group computes basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding, adjusted for the effects of all potentially dilutive ordinary shares, which comprise share options granted to employees under Employee Share Option Plans (ESOPs).

Details of Basic and Diluted EPS are given below:

24.1 Basic and diluted earnings per ordinary share

	Note	Page No.	GROUP 2025	GROUP 2024	BANK 2025	BANK 2024
Amount used as the numerator:						
Profit for the year attributable to equity holders of the Bank (Rs. '000)			60,110,183	55,073,240	58,487,291	54,073,504
Number of ordinary shares used as the denominator:						
Weighted average number of ordinary shares for Basic EPS	24.2	354	1,630,737,051	1,451,581,210	1,630,737,051	1,451,581,210
Weighted average number of ordinary shares for Diluted EPS	24.2	354	1,637,426,012	1,453,756,779	1,637,426,012	1,453,756,779
Basic earnings per ordinary share (Rs.)			36.86	37.94	35.87	37.25
Diluted earnings per ordinary share (Rs.)			36.71	37.88	35.72	37.20

24.2 Weighted average number of ordinary shares for basic and diluted Earnings Per Share

	Note	Page No.	Outstanding number of shares 2025	Outstanding number of shares 2024	Weighted average number of shares 2025	Weighted average number of shares 2024
Number of shares in issue as at January 01,			1,610,298,304	1,314,121,128	1,610,298,304	1,314,121,128
Add: Number of shares satisfied in the form of issue and allotment of new shares from first & final dividend for 2023	51.1	417	–	24,845,073	–	24,845,073
Add: Number of shares satisfied in the form of issue and allotment of new shares from first & final dividend for 2024	51.1	417	18,902,458	–	18,902,458	18,902,458
Add: Number of shares exercised in the form of Right issue in 2024	51.1	417	–	268,201,389	–	92,331,626
			1,629,200,762	1,607,167,590	1,629,200,762	1,450,200,285
Add: Number of shares issued under ESOP – 2019	51.1	417	–	2,407,265	–	1,223,888
Add: Number of shares issued under ESOP – 2023	51.1	417	6,302,872	723,449	1,536,289	157,037
Number of ordinary shares for basic earnings per ordinary share calculation			1,635,503,634	1,610,298,304	1,630,737,051	1,451,581,210
Add: Bonus element on number of outstanding options under ESOP 2023 as at the year end			–	–	6,688,961	2,175,569
Number of ordinary shares for diluted earnings per ordinary share calculation			1,635,503,634	1,610,298,304	1,637,426,012	1,453,756,779

25 Dividends on ordinary shares

ACCOUNTING POLICY

Refer Note 7.7 on page 335.

	Note	Page No.	GROUP AND BANK Cash dividend 2025 Rs. '000	Cash dividend 2024 Rs. '000	Scrip dividend 2025 Rs. '000	Scrip dividend 2024 Rs. '000	Total 2025 Rs. '000	Total 2024 Rs. '000
Dividends for 2023								
First and final dividend	25.1	354	–	5,913,644	–	2,628,286	–	8,541,930
Dividends for 2024								
First and final dividend	25.2	354	12,079,859	–	3,221,296	–	15,301,155	–
Total amount paid during the year							15,301,155	8,541,930

25.1 Dividends for 2023

The Bank did not declare cash dividends during the year 2023 (for the year ended December 31, 2023), in conformity with the restrictions imposed by the Central Bank of Sri Lanka on payment of cash dividends for the financial year 2023, as per the instructions given in the Banking Act Direction No. 01 of 2023, dated February 2, 2023, on "Restrictions on Discretionary Payments of Licensed Banks".

The Board of Directors of the Bank recommended and paid a first and final dividend of Rs. 6.50 per share to be paid and satisfied in the form of Rs. 4.50 per share in cash and Rs. 2.00 per share in the form of issue and allotment of new shares for both voting and non-voting ordinary shareholders' of the Bank for the year ended December 31, 2023, and these new shares were listed on April 15, 2024.

This dividend was recommended and paid after the Financial Statements for the year 2023 were finalised and audited by the Bank's external auditors and in compliance with the instructions given in the Banking Act Direction No. 01 of 2023.

25.2 Dividends for 2024

The Board of Directors of the Bank recommended and paid a first and final dividend of Rs. 9.50 per share, consisting of Rs. 7.50 per share in cash (a regular cash dividend of Rs. 5.50 per share and a special cash dividend of Rs. 2.00 per share) and Rs. 2.00 per share in the form of the issue and allotment of new shares to both voting and non-voting ordinary shareholders of the Bank for the year ended December 31, 2024, and these new shares were listed on April 11, 2025.

25.3 Dividends for 2025

The Board of Directors of the Bank has recommended the payment of a first and final dividend of Rs. 10.50 per share to be paid and satisfied in the form of Rs. 8.00 per share in cash and Rs. 2.50 per share in the form of issue and allotment of new shares for both voting and non-voting ordinary shareholders of the Bank for the year ended December 31, 2025, subject to the applicable WHT as disclosed in Note 9.3.1 on page 339.

The above first and final dividend recommended by the Board of Directors is to be approved at the forthcoming Annual General Meeting to be held on March 31, 2026 and in accordance with provisions of LKAS 10, the first and final dividend referred to above has not been recognised as a liability as at the year end as disclosed in Note 7.7 on page 335.

26 Classification of financial assets and financial liabilities

The tables below provide a reconciliation between line items in the Statement of Financial Position and categories of financial assets and financial liabilities of the Group and the Bank:

26.1 Classification of financial assets and financial liabilities – Group

			As at December 31, 2025				As at December 31, 2024			
			Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets										
Cash and cash equivalents	28	360	–	88,857,011	–	88,857,011	–	89,615,459	–	89,615,459
Balances with Central Banks	29	361	–	47,890,989	–	47,890,989	–	55,989,574	–	55,989,574
Placements with banks	30	362	–	110,223,171	–	110,223,171	–	101,104,941	–	101,104,941
Securities purchased under resale agreements			–	21,746,102	–	21,746,102	–	28,655,962	–	28,655,962
Derivative financial assets	31	362	5,422,850	–	–	5,422,850	4,264,271	–	–	4,264,271
Financial assets recognised through profit or loss – measured at fair value	32	363	111,753,532	–	–	111,753,532	91,677,346	–	–	91,677,346
Financial assets at amortised cost – loans and advances to other customers	33	368	–	1,958,360,596	–	1,958,360,596	–	1,421,004,171	–	1,421,004,171
Financial assets at amortised cost – debt and other financial instruments	34	371	–	732,853,697	–	732,853,697	–	701,751,287	–	701,751,287
Financial assets measured at fair value through other comprehensive income	35	374	–	–	219,011,462	219,011,462	–	–	303,218,395	303,218,395
Total financial assets			117,176,382	2,959,931,566	219,011,462	3,296,119,410	95,941,617	2,398,121,394	303,218,395	2,797,281,406
Financial liabilities										
Due to banks	43	401	–	43,098,281	–	43,098,281	–	25,376,564	–	25,376,564
Derivative financial liabilities	44	401	1,263,165	–	–	1,263,165	837,497	–	–	837,497
Securities sold under repurchase agreements			–	107,950,168	–	107,950,168	–	112,461,472	–	112,461,472
Financial liabilities at amortised cost – due to depositors	45	402	–	2,700,027,141	–	2,700,027,141	–	2,306,079,421	–	2,306,079,421
Financial liabilities at amortised cost – other borrowings	46	403	–	14,426,414	–	14,426,414	–	14,273,156	–	14,273,156
Subordinated liabilities	50	414	–	74,586,565	–	74,586,565	–	57,707,677	–	57,707,677
Total financial liabilities			1,263,165	2,940,088,569	–	2,941,351,734	837,497	2,515,898,290	–	2,516,735,787

26.2 Classification of financial assets and financial liabilities – Bank

	Note	Page No.	As at December 31, 2025 Financial instruments recognised through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000	As at December 31, 2024 Financial instruments recognised through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Financial assets										
Cash and cash equivalents	28	360	–	84,937,446	–	84,937,446	–	86,848,291	–	86,848,291
Balances with Central Banks	29	361	–	38,802,321	–	38,802,321	–	45,702,086	–	45,702,086
Placements with banks	30	362	–	102,457,000	–	102,457,000	–	99,300,303	–	99,300,303
Securities purchased under resale agreements			–	20,353,118	–	20,353,118	–	28,655,962	–	28,655,962
Derivative financial assets	31	362	5,422,850	–	–	5,422,850	4,264,271	–	–	4,264,271
Financial assets recognised through profit or loss – measured at fair value	32	363	111,753,532	–	–	111,753,532	91,677,346	–	–	91,677,346
Financial assets at amortised cost – loans and advances to other customers	33	368	–	1,903,430,445	–	1,903,430,445	–	1,384,524,660	–	1,384,524,660
Financial assets at amortised cost – debt and other financial instruments	34	371	–	689,347,677	–	689,347,677	–	667,709,691	–	667,709,691
Financial assets measured at fair value through other comprehensive income	35	374	–	–	217,991,351	217,991,351	–	–	301,584,142	301,584,142
Total financial assets			117,176,382	2,839,328,007	217,991,351	3,174,495,740	95,941,617	2,312,740,993	301,584,142	2,710,266,752
Financial liabilities										
Due to banks	43	401	–	29,724,059	–	29,724,059	–	21,306,752	–	21,306,752
Derivative financial liabilities	44	401	1,263,165	–	–	1,263,165	837,497	–	–	837,497
Securities sold under repurchase agreements			–	110,462,494	–	110,462,494	–	112,470,392	–	112,470,392
Financial liabilities at amortised cost – due to depositors	45	402	–	2,608,851,844	–	2,608,851,844	–	2,236,566,800	–	2,236,566,800
Financial liabilities at amortised cost – other borrowings	46	403	–	14,426,414	–	14,426,414	–	14,273,156	–	14,273,156
Subordinated liabilities	50	414	–	73,322,023	–	73,322,023	–	57,707,677	–	57,707,677
Total financial liabilities			1,263,165	2,836,786,834	–	2,838,049,999	837,497	2,442,324,777	–	2,443,162,274

27 Fair value measurement

ACCOUNTING POLICY

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of fair value measurement of financial and non-financial assets and liabilities is provided below:

Level 1

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations, without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3
Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government Securities such as Treasury Bills and Treasury Bonds. Availability of observable prices and model inputs reduces the need for Management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ("Day 1" profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

27.1 Assets and liabilities measured at fair value and fair value hierarchy

The following table provides an analysis of assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position:

			GROUP				BANK			
As at December 31, 2025	Note	Page No.	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Non-financial assets										
Property, plant and equipment										
Land and buildings	38	380	–	–	17,756,895	17,756,895	–	–	16,081,182	16,081,182
Investment properties	39	393	–	–	775,060	775,060	–	–	–	–
Total non-financial assets at fair value			–	–	18,531,955	18,531,955	–	–	16,081,182	16,081,182
Financial assets										
Derivative financial assets	31	362	–	5,422,850	–	5,422,850	–	5,422,850	–	5,422,850
Currency swaps			–	4,986,665	–	4,986,665	–	4,986,665	–	4,986,665
Forward contracts			–	433,638	–	433,638	–	433,638	–	433,638
Spot contracts			–	2,547	–	2,547	–	2,547	–	2,547
Financial assets recognised through profit or loss – measured at fair value	32	363	111,753,532	–	–	111,753,532	111,753,532	–	–	111,753,532
Government securities			106,521,563	–	–	106,521,563	106,521,563	–	–	106,521,563
Equity shares			5,231,969	–	–	5,231,969	5,231,969	–	–	5,231,969
Financial assets measured at fair value through other comprehensive income	35	374	217,858,559	–	1,152,903	219,011,462	216,840,953	–	1,150,398	217,991,351
Government securities			217,423,347	–	–	217,423,347	216,405,741	–	–	216,405,741
Equity securities			435,212	–	1,152,903	1,588,115	435,212	–	1,150,398	1,585,610
Total financial assets at fair value			329,612,091	5,422,850	1,152,903	336,187,844	328,594,485	5,422,850	1,150,398	335,167,733
Total assets at fair value			329,612,091	5,422,850	19,684,858	354,719,799	328,594,485	5,422,850	17,231,580	351,248,915
Financial liabilities										
Derivative financial liabilities	44	401	–	1,263,165	–	1,263,165	–	1,263,165	–	1,263,165
Currency swaps			–	769,839	–	769,839	–	769,839	–	769,839
Forward contracts			–	492,025	–	492,025	–	492,025	–	492,025
Spot contracts			–	1,301	–	1,301	–	1,301	–	1,301
Total liabilities at fair value			–	1,263,165	–	1,263,165	–	1,263,165	–	1,263,165

As at December 31, 2024	Note	Page No.	GROUP Level 1 Rs. '000	GROUP Level 2 Rs. '000	GROUP Level 3 Rs. '000	GROUP Total Rs. '000	BANK Level 1 Rs. '000	BANK Level 2 Rs. '000	BANK Level 3 Rs. '000	BANK Total Rs. '000
Non-financial assets										
Property, plant and equipment										
Land and buildings	38	380	–	–	18,419,003	18,419,003	–	–	16,238,809	16,238,809
Investment properties	39	393	–	–	743,900	743,900	–	–	–	–
Total non-financial assets at fair value			–	–	19,162,903	19,162,903	–	–	16,238,809	16,238,809
Financial assets										
Derivative financial assets	31	362	–	4,264,271	–	4,264,271	–	4,264,271	–	4,264,271
Currency swaps			–	3,777,948	–	3,777,948	–	3,777,948	–	3,777,948
Forward contracts			–	483,255	–	483,255	–	483,255	–	483,255
Spot contracts			–	3,068	–	3,068	–	3,068	–	3,068
Financial assets recognised through profit or loss – measured at fair value	32	363	91,677,346	–	–	91,677,346	91,677,346	–	–	91,677,346
Government securities			87,741,168	–	–	87,741,168	87,741,168	–	–	87,741,168
Equity shares			3,936,178	–	–	3,936,178	3,936,178	–	–	3,936,178
Financial assets measured at fair value through other comprehensive income	35	374	302,215,830	–	1,002,565	303,218,395	300,583,935	–	1,000,207	301,584,142
Government securities			301,882,131	–	–	301,882,131	300,250,236	–	–	300,250,236
Equity securities			333,699	–	1,002,565	1,336,264	333,699	–	1,000,207	1,333,906
Total financial assets at fair value			393,893,176	4,264,271	1,002,565	399,160,012	392,261,281	4,264,271	1,000,207	397,525,759
Total assets at fair value			393,893,176	4,264,271	20,165,468	418,322,915	392,261,281	4,264,271	17,239,016	413,764,568
Financial liabilities										
Derivative financial liabilities	44	401	–	837,497	–	837,497	–	837,497	–	837,497
Currency swaps			–	394,036	–	394,036	–	394,036	–	394,036
Interest rate swaps – LKR			–	1,748	–	1,748	–	1,748	–	1,748
Forward contracts			–	437,278	–	437,278	–	437,278	–	437,278
Spot contracts			–	4,435	–	4,435	–	4,435	–	4,435
Total liabilities at fair value			–	837,497	–	837,497	–	837,497	–	837,497

27.2 Level 3 fair value measurement

Property, Plant and Equipment (PPE)

Reconciliation from the beginning balance to the ending balance for the land and buildings in the Level 3 of the fair value hierarchy is given in Notes 38.1 to 38.4 on pages 381 to 384.

Reconciliation of Revaluation Reserve pertaining to land and buildings categorised as Level 3 in the fair value hierarchy is given in the Statement of Changes in Equity on pages 310 to 317.

Note 38.5 (b) on page 386 provides information on significant unobservable inputs used in measuring fair value of land and buildings categorised as Level 3 in the fair value hierarchy.

Note 38.5 (c) on page 391 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

Investment properties

Reconciliation from the beginning balance to the ending balance for the investment properties in the Level 3 of the fair value hierarchy is available in Note 39 on page 393.

Note 39.1 (b) on page 395 provides information on significant unobservable inputs used in measuring fair value of investment properties categorised as Level 3 in the fair value hierarchy.

Note 39.1 (c) on page 396 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

Equity securities – Unquoted shares

The Bank used net asset based valuation technique in measuring the fair value of unquoted shares measured at FVOCI as at December 31, 2025. Refer Note 35.3 on pages 375 and 376.

27.3 Financial instruments not measured at fair value and fair value hierarchy

Methodologies and assumptions used to determine fair value of financial instruments which are not recorded at fair value in the Statement of Financial Position are as follows:

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost (e.g. fixed rate loans and advances, due to depositors, subordinated liabilities) are estimated based on the Discounted Cash Flow approach. This approach employs the current market interest rates of similar financial instruments in measuring the fair value.

Financial instruments for which fair value approximates carrying value

For financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

The following table sets out the fair value of financial assets and liabilities not measured at fair value and related fair value hierarchy used:

			GROUP					BANK				
As at December 31, 2025	Note	Page No.	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value Rs. '000	Total carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value Rs. '000	Total carrying amount Rs. '000
Financial assets												
Cash and cash equivalents	28	360	–	88,857,011	–	88,857,011	88,857,011	–	84,937,446	–	84,937,446	84,937,446
Balances with Central Banks	29	361	–	47,890,989	–	47,890,989	47,890,989	–	38,802,321	–	38,802,321	38,802,321
Placements with banks	30	362	–	110,223,171	–	110,223,171	110,223,171	–	102,457,000	–	102,457,000	102,457,000
Securities purchased under resale agreements			–	21,746,102	–	21,746,102	21,746,102	–	20,353,118	–	20,353,118	20,353,118
Financial assets at amortised cost – loans and advances to other customers	33	368	–	1,931,967,208	–	1,931,967,208	1,958,360,596	–	1,877,037,057	–	1,877,037,057	1,903,430,445
Financial assets at amortised cost – debt and other financial instruments (*)	34	371	638,070,961	118,406,062	–	756,477,023	732,853,697	594,564,941	118,406,062	–	712,971,003	689,347,677
Total financial assets			638,070,961	2,319,090,543	–	2,957,161,504	2,959,931,566	594,564,941	2,241,993,004	–	2,836,557,945	2,839,328,007
Financial liabilities												
Due to banks	43	401	–	43,098,281	–	43,098,281	43,098,281	–	29,724,059	–	29,724,059	29,724,059
Securities sold under repurchase agreements			–	107,950,168	–	107,950,168	107,950,168	–	110,462,494	–	110,462,494	110,462,494
Financial liabilities at amortised cost – due to depositors	45	402	–	2,701,943,812	–	2,701,943,812	2,700,027,141	–	2,610,768,515	–	2,610,768,515	2,608,851,844
Financial liabilities at amortised cost – other borrowings	46	403	–	14,426,414	–	14,426,414	14,426,414	–	14,426,414	–	14,426,414	14,426,414
Subordinated liabilities	50	414	–	83,842,986	–	83,842,986	74,586,565	–	82,578,444	–	82,578,444	73,322,023
Total financial liabilities			–	2,951,261,661	–	2,951,261,661	2,940,088,569	–	2,847,959,926	–	2,847,959,926	2,836,786,834

(*) USD Step-Up Bond, PDI Bond and Domestic Dollar Bond (DDB) were reported under level 2 as at December 31, 2025. Total fair value of the Bonds amounted to Rs. 82.644 Bn. (Carrying value – Rs. 80.391 Bn.)

			GROUP					BANK				
As at December 31, 2024	Note	Page No.	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value Rs. '000	Total carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value Rs. '000	Total carrying amount Rs. '000
Financial assets												
Cash and cash equivalents	28	360	–	89,615,459	–	89,615,459	89,615,459	–	86,848,291	–	86,848,291	86,848,291
Balances with Central Banks	29	361	–	55,989,574	–	55,989,574	55,989,574	–	45,702,086	–	45,702,086	45,702,086
Placements with banks	30	362	–	101,104,941	–	101,104,941	101,104,941	–	99,300,303	–	99,300,303	99,300,303
Securities purchased under resale agreements			–	28,655,962	–	28,655,962	28,655,962	–	28,655,962	–	28,655,962	28,655,962
Financial assets at amortised cost – loans and advances to other customers	33	368	–	1,405,823,539	–	1,405,823,539	1,421,004,171	–	1,369,344,028	–	1,369,344,028	1,384,524,660
Financial assets at amortised cost – debt and other financial instruments(*)	34	371	642,152,910	102,241,490	–	744,394,400	701,751,287	608,111,314	102,241,490	–	710,352,804	667,709,691
Total financial assets			642,152,910	1,783,430,965	–	2,425,583,875	2,398,121,394	608,111,314	1,732,092,160	–	2,340,203,474	2,312,740,993
Financial liabilities												
Due to banks	43	401	–	25,376,564	–	25,376,564	25,376,564	–	21,306,752	–	21,306,752	21,306,752
Securities sold under repurchase agreements			–	112,461,472	–	112,461,472	112,461,472	–	112,470,392	–	112,470,392	112,470,392
Financial liabilities at amortised cost – due to depositors	45	402	–	2,311,417,549	–	2,311,417,549	2,306,079,421	–	2,241,904,928	–	2,241,904,928	2,236,566,800
Financial liabilities at amortised cost – other borrowings	46	403	–	14,273,156	–	14,273,156	14,273,156	–	14,273,156	–	14,273,156	14,273,156
Subordinated liabilities	50	414	–	66,484,748	–	66,484,748	57,707,677	–	66,484,748	–	66,484,748	57,707,677
Total financial liabilities			–	2,530,013,489	–	2,530,013,489	2,515,898,290	–	2,456,439,976	–	2,456,439,976	2,442,324,777

(*) USD Step-Up Bond and PDI Bond were reported under level 2 as at December 31, 2024. Total fair value of the Bonds amounted to Rs. 79.890 Bn. (Carrying value – Rs. 73.801 Bn.)

27.4 Valuation techniques and inputs in measuring fair values

The table below provides information on the valuation techniques and inputs used in measuring the fair values of derivative financial assets and liabilities in the Level 2 of the fair value hierarchy, as given in Note 27.1 on page 357.

Type of financial instruments	Fair value as at December 31, 2025 (Rs. '000)	Valuation technique	Significant valuation inputs
Derivative financial assets	5,422,850	**Adjusted forward rate approach** This approach considers the present value of projected forward exchange rate as at the reporting date as the fair value. The said forward rate is projected, based on the spot exchange rate and the forward premium/discount calculated using extrapolated interest rates of the currency pairs under consideration. In computing the present value, interest rate differential between two currencies under consideration is used as the discount rate.	• Spot exchange rate • Interest rate differentials between currencies under consideration
Derivative financial liabilities	1,263,165		

28 Cash and cash equivalents

ACCOUNTING POLICY

Cash and cash equivalents include cash in hand, demand placements with banks and money at call/short notice and highly liquid financial assets with original maturities within three months or less from the date of acquisition. These are subject to an insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. These items are brought to Financial Statements at face values or the gross values, where appropriate. There were no cash and cash equivalents held by the Group companies that were not available for use by the Group. Cash and cash equivalents are carried at amortised cost in the SOFP.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Cash in hand			59,072,000	50,582,374	56,761,194	49,202,117
Coins and notes held in local currency			48,402,213	43,711,424	48,053,650	43,604,057
Coins and notes held in foreign currency			10,669,787	6,870,950	8,707,544	5,598,060
Balances with banks			24,277,356	38,966,215	22,667,643	37,578,353
Local banks			951	85,076	–	–
Foreign banks			24,276,405	38,881,139	22,667,643	37,578,353
Money at call and at short notice			5,542,054	75,016	5,542,054	75,016
Gross cash and cash equivalents (*)			88,891,410	89,623,605	84,970,891	86,855,486
Less: Provision for impairment	28.1	360	34,399	8,146	33,445	7,195
Net cash and cash equivalents			88,857,011	89,615,459	84,937,446	86,848,291

(*) Gross cash and cash equivalents are reported in the Statement of Cash Flows.

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28.1 Movement in provision for impairment during the year

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Movement in Stage 1 impairment						
Balance as at January 01,			8,146	14,951	7,195	14,585
Charge/(reversal) to the Income Statement	18.1 & 18.2	348 & 349	25,353	(6,109)	25,403	(6,746)
Exchange rate variance on foreign currency provisions			900	(696)	847	(644)
Balance as at December 31,			34,399	8,146	33,445	7,195

The maturity analysis of cash and cash equivalents is given in Note 60 on pages 426 and 427.

29 Balances with Central Banks

ACCOUNTING POLICY

These balances consist of Statutory/Non-statutory balances with Central Banks and are carried at amortised cost in the SOFP. Balances with Central Banks of the Group denominated in foreign currencies other than respective national currency are subject to ECL.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Statutory balances with Central Banks						
Balances with Central Bank of Sri Lanka			18,339,681	19,727,132	18,339,681	19,727,132
Balances with Bangladesh Bank			19,762,501	20,373,800	19,762,501	20,373,800
Balances with Maldives Monetary Authority			4,938,069	5,147,458	–	–
Non-statutory balances with Central Banks						
Balances with Central Bank of Sri Lanka			700,139	5,601,154	700,139	5,601,154
Balances with Maldives Monetary Authority			4,180,906	5,264,718	–	–
Total			47,921,296	56,114,262	38,802,321	45,702,086
Less: Provision for impairment	29.1	361	30,307	124,688	–	–
Net balances with Central Banks			47,890,989	55,989,574	38,802,321	45,702,086

29.1 Movement in provision for impairment during the year

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Movement in Stage 1 impairment						
Balance as at January 01,			124,688	–	–	–
Charge/(reversal) to the Income Statement	18.1 & 18.2	348 & 349	(98,577)	128,013	–	–
Exchange rate variance on foreign currency provisions			4,196	(3,325)	–	–
Balance as at December 31,			30,307	124,688	–	–

The maturity analysis of balances with Central Banks is given in Note 60 on pages 426 and 427.

Balances with Central Bank of Sri Lanka

The Monetary Law Act requires that all commercial banks operating in Sri Lanka to maintain a statutory reserve on all deposit liabilities denominated in Sri Lankan Rupees. As required by the provisions of Section 93 of the Monetary Law Act, a cash balance is maintained with the Central Bank of Sri Lanka. As at December 31, 2025, the minimum cash reserve requirement was 2.00% of the rupee deposit liabilities and this rate was applicable from August 16, 2023. There is no reserve requirement for foreign currency deposits liabilities in Sri Lanka.

Balances with Bangladesh Bank

The Bank's Bangladesh operation is required to maintain the Statutory Liquidity Requirement on time and demand liabilities (both local and foreign currencies), partly in the form of a Cash Reserve Requirement and the balance by way of foreign currency and/ or in the form of unencumbered securities held with the Bangladesh Bank. As per the Bangladesh Bank regulations, the Statutory Liquidity Requirement as at December 31, 2025, was 17.00% for Domestic Banking Unit (DBU) and 13.00% for Off-shore Banking Unit (OBU) (17.00% for DBU and 13.00% for OBU in 2024) on time and demand liabilities (both local and foreign currencies), which includes a Cash Reserve Requirement of 4.00% only to the DBU (4.00% on DBU in 2024) and the balance 13.00% is permitted to be maintained in foreign currency and/or also in unencumbered securities held with the Bangladesh Bank for both DBU and OBU (13.00% for both DBU and OBU in 2024).

Balances with Maldives Monetary Authority

According to the Banking Act No. 24 of 2010, the CBM is required to maintain a statutory reserve for all deposit liabilities denominated in both foreign and local currencies, excluding interbank deposits of other banks in the Maldives, letters of credit, and margin deposits. As per the regulations set by the Maldives Monetary Authority (MMA), the Minimum Reserve Requirement (MRR) as of December 31, 2025, was 10.00% for deposits denominated in Maldivian Rufiyaa and 5.00% for deposits denominated in USD (10.00% for Maldivian Rufiyaa and 7.50% for USD in December 31, 2024).

30 Placements with Banks

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Placements – Within Sri Lanka			11,265,208	4,836,942	6,968,880	4,836,942
Placements – Outside Sri Lanka			99,310,398	96,415,672	95,675,598	94,501,028
Gross placements with banks			110,575,606	101,252,614	102,644,478	99,337,970
Less: Provision for impairment	30.1	362	352,435	147,673	187,478	37,667
Net placements with banks			110,223,171	101,104,941	102,457,000	99,300,303

30.1 Movement in provision for impairment during the year

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Movement in Stage 1 impairment						
Balance as at January 01,			147,673	41,565	37,667	41,396
Charge/(reversal) to the Income Statement	18.1 & 18.2	348 & 349	196,730	109,235	149,614	(3,547)
Exchange rate variance on foreign currency provisions			8,032	(3,127)	197	(182)
Balance as at December 31,			352,435	147,673	187,478	37,667

The maturity analysis of placements with banks is given in Note 60 on pages 426 and 427.

31 Derivative financial assets

ACCOUNTING POLICY

The Bank uses derivatives such as interest rate swaps, foreign currency swaps, forward foreign exchange contracts, currency options, etc. Derivative financial assets are recorded at fair value. Changes in the fair value of derivatives are included in "Net gains/(losses) from trading" in the Income Statement.

Under SLFRS 9, embedded derivatives are not separated from a host financial asset and are classified entirely based on the business model and their contractual terms.

Derivatives embedded in non-financial host contracts are treated separately and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, a separate instrument with the same terms as embedded derivative would meet the definition of derivative and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the Income Statement.

In accordance with SLFRS 9, the Bank classifies spot contracts as derivative financial instruments. Despite the typical shorter settlement period, spot contracts share similar characteristics with forward contracts, as both involve an agreement to exchange financial instruments at a future date for a predetermined price. These contracts are typically settled within a future date and value of the asset changes in response to market fluctuations and their settlement is deferred.

As such, spot contracts are recognised as derivative assets or liabilities in the Statement of Financial Position, depending on the net position at the reporting date. The Bank measures these contracts at fair value, with changes in fair value recognised in Income Statement, consistent with the accounting treatment of other derivatives under SLFRS 9.

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As at December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Derivative financial assets – Held for trading				
Foreign currency derivatives	5,422,850	4,264,271	5,422,850	4,264,271
Currency swaps	4,986,665	3,777,948	4,986,665	3,777,948
Forward contracts	433,638	483,255	433,638	483,255
Spot contracts	2,547	3,068	2,547	3,068
Total	5,422,850	4,264,271	5,422,850	4,264,271

The maturity analysis of derivative financial assets is given in Note 60 on pages 426 and 427.

32 Financial assets recognised through profit or loss – measured at fair value

ACCOUNTING POLICY

This includes financial assets that are held for trading purposes. The financial assets are classified as held for trading if:

- They are acquired principally for the purpose of selling in the near term; or
- They are held as part of portfolio that is managed together for short-term profit or position taking; or
- They form part of derivative financial instruments entered into by the Group that are not financial guaranteed contracts or designated as hedging instruments in effective hedging relationships.

Financial assets held for trading are measured at fair value through profit or loss in the SOFP. Interest and dividend income are recorded in "Interest Income" and "Net gains/(losses) from trading" respectively in the Income Statement, according to the terms of the contract, or when the right to receive the payment has been established.

Financial assets held for trading include instruments such as Government and other debt securities and equity instruments that have been acquired principally for the purpose of selling in the near term.

Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.

			GROUP		BANK	
As at December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Government securities	32.1	363	106,521,563	87,741,168	106,521,563	87,741,168
Equity securities			5,231,969	3,936,178	5,231,969	3,936,178
Equity securities – Sri Lanka	32.2	364	4,983,180	3,936,178	4,983,180	3,936,178
Equity securities – Bangladesh	32.3	366	248,789	–	248,789	–
Total			111,753,532	91,677,346	111,753,532	91,677,346

The maturity analysis of financial assets recognised through profit or loss is given in Note 60 on pages 426 and 427.

32.1 Government securities

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Government securities – Sri Lankan Rupee	8,230,993	2,082,562	8,230,993	2,082,562
Treasury Bonds	8,230,993	2,082,562	8,230,993	2,082,562
Government securities – Bangladesh Taka	98,290,570	85,658,606	98,290,570	85,658,606
Treasury Bills	52,777,079	78,506,332	52,777,079	78,506,332
Treasury Bonds	45,513,491	7,152,274	45,513,491	7,152,274
Total	106,521,563	87,741,168	106,521,563	87,741,168

32.2 Equity securities – Sri Lanka – Group and Bank

Sector/Name of the Company	As at December 31, 2025 Number of shares	Market price Rs.	Market value Rs. '000	Cost of the investment Rs. '000	As at December 31, 2024 Number of shares	Market price Rs.	Market value Rs. '000	Cost of the investment Rs. '000
Application Software								
hSenid Business Solutions Limited	1,520,900	17.50	26,616	29,080	1,520,900	12.20	18,555	29,080
Subtotal			26,616	29,080			18,555	29,080
Automobiles and Components								
Kelani Tyres PLC	305,500	89.60	27,373	23,425	305,500	83.50	25,509	23,425
Subtotal			27,373	23,425			25,509	23,425
Banks								
Cargills Bank PLC	3,500,000	9.60	33,600	34,836	–	–	–	–
DFCC Bank PLC	4,211	148.00	623	277	4,156	113.75	473	270
Hatton National Bank PLC	548,858	398.50	218,720	94,439	436,706	319.75	139,637	60,937
Hatton National Bank PLC (Non-voting)	412,944	318.75	131,626	82,743	264,967	256.75	68,030	28,281
National Development Bank PLC	598,763	141.25	84,575	69,094	614,391	113.25	69,580	65,827
Nations Trust Bank PLC	233,296	313.00	73,022	14,635	460,102	186.50	85,809	28,004
Sampath Bank PLC	901,682	146.50	132,096	83,178	634,640	118.25	75,046	28,937
Seylan Bank PLC	1,314	105.00	138	60	1,314	77.90	102	60
Seylan Bank PLC (Non-voting)	–	–	–	–	275,000	57.00	15,675	12,375
Subtotal			674,400	379,262			454,352	224,691
Capital Goods								
Access Engineering PLC	–	–	–	–	500,000	34.50	17,250	12,557
Central Industries PLC	–	–	–	–	40,000	151.50	6,060	5,096
Colombo Dockyard PLC	–	–	–	–	75,000	65.90	4,943	16,685
Hemas Holdings PLC	5,000,000	34.70	173,500	73,787	1,350,000	103.25	139,388	99,612
John Keells Holdings PLC	4,830,000	21.70	104,811	81,664	4,030,000	22.60	91,078	63,635
Renuka Holdings PLC	124,434	48.90	6,085	3,275	124,434	18.40	2,290	3,275
Renuka Holdings PLC (Non-voting)	285,445	39.50	11,275	5,175	285,445	13.90	3,968	5,175
Subtotal			295,671	163,901			264,977	206,035
Consumer Durables and Apparel								
Hayleys Fabric PLC	680,789	40.70	27,708	30,361	161,839	55.00	8,901	7,606
Teejay Lanka PLC	1,406,491	34.90	49,087	61,267	1,000,000	52.40	52,400	43,459
Subtotal			76,795	91,628			61,301	51,065
Consumer Services								
Galadari Hotels Lanka PLC	388,455	18.50	7,186	7,039	361,675	18.20	6,582	6,796
John Keells Hotels PLC	267,608	22.90	6,128	3,473	267,608	20.60	5,513	3,473
Tal Lanka Hotels PLC	212,390	40.90	8,687	6,625	212,390	22.10	4,694	6,625
Subtotal			22,001	17,137			16,789	16,894
Diversified Financials								
Central Finance Company PLC	564,000	268.00	151,152	92,229	644,898	190.00	122,531	70,062
Ceylon Investment PLC	25,000	124.00	3,100	1,344	301,403	73.40	22,123	16,199
Citizen Development Business Finance PLC (Non-voting)	105,390	300.25	31,643	3,398	105,390	172.25	18,153	3,398

Sector/Name of the Company	As at December 31, 2025 Number of shares	Market price Rs.	Market value Rs. '000	Cost of the investment Rs. '000	As at December 31, 2024 Number of shares	Market price Rs.	Market value Rs. '000	Cost of the investment Rs. '000
LOLC Holdings PLC	24,236	560.00	13,572	13,730	10,000	690.25	6,903	4,391
LB Finance PLC	150,000	155.25	23,288	12,847	278,272	89.50	24,905	23,267
People's Leasing & Finance PLC	1,333,484	25.00	33,337	16,563	2,186,316	17.00	37,167	28,113
VISA Inc.	19,424	USD.350.71	2,111,779	–	19,424	USD.316.04	1,798,657	–
Subtotal			2,367,871	140,111			2,030,439	145,430
Energy								
Lanka IOC PLC	525,000	129.00	67,725	66,592	200,000	125.75	25,150	24,236
Subtotal			67,725	66,592			25,150	24,236
Food and Staples Retailing								
Cargills (Ceylon) PLC	120,000	767.00	92,040	27,724	179,920	420.00	75,566	41,568
Subtotal			92,040	27,724			75,566	41,568
Food, Beverage and Tobacco								
Ceylon Cold Stores PLC	1,428,135	109.00	155,667	86,605	1,400,000	83.60	117,040	78,893
Ceylon Grain Elevators PLC	150,000	400.00	60,000	10,893	250,000	189.50	47,375	18,156
Kotagala Plantations PLC	302,625	10.10	3,057	9,172	302,625	8.90	2,693	9,172
Lanka Milk Foods (CWE) PLC	1,100,000	67.80	74,580	13,328	2,500,000	46.80	117,000	28,933
Lion Brewery Ceylon PLC	92,000	1,693.75	155,825	85,352	50,000	1,185.25	59,263	32,256
Melstacorp PLC	245,960	174.00	42,797	9,814	245,960	123.00	30,253	9,814
Pelwatte Sugar Industries PLC	12,300	0.10	1	351	12,300	0.10	1	351
Subtotal			491,927	215,515			373,625	177,575
Health Care Equipment and Services								
Ceylon Hospitals PLC	131,728	270.00	35,567	13,974	131,728	115.00	15,149	13,974
Ceylon Hospitals PLC (Non-voting)	64,918	199.25	12,935	4,766	64,918	99.90	6,485	4,766
Subtotal			48,502	18,740			21,634	18,740
Insurance								
Ceylinco Holdings PLC	95,500	1,796.50	171,566	99,372	95,500	1,374.25	131,241	99,372
HNB Assurance PLC	710,884	114.75	81,574	45,476	613,000	80.10	49,101	35,031
Subtotal			253,140	144,848			180,342	134,403
Materials								
Chevron Lubricants Lanka PLC	773,242	184.00	142,277	79,518	639,880	160.00	102,381	61,341
CIC Holdings PLC (Non-voting)	2,040,500	26.10	53,257	7,391	408,100	67.00	27,343	7,391
Dipped Products PLC	250,000	61.10	15,275	8,661	250,000	54.50	13,625	8,661
Ex-pack Corrugated Cartons PLC	2,502,285	14.10	35,282	35,746	2,227,285	16.30	36,305	31,878
Haycarb PLC	205,630	106.75	21,951	3,055	205,630	85.30	17,540	3,055
JAT Holdings PLC	1,000,000	48.20	48,200	22,999	1,000,000	25.00	25,000	22,999
Subtotal			316,242	157,370			222,194	135,325
Real Estate								
Overseas Realty Ceylon PLC	183,320	38.70	7,094	2,717	183,320	24.50	4,491	2,717
Subtotal			7,094	2,717			4,491	2,717
Retailing								
Singer (Sri Lanka) PLC	–	–	–	–	370,911	26.00	9,644	5,676
Subtotal	–	–	–	–			9,644	5,676

Sector/Name of the Company	As at December 31, 2025 Number of shares	Market price Rs.	Market value Rs. '000	Cost of the investment Rs. '000	As at December 31, 2024 Number of shares	Market price Rs.	Market value Rs. '000	Cost of the investment Rs. '000
Telecommunication Services								
Dialog Axiata PLC	1,516,500	29.80	45,192	14,771	4,515,672	11.70	52,833	40,273
Subtotal			45,192	14,771			52,833	40,273
Transportation								
Digital Mobility Solutions Lanka PLC	1,100,000	149.25	164,175	47,204	1,400,000	67.50	94,500	60,077
Subtotal			164,175	47,204			94,500	60,077
Utilities								
LVL Energy Fund PLC	648,100	9.90	6,416	6,481	648,100	6.60	4,277	6,481
Subtotal			6,416	6,481			4,277	6,481
Total			4,983,180	1,546,506			3,936,178	1,343,691
Net mark to market gains/(losses)				3,436,674				2,592,487
Market value of equity securities				4,983,180				3,936,178

32.3 Equity securities - Bangladesh – Group and Bank

Sector/Name of the Company	As at December 31, 2025 Number of shares	Market price Taka	Market value Rs. '000	Cost of the investment Rs. '000	As at December 31, 2024 Number of shares	Market price Taka	Market value Rs. '000	Cost of the investment Rs. '000
Banks								
City Bank PLC	602,209	24.40	37,276	36,634	–	–	–	–
Prime Bank PLC	700,847	28.70	51,026	50,632	–	–	–	–
Subtotal			88,302	87,266			–	–
Fuel & Power								
MJL Bangladesh PLC	95,293	90.50	21,878	21,533	–	–	–	–
Subtotal			21,878	21,533			–	–
Pharmaceuticals & Chemicals								
Marico Bangladesh Ltd.	5,253	2,673.50	35,627	36,675	–	–	–	–
Square Pharmaceuticals PLC	110,504	198.60	55,673	58,334	–	–	–	–
Subtotal			91,300	95,009			–	–
Telecommunication								
Robi Axiata PLC	344,653	28.20	24,656	24,800	–	–	–	–
Subtotal			24,656	24,800			–	–
Textile								
Envoy Textiles Limited	184,114	48.50	22,653	22,575	–	–	–	–
Subtotal			22,653	22,575			–	–
Total			248,789	251,183			–	–
Net mark to market gains/(losses)				(2,394)				–
Market value of equity securities				248,789				–

32.4 Industry/Sector composition of equity securities – Sri Lanka – Group and Bank

Industry/Sector	As at December 31, 2025			As at December 31, 2024		
	Market value	Cost of the investment		Market value	Cost of the investment	
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Application Software	26,616	29,080	0.53	18,555	29,080	0.47
Automobiles and Components	27,373	23,425	0.55	25,509	23,425	0.65
Banks	674,400	379,262	13.53	454,352	224,691	11.54
Capital Goods	295,671	163,901	5.93	264,977	206,035	6.73
Consumer Durables and Apparel	76,795	91,628	1.54	61,301	51,065	1.56
Consumer Services	22,001	17,137	0.44	16,789	16,894	0.43
Diversified Financials	2,367,871	140,111	47.53	2,030,439	145,430	51.58
Energy	67,725	66,592	1.36	25,150	24,236	0.65
Food and Staples Retailing	92,040	27,724	1.85	75,566	41,568	1.92
Food, Beverage and Tobacco	491,927	215,515	9.87	373,625	177,575	9.49
Health Care Equipment and Services	48,502	18,740	0.97	21,634	18,740	0.55
Insurance	253,140	144,848	5.08	180,342	134,403	4.58
Materials	316,242	157,370	6.35	222,194	135,325	5.64
Real Estate	7,094	2,717	0.14	4,491	2,717	0.11
Retailing	–	–	0.00	9,644	5,676	0.25
Telecommunication Services	45,192	14,771	0.91	52,833	40,273	1.34
Transportation	164,175	47,204	3.29	94,500	60,077	2.40
Utilities	6,416	6,481	0.13	4,277	6,481	0.11
Subtotal	4,983,180	1,546,506	100.00	3,936,178	1,343,691	100.00
Net mark to market gains/(losses)		3,436,674			2,592,487	
Market value of equity securities	4,983,180	4,983,180	100.00	3,936,178	3,936,178	100.00

32.5 Industry/Sector composition of equity securities – Bangladesh – Group and Bank

Industry/Sector	As at December 31, 2025			As at December 31, 2024		
	Market value	Cost of the investment		Market value	Cost of the investment	
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Banks	88,302	87,266	35.49	–	–	–
Fuel & Power	21,878	21,533	8.79	–	–	–
Pharmaceuticals & Chemicals	91,300	95,009	36.70	–	–	–
Telecommunication	24,656	24,800	9.91	–	–	–
Textile	22,653	22,575	9.11	–	–	–
Subtotal	248,789	251,183	100.00	–	–	–
Net mark to market gains/(losses)		(2,394)			–	
Market value of equity securities	248,789	248,789	100.00	–	–	–

33 Financial assets at amortised cost – loans and advances to other customers

ACCOUNTING POLICY

Financial assets at amortised cost – loans and advances to other customers includes, Loans and Advances and Lease Receivables of the Group.

As per SLFRS 9, "Loans and advances to other customers" are assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

When the Group is the lessor in a lease agreement that transfers substantially all risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease. Amounts receivable under finance leases, net of initial rentals received, unearned lease income and provision for impairment, are classified as lease receivable and are presented within "Loans and advances to other customers" in the Statement of Financial Position.

After initial measurement, "Loans and advances to other customers" are subsequently measured at gross carrying amount using the EIR, less provision for impairment, except when the Group designates loans and advances at fair value through profit or loss. EIR is calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income", while the losses arising from impairment are recognised in "Impairment charges and other losses" in the Income Statement.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Gross loans and advances			2,085,502,258	1,525,506,779	2,027,759,602	1,486,900,686
Stage 1			1,697,697,216	1,259,615,069	1,658,959,914	1,231,157,066
Stage 2			253,588,344	134,044,765	240,339,231	128,005,669
Stage 3 (*)			134,216,698	131,846,945	128,460,457	127,737,951
Less: Provision for impairment	33.2 (a) & 33.2 (b)	369 & 370	127,141,662	104,502,608	124,329,157	102,376,026
Stage 1			8,776,293	6,368,507	8,537,951	6,198,064
Stage 2			19,286,815	11,795,090	18,677,799	11,454,464
Stage 3			99,078,554	86,339,011	97,113,407	84,723,498
Net loans and advances			1,958,360,596	1,421,004,171	1,903,430,445	1,384,524,660

(*) As at December 31, 2025, gross loans and advances in stage 3 include Rs. 427.645 Mn. (2024 – Rs. 556.765 Mn.) granted against guarantees issued by the Government of Sri Lanka.

The maturity analysis of loans and advances to other customers is given in Note 60 on pages 426 and 427.

33.1 Analysis of financial assets at amortised cost – loans and advances to other customers

33.1 (a) By product

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Loans and advances						
Overdrafts			230,943,711	171,722,493	223,466,968	166,321,168
Trade finance			193,024,582	131,694,714	189,541,869	129,234,189
Lease/hire purchase receivable	33.3	370	98,215,317	58,483,268	93,018,681	53,343,220
Credit cards			26,007,346	21,548,269	25,675,194	21,310,018
Pawning			82,567,160	44,408,251	78,751,859	43,306,982
Staff loans			18,078,113	14,344,707	18,029,380	14,291,800
Housing loans			88,882,121	79,712,094	88,882,121	79,712,094
Personal loans			54,167,314	41,490,995	51,319,875	39,547,494
Term loans						
Short term			385,353,035	299,609,844	376,528,426	295,547,277
Long term			835,623,759	597,105,117	809,905,429	578,899,417
Bills of exchange			72,639,800	65,387,027	72,639,800	65,387,027
Total			2,085,502,258	1,525,506,779	2,027,759,602	1,486,900,686

33.1 (b) By currency

As at December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sri Lankan Rupee	1,536,472,244	1,093,621,178	1,510,475,671	1,079,777,264
United States Dollar	367,911,686	275,634,756	351,183,510	262,580,796
Great Britain Pound	1,689,313	1,563,647	1,689,313	1,563,647
Euro	18,154,212	21,619,397	18,154,212	21,619,397
Australian Dollar	290,635	164,304	290,635	164,304
Japanese Yen	1,319,161	708,232	1,319,161	708,232
Bangladesh Taka	144,362,824	120,091,044	144,362,824	120,091,044
Maldivian Rufiyaa	14,014,640	11,145,079	–	–
Others	1,287,543	959,142	284,276	396,002
Total	2,085,502,258	1,525,506,779	2,027,759,602	1,486,900,686

33.1 (c) By industry

As at December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Agriculture and fishing	181,851,687	146,676,140	181,114,278	146,237,707
Arts, entertainment and recreation	3,072,292	1,661,351	3,072,292	1,661,351
Construction	171,736,146	148,910,729	171,218,742	148,635,183
Consumption and other	226,124,076	162,974,984	225,038,849	154,138,161
Education	7,745,412	4,903,550	7,514,592	4,775,563
Financial services	140,052,833	63,918,912	142,075,250	65,279,025
Healthcare, social services and support services	63,889,889	39,852,015	63,795,202	39,113,251
Information technology and communication services	6,323,056	5,649,838	6,323,056	5,649,838
Infrastructure development	81,950,685	52,570,698	81,950,685	52,570,698
Lending to overseas entities	360,820,639	257,800,940	329,074,556	233,038,761
Manufacturing	267,109,503	232,312,113	266,349,092	231,962,217
Professional, scientific, and technical activities	12,727,156	9,311,352	10,374,567	8,240,647
Tourism	79,938,796	59,581,924	79,650,417	58,939,715
Transport and storage	30,788,604	28,303,044	29,103,074	27,913,330
Wholesale and retail trade	451,371,484	311,079,189	431,104,950	308,745,239
Total	2,085,502,258	1,525,506,779	2,027,759,602	1,486,900,686

33.2 Movement in provision for impairment during the year

33.2 (a) Group

	Note	Page No.	Stage 1		Stage 2		Stage 3		Total	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			6,368,507	9,009,921	11,795,090	17,421,283	86,339,011	64,454,541	104,502,608	90,885,745
Charge/(reversal) to the Income Statement	18.1	348	2,314,506	(2,344,783)	7,353,906	(5,373,860)	13,646,322	30,972,999	23,314,734	23,254,356
Net write-off during the year			(602)	–	–	–	(1,251,377)	(3,500,721)	(1,251,979)	(3,500,721)
Exchange rate variance on foreign currency provisions			93,882	(296,631)	137,819	(252,333)	1,221,544	(1,907,764)	1,453,245	(2,456,728)
Interest accrued on impaired loans and advances	13.1	341	–	–	–	–	(1,053,000)	(3,242,151)	(1,053,000)	(3,242,151)
Other movements			–	–	–	–	176,054	(437,893)	176,054	(437,893)
Balance as at December 31,			8,776,293	6,368,507	19,286,815	11,795,090	99,078,554	86,339,011	127,141,662	104,502,608

33.2 (b) Bank

	Note	Page No.	Stage 1		Stage 2		Stage 3		Total	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			6,198,064	8,800,339	11,454,464	17,182,146	84,723,498	63,216,847	102,376,026	89,199,332
Charge/(reversal) to the Income Statement	18.2	349	2,249,761	(2,314,729)	7,101,344	(5,484,152)	13,336,658	30,615,177	22,687,763	22,816,296
Net write-off during the year			–	–	–	–	(1,241,819)	(3,500,567)	(1,241,819)	(3,500,567)
Exchange rate variance on foreign currency provisions			90,126	(287,546)	121,991	(243,530)	1,209,856	(1,873,534)	1,421,973	(2,404,610)
Interest accrued on impaired loans and advances	13.1	341	–	–	–	–	(920,232)	(3,094,422)	(920,232)	(3,094,422)
Other movements			–	–	–	–	5,446	(640,003)	5,446	(640,003)
Balance as at December 31,			8,537,951	6,198,064	18,677,799	11,454,464	97,113,407	84,723,498	124,329,157	102,376,026

Details of the movement in the provision for impairment of loans and advances to other customers are given in note 66.1.1(c) on page 446 and 449.

33.3 Lease/hire purchase receivable

As at December 31,	Note	Page No.	GROUP		BANK	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Gross lease/hire purchase receivable	33.3 (a) & 33.3 (b)	370 & 371	98,215,317	58,483,268	93,018,681	53,343,220
Within one year			32,523,354	21,713,666	30,529,282	19,776,242
From one to five years			64,950,135	36,526,702	61,747,571	33,324,078
After five years			741,828	242,900	741,828	242,900
Less: Provision for impairment	33.3 (c) (i) & 33.3 (c) (ii)	371	2,290,342	1,587,509	1,855,168	1,213,120
Stage 1			316,183	179,033	271,536	123,254
Stage 2			446,209	269,519	352,880	190,647
Stage 3			1,527,950	1,138,957	1,230,752	899,219
Net lease/hire purchase receivable			95,924,975	56,895,759	91,163,513	52,130,100

33.3 (a) Lease/hire purchase receivable – Group

As at December 31,	Within one year		One to five years		After five years		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Total lease/hire purchase receivable	42,250,763	26,814,534	77,104,935	41,875,771	820,617	249,409	120,176,315	68,939,714
Less: Unearned lease/hire purchase income	9,727,409	5,100,868	12,154,800	5,349,069	78,789	6,509	21,960,998	10,456,446
Gross lease/hire purchase receivable	32,523,354	21,713,666	64,950,135	36,526,702	741,828	242,900	98,215,317	58,483,268
Less: Provision for impairment	1,405,934	1,054,004	879,452	527,675	4,956	5,830	2,290,342	1,587,509
Stage 1	102,450	64,724	209,326	112,189	4,407	2,120	316,183	179,033
Stage 2	154,846	108,670	291,051	160,025	312	824	446,209	269,519
Stage 3	1,148,638	880,610	379,075	255,461	237	2,886	1,527,950	1,138,957
Net lease/hire purchase receivable	31,117,420	20,659,662	64,070,683	35,999,027	736,872	237,070	95,924,975	56,895,759

33.3 (b) Lease/hire purchase receivable – Bank

As at December 31,	Within one year		One to five years		After five years		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Total lease/hire purchase receivable	39,257,099	23,944,919	72,817,582	37,554,017	820,617	249,409	112,895,298	61,748,345
Less: Unearned lease/hire purchase income	8,727,817	4,168,677	11,070,011	4,229,939	78,789	6,509	19,876,617	8,405,125
Gross lease/hire purchase receivable	30,529,282	19,776,242	61,747,571	33,324,078	741,828	242,900	93,018,681	53,343,220
Less: Provision for impairment	1,238,514	912,963	611,698	294,327	4,956	5,830	1,855,168	1,213,120
Stage 1	85,273	43,711	181,856	77,423	4,407	2,120	271,536	123,254
Stage 2	118,941	78,957	233,627	110,866	312	824	352,880	190,647
Stage 3	1,034,300	790,295	196,215	106,038	237	2,886	1,230,752	899,219
Net lease/hire purchase receivable	29,290,768	18,863,279	61,135,873	33,029,751	736,872	237,070	91,163,513	52,130,100

33.3 (c) Movement in provision for impairment during the year

33.3 (c) (i) Group

	Stage 1		Stage 2		Stage 3		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	179,033	186,581	269,519	558,225	1,138,957	1,070,883	1,587,509	1,815,689
Charge/(reversal) to the Income Statement	136,824	(6,508)	176,140	(287,845)	398,360	214,036	711,324	(80,317)
Net write-off during the year	–	–	–	–	(11,468)	(138,944)	(11,468)	(138,944)
Exchange rate variance on foreign currency provisions	326	(1,040)	550	(861)	2,101	(3,066)	2,977	(4,967)
Interest accrued on impaired loans and advances	–	–	–	–	–	(3,952)	–	(3,952)
Balance as at December 31,	316,183	179,033	446,209	269,519	1,527,950	1,138,957	2,290,342	1,587,509

33.3 (c) (ii) Bank

	Stage 1		Stage 2		Stage 3		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	123,254	121,879	190,647	463,256	899,219	886,379	1,213,120	1,471,514
Charge/(reversal) to the Income Statement	147,956	2,415	161,683	(271,748)	340,900	158,802	650,539	(110,531)
Net write-off during the year	–	–	–	–	(11,468)	(138,944)	(11,468)	(138,944)
Exchange rate variance on foreign currency provisions	326	(1,040)	550	(861)	2,101	(3,066)	2,977	(4,967)
Interest accrued on impaired loans and advances	–	–	–	–	–	(3,952)	–	(3,952)
Balance as at December 31,	271,536	123,254	352,880	190,647	1,230,752	899,219	1,855,168	1,213,120

34 Financial assets at amortised cost – debt and other financial instruments

ACCOUNTING POLICY

As per SLFRS 9, financial assets are measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "Impairment charges/(reversal) and other losses" in the Income Statement.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Government Securities – Sri Lanka (**)			643,077,613	637,668,561	643,077,613	637,501,204
Treasury Bills			–	167,357	–	–
Treasury Bonds (*)			561,289,128	562,344,083	561,289,128	562,344,083
USD Step-Up Bond (*)			65,787,619	58,209,958	65,787,619	58,209,958
PDI Bond (*)			14,445,292	16,947,163	14,445,292	16,947,163
DDB			1,555,574	–	1,555,574	–
Government Securities – Bangladesh			35,760,005	22,351,764	35,760,005	22,351,764
Treasury Bills			602,008	7,498,001	602,008	7,498,001
Treasury Bonds			35,157,997	14,853,763	35,157,997	14,853,763
Government Securities – Maldives			43,804,042	34,113,965	–	–
Treasury Bills			36,773,303	33,059,373	–	–
Treasury Bonds			7,030,739	1,054,592	–	–
Other instruments			12,062,378	9,382,231	12,062,378	9,382,231
Debentures	34.3	373	8,416,638	5,988,377	8,416,638	5,988,377
Trust certificates	34.4	373	3,643,530	3,392,846	3,643,530	3,392,846
Corporate investments in Bangladesh	34.5	374	2,210	1,008	2,210	1,008
Less: Provision for impairment	34.1(a) & 34.1(b)	372	1,850,341	1,765,234	1,552,319	1,525,508
Total			732,853,697	701,751,287	689,347,677	667,709,691

(*) With the implementation of debt restructuring programme, SLISBs have been exchanged to a combination of USD Step-Up Bond, PDI Bond and Local LKR Bonds during the year 2024 as disclosed in Note 16.1 on page 344.

(**) In accordance with the Banking Act Directions No. 14 of 2021 – "Classification, Recognition and Measurement of Financial Assets Other than Credit Facilities in Licensed Banks", the Bank classified USD Step-Up bond with an LKR settlement option under Stage 1 and PDI Bond and DDB denominated in USD under Stage 2. Further, Treasury bills & bonds denominated in local currency are classified under Stage 1.

The maturity analysis of financial assets at amortised cost-debt and other financial instruments is given in Note 60 on pages 426 and 427.

34.1 Movement in provision for impairment during the year

34.1 (a) Group

	Note	Page No.	Stage 1 2025 Rs. '000	Stage 1 2024 Rs. '000	Stage 2 2025 Rs. '000	Stage 2 2024 Rs. '000	Stage 3 2025 Rs. '000	Stage 3 2024 Rs. '000	Total 2025 Rs. '000	Total 2024 Rs. '000
Balance as at January 01,			256,590	38,032	1,355,774	95,921,583	152,870	152,870	1,765,234	96,112,485
Charge/(reversal) to the Income Statement (***)	18.1	348	28,345	226,709	(36,026)	(87,214,522)	–	–	(7,681)	(86,987,813)
Exchange rate variance on foreign currency provisions			15,236	(8,151)	77,552	(7,351,287)	–	–	92,788	(7,359,438)
Balance as at December 31,			300,171	256,590	1,397,300	1,355,774	152,870	152,870	1,850,341	1,765,234

34.1 (b) Bank

	Note	Page No.	Stage 1 2025 Rs. '000	Stage 1 2024 Rs. '000	Stage 2 2025 Rs. '000	Stage 2 2024 Rs. '000	Stage 3 2025 Rs. '000	Stage 3 2024 Rs. '000	Total 2025 Rs. '000	Total 2024 Rs. '000
Balance as at January 01,			16,864	13,698	1,355,774	95,921,583	152,870	152,870	1,525,508	96,088,151
Charge/(reversal) to the Income Statement (***)	18.2	349	(14,715)	3,166	(36,026)	(87,214,522)	–	–	(50,741)	(87,211,356)
Exchange rate variance on foreign currency provisions			–	–	77,552	(7,351,287)	–	–	77,552	(7,351,287)
Balance as at December 31,			2,149	16,864	1,397,300	1,355,774	152,870	152,870	1,552,319	1,525,508

(***) As part of the Government of Sri Lanka's Debt Restructuring Program, investments in Sri Lanka International Sovereign Bonds (SLISBs) were restructured on December 20, 2024. Consequently, the related reversal of impairment on SLISBs was recognised under "Impairment charges/(reversal) and other losses" for 2024.

34.2 Government securities – by currency

As at December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Government Securities – Sri Lankan Rupee	561,289,128	562,511,440	561,289,128	562,344,083
Treasury Bills	–	167,357	–	–
Treasury Bonds	561,289,128	562,344,083	561,289,128	562,344,083
Government Securities – United States Dollar	91,463,469	82,876,803	81,788,485	75,157,121
Treasury Bills	9,674,984	7,719,682	–	–
USD Step-Up Bond	65,787,619	58,209,958	65,787,619	58,209,958
PDI Bond	14,445,292	16,947,163	14,445,292	16,947,163
DDB	1,555,574	–	1,555,574	–
Government Securities – Bangladesh Taka	35,760,005	22,351,764	35,760,005	22,351,764
Treasury Bills	602,008	7,498,001	602,008	7,498,001
Treasury Bonds	35,157,997	14,853,763	35,157,997	14,853,763
Government Securities – Maldivian Rufiyaa	34,129,058	26,394,283	–	–
Treasury Bills	27,098,319	25,339,691	–	–
Treasury Bonds	7,030,739	1,054,592	–	–
Total	722,641,660	694,134,290	678,837,618	659,852,968

34.3 Debentures

As at December 31,	GROUP 2025 Number of debentures	GROUP 2025 Gross carrying value Rs. '000	GROUP 2024 Number of debentures	GROUP 2024 Gross carrying value Rs. '000	BANK 2025 Number of debentures	BANK 2025 Gross carrying value Rs. '000	BANK 2024 Number of debentures	BANK 2024 Gross carrying value Rs. '000
Alliance Finance Company PLC	3,238,800	336,567	–	–	3,238,800	336,567	–	–
Asia Asset Finance PLC	5,000,000	502,493	5,000,000	502,493	5,000,000	502,493	5,000,000	502,493
Assetline Finance Limited	10,000,000	1,005,123	–	–	10,000,000	1,005,123	–	–
Ceylon Electricity Board	50,000,000	5,333,014	50,000,000	5,333,014	50,000,000	5,333,014	50,000,000	5,333,014
LOLC Finance PLC	3,000,000	302,034	–	–	3,000,000	302,034	–	–
MTD Walkers PLC	1,528,701	152,870	1,528,701	152,870	1,528,701	152,870	1,528,701	152,870
Sarvodaya Development Finance PLC	5,000,000	512,493	–	–	5,000,000	512,493	–	–
Siyapatha Finance PLC	2,568,800	272,044	–	–	2,568,800	272,044	–	–
Total		8,416,638		5,988,377		8,416,638		5,988,377

34.4 Trust certificates

As at December 31,	GROUP 2025 Gross carrying value Rs. '000	GROUP 2024 Gross carrying value Rs. '000	BANK 2025 Gross carrying value Rs. '000	BANK 2024 Gross carrying value Rs. '000
Asia Asset Finance PLC	147,567	–	147,567	–
Vallibel Finance PLC	2,963,428	886,583	2,963,428	886,583
Windscape Mannar (Pvt) Ltd.	532,535	2,506,263	532,535	2,506,263
Total	3,643,530	3,392,846	3,643,530	3,392,846

34.5 Corporate investments in Bangladesh

As at December 31,	GROUP		BANK	
	2025 Gross carrying value Rs. '000	2024 Gross carrying value Rs. '000	2025 Gross carrying value Rs. '000	2024 Gross carrying value Rs. '000
Prize bonds	2,210	1,008	2,210	1,008
Total	2,210	1,008	2,210	1,008

35 Financial assets measured at fair value through other comprehensive income

ACCOUNTING POLICY

As per SLFRS 9, this comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.

Debt instruments at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income, and foreign exchange gains and losses, ECL and reversals are recognised in Income Statement. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Income Statement.

Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to Income Statement instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in Income Statement in "Net other operating income" when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Government securities						
Government securities	35.1	375	219,169,439	301,882,131	218,151,833	300,250,236
Less: Provision for impairment	35.2	375	1,746,092	–	1,746,092	–
			217,423,347	301,882,131	216,405,741	300,250,236
Equity securities	35.3 (a) & 35.3 (b)	375 & 376	1,588,115	1,336,264	1,585,610	1,333,906
Quoted shares			435,212	333,699	435,212	333,699
Unquoted shares			1,152,903	1,002,565	1,150,398	1,000,207
Total			219,011,462	303,218,395	217,991,351	301,584,142

The maturity analysis of financial assets measured at fair value through other comprehensive income is given in Note 60 on pages 426 and 427.

35.1 Government securities

As at December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Government Securities – Sri Lankan Rupee (*)	183,991,703	252,317,623	182,974,097	250,685,728
Treasury Bills	92,021,683	183,757,547	91,004,077	182,125,652
Treasury Bonds	91,970,020	68,560,076	91,970,020	68,560,076
Government Securities – United States Dollar (*)	35,177,736	49,564,508	35,177,736	49,564,508
US Treasury Bills	13,928,538	49,564,508	13,928,538	49,564,508
PDI Bonds	21,249,198	–	21,249,198	–
Total	219,169,439	301,882,131	218,151,833	300,250,236

(*) In accordance with the Banking Act Directions No. 14 of 2021 – "Classification, Recognition and Measurement of Financial Assets Other than Credit Facilities in Licensed Banks", and as per SLFRS 9 the Bank classified PDI Bond denominated in USD under Stage 2. Further, Treasury bills & bonds denominated in local currency issued by the Government of Sri Lanka and US Treasury Bills are classified under Stage 1.

35.2 Movement in provision for impairment during the year

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Movement in Stage 2 impairment						
Balance as at January 01,			–	–	–	–
Charge/(write back) to the Income Statement	18.1 & 18.2	348 & 349	1,693,883	–	1,693,883	–
Exchange rate variance on foreign currency provisions			52,209	–	52,209	–
Balance as at December 31,			1,746,092	–	1,746,092	–

35.3 Equity securities

35.3 (a) Equity securities – As at December 31, 2025

Sector/Name of the Company	GROUP Number of shares	GROUP Market price Rs.	GROUP Market value Rs. '000	GROUP Cost of investment Rs. '000	BANK Number of shares	BANK Market price Rs.	BANK Market value Rs. '000	BANK Cost of investment Rs. '000
Quoted shares:								
Materials								
Alumex PLC	1,428,400	20.40	29,139	9,999	1,428,400	20.40	29,139	9,999
Subtotal			29,139	9,999			29,139	9,999
Retailing								
RIL Property PLC(*)	12,610,964	32.20	406,073	100,887	12,610,964	32.20	406,073	100,887
Subtotal			406,073	100,887			406,073	100,887
Total – quoted shares			435,212	110,886			435,212	110,886
Unquoted shares:								
Other financial services								
Central Depository of Bangladesh Limited	3,427,083	BDT 42.18	366,708	23,888	3,427,083	BDT 42.18	366,708	23,888
Credit Information Bureau of Sri Lanka	4,500	25,051.28	112,731	564	4,400	25,051.28	110,226	440
LankaPay (Pvt) Limited	1,000,000	391.00	391,000	10,000	1,000,000	391.00	391,000	10,000
Lanka Financial Services Bureau Limited	500,000	–	–	5,000	500,000	–	–	5,000
Lanka Ratings Agency Limited	689,590	12.50	8,620	8,620	689,590	12.50	8,620	8,620
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	36	EUR 9365.00	122,699	7,259	36	EUR 9365.00	122,699	7,259
National Credit Guarantee Institution Limited	15,114,475	10.00	151,145	151,145	15,114,475	10.00	151,145	151,145
Total – unquoted shares			1,152,903	206,476			1,150,398	206,352
Total equity securities			1,588,115	317,362			1,585,610	317,238

(*) During the year, the Bank disposed of 12 Mn. shares in RIL Property PLC and recognised a capital gain of Rs. 259.696 Mn., which was reclassified from the Fair Value Reserve to Retained Earnings in the Statement of Changes in Equity. The fair value of the investment at the date of disposal was Rs. 355.696 Mn.

35.3 (b) Equity securities – As at December 31, 2024

Sector/Name of the Company	GROUP				BANK			
	Number of shares	Market price Rs.	Market value Rs. '000	Cost of investment Rs. '000	Number of shares	Market price Rs.	Market value Rs. '000	Cost of investment Rs. '000
Quoted shares:								
Materials								
Alumex PLC	1,428,400	14.80	21,140	9,999	1,428,400	14.80	21,140	9,999
Subtotal			21,140	9,999			21,140	9,999
Retailing								
RIL Property PLC	24,610,964	12.70	312,559	196,888	24,610,964	12.70	312,559	196,888
Subtotal			312,559	196,888			312,559	196,888
Total – quoted shares			333,699	206,887			333,699	206,887
Unquoted shares:								
Other financial services								
Central Depository of Bangladesh Limited	3,427,083	BDT 40.31	338,717	23,089	3,427,083	BDT 40.31	338,717	23,089
Credit Information Bureau of Sri Lanka	4,500	23,580.00	106,110	564	4,400	23,580.00	103,752	440
LankaPay (Pvt) Limited	1,000,000	282.67	282,670	10,000	1,000,000	282.67	282,670	10,000
Lanka Financial Services Bureau Limited	500,000	0.10	50	5,000	500,000	0.10	50	5,000
Lanka Ratings Agency Limited	689,590	12.50	8,620	8,620	689,590	12.50	8,620	8,620
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	47	EUR 8040.00	115,253	7,259	47	EUR 8040.00	115,253	7,259
National Credit Guarantee Institution Limited	15,114,475	10.00	151,145	151,145	15,114,475	10.00	151,145	151,145
Total – unquoted shares			1,002,565	205,677			1,000,207	205,553
Total equity securities			1,336,264	412,564			1,333,906	412,440

36 Investments in subsidiaries

ACCOUNTING POLICY

Subsidiaries are investees controlled by the Group. The Group "controls" an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Bank continues to recognise the investments in subsidiaries at cost.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

The Financial Statements of all subsidiaries in the Group have a common financial year which ends on December 31, except for CBC Myanmar Microfinance Company Limited, whose financial year ends on March 31.

The reason for using a different reporting date by CBC Myanmar Microfinance Company Limited is due to requirements imposed by the Financial Regulatory Department of Myanmar.

The Financial Statements of the Bank's subsidiaries are prepared using consistent material accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Parent (the Bank) in the form of cash dividend or repayment of loans and advances.

All subsidiaries of the Bank have been incorporated in Sri Lanka except for Commercial Bank of Maldives Private Limited and CBC Myanmar Microfinance Company Limited which were incorporated in Republic of Maldives and Myanmar respectively.

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As at December 31,	Note	Page No.	Holding %	GROUP 2025 Cost Rs. '000	GROUP 2025 Market value/ Directors' valuation Rs. '000	GROUP 2024 Cost Rs. '000	GROUP 2024 Market value/ Directors' valuation Rs. '000	BANK 2025 Cost Rs. '000	BANK 2025 Market value/ Directors' valuation Rs. '000	BANK 2024 Cost Rs. '000	BANK 2024 Market value/ Directors' valuation Rs. '000
Local subsidiaries:											
Quoted:											
Commercial Development Company PLC			90	–	–	–	–	261,198	3,002,400	261,198	1,522,800
(10,800,000 Ordinary Shares)									(@Rs. 278)		(@ Rs. 141)
(10,800,000 Ordinary Shares as at December 31, 2024)											
Unquoted:											
Orysys Limited			100	–	–	–	–	5,000	5,000	5,000	5,000
(500,001 Ordinary Shares)											
(500,001 Ordinary Shares as at December 31, 2024)											
Commercial Insurance Brokers (Pvt) Limited (*)			100	–	–	–	–	375,000	375,000	375,000	375,000
(359,999 Ordinary Shares)											
(359,999 Ordinary Shares as at December 31, 2024)											
CBC Finance PLC			100	–	–	–	–	4,791,046	4,791,046	3,791,046	3,791,046
(293,109,125 Ordinary Shares)											
(221,793,834 Ordinary Shares as at December 31, 2024)											
Foreign subsidiaries:											
Unquoted:											
Commercial Bank of Maldives Private Limited			55	–	–	–	–	984,707	984,707	984,707	984,707
(104,500 Ordinary Shares)											
(104,500 Ordinary Shares as at December 31, 2024)											
CBC Myanmar Microfinance Company Limited			100	–	–	–	–	541,278	541,278	391,478	391,478
(2,920,000 Ordinary Shares) (**)											
(2,420,000 Ordinary Shares as at December 31, 2024)											
Gross total				–	–	–	–	6,958,229	9,699,431	5,808,429	7,070,031
Provision for impairment (*)	36.1	377		–	–	–	–	–	–	–	–
Net total				–	–	–	–	6,958,229	9,699,431	5,808,429	7,070,031

(*) Commercial Insurance Brokers (Pvt) Limited, in which the Bank previously held a stake of 60%, completed a share buyback transaction on March 31, 2025, acquiring the 40% stake held by LOLC Finance PLC for a purchase consideration of Rs. 332.880 Mn., which resulted in Commercial Insurance Brokers (Pvt) Limited becoming a fully owned subsidiary of the Bank.

(**) Including 500,000 shares relating to the recently remitted capital infusion of USD 500,000, which are yet to be allotted pending receipt of the required regulatory approvals from the relevant government authorities in Myanmar.

36.1 Movement in provision for impairment o/a subsidiaries during the year

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,	–	–	–	370,633
Amount written-off during the year (*)	–	–	–	(370,633)
Balance as at December 31,	–	–	–	–

(*)The Bank initiated the voluntary liquidation process of the Commex Sri Lanka S.R.L. in 2022 and the process was completed during the year 2024. The corresponding fully impaired investment was set off against the provision during 2024.

37 Investment in associate

ACCOUNTING POLICY

Associates are those entities in which the Group has significant influence, but not control, over the variable returns through its power over the investee. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost, in terms of Sri Lanka Accounting Standards – LKAS 28 on "Investments in Associates and Joint Ventures". The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the Accounting Policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Accordingly, under the Equity Method, Investments in associates are carried at cost plus post-acquisition changes in the Group's share of net assets of the associates and are reported as a separate line item in the Statement of Financial Position. The Income Statement reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in Equity through OCI. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in associate.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The Group discontinues the use of the Equity Method from the date that it ceases to have significant influence over an associate and accounts for such investments in accordance with the Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments".

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in Income Statement.

After application of the Equity Method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the loss under "Share of profit/ (loss) of Associate" in the Income Statement.

In the separate Financial Statements, Investment in associates are accounted at cost.

As at December 31,	Incorporation and operation	Ownership interest %	Number of shares	2025 Cost Rs. '000	2025 Carrying value Rs. '000	2024 Cost Rs. '000	2024 Carrying value Rs. '000
Unquoted:							
Equity Investments Lanka Limited (*)	Sri Lanka	22.92	4,110,938	–	–	44,331	58,791
Total				–	–	44,331	58,791

(*) The Bank reclassified its investments made in Equity Investments Lanka Limited to "Assets classified as held for sale" reported under "Other assets" as at December 31, 2025, as disclosed under Note 42 on page 400.

37.1 Reconciliation of summarised financial information

Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the Consolidated Financial Statements is as follows:

	Note	Page No.	Equity Investments Lanka Ltd. 2025 Rs. '000	2024 Rs. '000
Cost of investment			44,331	44,331
Add: Share of profit applicable to the Group				
Investment in associate – As at January 01,			14,460	14,673
Total comprehensive income	37.2 (a)	379	(662)	(213)
Share of profit/(loss) of associate, net of tax			(662)	(460)
Share of other comprehensive Income/(expense) of associate, net of tax			–	247
Transfers to assets classified as held for sale	42	400	(27,132)	–
Impairment on assets classified as held for sale	18	345	(30,997)	–
Balance as at December 31,			–	58,791

37.2 Summarised financial information in respect of the associate is set out below:

37.2 (a) Summarised Income Statement

For the year ended December 31,	Equity Investments Lanka Ltd. 2025 Rs. '000	2024 Rs. '000
Revenue	33,755	30,198
Expenses	(36,645)	(32,207)
Income tax	–	–
Profit/(loss) from continuing operations, net of tax	(2,890)	(2,009)
Group's share of profit/(loss) from continuing operations, net of tax	(662)	(460)
Other Comprehensive Income/(expense), net of tax	–	1,078
Group's share of Other Comprehensive Income/(expense) from continuing operations, net of tax	–	247
Share of results of equity accounted investee recognised in Income Statement and Statement of Profit or Loss and Other Comprehensive Income	(662)	(213)

37.2 (b) Summarised Statement of Financial Position

As at December 31,	Equity Investments Lanka Ltd. 2025 Rs. '000	2024 Rs. '000
Non-current assets	–	229,934
Current assets	–	28,154
Non-current liabilities	–	(858)
Current liabilities	–	(724)
Net assets	–	256,506
Group's share of net assets	–	58,791
Carrying amount of interest in associate	–	58,791

The Group recognised the share of net assets of the associate under the Equity Method to arrive the Directors' valuation.

The maturity analysis of investment in associate is given in Note 60 on pages 426 and 427.

38 Property, plant and equipment and right-of-use assets

ACCOUNTING POLICY

The Group applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on "Property, plant and equipment" (LKAS 16) in accounting for its owned assets which are held for and used in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured.

Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing) as explained below. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalised as part of computer equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

- **Cost model**

The Group applies the Cost Model to all property, plant and equipment except freehold land and freehold and leasehold buildings. These are recorded at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

- **Revaluation model**

The Group applies the revaluation model for the entire class of freehold land, freehold and leasehold buildings for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land, freehold and leasehold buildings of the Group are revalued by independent professional valuers every three years or more frequently if the fair values are substantially different from carrying amounts, to ensure that the carrying amounts do not differ from the fair values as at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in Revaluation Reserve in Equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the Income Statement. In this circumstance, the increase is recognised as income only to the extent of the amounts written down previously. Any decrease in the carrying amount is recognised as an expense in the Income Statement or charged to Revaluation Reserve in Equity through OCI, only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. Any balance remaining in the Revaluation Reserve in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

The Bank carries out a revaluation of its freehold land, freehold and leasehold buildings as required by Section 7.1 (b) of the Directions No. 13 of 2020 on "Amendments to regulatory framework on valuation of immovable property of Licensed Commercial Banks and Licensed Specialised Banks" issued by the CBSL and in accordance with the Valuation Policy of the Bank. The corresponding revaluation gains/(losses) were recognised in the Financial Statements.

Accordingly, the Group revalued its freehold land, freehold and leasehold buildings as at December 31, 2023.

Methods and significant assumptions including unobservable market inputs employed in estimating the fair value are given in Note 38.5 (b) and Note 38.5 (c).

The next revaluation exercise on the freehold land, freehold and leasehold buildings will be carried out on or before December 31, 2026.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in "Net other operating income" in Income Statement in the year the asset is derecognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised as required by LKAS 16.

Capital work-in-progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management (i.e., available for use).

Right-of-use assets

Right-of-use assets are presented together with property, plant and equipment in the Statement of Financial Position.

38.1 Group – 2025

	Note	Page No.	Freehold land	Freehold buildings	Leasehold buildings	Computer equipment	Motor vehicles	Office equipment, furniture and fixtures	Capital work-in-progress	Right-of-use assets	Total 2025	Total 2024
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/valuation												
Balance as at January 01,			10,540,889	6,774,687	1,378,626	12,774,308	552,326	9,969,010	4,681	13,163,053	55,157,580	50,630,247
Additions during the year			–	45,678	–	1,343,205	66,796	1,691,333	39,779	2,785,644	5,972,435	5,671,404
Disposals during the year			–	–	–	(260,926)	(18,403)	(164,435)	–	–	(443,764)	(572,373)
Exchange rate variance			–	–	–	24,374	4,255	39,307	–	33,627	101,563	(571,063)
Transfers to assets classified as held for sale			(394,000)	(72,050)	–	–	(1,014)	(23,434)	–	–	(490,498)	–
Transfers/adjustments			–	–	–	(191,063)	–	(22,555)	(395)	–	(214,013)	(635)
Balance as at December 31,			10,146,889	6,748,315	1,378,626	13,689,898	603,960	11,489,226	44,065	15,982,324	60,083,303	55,157,580
Accumulated depreciation and impairment losses												
Balance as at January 01,			–	206,535	68,664	8,314,975	489,163	7,690,118	–	7,717,715	24,487,170	21,633,001
Charge for the year	20	350	–	208,544	38,718	1,507,968	34,567	839,183	–	1,935,030	4,564,010	3,620,914
Disposals during the year			–	–	–	(259,944)	(18,403)	(158,543)	–	–	(436,890)	(545,817)
Exchange rate variance			–	–	–	16,803	3,825	29,618	–	–	50,246	(220,391)
Transfers to assets classified as held for sale			–	(5,526)	–	–	(1,014)	(22,041)	–	–	(28,581)	–
Transfers/adjustments			–	–	–	(190,291)	–	(14,762)	–	–	(205,053)	(537)
Balance as at December 31,			–	409,553	107,382	9,389,511	508,138	8,363,573	–	9,652,745	28,430,902	24,487,170
Net book value as at December 31, 2025			10,146,889	6,338,762	1,271,244	4,300,387	95,822	3,125,653	44,065	6,329,579	31,652,401	–
Net book value as at December 31, 2024			10,540,889	6,568,152	1,309,962	4,459,333	63,163	2,278,892	4,681	5,445,338	–	30,670,410

38.2 Group – 2024

	Note	Page No.	Freehold land Rs. '000	Freehold buildings Rs. '000	Leasehold buildings Rs. '000	Computer equipment Rs. '000	Motor vehicles Rs. '000	Office equipment, furniture and fixtures Rs. '000	Capital work-in-progress Rs. '000	Right-of-use assets Rs. '000	Total 2024 Rs. '000	Total 2023 Rs. '000
Cost/valuation												
Balance as at January 01,			10,540,889	6,473,030	1,378,626	11,078,118	610,152	9,202,982	191,483	11,154,967	50,630,247	47,202,075
Additions during the year			–	3,201	–	2,177,182	14,985	1,090,795	111,654	2,273,587	5,671,404	3,486,471
Transfer of accumulated depreciation on assets revalued			–	–	–	–	–	–	–	–	–	(895,599)
Surplus on revaluation of property			–	–	–	–	–	–	–	–	–	1,871,175
Revaluation loss in excess of cumulative reserve			–	–	–	–	–	–	–	–	–	(40,273)
Disposals during the year			–	–	–	(370,329)	(51,292)	(150,752)	–	–	(572,373)	(334,434)
Exchange rate variance			–	–	–	(110,643)	(21,519)	(173,400)	–	(265,501)	(571,063)	(615,728)
Transfers/adjustments			–	298,456	–	(20)	–	(615)	(298,456)	–	(635)	(43,440)
Balance as at December 31,			10,540,889	6,774,687	1,378,626	12,774,308	552,326	9,969,010	4,681	13,163,053	55,157,580	50,630,247
Accumulated depreciation and impairment losses												
Balance as at January 01,			–	–	30,961	7,470,085	506,782	7,322,867	–	6,302,306	21,633,001	19,755,468
Charge for the year	20	350	–	206,535	37,703	1,284,073	31,695	645,499	–	1,415,409	3,620,914	3,371,245
Transfer of accumulated depreciation on assets revalued			–	–	–	–	–	–	–	–	–	(895,599)
Disposals during the year			–	–	–	(369,530)	(28,117)	(148,170)	–	–	(545,817)	(322,261)
Exchange rate variance			–	–	–	(69,633)	(21,197)	(129,561)	–	–	(220,391)	(263,959)
Transfers/adjustments			–	–	–	(20)	–	(517)	–	–	(537)	(11,893)
Balance as at December 31,			–	206,535	68,664	8,314,975	489,163	7,690,118	–	7,717,715	24,487,170	21,633,001
Net book value as at December 31, 2024			10,540,889	6,568,152	1,309,962	4,459,333	63,163	2,278,892	4,681	5,445,338	30,670,410	–
Net book value as at December 31, 2023			10,540,889	6,473,030	1,347,665	3,608,033	103,370	1,880,115	191,483	4,852,661	–	28,997,246

The carrying amounts of Group's revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation/amortisation are as follows:

As at December 31,	2025			2024		
	Cost Rs. '000	Accumulated depreciation Rs. '000	Net book value Rs. '000	Cost Rs. '000	Accumulated depreciation Rs. '000	Net book value Rs. '000
Class of asset						
Freehold land	1,215,255	–	1,215,255	1,285,403	–	1,285,403
Freehold buildings	2,976,370	856,380	2,119,990	2,982,534	821,969	2,160,565
Leasehold buildings	341,196	336,316	4,880	341,196	331,561	9,635
Total	4,532,821	1,192,696	3,340,125	4,609,133	1,153,530	3,455,603

The maturity analysis of property, plant and equipment is given in Note 60 on pages 426 and 427.

38.3 Bank – 2025

	Note	Page No.	Freehold land	Freehold buildings	Leasehold buildings	Computer equipment	Motor vehicles	Office equipment, furniture and fixtures	Capital work-in-progress	Right-of-use assets	Total 2025	Total 2024
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/valuation												
Balance as at January 01,			9,851,470	6,519,628	100,037	12,472,245	219,844	9,422,944	395	13,378,011	51,964,574	47,714,328
Additions during the year			–	45,678	–	1,264,589	2,196	1,578,564	39,779	2,639,026	5,569,832	5,233,537
Disposals during the year			–	–	–	(260,267)	(14,178)	(150,420)	–	–	(424,865)	(497,657)
Exchange rate variance			–	–	–	19,042	4,080	22,700	–	24,280	70,102	(485,512)
Transfers/adjustments			–	–	–	(191,063)	–	(22,555)	(395)	–	(214,013)	(122)
Balance as at December 31,			9,851,470	6,565,306	100,037	13,304,546	211,942	10,851,233	39,779	16,041,317	56,965,630	51,964,574
Accumulated depreciation and impairment losses												
Balance as at January 01,			–	199,178	33,148	8,142,235	200,849	7,390,806	–	8,397,710	24,363,926	21,456,426
Charge for the year	20	350	–	201,118	2,187	1,463,241	5,291	778,977	–	2,067,807	4,518,621	3,583,151
Disposals during the year			–	–	–	(259,481)	(14,178)	(147,961)	–	–	(421,620)	(494,590)
Exchange rate variance			–	–	–	12,942	3,664	18,317	–	–	34,923	(181,037)
Transfers/adjustments			–	–	–	(190,291)	–	(14,762)	–	–	(205,053)	(24)
Balance as at December 31,			–	400,296	35,335	9,168,646	195,626	8,025,377	–	10,465,517	28,290,797	24,363,926
Net book value as at December 31, 2025			9,851,470	6,165,010	64,702	4,135,900	16,316	2,825,856	39,779	5,575,800	28,674,833	–
Net book value as at December 31, 2024			9,851,470	6,320,450	66,889	4,330,010	18,995	2,032,138	395	4,980,301	–	27,600,648

38.4 Bank – 2024

	Note	Page No.	Freehold land Rs. '000	Freehold buildings Rs. '000	Leasehold buildings Rs. '000	Computer equipment Rs. '000	Motor vehicles Rs. '000	Office equipment, furniture and fixtures Rs. '000	Capital work-in-progress Rs. '000	Right-of-use assets Rs. '000	**Total 2024 Rs. '000**	Total 2023 Rs. '000
Cost/valuation												
Balance as at January 01,			9,851,470	6,217,971	100,037	10,820,030	226,056	8,683,749	187,197	11,627,818	47,714,328	44,833,449
Additions during the year			–	3,201	–	2,122,071	14,985	991,580	111,654	1,990,046	5,233,537	3,264,794
Transfer of accumulated depreciation on assets revalued			–	–	–	–	–	–	–	–	–	(773,092)
Surplus on revaluation of property			–	–	–	–	–	–	–	–	–	1,445,959
Revaluation loss in excess of cumulative reserve			–	–	–	–	–	–	–	–	–	(40,273)
Disposals during the year			–	–	–	(370,158)	–	(127,499)	–	–	(497,657)	(304,546)
Exchange rate variance			–	–	–	(99,698)	(21,197)	(124,764)	–	(239,853)	(485,512)	(692,258)
Transfers/adjustments			–	298,456	–	–	–	(122)	(298,456)	–	(122)	(19,705)
Balance as at December 31,			9,851,470	6,519,628	100,037	12,472,245	219,844	9,422,944	395	13,378,011	51,964,574	47,714,328
Accumulated depreciation and impairment losses												
Balance as at January 01,			–	–	30,961	7,326,564	218,848	7,022,326	–	6,857,727	21,456,426	19,407,997
Charge for the year	20	350	–	199,178	2,187	1,246,587	2,977	592,239	–	1,539,983	3,583,151	3,355,917
Transfer of accumulated depreciation on assets revalued			–	–	–	–	–	–	–	–	–	(773,092)
Disposals during the year			–	–	–	(369,411)	–	(125,179)	–	–	(494,590)	(292,621)
Exchange rate variance			–	–	–	(61,505)	(20,976)	(98,556)	–	–	(181,037)	(230,852)
Transfers/adjustments			–	–	–	–	–	(24)	–	–	(24)	(10,923)
Balance as at December 31,			–	199,178	33,148	8,142,235	200,849	7,390,806	–	8,397,710	24,363,926	21,456,426
Net book value as at December 31, 2024			9,851,470	6,320,450	66,889	4,330,010	18,995	2,032,138	395	4,980,301	27,600,648	–
Net book value as at December 31, 2023			9,851,470	6,217,971	69,076	3,493,466	7,208	1,661,423	187,197	4,770,091	–	26,257,902

The carrying amounts of Bank's revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation/amortisation are as follows:

As at December 31,	2025			2024		
	Cost Rs. '000	**Accumulated depreciation Rs. '000**	**Net book value Rs. '000**	Cost Rs. '000	Accumulated depreciation Rs. '000	Net book value Rs. '000
Class of asset						
Freehold land	1,051,387	–	1,051,387	1,051,387	–	1,051,387
Freehold buildings	2,883,959	834,338	2,049,621	2,838,281	772,888	2,065,393
Leasehold buildings	98,138	93,258	4,880	98,138	88,503	9,635
Total	4,033,484	927,596	3,105,888	3,987,806	861,391	3,126,415

38.5 (a) Information on freehold land and buildings of the Group and the Bank – Extents and locations

[As required by the Rule No. 7.6 (viii) of the "Continuing Listing Requirements" of the Colombo Stock Exchange]

Location	Number of buildings	Extent (perches)	Buildings (square feet)	Revalued amounts land Rs. '000	Revalued amounts buildings Rs. '000	Net book value/ revalued amounts Rs. '000	Net book value before revaluation Rs. '000
Holiday Bungalow – Bandarawela, Ambatenne Estate, Diyatalawa Road, Bandarawela	1	423	5,649	98,700	18,800	115,620	106,974
Holiday Bungalow – Haputale, No. 23, Lily Avenue, Welimada Road, Haputale	1	258	5,722	56,700	25,300	79,470	72,140
Managing Director's Bungalow, No. 27, Queens Road, Colombo 03	1	64	5,616	1,249,950	40,050	1,285,995	1,185,000
Branch Buildings							
Battaramulla – No. 213, Kaduwela Road, Battaramulla	1	14	19,084	52,500	98,526	144,458	126,769
Battaramulla – No. 213, Kaduwela Road, Battaramulla	–	13	Bare Land	49,950	–	49,950	50,000
Borella – No. 92, D S Senanayake Mawatha, Borella, Colombo 08	1	16	21,100	312,600	241,400	528,589	466,070
Chilaw – No. 44, Colombo Road, Chilaw	1	35	9,420	123,515	51,485	172,360	149,572
City Office – No. 98, York Street, Colombo 01	1	–	29,993	–	453,196	413,787	521,739
Duplication Road – Nos. 405, 407, R A De Mel Mawatha, Colombo 03	1	20	6,169	209,000	21,000	228,600	388,789
Galewela – No. 49/57, Matale Road, Galewela	1	99	5,947	49,500	28,500	76,575	55,233
Galle Main Street – No. 130, Main Street, Galle	1	7	3,675	67,500	12,800	78,878	68,979
Galle Fort – No. 22, Church Street, Fort, Galle	1	40	15,103	282,150	128,350	403,562	358,619
Gampaha – No. 51, Queen Mary's Road, Gampaha	1	33	4,775	118,440	11,560	128,459	114,221
Hikkaduwa – No. 217, Galle Road, Hikkaduwa	1	37	7,518	48,300	44,300	89,436	72,936
Ja-Ela – No. 140, Negombo Road, Ja-Ela	1	13	7,468	48,000	42,000	87,200	70,188
Jaffna – No. 474, Hospital Road, Jaffna	1	78	52,035	566,588	756,412	1,282,333	901,811
Kandy – No. 120, Kotugodella Veediya, Kandy	1	45	44,500	507,000	303,000	805,221	763,857
Karapitiya – No. 89, Hirimbura Cross Road, Karapitiya	1	37	4,266	82,935	29,865	111,307	91,462
Kegalle – No. 186, Main Street, Kegalle	1	85	9,582	174,000	6,336	454,752	178,836
Keyzer Street – No. 32, Keyzer Street, Colombo 11	1	7	6,100	123,000	29,000	150,550	129,909
Kollupitiya – No. 285, Galle Road, Colombo 03	1	17	16,254	335,000	90,000	415,526	362,319
Kotahena – No. 198, George R De Silva Mawatha, Kotahena, Colombo 13	1	28	29,544	362,000	208,000	561,680	454,750
Kurunegala – No. 4, Suratissa Mawatha, Kurunegala	1	50	10,096	266,000	54,000	317,300	296,804
Maharagama – No. 154, High Level Road, Maharagama	1	16	8,046	131,360	68,400	195,851	180,898
Matale – No. 70, King Street, Matale	1	51	8,596	210,600	64,400	273,202	259,500
Matara – No. 18, Station Road, Matara	1	38	8,137	78,850	48,250	123,883	97,409
Minuwangoda – No. 9, Siriwardena Mawatha, Minuwangoda	1	25	5,550	80,000	22,000	100,000	84,362
Narahenpita – No. 201, Kirula Road, Narahenpita, Colombo 05	1	22	11,193	332,000	118,000	444,100	381,318
Narammala – No. 55, Negombo Road, Narammala	1	41	8,600	82,140	92,860	170,357	137,693
Negombo – Nos. 24, 26, Fernando Avenue, Negombo	1	37	10,719	180,000	58,000	232,200	200,682
Nugegoda – No. 100, Stanley Thilakaratne Mawatha, Nugegoda	1	39	7,223	507,000	57,800	559,020	584,318
Nuwara Eliya – No. 36/3, Buddha Jayanthi Mawatha, Nuwara Eliya	1	42	10,184	191,000	74,000	260,067	256,120
Panchikawatte - No.240, Panchikawatte Road, Colombo 10	1	10	4,340	126,450	18,550	143,145	97,465
Panadura – No. 375, Galle Road, Panadura	1	12	6,168	30,750	40,092	68,169	64,828
Peliyagoda Warehouse – No. 37, New Nuge Road, Peliyagoda	1	–	20,835	–	116,035	113,619	98,600
Pettah – No. 180/1/31, People's Park Shopping Complex, Colombo 11	1	–	3,147	–	98,000	88,200	69,091
Pettah-Stores – No. 180/1/24, People's Park Shopping Complex, Colombo 11	1	–	225	–	9,000	7,875	5,617
Pettah – Main Street – No. 280, Main Street, Pettah, Colombo 11	1	20	19,791	580,000	295,000	860,250	806,415
Trincomalee – No. 420, Court Road, Trincomalee	1	100	11,031	145,492	102,504	242,874	276,259
Union Place – No. 1, Union Place, Colombo 02	1	30	63,385	1,046,500	1,325,500	2,337,589	2,006,957
Wellawatte – No. 343, Galle Road, Colombo 06	1	45	51,225	863,000	867,700	1,687,311	1,958,024
Wennappuwa – Nos. 262, 264, Colombo Road, Wennappuwa	1	36	9,226	83,000	48,000	127,160	111,222
Total – Bank	41			9,851,470	6,217,971	16,016,480	14,663,755

Location	Number of buildings	Extent (perches)	Buildings (square feet)	Revalued amounts land Rs. '000	Revalued amounts buildings Rs. '000	Net book value/ revalued amounts Rs. '000	Net book value before revaluation Rs. '000
Subsidiaries							
Commercial Development Company PLC							
Tangalle – No. 48, Matara Road, Tangalle	1	49	4,284	97,519	26,309	122,567	104,474
Negombo – No. 18, Fernando Avenue, Negombo	–	19	–	105,000	–	105,000	93,902
CBC Finance PLC							
Kandy – No. 182, Katugastota Road, Kandy	1	3	3,714	21,300	29,700	49,484	50,074
Kandy – No. 187, Katugastota Road, Kandy	1	12	10,892	71,600	127,000	192,120	172,357
Total – Group	44			10,146,889	6,400,980	16,485,651	15,084,562

38.5 (b) Information on freehold land and buildings of the Group and the Bank – Valuations

[As required by the Rule No. 7.6 (viii) of the "Continuing Listing Requirements" of the Colombo Stock Exchange]

Date of valuation: December 31, 2023

Name of professional valuer/ location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Net book value before revaluation of		Revalued amount of		Revaluation gain/(loss) recognised on	
			Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000
H M N Herath								
Borella No. 92, D S Senanayake Mawatha, Colombo 08	Market comparable method		246,000	220,070	312,600	241,400	66,600	21,330
	• Price per perch for land	Rs. 20,000,000 p.p.						
	• Price per square foot for building	Rs. 7,500 p.sq.ft. to Rs. 18,000 p.sq.ft.						
	• Depreciation rate	20%						
Chilaw No. 44, Colombo Road, Chilaw	Investment method		114,693	34,879	123,515	51,485	8,822	–
	• Gross monthly rental	Rs. 1,000,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
City Office No.98, York Street, Colombo 01	Investment method		–	521,739	–	453,196	–	(68,543)
	• Gross monthly rental	Rs. 5,516,478.67 p.m.						
	• Years purchase (Present value of 1 unit per period)	14.13						

Name of professional valuer/ location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Net book value before revaluation of		Revalued amount of		Revaluation gain/(loss) recognised on	
			Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000
Gampaha No. 51, Queen Mary's Road, Gampaha	Investment method		105,280	8,941	118,440	11,560	13,160	2,619
	• Price per perch for excess land	Rs. 3,600,000 p.p.						
	• Gross monthly rental	Rs. 500,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Managing Director's Bungalow No.27, Queens Road, Colombo 03	Market comparable method		1,150,000	35,000	1,249,950	40,050	99,950	5,050
	• Price per perch for land	Rs. 19,500,000 p.p.						
	• Price per square foot for building	Rs. 7,500 p.sq.ft. to Rs. 12,000 p.sq.ft.						
	• Depreciation rate	35%						
Minuwangoda No. 9, Siriwardena Mawatha, Minuwangoda	Investment method		71,250	13,112	80,000	22,000	8,750	8,888
	• Price per perch for excess land	Rs. 3,200,000 p.p.						
	• Gross monthly rental	Rs. 475,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Panchikawatte No. 240, Panchikawatte Road, Colombo 10	Investment method		94,183	3,282	126,450	18,550	32,267	15,268
	• Gross monthly rental	Rs. 600,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	20						
Peliyagoda Warehouse No. 37, New Nuge Road, Peliyagoda	Investment method		–	98,600	–	116,035	–	17,435
	• Gross monthly rental	Rs. 2,672,531.08 p.m.						
	• Years purchase (Present value of 1 unit per period)	15.07						
P B Kalugalagedara								
Keyzer Street No. 32, Keyzer Street, Colombo 11	Investment method		109,000	20,909	123,000	29,000	14,000	8,091
	• Gross monthly rental	Rs. 1,070,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Kollupitiya No. 285, Galle Road, Colombo 03	Investment method		299,000	63,319	335,000	90,000	36,000	26,681
	• Gross monthly rental	Rs. 3,000,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Kotahena No. 198, George R De Silva Mawatha, Kotahena, Colombo 13	Investment method		279,000	175,750	362,000	208,000	83,000	32,250
	• Gross monthly rental	Rs. 3,306,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
R S Wijesuriya								
Battaramulla No. 213, Kaduwela Road, Battaramulla	Market comparable method		52,500	74,269	52,500	98,526	–	24,257
	• Price per perch for land	Rs. 3,750,000 p.p.						
	• Price per square foot for building	Rs. 1,500 p.sq.ft. to Rs.7,500 p.sq.ft.						
Battaramulla No. 213, Kaduwela Road, Battaramulla	Market comparable method		50,000	–	49,950	–	–	–
	• Price per perch for land	Rs. 3,750,000 p.p.						
Panadura No. 375, Galle Road, Panadura	Market comparable method		30,750	34,078	30,750	40,092	–	6,014
	• Price per perch for land	Rs. 2,500,000 p.p.						
	• Price per square foot for building	Rs. 6,500 p.sq.ft.						

Name of professional valuer/ location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Net book value before revaluation of		Revalued amount of		Revaluation gain/(loss) recognised on	
			Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000
Sarath G Fernando								
Holiday Bungalow – Bandarawela Ambatenne Estate, Diyatalawa Road, Bandarawela	Market comparable method		90,800	16,174	98,700	18,800	7,900	2,626
	• Price per perch for land	Rs. 100,000 to Rs. 295,000 p.p.						
	• Price per square foot for building	Rs. 6,250 to Rs. 6,750 p.sq.ft.						
	• Depreciation rate	50%						
Holiday Bungalow – Haputale No. 23, Lilly Avenue, Welimada Road, Haputale	Market comparable method		51,400	20,740	56,700	25,300	5,300	4,560
	• Price per perch for land	Rs. 275,000 p.p.						
	• Price per square foot for building	Rs. 4,250 to Rs. 8,500 p.sq.ft.						
	• Depreciation rate	45% & 50%						
Kandy No. 120, Kotugodella Veediya, Kandy	Investment method		521,000	242,857	507,000	303,000	(14,000)	60,143
	• Gross monthly rental	Rs. 5,000,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18						
Kegalle No. 186, Main Street, Kegalle	Investment method		172,500	6,336	174,000	6,336	1,500	–
	• Gross monthly rental	Rs. 1,500,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	20						
Matale No. 70, Kings Street, Matale	Investment method		201,000	58,500	210,600	64,400	9,600	5,900
	• Gross monthly rental	Rs. 1,500,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18						
Nuwara Eliya No. 36/3, Buddha Jayanthi Mawatha, Nuwara Eliya	Investment method		187,000	69,120	191,000	74,000	4,000	4,880
	• Gross monthly rental	Rs. 1,447,500 p.m.						
	• Years purchase (Present value of 1 unit per period)	18						
Sunil Fernando Associates Pvt Ltd.								
Galle Fort No. 22, Church Street, Fort, Galle	Market comparable method		262,015	96,604	282,150	128,350	20,135	29,110
	• Price per perch for land	Rs. 7,000,000 p.p.						
	• Price per square foot for building	Rs. 8,500 p.sq.ft.						
Galle Main Street No.130, Main Street, Galle	Market comparable method		60,750	8,229	67,500	12,800	6,750	4,571
	• Price per perch for land	Rs. 10,000,000 p.p.						
	• Price per square foot for building	Rs. 2,500 to Rs. 4,500 p.sq.ft.						
Hikkaduwa No. 217, Galle Road, Hikkaduwa	Market comparable method		43,470	29,466	48,300	44,300	4,830	14,834
	• Price per perch for land	Rs. 1,000,000 to Rs. 1,500,000 p.p.						
	• Price per square foot for building	Rs. 4,500 to Rs. 6,500 p.sq.ft.						
Karapitiya No. 89, Hirimbura Cross Road, Karapitiya	Market comparable method		73,720	17,742	82,935	29,865	–	12,123
	• Price per perch for land	Rs. 2,250,000 p.p.						
	• Price per square foot for building	Rs. 7,000 p.sq.ft.						
Maharagama No. 154, High Level Road, Maharagama	Market comparable method		123,034	57,864	131,360	68,400	8,326	10,536
	• Price per perch for land	Rs. 8,000,000 p.p.						
	• Price per square foot for building	Rs. 8,500 p.sq.ft.						

Name of professional valuer/ location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Net book value before revaluation of		Revalued amount of		Revaluation gain/(loss) recognised on	
			Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000
Matara No. 18, Station Road, Matara	Market comparable method		69,465	27,944	78,850	48,250	9,385	20,306
	• Price per perch for land	Rs. 1,500,000 to Rs. 2,500,000 p.p.						
	• Price per square foot for building	Rs. 4,500 to Rs. 6,500 p.sq.ft.						
Nugegoda No. 100, Stanley Thilakaratne Mawatha, Nugegoda	Market comparable method		485,000	99,318	507,000	57,800	22,000	(41,518)
	• Price per perch for land	Rs. 13,000,000 p.p.						
	• Price per square foot for building	Rs. 8,000 p.sq.ft.						
Trincomalee No. 420, Court Road, Trincomalee	Market comparable method		125,424	150,835	145,492	102,504	20,068	–
	• Price per perch for land	Rs. 1,450,000 p.p.						
	• Price per square foot for building	Rs. 5,500 p.sq.ft. to Rs. 10,000 p.sq.ft.						
Wellawatte No. 343, Galle Road, Colombo 06	Market comparable method		818,000	1,140,024	863,000	867,700	45,000	(272,324)
	• Price per perch for land	Rs. 19,000,000 p.p.						
	• Price per square foot for building	Rs. 10,000 p.sq.ft. to Rs. 18,500 p.sq.ft.						
S Suresh								
Jaffna No. 474, Hospital Road, Jaffna	Market comparable method		429,825	471,986	566,588	756,412	136,763	284,426
	• Price per perch for land	Rs. 7,250,000 p.p.						
	• Price per square foot for building	Rs. 14,500 p.sq.ft. to Rs. 14,550 p.sq.ft.						
W D P Rupananda								
Duplication Road Nos. 405, 407, R A De Mel Mawatha, Colombo 03	Investment method		370,000	18,789	209,000	21,000	(140,651)	2,211
	• Gross monthly rental	Rs. 1,400,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Ja-Ela No. 140, Negombo Road, Ja-Ela	Investment method		43,000	27,188	48,000	42,000	5,000	14,812
	• Gross monthly rental	Rs. 550,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Narahenpita No. 201, Kirula Road, Narahenpita, Colombo 05	Market comparable method		263,000	118,318	332,000	118,000	69,000	(318)
	• Price per perch for land	Rs. 15,000,000 p.p.						
	• Price per square foot for building	Rs. 15,000 p.sq.ft.						
	• Depreciation rate	30%						
Negombo Nos. 24, 26, Fernando Avenue, Negombo	Investment method		167,000	33,682	180,000	58,000	13,000	24,318
	• Gross monthly rental	Rs. 1,300,000 p.m.						
	• Gross monthly rental quarters	Rs. 100,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18 & 28.57						
Pettah No. 180/1/31, People's Park Shopping Complex, Colombo 11	Investment method		–	69,091	–	98,000	–	28,909
	• Gross monthly rental	Rs. 675,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Pettah-Main Street No. 280, Main Street, Pettah, Colombo 11	Investment method		530,000	276,415	580,000	295,000	50,000	18,585
	• Gross monthly rental	Rs. 5,400,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						

Name of professional valuer/ location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Net book value before revaluation of		Revalued amount of		Revaluation gain/(loss) recognised on	
			Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000
Pettah-Stores No. 180/1/24, People's Park Shopping Complex, Colombo 11	Investment method		–	5,617	–	9,000	–	3,383
	• Gross monthly rental	Rs. 70,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	16.67						
Union Place No.1, Union Place, Colombo 02	Investment method		720,000	1,286,957	1,046,500	1,325,500	326,500	38,543
	• Gross monthly rental	Rs. 14,500,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
Wennappuwa Nos. 262, 264, Colombo Road, Wennappuwa	Investment method		81,000	30,222	83,000	48,000	2,000	17,778
	• Gross monthly rental Branch	Rs. 650,000 p.m.						
	• Gross monthly rental quarters	Rs. 100,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	18.18						
W S Pemaratne								
Galewela No. 49/57, Matale Road, Galewela	Market comparable method		39,600	15,633	49,500	28,500	9,900	12,867
	• Price per perch for land	Rs. 500,000 p.p.						
	• Price per square foot for building	Rs. 3,000 to Rs. 7,000 p.sq.ft.						
	• Depreciation rate	20% and 30%						
Kurunegala No. 4, Suratissa Mawatha, Kurunegala	Investment method		257,390	39,414	266,000	54,000	8,610	14,586
	• Price per perch for excess land	Rs. 4,250,000 p.p.						
	• Gross monthly rental	Rs. 1,000,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	23.53						
Narammala No. 55, Negombo Road, Narammala	Investment method		71,872	65,821	82,140	92,860	10,268	27,039
	• Price per perch for excess land	Rs. 1,000,000 p.p.						
	• Gross monthly rental	Rs. 650,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	23.53						
Total – Bank			8,858,921	5,804,834	9,851,470	6,217,971	1,003,733	442,226
Subsidiaries								
Commercial Development Company PLC								
G M Gamage Tangalle No. 48, Matara Road, Tangalle	Investment method		80,000	24,474	97,519	26,309	17,519	1,835
	• Gross monthly rental	Rs. 350,000 p.m.						
	• Years purchase (Present value of 1 unit per period)	16.66						
G H A P K Fernando Negombo No. 18, Fernando Avenue, Negombo	Market comparable method		93,902	–	105,000	–	11,098	–
	• Price per perch for land	Rs. 5,670,000 p.p.						

Name of professional valuer/ location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Net book value before revaluation of		Revalued amount of		Revaluation gain/(loss) recognised on	
			Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000	Land Rs. '000	Buildings Rs. '000
CBC Finance PLC								
Sarath G Fernando Kandy No. 182, Katugastota Road, Kandy	Market comparable method		18,100	31,974	21,300	29,700	3,200	(2,274)
	• Price per perch for land	Rs. 6,500,000 p.p.						
	• Price per square foot for building	Rs. 10,000 p.sq.ft.						
	• Depreciation rate	20%						
Kandy No. 187, Katugastota Road, Kandy	Market comparable method		65,630	106,727	71,600	127,000	5,970	20,273
	• Price per perch for land	Rs. 6,000,000 p.p.						
	• Price per square foot for building	Rs. 13,700 p.sq.ft.						
	• Depreciation rate	15%						
Total – Group			9,116,553	5,968,009	10,146,889	6,400,980	1,041,520	462,060

p.p. – per perch *p.sq.ft. – per square foot* *p.m. – per month* *p.a. – per annum*

38.5 (c) Valuation techniques and sensitivity of the fair value measurement of the freehold land and buildings of the Group and the Bank

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below:

Valuation technique	Significant unobservable valuation inputs (ranges of each property are given in the table above)	Sensitivity of the fair value measurement to inputs
Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land Price per square foot for building Depreciation rate for building	Estimated fair value would increase/(decrease) if; – Price per perch for land would increase/ (decrease) – Price per square foot for building would increase/(decrease) – Depreciation rate for building would (decrease)/ increase
Investment method This method involves the capitalisation of the expected rental income at an appropriate rate of years purchased currently characterised by the real estate market.	Gross Annual Rentals Years purchase (Present value of 1 unit per period)	Estimated fair value would increase/(decrease) if; – Gross Annual Rentals would increase/(decrease) – Years purchase would increase/(decrease)

38.6 Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the Group/Bank as at the reporting date.

38.7 Property, plant and equipment pledged as security for liabilities – Bank

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date.

38.8 Compensation from third parties for items of property, plant and equipment – Bank

The compensation received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up for the reporting periods are as follows:

For the year ended December 31,	2025 Rs. '000	2024 Rs. '000
Total claims lodged	36,171	11,086
Total claims received	(4,797)	(9,339)
Total claims rejected	–	–
Total claims receivable	31,374	1,747

38.9 Fully-depreciated property, plant and equipment – Bank

The cost of fully-depreciated property, plant and equipment of the Bank which are still in use is as follows:

As at December 31,	2025 Rs. '000	2024 Rs. '000
Computer equipment	4,443,330	4,203,765
Office equipment, furniture and fixtures	5,458,537	5,148,291
Motor vehicles	83,297	93,568

38.10 Temporarily idle property, plant and equipment – Bank

Following property, plant and equipment of the Bank were temporarily idle (until the assets are issued to the business units):

As at December 31,	2025 Rs. '000	2024 Rs. '000
Computer equipment	299,304	295,605
Office equipment, furniture and fixtures	105,244	255,156

38.11 Property, plant and equipment retired from active use – Bank

Following property, plant and equipment of the Bank were retired from active use:

As at December 31,		2025 Rs. '000	2024 Rs. '000
Computer equipment	Cost	474,379	559,277
	Depreciation	437,148	537,641
	Net book value	37,231	21,636
Office equipment, furniture and fixtures	Cost	110,715	173,880
	Depreciation	107,635	169,589
	Net book value	3,080	4,291

38.12 Borrowing costs

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025 (2024 – Nil).

39 Investment properties

ACCOUNTING POLICY

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both.

An investment property is recognised, if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

The Group recognises the investment properties at its fair value.

When a portion of the property is held to earn rentals or for capital appreciation and another portion is held for use in the production or supply of goods or services or for administrative purposes, the Group accounts for the portions separately if these portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the entire property is treated as investment property, only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the "Net other operating income".

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Cost/valuation						
Balance as at January 01,			743,900	597,825	–	–
Additions resulting from acquisitions			102,660	154,800	–	–
Disposals during the year			(18,900)	(12,225)	–	–
Fair value gains	17	345	10,400	3,500	–	–
Transfers to NCA held for sale			(63,000)	–	–	–
Balance as at December 31,			775,060	743,900	–	–

The maturity analysis of investment properties is given in Note 60 on pages 426 and 427.

There were no capitalised borrowing cost related to the acquisition of investment properties during the year 2025 (2024 – Nil).

39.1 (a) Information on investment properties of the Group – Extents and Locations

[As required by the Rule No. 7.6 (viii) of the "Continuing Listing Requirements" of the Colombo Stock Exchange]

Location	Number of buildings	Extent (Perches)	Buildings (Square feet)	Fair value of the investment property – Land Rs. '000	Fair value of the investment property – Building Rs. '000	Carrying value of the investment property before fair valuation – Land Rs. '000	Carrying value of the investment property before fair valuation - Building Rs. '000
CBC Finance PLC							
Lot 04, Plan No: 1652, Bulumulla, Kiribathkumbura	–	19	Bare Land	5,900	–	5,600	–
Lot 01, Plan No: 1366, Alapalawala, Handessa, Peradeniya	–	312	Bare Land	20,300	–	18,700	–
Lot 8247, Plan No: 7790 C / 5367, Suranimala Place, Pamankada, Thimbirigasyaya	3	–	5,280	–	126,400	–	119,500
Lots 5112 and 5113, Plan No: 224, No. 122/37, High level Road ,Kirulapone	–	23	Bare Land	125,000	–	142,000	–
Lot 01, Plan No: 896, Yatiwawala, Katugastota, Kandy	–	272	Bare Land	100,100	–	94,300	–
Lot 01, Plan No: 496, Polwatta, Mawanella	1	99	12,550	7,387	19,413	7,387	19,413
Lot 02, Plan No: 2648, Ballapana Pathabage, Galigamuwa	–	105	Bare Land	94,800	–	94,800	–
Lot 02, Plan No: 678, Iriyagama, Gangapalatha, Yatinuwara, Kandy	–	12	Bare Land	7,500	–	7,200	–
Lot 11, Plan No: 2099, Mary Mount, Kandy Road, Kurunegala	1	14	3,590	12,150	16,150	11,475	16,125
Lot 57, Plan No: 426, No. 40, Main Street, Pathana Bazar, Kotagala, Nuwara Eliya	1	9	2,942	4,037	5,563	3,825	5,675
Lot 1, 2 & 3 Plan No: 183-2013, Dewpahala, Kuruwita, Rathnapura	–	3,992	Bare Land	56,000	–	47,000	–
Lot 1, Plan No: 7183, Gorakagahawatta, Udahamulla Village, Maharagama	–	9	Bare Land	17,500	–	17,000	–
Lot 2, Plan No: 1801, 1st Lane, Ramahera Mawatha, Kaduwela	–	55	Bare Land	32,100	–	31,000	–
Lot 1 A, Plan No: 3867, Perakumba Road, Kadawatha Road, Nedimala, Dehiwala	–	7	Bare Land	22,100	–	21,000	–
Lot 1 to 6, Plan No: 911, Gonaramba, Ampagala, Ruwanwella	1	75	4,507	25,500	12,500	25,500	12,500
Lot 1, Plan No: 10284/A, Kannehepola Village, Kurunegala	1	18	3,700	7,914	18,500	7,914	18,500
Lot 1, Plan No: 2218 & Lot 1, Plan No: 2219, Ganegoda Village, Kurunegala	–	271	Bare Land	38,246	–	38,246	–
Total	8			576,534	198,526	572,947	191,713

39.1 (b) Information on investment properties of the Group – Valuations

[As required by the Rule No. 7.6 (viii) of the "Continuing Listing Requirements" of the Colombo Stock Exchange]

Date of valuation: December 31, 2025

Name of Professional Valuer/ Location & Address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Carrying value of the investment property before fair valuation		Fair value of the investment property		Fair value gains/(losses) recognised in Income Statement	
			Land Rs. '000	Building Rs. '000	Land Rs. '000	Building Rs. '000	Land Rs. '000	Building Rs. '000
CBC Finance PLC								
S A S Fernando Lot 04, Plan No: 1652, Bulumulla, Kiribathkumbura	Market comparable method • Price per perch for land	Rs. 315,000 p.p.	5,600	–	5,900	–	300	–
Lot 01, Plan No: 1366, Alapalawala, Handessa, Peradeniya	Market comparable method • Price per perch for land	Rs. 65,000 p.p.	18,700	–	20,300	–	1,600	–
Lot 8247, Plan No: 7790 C/5367, Suranimala Place, Pamankada, Thimbirigasyaya	Investment method • Gross monthly rental	Rs. 185,000 p.m.	–	119,500	–	126,400	–	6,900
	• Years purchase	24.10						
Lot 01, Plan No: 896, Yatiwawala, Katugastota, Kandy	Market comparable method • Price per perch for land	Rs. 368,001 p.p.	94,300	–	100,100	–	5,800	–
Lot 11, Plan No: 2099, Mary Mount, Kandy Road, Kurunegala	Market comparable method • Price per perch for land	Rs. 900,000 p.p.	11,475	16,125	12,150	16,150	675	25
	• Price per square foot for building	Rs. 4,500 p.sq.ft.						
Lot 2, Plan No: 1801, 1st Lane, Ramahera Mawatha, Kaduwela	Market comparable method • Price per perch for land	Rs. 580,000 p.p.	31,000	–	32,100	–	1,100	–
Lot 1 A, Plan No: 3867, Perakumba Road, Kadawatha Road, Nedimala, Dehiwala	Market comparable method • Price per perch for land	Rs. 3,150,000 p.p.	21,000	–	22,100	–	1,100	–
Lot 1 to 6, Plan No: 911, Gonaramba, Ampagala, Ruwanwella	Market comparable method • Price per perch for land	Rs. 340,000 p.p.	25,500	12,500	25,500	12,500	–	–
	• Price per square foot for building	Rs. 2,733 p.sq.ft.						
D K S Premasiri Lot 01, Plan No: 496, Polwatta, Mawanella	Market comparable method • Price per perch for land	Rs. 75,000 p.p.	7,387	19,413	7,387	19,413	–	–
	• Price per square foot for building	Rs. 1,547 p.sq.ft.						
	• Depreciation rate	26%						
Lot 02, Plan No: 2648, Ballapana Pathabage, Galigamuwa	Market comparable method • Price per perch for land	Rs. 900,000 p.p.	94,800	–	94,800	–	–	–
Lots 5112 and 5113, Plan No: 224, No. 122/37, High Level Road ,Kirulapone	Market comparable method • Price per perch for land	Rs. 5,500,000 p.p.	142,000	–	125,000	–	(17,000)	–
Lot 02, Plan No: 678, Iriyagama, Gangapalatha, Yatinuwara, Kandy	Market comparable method • Price per perch for land	Rs. 625,000 p.p.	7,200	–	7,500	–	300	–
Lot 57, Plan No: 426, No. 40, Main Street, Pathana Bazar, Kotagala, Nuwara Eliya	Market comparable method • Price per perch for land	Rs. 475,000 p.p.	3,825	5,675	4,037	5,563	212	(112)
	• Price per square foot for building	Rs. 3,000 p.sq.ft.						
	• Depreciation rate	37%						
Lot 1, Plan No: 7183, Gorakagahawatta, Udahamulla Village, Maharagama	Market comparable method • Price per perch for land	Rs. 1,900,000 p.p.	17,000	–	17,500	–	500	–
Lot 1, Plan No: 10284/A, Kannehepola Village, Kurunegala	Market comparable method • Price per perch for land	Rs. 350,000 p.p.	7,914	18,500	7,914	18,500	–	–
	• Price per square foot for building	Rs. 5,000 p.sq.ft.						
Lot 1, Plan No: 2218 & Lot 1, Plan No: 2219, Ganegoda Village, Kurunegala	Market comparable method • Price per perch for land	Rs. 135,000 p.p.	38,246	–	38,246	–	–	–
G M Gamini Senevirathne Lot 1, 2 & 3 Plan No: 183-2013, Dewpahala, Kuruwita, Rathnapura	Market comparable method • Price per perch for land	Rs. 14,028 p.p.	47,000	–	56,000	–	9,000	–
Total			572,947	191,713	576,534	198,526	3,587	6,813

p.p. – per perch *p.sq.ft. – per square foot* *p.m. – per month* *p.a. – per annum*

39.1 (c) Valuation techniques and sensitivity of the fair value measurement of the investment properties of the Group

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below:

Valuation technique	Significant unobservable valuation inputs (ranges of each property are given in the table above)	Sensitivity of the fair value measurement to inputs
Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land Price per square foot for building Depreciation rate for building	Estimated fair value would increase/(decrease) if; – Price per perch of land would increase/ (decrease) – Price per square foot for building would increase/(decrease) – Depreciation rate for building would (decrease)/increase
Investment method This method involves the capitalisation of the expected rental income at an appropriate rate of years purchased currently characterised by the real estate market.	Gross Annual Rentals Years purchase (Present value of 1 unit per period)	Estimated fair value would increase/(decrease) if; – Gross Annual Rentals would increase/(decrease) – Years purchase would increase/(decrease)

40 Intangible assets

ACCOUNTING POLICY

The Group's intangible assets include the value of acquired goodwill, trademarks, and computer software.

Basis of recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on "Intangible Assets".

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful economic lives, amortisation and impairment

The useful economic lives of intangible assets are assessed to be either finite or indefinite. Useful economic lives, amortisation and impairment of finite and indefinite intangible assets are described below:

- **Intangible assets with finite lives and amortisation**

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates, which require prospective application. The amortisation expense on intangible assets with finite lives is expensed as incurred.

- **Goodwill**

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Based on the assessment carried out by the Bank, there was no impairment for the goodwill recognised in the Financial Statements of the Group.

- **Computer software**

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally-developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally-developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

As at the reporting date, the Group does not have development costs capitalised as an internally-generated intangible asset.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Computer software	40.1	397	3,204,065	3,760,314	3,141,070	3,700,909
Software under development	40.2	397	1,358,848	552,444	1,323,033	520,222
Goodwill arising on business combination			445,147	445,147	–	–
Total			5,008,060	4,757,905	4,464,103	4,221,131

40.1 Computer software

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Cost						
Balance as at January 01,			8,601,406	6,888,378	8,180,724	6,452,830
Additions during the year			904,680	884,855	884,777	873,868
Disposals during the year			(4,617)	–	–	–
Exchange rate variance			28,067	(81,423)	8,741	(40,242)
Transfers/adjustments			(136,548)	909,596	(145,936)	894,268
Balance as at December 31,			9,392,988	8,601,406	8,928,306	8,180,724
Accumulated amortisation and impairment losses						
Balance as at January 01,			4,841,092	3,823,073	4,479,815	3,453,447
Amortisation for the year	20	350	1,327,680	1,116,289	1,300,782	1,086,580
Disposals during the year			(4,617)	–	–	–
Exchange rate variance			24,768	(67,865)	6,639	(29,807)
Transfers/adjustments			–	(30,405)	–	(30,405)
Balance as at December 31,			6,188,923	4,841,092	5,787,236	4,479,815
Net book value as at December 31,			3,204,065	3,760,314	3,141,070	3,700,909

40.2 Software under development

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Cost				
Balance as at January 01,	552,444	778,952	520,222	737,121
Additions during the year	668,631	761,559	657,036	751,726
Exchange rate variance	1,386	(3,229)	–	–
Transfers/adjustments	136,387	(984,838)	145,775	(968,625)
Balance as at December 31,	1,358,848	552,444	1,323,033	520,222

There were no restrictions on the title of the intangible assets of the Group as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2025 (2024 – Nil).

The maturity analysis of intangible assets is given in Note 60 on pages 426 and 427.

41 Deferred tax assets and liabilities

ACCOUNTING POLICY

There is no legally enforceable right to set off deferred tax assets against the deferred tax liabilities if it does not relate to the same taxable entity or the same taxation authority.

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Recognised under deferred tax assets	14,409,667	12,563,217	13,829,232	12,085,844
Recognised under deferred tax liabilities	508,080	511,000	–	–
Net deferred tax assets	13,901,587	12,052,217	13,829,232	12,085,844

41.1 Summary of net deferred tax assets

			GROUP				BANK			
			2025		2024		2025		2024	
	Note	Page No.	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
Balance as at January 01,			37,315,487	12,052,217	112,997,645	33,997,203	37,293,370	12,085,844	113,208,812	34,076,526
Impact on origination and reversal of temporary differences to Income Statement	23	352	6,671,257	1,663,389	(76,046,943)	(21,769,544)	6,269,768	1,572,975	(76,277,700)	(21,828,943)
Impact on origination and reversal of temporary differences to Statement of Profit or Loss and Other Comprehensive Income			239,316	185,981	425,945	(157,094)	234,837	170,413	423,418	(143,391)
Impact on origination and reversal of temporary differences to Retained Earnings on expired ESOP			–	–	(61,160)	(18,348)	–	–	(61,160)	(18,348)
Balance as at December 31,			44,226,060	13,901,587	37,315,487	12,052,217	43,797,975	13,829,232	37,293,370	12,085,844

41.2 Reconciliation of net deferred tax assets – Group

	Statement of financial position		Profit or loss		Other comprehensive income	
As at/For the year ended December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax assets on:						
Post employment benefit obligation	723,434	656,094	(8,461)	(6,238)	75,801	131,129
Unrealised losses on financial assets measured at fair value through other comprehensive income	(883,314)	(881,511)	–	–	(1,803)	(4,224)
Provision for impairment charges	18,908,138	17,215,396	1,591,324	(21,996,999)	101,418	(268,555)
Right-of-use assets	692,389	702,730	(23,666)	516,476	13,325	(25,532)
Equity-settled share-based payments	13,335	12,483	852	951	–	–
Brought forward losses	9,796	48,268	(38,855)	(26,181)	383	(2,325)
Short-term employee benefit obligation	139,284	132,511	(888)	117,122	7,661	(5,007)
	19,603,062	17,885,971	1,520,306	(21,394,869)	196,785	(174,514)

As at/For the year ended December 31,	Statement of financial position		Profit or loss		Other comprehensive income	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax liabilities on:						
Accelerated depreciation for tax purposes – Property, plant and equipment	849,012	739,752	(110,443)	(33,274)	1,183	(6,851)
Accelerated depreciation for tax purposes – Leased assets	388,453	593,150	216,684	(377,201)	(11,987)	24,271
Revaluation surplus on freehold buildings	1,774,055	1,810,897	36,842	35,800	–	–
Revaluation surplus on freehold land	2,689,955	2,689,955	–	–	–	–
	5,701,475	5,833,754	143,083	(374,675)	(10,804)	17,420
Deferred tax effect on profit or loss and other comprehensive income for the year			1,663,389	(21,769,544)	185,981	(157,094)
Net deferred tax asset as at December 31,	13,901,587	12,052,217				

41.3 Reconciliation of net deferred tax assets – Bank

As at/For the year ended December 31,	Statement of financial position		Profit or loss		Other comprehensive income	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax assets on:						
Post employment benefit obligation	651,331	596,034	(17,343)	(14,319)	72,640	130,203
Unrealised losses on financial assets measured at fair value through other comprehensive income	(882,548)	(880,368)	–	–	(2,180)	(3,177)
Provision for impairment charges	18,441,198	16,882,190	1,461,024	(21,955,949)	97,984	(265,655)
Right-of-use assets	641,136	646,934	(19,123)	464,077	13,325	(25,532)
Equity-settled share-based payments	13,335	12,483	852	951	–	–
	18,864,452	17,257,273	1,425,410	(21,505,240)	181,769	(164,161)
Deferred tax liabilities on:						
Accelerated depreciation for tax purposes – Property, plant and equipment	753,397	653,600	(100,428)	(35,382)	631	(3,501)
Accelerated depreciation for tax purposes – Leased assets	339,374	539,341	211,954	(324,361)	(11,987)	24,271
Revaluation surplus on freehold buildings	1,291,960	1,327,999	36,039	36,040	–	–
Revaluation surplus on freehold land	2,650,489	2,650,489	–	–	–	–
	5,035,220	5,171,429	147,565	(323,703)	(11,356)	20,770
Deferred tax effect on profit or loss and other comprehensive income for the year			1,572,975	(21,828,943)	170,413	(143,391)
Net deferred tax asset as at December 31,	13,829,232	12,085,844				

The maturity analysis of deferred tax assets given in Note 60 on pages 426 and 427.

42 Other assets

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Deposits and prepayments			1,132,681	440,256	895,404	361,884
Receivables from Special Incentive Schemes			109,308	6,239,621	109,308	6,239,621
Clearing account balance			10,933,130	8,084,049	10,933,130	8,084,049
Unamortised cost on staff loans (Day 1 difference)			8,424,549	8,368,702	8,424,549	8,368,702
Excess in plan assets – Pension fund – Defined benefit plan	48.5.1 (e)	409	12,027	–	12,027	–
Excess in plan assets – Gratuity Fund Bangladesh Operations – Defined benefit plan	48.5.3 (e)	412	89,276	–	89,276	–
Assets classified as held for sale (*)			552,049	–	27,132	–
Other accounts (**)			9,660,451	7,720,399	9,048,912	7,634,686
Total			30,913,471	30,853,027	29,539,738	30,688,942
Less: Provision for impairment	42.1	400	13,663	935,789	13,663	935,789
Net other assets			30,899,808	29,917,238	29,526,075	29,753,153

(*) Assets classified as held for sale include following:

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Investment in associate (***)	37.1	379	27,132	–	27,132	–
Property, plant and equipment and right-of-use assets (Net book value)	38.1	381	461,917	–	–	–
Freehold Land			394,000	–	–	–
Freehold Buildings			66,524	–	–	–
Office Equipment, Furniture and Fixtures			1,393	–	–	–
Investment properties	39	393	63,000	–	–	–
Total			552,049	–	27,132	–

(**) This includes balances from card related settlement accounts, advanced payment to vendors, etc.

(***) The Bank divested its entire shareholding in Equity Investments Lanka Limited (EQUILL) for a total consideration of Rs. 27.132 Mn. in January 2026. Accordingly, aforesaid investment was reclassified from Investment in associate to Non-current assets held for sale reported under Other assets, at a value of Rs. 27.132 Mn., being the lower of its carrying amount and fair value less cost to sell as at the reporting date.

42.1 Movement in provision for impairment during the year (****)

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,			935,789	–	935,789	–
Charge/(write back) to the Income Statement	18.1 & 18.2	348 & 349	(770,597)	935,789	(770,597)	935,789
Net write-off during the year			(151,529)	–	(151,529)	–
Balance as at December 31,			13,663	935,789	13,663	935,789

(****) The impairment provision was recognised against Receivables from Special Incentive Schemes.

The maturity analysis of other assets is given in Note 60 on pages 426 and 427.

43 Due to banks

ACCOUNTING POLICY

These represent call money borrowings, credit balances in Nostro Accounts and borrowings from banks. Subsequent to initial recognition, these are measured at amortised cost using the EIR method. Interest paid/payable on these borrowings is recognised in Income Statement.

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Borrowings	37,999,830	25,221,532	24,625,608	21,151,720
Local currency borrowings	11,869,493	4,700,577	1,751,346	3,010,521
Foreign currency borrowings	26,130,337	20,520,955	22,874,262	18,141,199
Securities sold under repurchase (Repo) agreements (*)	5,098,451	155,032	5,098,451	155,032
Total	43,098,281	25,376,564	29,724,059	21,306,752

(*) Securities sold under repurchase (Repo) agreements are shown on the face of the Statement of Financial Position except for the Repos with banks.

The maturity analysis of due to banks is given in Note 60 on pages 426 and 427.

44 Derivative financial liabilities

ACCOUNTING POLICY

Derivative financial liabilities – Held for trading

Derivative financial liabilities are classified as held for trading. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Derivatives embedded in financial liabilities are treated separately and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, a separate instrument with the same terms as embedded derivative would meet the definition of derivative and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the Income Statement.

Derivatives are recorded at fair value with corresponding gains or losses are recognised in net gains/(losses) on trading in the Income Statement.

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Derivative financial liabilities – Held for trading				
Foreign currency derivatives	1,263,165	835,749	1,263,165	835,749
Currency swaps	769,839	394,036	769,839	394,036
Forward contracts	492,025	437,278	492,025	437,278
Spot contracts	1,301	4,435	1,301	4,435
Interest rate swaps – LKR	–	1,748	–	1,748
Total	1,263,165	837,497	1,263,165	837,497

The maturity analysis of derivative financial liabilities is given in Note 60 on page 426 and 427.

45 Financial liabilities at amortised cost – Due to depositors

ACCOUNTING POLICY

These include non-interest-bearing deposits, savings deposits, term deposits, deposits payable at call, and certificates of deposit.

Subsequent to initial recognition, deposits are measured at amortised cost using the EIR method, except where the Group designates liabilities at fair value through profit or loss. Interest paid/payable on these deposits is recognised in "Interest expense" in the Income Statement.

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Local currency deposits	1,871,489,677	1,606,542,824	1,859,569,784	1,597,943,432
Current account balances	111,765,218	100,681,091	111,770,429	100,685,322
Savings deposits	625,084,746	509,740,670	625,818,713	510,084,756
Time deposits	1,134,636,212	996,117,562	1,121,977,141	987,169,853
Other deposits	3,501	3,501	3,501	3,501
Foreign currency deposits	828,537,464	699,536,597	749,282,060	638,623,368
Current account balances	163,885,307	110,298,683	135,345,412	89,893,902
Savings deposits	176,881,553	162,203,389	161,586,105	150,691,611
Time deposits	487,770,604	427,034,525	452,350,543	398,037,855
Total	2,700,027,141	2,306,079,421	2,608,851,844	2,236,566,800

45.1 Analysis of due to customers/deposits from customers

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
(a) By product				
Current account balances	275,650,525	210,979,774	247,115,841	190,579,224
Savings deposits	801,966,299	671,944,059	787,404,818	660,776,367
Time deposits	1,622,406,816	1,423,152,087	1,574,327,684	1,385,207,708
Other deposits	3,501	3,501	3,501	3,501
Total	2,700,027,141	2,306,079,421	2,608,851,844	2,236,566,800

As at December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
(b) By currency				
Sri Lankan Rupee	1,871,076,041	1,606,201,435	1,859,156,148	1,597,602,043
United States Dollar	531,054,550	429,732,638	493,592,612	401,722,001
Great Britain Pound	17,845,758	15,696,474	17,819,973	15,693,747
Euro	19,747,736	13,761,020	19,326,978	13,626,007
Australian Dollar	9,891,407	8,182,053	9,891,407	8,182,053
Bangladesh Taka	205,756,312	196,932,799	205,756,312	196,932,799
Maldivian Rufiyaa	41,247,417	32,708,584	–	–
Other currencies	3,407,920	2,864,418	3,308,414	2,808,150
Total	2,700,027,141	2,306,079,421	2,608,851,844	2,236,566,800
(c) By institution/customers				
Deposits from banks	9,658,086	13,186,809	10,466,097	13,915,197
Deposits from finance companies	28,374,311	17,432,826	28,704,252	17,207,535
Deposits from other customers	2,661,994,744	2,275,459,786	2,569,681,495	2,205,444,068
Total	2,700,027,141	2,306,079,421	2,608,851,844	2,236,566,800

The maturity analysis of financial liabilities at amortised cost – due to depositors is given in Note 60 on pages 426 and 427.

46 Financial liabilities at amortised cost – other borrowings

As at December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Refinance borrowings	14,426,414	14,273,156	14,426,414	14,273,156
Total	14,426,414	14,273,156	14,426,414	14,273,156

The maturity analysis of financial liabilities at amortised cost – other borrowings is given in Note 60 on pages 426 and 427.

47 Current tax liabilities

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,			13,502,666	15,256,244	13,145,697	14,951,984
Provision for the year			33,534,655	20,281,459	32,486,616	19,561,899
Under/(Over) provision	23	352	(21,362)	70,942	(23,161)	70,265
Self assessment payments			(19,877,515)	(20,193,005)	(19,035,769)	(19,558,649)
Transfers in settlement of other taxes			(1,196,880)	–	(1,196,880)	–
Withholding tax/other credits			(107,658)	(54,320)	(107,658)	(54,320)
Exchange rate variance			526,440	(1,858,654)	490,148	(1,825,482)
Balance as at December 31,			26,360,346	13,502,666	25,758,993	13,145,697

The maturity analysis of current tax liabilities is given in Note 60 on pages 426 and 427.

45 46 47

48 Other liabilities and provisions

ACCOUNTING POLICY

Other liabilities and provisions include provisions made on fees and expenses, gratuity/pensions, leave encashment, lease liability, impairment provision in respect of off-balance sheet credit exposures and other provisions. These liabilities are recorded at amounts expected to be payable as at the reporting date.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Accrued expenditure			7,423,911	6,286,551	7,116,649	6,112,603
Cheques sent on clearing			10,933,130	8,084,049	10,933,130	8,084,049
Lease liability	48.1	404	7,085,911	6,057,074	6,327,020	5,587,477
Employee benefit obligations			2,444,084	2,308,218	2,203,752	2,108,027
Gratuity payable	48.2 (a)	405	240,332	200,191	–	–
Unfunded pension scheme	48.3 (b)	406	251,117	259,547	251,117	259,547
Leave encashment payable	48.4 (b)	407	1,919,999	1,727,249	1,919,999	1,727,249
Pension fund - Defined benefit plan	48.5.1 (e)	409	–	92,869	–	92,869
W&OP fund - Defined benefit plan	48.5.2 (e)	411	32,636	28,362	32,636	28,362
Provision for payable on transaction relating to oil hedge			500,338	475,199	500,338	475,199
Other payables			41,838,064	31,685,429	39,779,224	31,177,729
Provisions			2,832,976	4,527,472	2,821,142	4,519,693
Impairment provision in respect of off-balance sheet credit exposures	57.3 (a) & 57.3 (b)	424 & 425	2,832,976	4,527,472	2,821,142	4,519,693
Total			73,058,414	59,423,992	69,681,255	58,064,777

The maturity analysis of other liabilities and provisions is given in Note 60 on pages 426 and 427.

48.1 Lease liability

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,			6,057,074	5,314,995	5,587,477	5,251,889
Additions during the year			2,518,983	2,088,595	2,380,211	1,833,443
Accretion of interest	13.2	341	669,890	557,510	637,890	549,105
Payments			(2,214,048)	(1,562,734)	(2,319,458)	(1,737,366)
Exchange rate variance			54,012	(341,292)	40,900	(309,594)
Balance as at December 31,			7,085,911	6,057,074	6,327,020	5,587,477

The Bank determines the IBRs by evaluating its funding from various sources and making appropriate adjustments to account for the lease terms. Accordingly, the Bank applied IBRs ranging from 8% to 9% for Sri Lankan operations (from 9% to 12% in 2024) and 9% to 12% for Bangladesh operations (from 11% to 12% in 2024) when recognising lease liability.

48.1 (a) Sensitivity analysis on lease liability

The following table illustrates the impact arising from the possible changes in the IBR on the lease liability of the Bank as at December 31, 2025.

	BANK	
Variable	Sensitivity effect on Statement of Financial Position (Lease liability) Rs. '000	Sensitivity effect on Income Statement (Interest expense) Rs. '000
1% increase in incremental borrowing rate	(152,688)	45,519
1% decrease in incremental borrowing rate	160,568	(48,312)

48.1 (b) Undiscounted cash flow

The following table illustrates the maturity analysis of the lease liability of the Bank on the basis of undiscounted cash flows.

	BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000
Less than one year	1,761,650	1,390,431
Between one to five years	5,332,141	4,888,342
Over five years	1,356,378	1,482,434
Total	8,450,169	7,761,207

48.2 Gratuity payable

An actuarial valuation of the retirement gratuity payable was carried out as at December 31, 2025 by Mr Arumugam Kailasam, FIAI, FIA (UK), of Messrs Actuarial & Management Consultants (Pvt) Ltd., a firm of professional Actuaries. The valuation method used by the actuaries to value the liability is the Projected Unit Credit (PUC) Method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

48.2 (a) Movement in the gratuity payable (*)

			GROUP		BANK	
	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			200,191	170,176	–	–
Expense recognised in the Income Statement	48.2 (b)	405	45,320	41,915	–	–
Amount paid during the year			(15,713)	(14,987)	–	–
Actuarial (gains)/losses recognised in Other Comprehensive Income			10,534	3,087	–	–
Balance as at December 31,			240,332	200,191	–	–

(*) The Bank converted the gratuity liability of its Sri Lankan Operations which was a DBP into a DCPF during the year 2020. Please refer Note 7.8.2.4 on page 336. Similarly, the gratuity liability of the Bangladesh Operations of the Bank transferred in to separate fund namely "Bangladesh Employees' Gratuity Fund" which is independently administered by a Board of Trustees, who shall be appointed by the Bank, during the year 2021. Please refer Note 48.5.3 on page 411.

48.2 (b) Expense recognised in the Income Statement – Gratuity

			GROUP		BANK	
For the year ended December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest cost			21,119	22,406	–	–
Current service cost			24,201	19,509	–	–
Total	19	349	45,320	41,915	–	–

48.2 (c) Sensitivity analysis on actuarial valuation – Gratuity

The following table illustrates the impact arising from the possible changes in the discount rate and salary escalation rates on the gratuity valuation of the Group and the Bank as at December 31, 2025.

Variable	GROUP Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000
1% increase in discount rate	(17,746)
1% decrease in discount rate	20,195
1% increase in salary incremental rate	20,613
1% decrease in salary incremental rate	(18,425)

48.3 Unfunded pension scheme

An actuarial valuation of the unfunded pension liability was carried out as at December 31, 2025 by Mr Arumugam Kailasam, FIAI, FIA (UK), of Messrs Actuarial & Management Consultants (Pvt) Ltd., a firm of professional actuaries. The valuation method used by the actuary to value the liability is the Projected Unit Credit (PUC) Method, the method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

48.3 (a) Actuarial assumptions

Type of assumption	Criteria	Description
Demographic	Mortality – in service	A 1967-70 Mortality table issued by the Institute of Actuaries
	After retirement	A (90) Annuities table (Males & Females) issued by the Institute of Actuaries
	Staff turnover	The staff turnover rate at an age represents the probability of an active employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. Staff turnover rates used in this valuation have been determined based on the staff turnover statistics of the Bank.
	Disability	Assumptions similar to those used in other comparable schemes for disability were used as the data required to do a "scheme specific" study was not available. Disability rates used in this valuation: 10.00% of Mortality table
	Normal retirement age	55 to 60 years as opted by employees.
Financial	Rate of discount	In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate of 11.00% p.a. (2024 – 11.00% p.a.) has been used to discount future liabilities considering anticipated long term rate of inflation.
	Salary increases	A salary increment of 10.50% p.a. (2024 – 10.00% p.a.) has been used in respect of the active employees.
	Post retirement pension increase rate	There is no agreed rate of increase even though the pension payments are subject to periodic increases, and increases are granted solely at the discretion of the Bank. Therefore, no specific rate of increase was assumed for this valuation.

48.3 (b) Movement in the unfunded pension scheme

	Note	Page No.	GROUP		BANK	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			259,547	241,497	259,547	241,497
Expense recognised in the Income Statement	48.3 (c)	407	28,550	31,395	28,550	31,395
Amount paid during the year			(55,959)	(60,551)	(55,959)	(60,551)
Actuarial (gains)/losses recognised in Other Comprehensive Income			18,979	47,206	18,979	47,206
Balance as at December 31,			251,117	259,547	251,117	259,547

48.3 (c) Expense recognised in the Income Statement – Unfunded pension scheme

For the year ended December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Interest cost			28,550	31,395	28,550	31,395
Total	19	349	28,550	31,395	28,550	31,395

48.3 (d) Sensitivity analysis on actuarial valuation – Unfunded pension scheme

The following table illustrates the impact arising from the possible changes in the discount rates and salary escalation rates on the unfunded pension scheme of the Bank as at December 31, 2025.

Variable	GROUP Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000	BANK Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000
1% increase in discount rate	(9,261)	(9,261)
1% decrease in discount rate	10,027	10,027

48.4 Leave encashment payable

An actuarial valuation of the leave encashment liability was carried out as at December 31, 2025 by Mr Arumugam Kailasam, FIAI, FIA(UK), of Messrs Actuarial & Management Consultants (Pvt) Ltd., a firm of professional actuaries. The valuation method used by the actuaries to value the liability is the Projected Unit Credit (PUC) Method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

48.4 (a) Actuarial assumptions

Type of assumption	Criteria	Description
Demographic	Mortality – in service	A 1967-70 Mortality table issued by the Institute of Actuaries
	Staff turnover	The probability of a member withdrawing from the scheme within a year of ages between 20 to 55 years.
	Disability	Disability rates used in this valuation: 10.00% of Mortality table
Financial	Rate of discount	In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate of 11.00% p.a. (2024 – 11.00% p.a.) has been used to discount future liabilities considering anticipated long term rate of inflation.
	Salary increases	A salary increment of 10.50% p.a. (2024 – 10.00% p.a.) has been used in respect of the active employees.

48.4 (b) Movement in the leave encashment payable

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,			1,727,249	1,359,003	1,727,249	1,359,003
Expense recognised in the Income Statement	48.4 (c)	407	189,997	176,670	189,997	176,670
Amount paid during the year			(220,399)	(195,233)	(220,399)	(195,233)
Actuarial (gains)/losses recognised in Other Comprehensive Income			223,152	386,809	223,152	386,809
Balance as at December 31,			1,919,999	1,727,249	1,919,999	1,727,249

48.4 (c) Expense recognised in the Income Statement – Leave encashment

For the year ended December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Interest cost	189,997	176,670	189,997	176,670
Total	189,997	176,670	189,997	176,670

48.4 (d) Sensitivity analysis on actuarial valuation – Leave encashment

The following table illustrates the impact arising from the possible changes in the discount rates and salary escalation rates on leave encashment liability valuation of the Bank as at December 31, 2025.

	GROUP	BANK
Variable	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000
1% increase in discount rate	(82,125)	(82,125)
1% decrease in discount rate	89,688	89,688
1% increase in salary incremental rate	92,332	92,332
1% decrease in salary incremental rate	(86,007)	(86,007)

48.5 Employee retirement benefit

48.5.1 Pension fund – Defined benefit plan

An actuarial valuation of the Retirement Pension Fund was carried out as at December 31, 2025 by Mr Arumugam Kailasam, FIAI, FIA (UK), of Messrs Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries. The valuation method used by the actuaries to value the fund is the Projected Unit Credit (PUC) Method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

The assets of the fund, which are independently administered by the Trustees as per the provisions of the Trust Deed are held separately from those of the Bank.

48.5.1 (a) Actuarial assumptions

Type of assumption	Criteria	Description
Demographic	Mortality – in service	A 1967-70 Mortality table issued by the Institute of Actuaries
	After retirement	A (90) Annuities table (Males & Females) issued by the Institute of Actuaries
	Staff turnover	The staff turnover rate at an age represents the probability of an active employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. Staff turnover rates used in this valuation have been determined based on the staff turnover statistics of the Bank.
	Disability	Assumptions similar to those used in other comparable schemes for disability were used as the data required to do a "scheme specific" study was not available. Disability rates used in this valuation: 10.00% of Mortality table
	Normal retirement age	55 to 60 years as opted by employees.
Financial	Rate of discount	In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate of 11.00% p.a. (2024 – 11.00% p.a.) has been used to discount future liabilities considering anticipated long term rate of inflation.
	Salary increases	A salary increment of 10.50% p.a. (2024 – 10.00% p.a.) has been used in respect of the active employees.
	Post-retirement pension increase rate	There is no agreed rate of increase even though the pension payments are subject to periodic increases, and increases are granted solely at the discretion of the Bank. Therefore, no specific rate of increase was assumed for this valuation.

48.5.1 (b) Movement in the present value of defined benefit obligation – Bank

	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	318,888	253,646
Interest cost	35,078	32,974
Current service cost	5,711	4,759
Benefits paid during the year	(29,080)	(28,770)
Actuarial (gains)/losses	(17,257)	56,279
Balance as at December 31,	313,340	318,888

48.5.1 (c) Movement in the fair value of plan assets – Bank

	2025 Rs. '000	2024 Rs. '000
Fair value as at January 01,	226,019	237,357
Expected return on plan assets	24,862	30,856
Contribution paid into plan	97,157	20,219
Benefits paid by the plan	(29,080)	(28,770)
Actuarial gains/(losses) on plan assets	6,409	(33,643)
Fair value as at December 31,	325,367	226,019

48.5.1 (d) Expense recognised in the Income Statement

For the year ended December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Interest cost			35,078	32,974
Current service cost			5,711	4,759
Expected return on plan assets			(24,862)	(30,856)
Total	19	349	15,927	6,877

48.5.1 (e) Liability recognised in the Statement of Financial Position

As at December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Present value of defined benefit obligations	48.5.1 (b)	408	313,340	318,888
Fair value of plan assets	48.5.1 (c)	409	(325,367)	(226,019)
Net liability recognised under other liabilities and provisions/(other assets)			(12,027)	92,869

48.5.1 (f) Plan assets consist of the following:

As at December 31,	2025 Rs. '000	2024 Rs. '000
Deposits held with the Bank	325,367	226,019
Total	325,367	226,019

48.5.1 (g) Sensitivity analysis on actuarial valuation – Pension fund

The following table illustrates the impact arising from the possible changes in the discount rates and salary escalation rates on the pension fund scheme of the Bank as at December 31, 2025.

	GROUP	BANK
Variable	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000
1% increase in discount rate	(22,038)	(22,038)
1% decrease in discount rate	25,099	25,099
1% increase in salary incremental rate	9,690	9,690
1% decrease in salary incremental rate	(9,207)	(9,207)

48.5.2 W&OP Fund – Defined benefit plan

An actuarial valuation of the Retirement Pension W&OP Fund was carried out as at December 31, 2025 by Mr Arumugam Kailasam, FIAI, FIA (UK), of Messrs Actuarial & Management Consultants (Pvt) Ltd., a firm of professional actuaries. The valuation method used by the actuaries to value the fund is the Projected Unit Credit (PUC) Method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

The assets of the fund, which are independently administered by the Trustees as per the provisions of the Trust Deed are held separately from those of the Bank.

48.5.2 (a) Actuarial assumptions

Type of assumption	Criteria	Description
Demographic	Mortality – in service	A 1967-70 Mortality table issued by the Institute of Actuaries
	After retirement	A (90) Annuities table (Males & Females) issued by the Institute of Actuaries
	Staff turnover	The staff turnover rate at an age represents the probability of an active employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. Staff turnover rates used in this valuation have been determined based on the staff turnover statistics of the Bank.
	Disability	Assumptions similar to those used in other comparable schemes for disability were used as the data required to do a "scheme specific" study was not available. Disability rates used in this valuation: 10.00% of Mortality table
	Normal retirement age	55 to 60 years as opted by employees.
Financial	Rate of discount	In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate of 11.00% p.a. (2024 – 11.00% p.a.) has been used to discount future liabilities considering anticipated long term rate of inflation.
	Salary increases	A salary increment of 10.50% p.a. (2024 – 10.00% p.a.) has been used in respect of the active employees.
	Post-retirement pension increase rate	There is no agreed rate of increase even though the pension payments are subject to periodic increases, and increases are granted solely at the discretion of the Bank. Therefore, no specific rate of increase was assumed for this valuation.

48.5.2 (b) Movement in the present value of defined benefit obligation – Bank

	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	104,135	83,728
Interest cost	11,455	10,884
Current service cost	527	399
Benefits paid during the year	(12,197)	(10,184)
Actuarial (gains)/losses	25,107	19,308
Balance as at December 31,	129,027	104,135

48.5.2 (c) Movement in the fair value of plan assets – Bank

	2025 Rs. '000	2024 Rs. '000
Fair value as at January 01,	75,773	78,079
Expected return on plan assets	8,335	10,150
Contribution paid into plan	28,752	6,006
Benefits paid by the plan	(12,197)	(10,184)
Actuarial gains/(losses) on plan assets	(4,272)	(8,278)
Fair value as at December 31,	96,391	75,773

48.5.2 (d) Expense recognised in the Income Statement

For the year ended December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Interest cost			11,455	10,884
Current service cost			527	399
Expected return on plan assets			(8,335)	(10,150)
Total	19	349	3,647	1,133

48.5.2 (e) Liability recognised in the Statement of Financial Position

As at December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Present value of defined benefit obligations	48.5.2 (b)	410	129,027	104,135
Fair value of plan assets	48.5.2 (c)	410	(96,391)	(75,773)
Net liability recognised under other liabilities and provisions			32,636	28,362

48.5.2 (f) Plan assets consist of the following:

As at December 31,	2025 Rs. '000	2024 Rs. '000
Deposits held with the Bank	96,391	75,773
Total	96,391	75,773

48.5.2 (g) Sensitivity analysis on actuarial valuation – W&OP Fund

The following table illustrates the impact arising from the possible changes in the discount rates and salary escalation rates on the W&OP fund scheme of the Bank as at December 31, 2025.

	GROUP	BANK
Variable	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000
1% increase in discount rate	(8,735)	(8,735)
1% decrease in discount rate	10,072	10,072
1% increase in salary incremental rate	850	850
1% decrease in salary incremental rate	(814)	(814)

48.5.3 Gratuity Fund Bangladesh Operations – Defined Benefit Plan

An actuarial valuation of the retirement gratuity payable was carried out as at December 31, 2025 by Mr Arumugam Kailasam, FIAI, FIA (UK), of Messrs Actuarial & Management Consultants (Pvt) Ltd., a firm of professional Actuaries. The valuation method used by the actuaries to value the liability is the Projected Unit Credit (PUC) Method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

The assets of the fund, which are independently administered by the Trustees as per the provisions of the Trust Deed, are held separately from those of the Bank.

48.5.3 (a) Actuarial assumptions

Type of assumption	Criteria	Description
Demographic	Mortality – in service	A 1967-70 Mortality table issued by the Institute of Actuaries
	Staff turnover	The staff turnover rate at an age represents the probability of an employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. Staff turnover rates used in this valuation have been determined based on the staff turnover statistics of the Bangladesh Operations of the Bank.
	Normal retirement age	59 Years
	Average future working lifetime	15 Years
Financial	Rate of discount	In the absence of long term high quality corporate bonds or government bonds with the term that matches liabilities, a long term interest rate of 11.00% p.a. (2024 – 11.00% p.a.) has been used to discount future liabilities considering anticipated long term rate of inflation.
	Salary increases	A salary increment of 12.00% p.a. (2024 – 13.00% p.a.) has been used in respect of the active employees.

48.5.3 (b) Movement in the present value of defined benefit obligation – Bank

	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	795,485	850,811
Interest cost	88,219	74,848
Current service cost	83,959	75,640
Benefits paid during the year	(95,096)	(38,178)
Actuarial (gains)/losses	(119,845)	(17,543)
Exchange rate variance	26,435	(150,093)
Balance as at December 31,	779,157	795,485

48.5.3 (c) Movement in the fair value of plan assets – Bank

	2025 Rs. '000	2024 Rs. '000
Fair value as at January 01,	795,485	850,811
Expected return on plan assets	88,219	74,848
Contribution paid into plan	51,901	73,456
Benefits paid by the plan	(95,096)	(38,178)
Actuarial gains/(losses) on plan assets	(795)	(15,359)
Exchange rate variance	28,719	(150,093)
Fair value as at December 31,	868,433	795,485

48.5.3 (d) Expense recognised in the Income Statement

For the year ended December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Interest cost			88,219	74,848
Current service cost			83,959	75,640
Expected return on plan assets			(88,219)	(74,848)
Total	19	349	83,959	75,640

48.5.3 (e) Liability recognised in the Statement of Financial Position

As at December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Present value of defined benefit obligations	48.5.3 (b)	412	779,157	795,485
Fair value of plan assets	48.5.3 (c)	412	(868,433)	(795,485)
Net liability recognised under other liabilities and provisions/(other assets)			(89,276)	–

48.5.3 (f) Plan assets consist of the following:

As at December 31,	2025 Rs. '000	2024 Rs. '000
Deposits held with the Bank	39,135	86,452
Investments in government securities	829,298	709,033
Total	868,433	795,485

48.5.3 (g) Sensitivity analysis on actuarial valuation – Gratuity Fund Bangladesh Operations

The following table illustrates the impact arising from the possible changes in the discount rates and salary escalation rates on the gratuity fund Bangladesh operations of the Bank as at December 31, 2025.

	GROUP	BANK
Variable	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000	Sensitivity effect on Statement of Financial Position (Benefit obligation) Rs. '000
1% increase in discount rate	(72,830)	(72,830)
1% decrease in discount rate	84,463	84,463
1% increase in salary incremental rate	86,272	86,272
1% decrease in salary incremental rate	(75,654)	(75,654)

48.5.4 Defined Contribution Plans

48.5.4 (a) Defined Contribution Plan – Pension Fund 2006

During 2006, the Bank restructured its pension scheme which was a Defined Benefit Plan (DBP) to a Defined Contribution Plan (DCP). This restructured plan was offered on a voluntary basis to the eligible employees of the Bank. The scheme provided for lump sum payments instead of commuted/monthly pension to the eligible employees at the point of their separation, in return for surrendering their pension rights. The lump sum offered consisted of a past service package and future service package. The cost to be incurred on account of the past service package in excess of the funds available in the pension fund was borne by the Bank in 2006.

The future service package includes monthly contributions to be made by the Bank for the employees who accepted the offer, to be made during their remaining period of service, at predetermined contribution rates to be applied on their salaries, estimated to increase for this purpose at 10.00% p.a. In addition, interest to be earned on the assets of the DCP is also allocated to the employees who joined the restructured scheme.

48.5.4 (b) Defined Contribution Plan – Pension Fund 2020

The Bank converted its gratuity scheme of Sri Lankan operations, which was a Defined Benefit Plan (DBP), to a Defined Contribution Plan (DCP) during the year 2020. Refer Note 7.8.2.4 for further details on page 336.

49 Due to subsidiaries

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Local subsidiaries				
Commercial Development Company PLC	–	–	53,300	10,961
Orysys Limited	–	–	85,242	134,833
CBC Finance PLC	–	–	–	–
Commercial Insurance Brokers (Pvt) Limited	–	–	–	–
Subtotal	–	–	138,542	145,794
Foreign subsidiaries				
Commercial Bank of Maldives Private Limited	–	–	–	–
CBC Myanmar Microfinance Company Limited	–	–	–	–
Subtotal	–	–	–	–
Total	–	–	138,542	145,794

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50 Subordinated liabilities

ACCOUNTING POLICY

These represent the funds borrowed by the Group for long-term funding requirements. Subsequent to initial recognition these are measured at their amortised cost using the EIR method, except where the Group designates them at fair value through profit or loss. Interest paid/payable is recognised in Income Statement.

	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,			55,878,920	35,878,920	55,878,920	35,878,920
Amount borrowed during the year			16,253,954	20,000,000	15,000,000	20,000,000
Balance as at December 31, (before adjusting for amortised interest)	50.1 & 50.2	414 & 415	72,132,874	55,878,920	70,878,920	55,878,920
Net effect of amortised interest payable			2,453,691	1,828,757	2,443,103	1,828,757
Adjusted balance as at December 31,			74,586,565	57,707,677	73,322,023	57,707,677

50.1 Categories of subordinated liabilities as at December 31, 2025 – Group and Bank

Categories	Interest payable frequency	Allotment date	Maturity date	Coupon rate %	Effective annual yield %	Interest rate of comparable Government Security %	Market value Highest	Market value Lowest	Market value Period end	Other ratios as at date of last trade Interest yield %	Other ratios as at date of last trade Yield to maturity %	Rs.'000
Fixed Rate Debentures												
Issued in 2016												
2016/2026 – Type B – Public/Listed	Bi-annually	09.03.2016	08.03.2026	11.25	11.57	7.85	Not traded during the period			N/A	N/A	1,749,090
2016/2026 – Type B – Public/Listed	Bi-annually	28.10.2016	27.10.2026	12.25	12.63	8.15	Not traded during the period			N/A	N/A	1,928,200
Issued in 2018												
2018/2028 – Type B – Public/Listed	Bi-annually	23.07.2018	22.07.2028	12.50	12.89	9.05	Not traded during the period			N/A	N/A	1,606,160
Issued in 2021												
2021/2026 – Type A – Public/Listed	Bi-annually	21.09.2021	20.09.2026	9.00	9.20	8.15	100.00	100.00	100.00 (a)	9.20	9.00	4,237,470
2021/2028 – Type B – Public/Listed	Bi-annually	21.09.2021	20.09.2028	9.50	9.73	9.10	Not traded during the period			N/A	N/A	4,358,000
Issued in 2022												
2022/2027 – Type A – Public/Listed	Bi-annually	12.12.2022	11.12.2027	28.00	29.96	8.80	135.11	100.00	132.89 (b)	29.96	11.71	6,724,680
2022/2029 – Type B – Public/Listed	Bi-annually	12.12.2022	11.12.2029	27.00	28.82	9.60	140.00	140.00	140.00(c)	28.82	15.37	3,263,820
2022/2032 – Type C – Public/Listed	Bi-annually	12.12.2022	11.12.2032	22.00	23.21	10.35	Not traded during the period			N/A	N/A	11,500
Issued in 2023												
2023/2028 – Type A – Public/Listed	Bi-annually	20.12.2023	19.12.2028	14.50	15.03	9.15	100.00	100.00	100.00 (d)	15.03	14.50	2,132,400
2023/2028 – Type B – Public/Listed	Annually	20.12.2023	19.12.2028	15.00	15.00	9.15	99.77	99.77	99.77 (e)	15.00	15.08	7,558,090
2023/2030 – Type C – Public/Listed	Bi-annually	20.12.2023	19.12.2030	13.75	14.22	9.75	Not traded during the period			N/A	N/A	32,980
2023/2030 – Type D – Public/Listed	Annually	20.12.2023	19.12.2030	14.25	14.25	9.75	Not traded during the period			N/A	N/A	817,760
2023/2033 – Type E – Public/Listed	Bi-annually	20.12.2023	19.12.2033	13.50	13.96	10.55	Not traded during the period			N/A	N/A	30,840
2023/2033 – Type F – Public/Listed	Annually	20.12.2023	19.12.2033	14.00	14.00	10.55	Not traded during the period			N/A	N/A	1,427,930
Issued in 2024												
2024/2029 – Type A – Public/Listed	Bi-annually	10.07.2024	09.07.2029	12.60	13.00	9.40	99.00	99.00	99.00 (f)	13.00	12.90	1,427,250
2024/2029 – Type B – Public/Listed	Annually	10.07.2024	09.07.2029	13.00	13.00	9.40	103.03	99.68	103.03 (g)	13.00	12.08	12,455,160
2024/2031 – Type C – Public/Listed	Bi-annually	10.07.2024	09.07.2031	12.85	13.26	10.00	Not traded during the period			N/A	N/A	139,670
2024/2031 – Type D – Public/Listed	Annually	10.07.2024	09.07.2031	13.25	13.25	10.00	Not traded during the period			N/A	N/A	368,890
2024/2034 – Type E – Public/Listed	Bi-annually	10.07.2024	09.07.2034	13.00	13.42	10.70	Not traded during the period			N/A	N/A	73,040
2024/2034 – Type F – Public/Listed	Annually	10.07.2024	09.07.2034	13.50	13.50	10.70	Not traded during the period			N/A	N/A	5,535,990
Subtotal of Debentures												55,878,920

Categories	Interest payable frequency	Allotment date	Maturity date	Coupon rate %	Effective annual yield %	Interest rate of comparable Government Security %	Market value Highest	Market value Lowest	Market value Period end	Other ratios as at date of last trade Interest yield %	Other ratios as at date of last trade Yield to maturity %	Rs.'000
Fixed Rate Green Bonds												
Issued in 2025												
2025/2030 – Type A – Public/Listed	Bi-annually	12.08.2025	11.08.2030	10.55	10.83	9.70	Not traded during the period			N/A	N/A	801,940
2025/2030 – Type B – Public/Listed	Annually	12.08.2025	11.08.2030	10.85	10.85	9.70	Not traded during the period			N/A	N/A	13,408,130
2025/2032 – Type C – Public/Listed	Bi-annually	12.08.2025	11.08.2032	10.85	11.14	10.30	Not traded during the period			N/A	N/A	40,300
2025/2032 – Type D – Public/Listed	Annually	12.08.2025	11.08.2032	11.15	11.15	10.30	Not traded during the period			N/A	N/A	324,770
2025/2035 – Type E – Public/Listed	Bi-annually	12.08.2025	11.08.2035	11.00	11.30	10.80	Not traded during the period			N/A	N/A	109,420
2025/2035 – Type F – Public/Listed	Annually	12.08.2025	11.08.2035	11.30	11.30	10.80	Not traded during the period			N/A	N/A	315,440
Subtotal of Green Bonds												15,000,000
Total Bank												70,878,920
CBC Finance PLC												
Fixed Rate Debentures												
Issued in 2025												
2025/2030 – Public/Listed	Annually	03.12.2025	02.12.2030	11.50	11.50	9.73	Not traded during the period			N/A	N/A	1,253,954
Total Group												72,132,874

The above-mentioned types of Subordinated liabilities of the Bank are mere naming conventions and are not associated with any specific features or meaning.

(a) Last traded date – April 08, 2025 (b) Last traded date – August 27, 2025 (c) Last traded date – April 10, 2025 (d) Last traded date – September 02, 2025 (e) Last traded date – January 30, 2025
(f) Last traded date – April 08, 2025 (g) Last traded date – May 20, 2025

Note 50.1(a) – Proposed debenture issue in 2026

The Board of Directors of the Bank, at its meeting held on January 30, 2026, adopted a resolution to issue 100,000,000 Basel III – compliant Tier 2 Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion feature at a par value of Rs. 100 each, amounting to Rs. 10,000,000,000 with tenures of 5, 7, and 10 years with an option to issue up to a further 50,000,000 debentures amounting to Rs. 5,000,000,000 at the discretion of the Bank (second tranche) and in the event of an over subscription of the initial issue and the second tranche with a further option to issue up to a further 50,000,000 debentures amounting to Rs. 5,000,000,000 at the discretion of the Bank, subject to obtaining all necessary regulatory and shareholder approval.

50.2 Categories of subordinated liabilities as at December 31, 2024 – Group and Bank

Categories	Interest payable frequency	Allotment date	Maturity date	Coupon rate %	Effective annual yield %	Interest rate of comparable Government Security %	Market value Highest	Market value Lowest	Market value Period end	Other ratios as at date of last trade Interest yield %	Other ratios as at date of last trade Yield to maturity %	Group/Bank Rs.'000
Fixed Rate Debentures												
Issued in 2016												
2016/2026 – Type B – Public/Listed	Bi-annually	09.03.2016	08.03.2026	11.25	11.57	13.60	Not traded during the period			N/A	N/A	1,749,090
2016/2026 – Type B – Public/Listed	Bi-annually	28.10.2016	27.10.2026	12.25	12.63	13.65	Not traded during the period			N/A	N/A	1,928,200
Issued in 2018												
2018/2028 – Type B – Public/Listed	Bi-annually	23.07.2018	22.07.2028	12.50	12.89	13.85	Not traded during the period			N/A	N/A	1,606,160
Issued in 2021												
2021/2026 – Type A – Public/Listed	Bi-annually	21.09.2021	20.09.2026	9.00	9.20	13.65	Not traded during the period			N/A	N/A	4,237,470
2021/2028 – Type B – Public/Listed	Bi-annually	21.09.2021	20.09.2028	9.50	9.73	13.70	Not traded during the period			N/A	N/A	4,358,000
Issued in 2022												
2022/2027 – Type A – Public/Listed	Bi-annually	12.12.2022	11.12.2027	28.00	29.96	13.55	142	100	142 (a)	29.96	13.73	6,724,680
2022/2029 – Type B – Public/Listed	Bi-annually	12.12.2022	11.12.2029	27.00	28.82	13.45	156	156	156 (b)	28.82	13.66	3,263,820
2022/2032 – Type C – Public/Listed	Bi-annually	12.12.2022	11.12.2032	22.00	23.21	13.70	Not traded during the period			N/A	N/A	11,500
Issued in 2023												
2023/2028 – Type A – Public/Listed	Bi-annually	20.12.2023	19.12.2028	14.50	15.03	14.05	Not traded during the period			N/A	N/A	2,132,400
2023/2028 – Type B – Public/Listed	Annually	20.12.2023	19.12.2028	15.00	15.00	14.05	Not traded during the period			N/A	N/A	7,558,090
2023/2030 – Type C – Public/Listed	Bi-annually	20.12.2023	19.12.2030	13.75	14.22	13.35	Not traded during the period			N/A	N/A	32,980
2023/2030 – Type D – Public/Listed	Annually	20.12.2023	19.12.2030	14.25	14.25	13.35	Not traded during the period			N/A	N/A	817,760
2023/2033 – Type E – Public/Listed	Bi-annually	20.12.2023	19.12.2033	13.50	13.96	12.95	Not traded during the period			N/A	N/A	30,840
2023/2033 – Type F – Public/Listed	Annually	20.12.2023	19.12.2033	14.00	14.00	12.95	120	120	120 (c)	14.00	10.86	1,427,930

Categories	Interest payable frequency	Allotment date	Maturity date	Coupon rate %	Effective annual yield %	Interest rate of comparable Government Security %	Market value			Other ratios as at date of last trade		Group/Bank Rs.'000
							Highest	Lowest	Period end	Interest yield %	Yield to maturity %	
Issued in 2024												
2024/2029 – Type A – Public/Listed	Bi-annually	10.07.2024	09.07.2029	12.60	13.00	12.70	Not traded during the period			N/A	N/A	1,427,250
2024/2029 – Type B – Public/Listed	Annually	10.07.2024	09.07.2029	13.00	13.00	12.70	Not traded during the period			N/A	N/A	12,455,160
2024/2031 – Type C – Public/Listed	Bi-annually	10.07.2024	09.07.2031	12.85	13.26	12.85	Not traded during the period			N/A	N/A	139,670
2024/2031 – Type D – Public/Listed	Annually	10.07.2024	09.07.2031	13.25	13.25	12.85	Not traded during the period			N/A	N/A	368,890
2024/2034 – Type E – Public/Listed	Bi-annually	10.07.2024	09.07.2034	13.00	13.42	13.25	Not traded during the period			N/A	N/A	73,040
2024/2034 – Type F – Public/Listed	Annually	10.07.2024	09.07.2034	13.50	13.50	13.25	Not traded during the period			N/A	N/A	5,535,990
Total												55,878,920

The above-mentioned types of Subordinated liabilities of the Bank are mere naming conventions and are not associated with any specific features or meaning.

(a) Last traded date – April 04, 2024 (b) Last traded date – January 24, 2024 (c) Last traded date – March 27, 2024

50.3 Subordinated liabilities by maturity

As at December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Payable within one year	7,914,760	–	7,914,760	–
Payable after one year	64,218,114	55,878,920	62,964,160	55,878,920
Total	72,132,874	55,878,920	70,878,920	55,878,920

In the event of the winding-up of the issuer, the above liabilities would be subordinated to the claims of depositors and all other creditors of the issuer. The Bank has not had any defaults of principal, interest or other breaches with respect to its subordinated liabilities during the year ended December 31, 2025 and December 31, 2024.

The maturity analysis of subordinated liabilities is given in Note 60 on pages 426 to 427.

51 Stated capital

ACCOUNTING POLICY

Ordinary shares in the Bank are recognised at the amount paid per ordinary share net of directly attributable issue cost.

	Note	Page No.	GROUP		BANK	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			88,017,094	62,948,003	88,017,094	62,948,003
Issue of ordinary voting shares under employee share option plans			788,473	272,475	788,473	272,475
Transfer from employee share option reserve	55.5	422	14,021	19,017	14,021	19,017
Issue of ordinary shares as part of the final dividend satisfied in the form of issue and allotment of new shares			2,738,102	2,234,044	2,738,102	2,234,044
Ordinary voting shares			2,576,455	2,102,131	2,576,455	2,102,131
Ordinary non-voting shares			161,647	131,913	161,647	131,913
Rights issue of ordinary voting shares			–	21,450,064	–	21,450,064
Rights issue of ordinary non-voting shares			–	1,093,491	–	1,093,491
Balance as at December 31,			91,557,690	88,017,094	91,557,690	88,017,094

51.1 Movement in number of shares

	Number of ordinary voting shares		Number of ordinary non-voting shares		Total	
	2025	2024	2025	2024	2025	2024
Balance as at January 01,	1,515,212,126	1,236,525,395	95,086,178	77,595,733	1,610,298,304	1,314,121,128
Issue of ordinary voting shares under the employee share option plans	6,302,872	3,130,714	–	–	6,302,872	3,130,714
Issue of ordinary shares as part of the final dividend satisfied in the form of issue and allotment of new shares	17,646,951	23,202,324	1,255,507	1,642,749	18,902,458	24,845,073
Rights issue of ordinary shares	–	252,353,693	–	15,847,696	–	268,201,389
Balance as at December 31,	1,539,161,949	1,515,212,126	96,341,685	95,086,178	1,635,503,634	1,610,298,304

The shares of the Bank are quoted on the CSE. The non-voting ordinary shares of the Bank, rank *pari passu* in respect of all rights with the ordinary voting shares of the Bank except voting rights on Resolutions passed at General Meetings.

The holders of ordinary shares are entitled to receive dividends declared from time to time and holders of voting ordinary shares are entitled to one vote per share at General Meetings of the Bank.

The Bank has offered employee share option plans. Refer Note 52 on page 417.

52 Share-based payment

52.1 Description of the Share-based Payment Arrangement

As at the reporting date, the Group had the following equity settled share-based payment arrangement which was granted after January 01, 2012, the effective date of SLFRS 2 on "Share-based Payment".

Employee Share Option Plan – 2019 (ESOP – 2019)

The Bank obtained the approval of the shareholders at an Extraordinary General Meeting held on January 30, 2020, to introduce an Employee Share Option Plan for the benefit of all Executive Officers in Grade 1A and above by creating up to 2% of the ordinary voting shares at the rate of 0.5% shares in the first two years and 1% share in the last year over a period of three to five years, upon the Bank achieving specified performance conditions. The performance conditions include minimum performance targets over the budget and over the industry peers and the service conditions include the fulfilment of the minimum service period at vesting dates of each tranche. This share option plan was expired in 2024.

The number and weighted-average exercise prices of Tranch III of the share option are as follows:

Tranche	Tranche III	
Exercise price (Rs.): Before/after Rights Issue (*)	87.39/84.21(*)	
Year	2025	2024
Number of voting shares as at January 01,	–	10,963,078
Additional number of options vested consequent to the right issue	–	344,730
Number of options exercised during the year	–	(2,407,265)
Number of options cancelled/expired due to non-acceptance	–	(8,900,543)
Number of voting shares to be exercised as at December 31,	–	–

Employee Share Option Plan – 2023

The Bank obtained the approval of the shareholders at an Extraordinary General Meeting held on October 06, 2023, to introduce an Employee Share Option Plan (ESOP) for the benefit of all Executive Officers in Grade 1A and above by creating up to 3% of the ordinary voting shares at the rate of 0.5% shares in the first tranche, 1% shares in the second tranche and 1.5% shares in the third tranche over a period of three to five years, upon the Bank achieving specified performance conditions. The performance conditions include minimum performance targets over the budget and over the industry peers and the service conditions include the fulfilment of the minimum service period at vesting dates of each tranche.

Key terms and conditions related to the offer are detailed below:

Tranches			Tranche I	Tranche II (**)		Tranche III
Percentage of issue of new voting shares (Maximum)			0.50%	1.00%		1.50%
Date granted			October 06, 2023	October 06, 2023		October 06, 2023
Exercise price (Rs.): Before/after the Rights Issue (*)			90.73 / 87.42 (*)	N/A		148.09
Exercisable between			April 01, 2024 to March 31, 2027	October 01, 2024 to September 30, 2027		October 01, 2025 to September 30, 2028
Date of vesting			March 31,2024	September 30,2024		September 30,2025
Vesting conditions			6 Months of service up to the vesting date and the fulfilment of performance conditions stated above for the Financial Year 2022	6 Months of service up to the vesting date and the fulfilment of performance conditions stated above for the Financial Year 2023		6 Months of service up to the vesting date and the fulfilment of performance conditions stated above for the Financial Year 2024
	Key Management Personnel	Other Executive Officers	Total	N/A	Key Management Personnel	Other Executive Officers	Total
Number of options vested on the date of vesting	105,819	5,892,411	5,998,230	N/A	412,323	22,320,593	22,732,916
Additional number of options vested consequent to the rights issue	3,999	214,218	218,217	N/A	–	–	–
Number of options cancelled/expired due to non–acceptance	–	–	–	N/A	–	–	–
Number of options exercised up to December 31, 2025	(109,818)	(3,002,270)	(3,112,088)	N/A	(233,376)	(3,680,857)	(3,914,233)
Number of options to be exercised as at December 31, 2025	–	3,104,359	3,104,359	N/A	178,947	18,639,736	18,818,683

All options are to be settled by physical delivery of ordinary voting shares of the Bank. There are neither cash settlement alternatives nor the Bank has a past practise of cash settlement for these types of options.

The exercise price of each tranche is computed based on a volume-weighted average market price of the Bank's ordinary (voting) shares, during the period of thirty (30) market days, six months prior to the date of vesting.

(*) With the conclusion of the rights issue of the Bank in August 2024 , the exercise price & the number of shares of the unexercised options under the employee share option scheme were adjusted.

(**) Employees were not eligible to qualify for the tranche II, due to not full filling the vesting conditions.

52.2 Measurement of fair value

As required by SLFRS 2 on "Share-based Payment", the fair value of the ESOP – 2023 was estimated at the grant date using the Binomial Valuation Model taking into consideration various terms and conditions upon which the share options are granted.

The inputs used in measurement of fair value at the grant date of ESOP – 2023 were as follows:

Description of the valuation input/ Tranches	Tranche I	Tranche II	Tranche III
Expected dividend rate (%)	6.21	6.21	6.21
Risk free rate (%)	10.00	10.00	10.00
Probability of share price increase/(decrease) (%)	50.00/(50.00)	50.00/(50.00)	50.00/(50.00)
Size of annual increase/(reduction) of share price (%)	17.51/(14.67)	17.51/(14.67)	17.51/(14.67)
Original expected exercise price (Rs.)	85.61	85.61	79.47

An equal probability (of 50%) was assumed for the probability of the upward and downward movements for each year. The percentage change in share price movement have been arrived at by considering the degree of upward/downward share price movements during the time period from 2013 to 2022.

52.3 Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options are as follows:

Tranches	Tranche I		Tranche II		Tranche III	
Exercise price (Rs.): Before/after the Rights Issue	90.73 / 87.42 (*)		N/A (**)		148.09	
Year	**2025**	2024	**2025**	2024	**2025**	2024
Number of voting shares vested as at January 01,	5,492,998	–	–	–	–	–
Granted during the year	–	5,998,230	N/A	N/A	22,732,916	–
Additional number of options vested consequent to the rights issue	–	218,217	N/A	N/A	–	–
Number of options exercised during the year	(2,388,639)	(723,449)	N/A	N/A	(3,914,233)	–
Number of options cancelled/expired due to non-acceptance	–	–	–	–	–	–
Number of voting shares to be exercised as at December 31,	3,104,359	5,492,998	N/A	N/A	18,818,683	–

(*) With the conclusion of the rights issue of the Bank in August 2024, the exercise price & the number of shares of the unexercised options under the employee share option scheme were adjusted.

(**) Employees were not eligible to qualify for the tranche II, due to not full filling the vesting conditions.

52.4 Expense Recognised in Income Statement

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. Accordingly, the expense in the Income Statement represents the movement in cumulative expense recognised as at the beginning and end of that reporting period and is recognised in equity-settled share based payment expense under personnel expense. [Refer Note 19 on page 349].

52.5 Factual findings report from Auditors on ESOP Schemes

The Bank has obtained a factual findings report from the external auditors that the above ESOP schemes have been implemented in accordance with the requirements of the section 5.6 of the Listing Rules of the CSE and the Special Resolutions passed at the General Meeting at which the schemes were approved by the shareholders.

52.6 Proposed Employee Share Option Plan (ESOP) 2026

The Board of Directors of the Bank has duly resolved to establish an Employee Share Option Plan (ESOP) to be implemented for the period 2026 – 2028. Under the ESOP, a total of 46,195,156 share options may be granted, representing up to 3.0% of the Bank's issued ordinary voting shares, based on the number of shares in issue as at January 29, 2026.

The granting of options under the proposed ESOP is in compliance with the applicable Listing Rules of the Colombo Stock Exchange (CSE) and subject to approval of CSE in principle, the issue and listing of shares issued pursuant to such scheme and obtaining shareholder approval, by way of a Special Resolution at a General Meeting.

53 Statutory reserves

ACCOUNTING POLICY

Several statutory and voluntary reserves are maintained by the Group in order to meet various legal and operational requirements. The details of these reserves including the nature and purpose of maintaining them are given in Notes 53, 54 and 55 on pages 419 to 422.

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			GROUP		BANK	
As at December 31,	Note	Page No.	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
Statutory reserve fund	53.1	420	19,649,096	16,469,686	18,003,946	15,079,581
Total			19,649,096	16,469,686	18,003,946	15,079,581

53.1 Statutory reserve fund

	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	16,469,686	13,586,534	15,079,581	12,375,906
Transfers made during the year	3,378,436	3,026,661	2,924,365	2,703,675
Statutory reserve attributable to non-controlling interest	(199,026)	(143,509)	–	–
Balance as at December 31,	19,649,096	16,469,686	18,003,946	15,079,581

The statutory reserve fund of the Bank is maintained as per the requirements under Section 20 (1) of the Banking Act No. 30 of 1988.

Accordingly, the fund is built up by allocating a sum equivalent to not less than 5% of the profit after tax, but before declaring any dividend or any profits that are transferred elsewhere until the reserve is equal to 50% of the Bank's stated capital and thereafter a further sum equivalent to 2% of such profit until the amount of the said reserve fund is equal to the stated capital of the Bank.

The balance in the statutory reserve fund of the Bank will be used only for the purposes specified in the Section 20 (2) of the Banking Act No. 30 of 1988.

54 Retained earnings

	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	17,533,670	9,943,003	15,330,940	8,558,385
Total comprehensive income	60,306,927	54,651,635	58,690,832	53,654,370
Profit for the year	60,110,183	55,073,240	58,487,291	54,073,504
Other comprehensive income, net of tax	196,744	(421,605)	203,541	(419,134)
Dividends paid	(15,301,155)	(8,541,930)	(15,301,155)	(8,541,930)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years	22,785	22,800	22,357	22,476
Transfer of cost o/a of expired ESOP Shares (net of tax)	–	42,808	–	42,808
Purchase consideration of the share buyback transaction	(73,666)	–	–	–
Reclassification of the previously recognised share of Other Comprehensive Income upon the classification of the associate as held for sale	37	–	–	–
Transfers to other reserves	(41,716,059)	(38,584,646)	(41,461,014)	(38,405,169)
Balance as at December 31,	20,772,539	17,533,670	17,281,960	15,330,940

55 Other reserves

55. (a) Current year – 2025

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			GROUP			BANK		
	Note	Page No.	Balance as at January 01, Rs. '000	Movement/ Transfers Rs. '000	Balance as at December 31, Rs. '000	Balance as at January 01, Rs. '000	Movement/ Transfers Rs. '000	Balance as at December 31, Rs. '000
Revaluation reserve	55.1	421	11,502,088	–	11,502,088	10,399,577	–	10,399,577
General reserve	55.2	421	137,700,003	37,400,000	175,100,003	137,700,003	37,400,000	175,100,003
Fair value reserve	55.3	421	3,001,285	(179,783)	2,821,502	2,996,348	(176,649)	2,819,699
Foreign currency translation reserve	55.4	422	(1,867,487)	2,618,402	750,915	(3,034,900)	2,278,856	(756,044)
Employee share option reserve	55.5	422	41,609	2,840	44,449	41,609	2,840	44,449
Special reserve	55.6	422	8,731,494	1,136,649	9,868,143	8,731,494	1,136,649	9,868,143
Total			159,108,992	40,978,108	200,087,100	156,834,131	40,641,696	197,475,827

55. (b) Previous year – 2024

	Note	Page No.	GROUP Balance as at January 01, Rs.'000	GROUP Movement/ Transfers Rs. '000	GROUP Balance as at December 31, Rs. '000	BANK Balance as at January 01, Rs.'000	BANK Movement/ Transfers Rs. '000	BANK Balance as at December 31, Rs. '000
Revaluation reserve	55.1	421	11,502,088	–	11,502,088	10,399,577	–	10,399,577
General reserve	55.2	421	110,730,003	26,970,000	137,700,003	110,730,003	26,970,000	137,700,003
Fair value reserve	55.3	421	1,964,013	1,037,272	3,001,285	1,963,995	1,032,353	2,996,348
Foreign currency translation reserve	55.4	422	9,697,463	(11,564,950)	(1,867,487)	7,855,533	(10,890,433)	(3,034,900)
Employee share option reserve	55.5	422	99,600	(57,991)	41,609	99,600	(57,991)	41,609
Special reserve	55.6	422	–	8,731,494	8,731,494	–	8,731,494	8,731,494
Total			133,993,167	25,115,825	159,108,992	131,048,708	25,785,423	156,834,131

55.1 Revaluation reserve

ACCOUNTING POLICY

The revaluation reserve relates to revaluation of freehold land and freehold and leasehold buildings and represents the fair value changes of the land and buildings, as at the date of revaluation.

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,	11,502,088	11,502,088	10,399,577	10,399,577
Surplus/(deficit) on revaluation of freehold land and building	–	–	–	–
Balance as at December 31,	11,502,088	11,502,088	10,399,577	10,399,577

55.2 General reserve

ACCOUNTING POLICY

The Bank transfers the surplus profit, after payment of interim dividend and after retaining sufficient profits to pay final dividends proposed, from the retained earnings account to the General Reserve account. The purpose of setting up the General Reserve is to meet potential future unknown liabilities.

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,	137,700,003	110,730,003	137,700,003	110,730,003
Transfers during the year	37,400,000	26,970,000	37,400,000	26,970,000
Balance as at December 31,	175,100,003	137,700,003	175,100,003	137,700,003

55.3 Fair value reserve

ACCOUNTING POLICY

The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through Other Comprehensive Income until such investments are derecognised or impaired.

	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Balance as at January 01,	3,001,285	1,964,013	2,996,348	1,963,995
Net fair value gains/(losses) on remeasuring financial assets at fair value through other comprehensive income	(179,746)	1,037,025	(176,649)	1,032,353
Share of other comprehensive income/(expense) of associate, net of tax	–	247	–	–
Reclassification of the previously recognised share of Other Comprehensive Income upon the classification of the associate as held for sale	(37)	–	–	–
Balance as at December 31,	2,821,502	3,001,285	2,819,699	2,996,348

55.4 Foreign currency translation reserve

ACCOUNTING POLICY

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations.

As at the reporting date, the assets and liabilities of the Bank's Bangladesh Operation and the foreign subsidiaries of the Bank were translated into the presentation currency (Sri Lankan Rupee) at the exchange rate ruling at the reporting date and the Statement of Profit or Loss and Other Comprehensive Income was translated at the average exchange rate for the period. The exchange differences arising on the translation of these Financial Statements are taken to foreign currency translation reserve through Other Comprehensive Income.

	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	(1,867,487)	9,697,463	(3,034,900)	7,855,533
Net unrealised gains/(losses) arising from translation of the Financial Statements of foreign operations	2,888,637	(11,971,874)	2,278,856	(10,890,433)
Foreign Currency Translation Reserve attributable to non-controlling Interest	(270,235)	406,924	–	–
Balance as at December 31,	750,915	(1,867,487)	(756,044)	(3,034,900)

55.5 Employee share option reserve

ACCOUNTING POLICY

The employee share option reserve is used to recognise the value of equity-settled share-based payments to be provided to employees, including Key Management Personnel, as part of their remuneration.

			GROUP		BANK	
	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			41,609	99,600	41,609	99,600
Share-based payments expense during the year	19	349	16,861	22,180	16,861	22,180
Transfers to stated capital	51	416	(14,021)	(19,017)	(14,021)	(19,017)
Transfer to retained earnings on expired ESOP			–	(61,154)	–	(61,154)
Balance as at December 31,			44,449	41,609	44,449	41,609

55.6 Special reserve

ACCOUNTING POLICY

In accordance with the letters issued by the CBSL dated February 13, 2025 and October 03, 2025, a 15% regulatory capital charge was transferred to a Special Reserve from Retained Earnings effective from December 31, 2024. This charge is applicable to the carrying value of the foreign currency denominated Sovereign Bonds with an LKR option.

	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	8,731,494	–	8,731,494	–
Transfers made during the year	1,136,649	8,731,494	1,136,649	8,731,494
Balance as at December 31,	9,868,143	8,731,494	9,868,143	8,731,494

56 Non-controlling interest

ACCOUNTING POLICY

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Accordingly, the Bank had non-controlling interests in three subsidiaries, namely Commercial Development Company PLC (NCI of 10%), Commercial Insurance Brokers (Pvt) Limited (NCI of 40%), and Commercial Bank of Maldives Private Limited (NCI of 45%). Subsequently, with effect from March 31, 2025, Commercial Insurance Brokers (Pvt) Limited, in which the Bank previously held a 60% shareholding, became a fully owned subsidiary following a share buyback transaction. Consequently, the non-controlling interest relating to Commercial Insurance Brokers (Pvt) Limited ceased to exist from March 31, 2025, while the non-controlling interests in the other subsidiaries remained unchanged as at the reporting date:

	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,	4,689,980	4,503,786
Profit for the year	827,334	613,172
Other comprehensive income, net of tax	269,659	(406,614)
Dividends paid for the year	(8,400)	(20,400)
Unclaimed dividend absorbed/(dividend paid) in respect of previous years	48	36
Purchase consideration of the share buyback transaction	(259,214)	–
Balance as at December 31,	5,519,407	4,689,980

NCI details of each subsidiary is not disclosed separately, as those are not material to the Group.

57 Contingent liabilities and commitments

ACCOUNTING POLICY

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets".

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees including performance bonds, documentary credits/letters of credit and other undrawn commitments to lend. Performance bonds are issued for the purposes of guaranteeing the due performance of the contract awarded. Documentary credits/letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

In the normal course of business, the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Further, these contingencies include nominal amounts of forward exchange contracts and currency swaps/ currency options.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Even though these obligations may not be recognised on the Statement of Financial Position, they may contain credit risk and are therefore part of the overall risk of the Group.

As at December 31,	Note	Page No.	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Contingencies			734,052,329	547,517,061	732,840,342	546,358,852
Guarantees			132,014,757	90,881,601	131,101,565	89,948,697
Performance bonds(*)			56,937,451	50,356,218	56,865,601	50,275,438
Documentary credits			118,069,829	81,342,967	118,029,182	81,328,161
Other contingencies	57.1	424	427,030,292	324,936,275	426,843,994	324,806,556
Commitments			252,327,017	203,359,899	248,364,290	197,606,048
Undrawn commitments on direct advances			250,310,128	201,703,538	246,588,796	196,131,437
Capital commitments	57.2	424	2,016,889	1,656,361	1,775,494	1,474,611
Total			986,379,346	750,876,960	981,204,632	743,964,900

(*) Issued mainly in relation to construction and other projects.

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57.1 Other contingencies

As at December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Forward exchange contracts:	59,404,909	130,066,965	59,404,909	130,066,965
Forward exchange sales	28,666,374	79,260,699	28,666,374	79,260,699
Forward exchange purchases	30,738,535	50,806,266	30,738,535	50,806,266
Currency swaps/currency options :	240,806,560	88,366,609	240,806,560	88,366,609
Currency swaps	240,806,560	88,366,609	240,806,560	88,366,609
Others:	126,818,823	106,502,701	126,632,525	106,372,982
Acceptances	47,371,385	34,509,905	47,371,385	34,509,905
Bills for collection	79,411,893	70,213,226	79,225,595	70,083,507
Bullion on consignment	35,545	31,501	35,545	31,501
Other contingencies	–	1,748,069	–	1,748,069
Sub total	427,030,292	324,936,275	426,843,994	324,806,556

57.2 Capital commitments

The Group has commitments for acquisition of property, plant and equipment and intangible assets incidental to the ordinary course of business which have been approved by the Board of Directors, the details of which are as follows:

As at December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Commitments in relation to property, plant and equipment	1,953,260	716,789	1,711,865	535,039
Approved and contracted for	1,177,089	390,789	935,694	209,039
Approved but not contracted for	776,171	326,000	776,171	326,000
Commitments in relation to intangible assets	63,629	939,572	63,629	939,572
Approved and contracted for	63,629	861,454	63,629	861,454
Approved but not contracted for	–	78,118	–	78,118
Subtotal	2,016,889	1,656,361	1,775,494	1,474,611

57.3 Movement in provision for impairment during the year

57.3 (a) Group

	Note	Page No.	Stage 1		Stage 2		Stage 3		Total	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			1,980,752	2,605,485	649,312	915,546	1,897,408	2,565,734	4,527,472	6,086,765
Charge/(write back) to the Income Statement	18.1	348	84,931	(573,063)	(108,046)	(194,861)	(1,706,147)	851,611	(1,729,262)	83,687
Net write-off during the year			–	–	–	–	–	(1,435,659)	–	(1,435,659)
Exchange rate variance on foreign currency provisions			10,774	(51,670)	9,297	(71,373)	14,695	(84,278)	34,766	(207,321)
Balance as at December 31,			2,076,457	1,980,752	550,563	649,312	205,956	1,897,408	2,832,976	4,527,472

57.3 (b) Bank

	Note	Page No.	Stage 1		Stage 2		Stage 3		Total	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at January 01,			1,972,973	2,601,480	649,312	915,546	1,897,408	2,565,734	4,519,693	6,082,760
Charge/(write back) to the Income Statement	18.2		81,435	(577,336)	(108,046)	(194,861)	(1,706,147)	851,611	(1,732,758)	79,414
Net write-off during the year			–	–	–	–	–	(1,435,659)	–	(1,435,659)
Exchange rate variance on foreign currency provisions			10,215	(51,171)	9,297	(71,373)	14,695	(84,278)	34,207	(206,822)
Balance as at December 31,			2,064,623	1,972,973	550,563	649,312	205,956	1,897,408	2,821,142	4,519,693

57.4 Contingent liabilities and commitments of subsidiaries and the associate

57.4 (a) Contingent liabilities and commitments of subsidiaries

Contingent liabilities and commitments of the subsidiary, Commercial Bank of Maldives Private Limited, have been included in the Consolidated Financial Statements of the Group while other subsidiaries of the Group do not have any contingencies or commitments as at the reporting date.

57.4 (b) Contingent liabilities and commitments of the associate

The Bank reclassified its investments made in Equity Investments Lanka Limited (EQUILL) from Investments in associate to "Assets classified as held for sale" reported under "Other assets" as at December 31, 2025. EQUILL did not have any contingencies as at the reclassified date.
(As at December 31, 2024 – Nil)

58 Net assets value per ordinary share

As at December 31,	Note	Page No.	GROUP 2025	GROUP 2024	BANK 2025	BANK 2024
Amounts used as the numerator:						
Total equity attributable to equity holders of the Bank (Rs. '000)			332,066,425	281,129,442	324,319,423	275,261,746
Number of ordinary shares used as the denominator:						
Total number of shares	51.1	417	1,635,503,634	1,610,298,304	1,635,503,634	1,610,298,304
Net assets value per share (Rs.)			203.04	174.58	198.30	170.94

59 Litigation against the Bank

Litigation is a common occurrence in the banking industry due to the nature of the business. The Bank has an established protocol for dealing with such legal claims. In respect of pending legal claims where the Bank had already made provisions for possible losses in its Financial Statements or has a realisable security to cover the damages, then such legal claims are not included below as the Bank does not expect significant additional losses from such claims. However, further provisions are made to the Financial Statements, if necessary, on the adverse effects of legal claims based on professional advice obtained on the certainty of the outcome and based on a reasonable estimate.

All legal cases against the Bank have been tabled at the meetings of the Board Integrated Risk Management Committee and the progress has been discussed. Accordingly, set out below are the unresolved legal claims against the Bank as at December 31, 2025, for which adjustments to the Financial Statements have not been made due to the uncertainty of its outcome. In addition, there are cases filed against the Bank which have not been listed below since the impact of the same is considered immaterial to the Bank's operations.

Plaintiff	Nature of the case	Courts and Case No.	Value of the Action ('000)	Description of the case	Present status
Customer	Recovery of money	Commercial High Court 52/2020 (Formerly District Court of Colombo DMR 2855/18)	Rs. 55,000	Court action has been initiated by the Plaintiff to claim 10% of the sale price deposited at a property auction held by the Bank, since the Plaintiff failed to deposit the balance 90% within 30 days of the auction.	Decree and Notice of Decree Filed to be Served on the Plaintiff
Customer	Recovery of money	Commercial High Court CHC/771/19/MR	Rs. 60,000	The Plaintiff has filed this action seeking an order to prevent the Bank who is the first Defendant from paying and/or disbursing funds on the five Bank Guarantees favouring the Beneficiary who is the second Defendant.	Trial on March 23, 2026
Customer	Recovery of money	District Court of Colombo 01423/2020/DMR	US$ 250	Action has been instituted to recover a sum of US$. 250,000/- or equivalent in Sri Lankan Rupees together with legal interest thereon as damages due to a Guarantee which the Plaintiff could not claim from Surety.	Trial on March 23, 2026
Customer	Recovery of money	Joint District Judge, Dhaka Money suit No. 52 of 2010	BDT 35,328	The Plaintiff has filed the action to recover a sum of BDT 35,327,548.67 alleging that a sum of BDT 30,060,690/- was withdrawn by producing 13 cheques from the plaintiff's account. Plaintiff claimed that the cheques were illegal with forged signatures.	Next date is not fixed yet

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60 Maturity analysis

Group

(i) Remaining contractual period to maturity as at the date of Statement of Financial Position of the assets employed by the Group is detailed below:

	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total as at 31.12.2025 Rs. '000	Total as at 31.12.2024 Rs. '000
Interest earning assets							
Financial assets							
Cash and cash equivalents	5,542,639	–	–	–	–	5,542,639	160,092
Balances with Central Banks	17,940,320	–	–	–	–	17,940,320	18,814,810
Placements with banks	89,637,603	20,430,574	–	–	154,994	110,223,171	101,104,941
Securities purchased under resale agreements	21,323,223	422,879	–	–	–	21,746,102	28,655,962
Financial assets recognised through profit or loss – measured at fair value	106,521,563	–	–	–	–	106,521,563	87,741,168
Financial assets at amortised cost – loans and advances to other customers	654,662,512	599,894,386	425,680,655	179,283,773	98,839,270	1,958,360,596	1,421,004,171
Financial assets at amortised cost – debt and other financial instruments	76,473,220	74,644,039	281,676,507	145,245,880	154,814,051	732,853,697	701,751,287
Financial assets measured at fair value through other comprehensive income	44,741,833	85,767,322	79,290,394	7,597,848	25,950	217,423,347	301,882,133
Total interest earning assets as at 31.12.2025	1,016,842,913	781,159,200	786,647,556	332,127,501	253,834,265	3,170,611,435	
Total interest earning assets as at 31.12.2024	884,789,007	657,721,909	573,944,100	326,995,471	217,664,077		2,661,114,564
Non–interest earning assets							
Financial assets							
Cash and cash equivalents	83,314,372	–	–	–	–	83,314,372	89,455,367
Balances with Central Banks	15,242,147	11,374,808	2,917,147	416,567	–	29,950,669	37,174,764
Derivative financial assets	1,178,136	4,244,714	–	–	–	5,422,850	4,264,271
Financial assets recognised through profit or loss – measured at fair value	5,231,969	–	–	–	–	5,231,969	3,936,178
Financial assets measured at fair value through other comprehensive income	–	–	–	–	1,588,115	1,588,115	1,336,262
Non-financial assets							
Investment in associate	–	–	–	–	–	–	58,791
Property, plant and equipment and right–of–use assets	–	–	–	–	31,652,401	31,652,401	30,670,410
Investment properties	–	–	–	–	775,060	775,060	743,900
Intangible assets	–	–	–	–	5,008,060	5,008,060	4,757,905
Deferred tax assets	–	–	14,409,667	–	–	14,409,667	12,563,217
Other assets	22,257,663	296,622	1,153,424	851,248	6,340,851	30,899,808	29,917,238
Total non-interest earning assets as at 31.12.2025	127,224,287	15,916,144	18,480,238	1,267,815	45,364,487	208,252,971	
Total non-interest earning assets as at 31.12.2024	134,019,449	11,870,486	23,825,004	2,582,923	42,580,441		214,878,303
Total assets – as at 31.12.2025	1,144,067,200	797,075,344	805,127,794	333,395,316	299,198,752	3,378,864,406	
Total assets – as at 31.12.2024	1,018,808,456	669,592,395	597,769,104	329,578,394	260,244,518		2,875,992,867
Percentage – as at 31.12.2025 (*)	33.85	23.59	23.83	9.87	8.86	100.00	
Percentage – as at 31.12.2024 (*)	35.43	23.28	20.78	11.46	9.05		100.00

(*) Total assets of each maturity bucket as a percentage of total assets employed by the Group.

(ii) Remaining contractual period to maturity as at the date of Statement of Financial Position of the liabilities and equity employed by the Group is detailed below:

	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total as at 31.12.2025 Rs. '000	Total as at 31.12.2024 Rs. '000
Interest-bearing liabilities							
Financial liabilities							
Due to banks	14,271,986	12,468,785	744,918	234,472	–	27,720,161	11,506,520
Securities sold under repurchase agreements	90,540,349	17,409,819	–	–	–	107,950,168	112,461,472
Financial liabilities at amortised cost – due to depositors	1,470,762,280	756,299,193	176,218,379	21,096,764	–	2,424,376,616	2,095,099,647
Financial liabilities at amortised cost – other borrowings	374,389	6,791,848	2,443,593	3,606,723	1,209,861	14,426,414	14,273,156
Subordinated liabilities	2,257,092	8,102,822	22,387,612	33,461,249	8,377,790	74,586,565	57,707,677
Total interest – bearing liabilities as at 31.12.2025	1,578,206,096	801,072,467	201,794,502	58,399,208	9,587,651	2,649,059,924	
Total Interest – bearing liabilities as at 31.12.2024	1,454,778,894	662,753,902	108,498,057	52,799,771	12,217,848		2,291,048,472
Non-interest bearing liabilities							
Financial liabilities							
Due to banks	11,831,891	3,404,816	141,413	–	–	15,378,120	13,870,044
Derivative financial liabilities	1,154,913	108,252	–	–	–	1,263,165	837,497
Financial liabilities at amortised cost – due to depositors	275,650,525	–	–	–	–	275,650,525	210,979,774
Non-financial liabilities							
Current tax liabilities	6,590,086	19,770,260	–	–	–	26,360,346	13,502,666
Deferred tax liabilities	–	–	508,080	–	–	508,080	511,000
Other liabilities and provisions	65,622,589	1,654,616	2,588,633	1,607,192	1,585,384	73,058,414	59,423,992
Equity							
Stated capital	–	–	–	–	91,557,690	91,557,690	88,017,094
Statutory reserves	–	–	–	–	19,649,096	19,649,096	16,469,686
Retained earnings	–	–	–	–	20,772,539	20,772,539	17,533,670
Other reserves	–	–	–	–	200,087,100	200,087,100	159,108,992
Non-controlling interest	–	–	–	–	5,519,407	5,519,407	4,689,980
Total non-interest bearing liabilities as at 31.12.2025	360,850,004	24,937,944	3,238,126	1,607,192	339,171,216	729,804,482	
Total non-interest bearing liabilities as at 31.12.2024	281,480,168	11,752,513	2,718,293	1,480,178	287,513,243		584,944,395
Total liabilities and equity – as at 31.12.2025	1,939,056,100	826,010,411	205,032,628	60,006,400	348,758,867	3,378,864,406	
Total liabilities and equity – as at 31.12.2024	1,736,259,062	674,506,415	111,216,350	54,279,949	299,731,091		2,875,992,867
Percentage – as at 31.12.2025 (*)	57.38	24.45	6.07	1.78	10.32	100.00	
Percentage – as at 31.12.2024 (*)	60.37	23.45	3.87	1.89	10.42		100.00

(*) Total liabilities and equity of each maturity bucket as a percentage of total liabilities and equity employed by the Group.

61 Operating segments

ACCOUNTING POLICY

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Corporate Management Team headed by the Managing Director/Chief Executive Officer (being the chief operating decision-maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Group has five strategic divisions (operating segments) which are reportable segments, namely:

- Personal Banking
- Corporate Banking
- International Operations
- Dealing/Treasury
- NBFI, Real Estate & Services

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Consolidated Financial Statements. Income taxes are reported at the group level and are not allocated to operating segments.

The following table presents the income, profit, asset and liability information of the Group's strategic business divisions for the year ended December 31, 2025 and comparative figures for the year ended December 31, 2024.

For the year ended December 31,	Personal banking		Corporate banking	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Net interest income	62,999,267	48,020,289	20,769,612	18,497,433
Foreign exchange profit	625,126	590,262	828,350	414,104
Net fee and commission income	17,305,351	13,462,773	6,881,239	6,062,781
Other income	368,516	322,769	963,688	794,534
Total operating income	81,298,260	62,396,093	29,442,889	25,768,852
Impairment (charges)/reversal and other losses	(11,693,777)	(7,358,704)	(11,274,252)	5,431,694
Net operating income	69,604,483	55,037,389	18,168,637	31,200,546
Segment result	34,390,108	23,497,494	12,319,112	23,230,485
Profit from operations				
Share of profit /(loss) of associate (net of tax)				
Income tax expense				
Non-controlling interest				
Net profit for the year, attributable to equity holders of the parent				

As at December 31,	Personal banking		Corporate banking	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Other information				
Segment assets	999,954,049	690,082,936	753,801,977	561,359,536
Investment in associate	–	–	–	–
Total assets	999,954,049	690,082,936	753,801,977	561,359,536
Segment liabilities	1,954,516,498	1,735,976,289	537,703,750	420,002,037
Total liabilities	1,954,516,498	1,735,976,289	537,703,750	420,002,037

For the year ended December 31,	Personal banking		Corporate banking	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Information on cash flows				
Cash flows from operating activities				
Cash flows from investing activities				
Cash flows from financing activities				
Capital expenditure –				
Property, plant and equipment				
Investment properties				
Intangible assets				
Net cash flow generated during the year				

International operations		Dealing/treasury		NBFI, Real Estate & Services		Unallocated/eliminations		Total/consolidated	
2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
25,512,892	25,112,999	19,777,321	17,361,868	1,569,538	1,048,491	10,331,912	8,093,604	140,960,542	118,134,684
4,821,855	9,294,675	4,190,219	(770,482)	3,791	1,149	4,091,028	(6,118,233)	14,560,369	3,411,475
3,202,858	2,827,986	(9,198)	6,510	776,359	489,346	818,912	796,782	28,975,521	23,646,178
957,399	168,067	2,975,483	(40,649,037)	2,583,858	1,992,586	(1,187,107)	(1,231,324)	6,661,837	(38,602,405)
34,495,004	37,403,727	26,933,825	(24,051,141)	4,933,546	3,531,572	14,054,745	1,540,829	191,158,269	106,589,932
1,898,925	(7,983,267)	(1,812,308)	72,914,330	(235,085)	(240,135)	–	–	(23,116,497)	62,763,918
36,393,929	29,420,460	25,121,517	48,863,189	4,698,461	3,291,437	14,054,745	1,540,829	168,041,772	169,353,850
28,699,424	21,723,492	20,106,367	39,898,003	1,041,679	639,464	(3,768,607)	(11,180,121)	92,788,083	97,808,817
								92,788,083	97,808,817
								(662)	(460)
								(31,849,904)	(42,121,945)
								(827,334)	(613,172)
								60,110,183	55,073,240

International operations		Dealing/treasury		NBFI, Real Estate & Services		Unallocated/eliminations		Total/consolidated	
2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
531,120,400	432,485,580	1,027,962,546	1,183,389,818	38,998,382	21,098,534	27,027,052	(12,482,328)	3,378,864,406	2,875,934,076
–	–	–	–	–	–	–	58,791	–	58,791
531,120,400	432,485,580	1,027,962,546	1,183,389,818	38,998,382	21,098,534	27,027,052	(12,423,537)	3,378,864,406	2,875,992,867
435,213,047	357,483,056	125,002,091	110,375,915	31,439,019	14,801,101	(42,595,831)	(48,464,953)	3,041,278,574	2,590,173,445
435,213,047	357,483,056	125,002,091	110,375,915	31,439,019	14,801,101	(42,595,831)	(48,464,953)	3,041,278,574	2,590,173,445

International operations		Dealing/treasury		NBFI, Real Estate & Services		Unallocated/eliminations		Total/consolidated	
2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
								12,105,540	(92,347,097)
								(1,519,016)	(1,503,630)
								(6,607,006)	28,750,610
								(3,154,402)	(3,355,322)
								16,000	9,000
								(1,573,311)	(1,646,414)
								(732,195)	(70,092,853)

62 Related party disclosures

ACCOUNTING POLICY

The Bank carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures" (LKAS 24), other than, transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

62.1 Parent and ultimate controlling party

The Bank does not have an identifiable parent of its own.

62.2 Transactions with Key Management Personnel (KMP)

According to LKAS 24, KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Bank

The Board of Directors of the Bank (including Executive and Non-Executive Directors) has been identified as KMP of the Bank.

KMP of the Group

As the Bank is the ultimate parent of the subsidiaries listed out in Note 1.3 on page 319, the Board of Directors of the Bank has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Bank is also KMP of the Group. Therefore, officers who are only Directors of the subsidiaries and not of the Bank have been classified as KMP only for that respective subsidiary.

62.2.1 Compensation to KMP

	GROUP		BANK	
For the year ended December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Short-term employment benefits and fees(*)	364,822	282,509	351,964	271,453
Post-employment benefits	14,434	13,122	14,434	13,122
Terminal benefits	–	30,563	–	30,563
Total	379,256	326,194	366,398	315,138

(*) Include non-cash benefits

62.2.2 Transactions, arrangements and agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Bank. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner. CFM too have been identified as Related Parties of the Group/Bank.

62.2.2.1 Statement of Financial Position – Bank

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets				
Financial assets at amortised cost – Loans and advances	1,451	5,196	3,247	7,348
Total	1,451	5,196	3,247	7,348
Liabilities				
Securities sold under repurchase agreements	–	–	–	12,887
Financial liabilities at amortised cost – due to depositors	284,360	599,113	474,719	448,248
Subordinated liabilities	54,250	49,250	50,500	49,250
Total	338,610	648,363	525,219	510,385

62.2.2.2 Commitments and contingencies – Bank

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Undrawn facilities	97,726	242,222	120,524	239,746
Total	97,726	242,222	120,524	239,746

62.2.2.3 Direct and indirect accommodation – Bank

	Year-end balance	
	2025	2024
Direct and indirect accommodation as a percentage of the Bank's regulatory capital	0.03	0.09

62.2.2.4 Income Statement – Bank

For the year ended December 31,	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Interest income			114	890
Interest expense			68,239	66,251
Compensation to KMP	62.2.1	430	366,398	315,138

62.2.2.5 Share-based transactions of KMP and CFM

	Year-end balance	
	2025	2024
Number of ordinary shares held by KMP and CFM	1,041,666	1,172,357
Dividends paid (in Rs. '000)	5,633	5,082

	ESOP 2023	
As at the year end	2025	2024
Number of cumulative exercisable options under the Employee Share Option Plan (ESOP)		
Tranche I	–	109,818(*)
Tranche II	–	–
Tranche III	178,947	–

(*) After rights issue in August 2024. (Before rights issue - 105,819)

62.2.3 Transactions, arrangements and agreements involving entities which are controlled, and/or jointly controlled by the KMP or their CFM

Entities controlled or jointly controlled by Key Management Personnel (KMP) or their Close Family Members (CFM) are organisations in which those individuals have the ability to govern financial and operational decision-making, either independently or in conjunction with others. Such entities are regarded as related parties.

62.2.3.1 Statement of Financial Position - Bank

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
Assets				
Financial assets at amortised cost – Loans and advances	–	–	–	–
Total	–	–	–	–
Liabilities				
Securities sold under repurchase agreements	–	–	–	–
Financial liabilities at amortised cost – due to depositors	18,229	9,364	6,309	1,349
Subordinated liabilities	13,290	13,290	13,290	13,290
Total	31,519	22,654	19,599	14,639

62.2.3.2 Commitments and Contingencies - Bank

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
Undrawn facilities	212,000	212,000	212,000	212,000
Total	212,000	212,000	212,000	212,000

62.2.3.3 Direct and indirect accommodation - Bank

	Year-end balance	
	2025	2024
Direct and indirect accommodation as a percentage of the Bank's Regulatory Capital	0.06	0.07

62.2.3.4 Income Statement - Bank

For the year ended December 31,	**2025 Rs. '000**	2024 Rs. '000
Interest income	–	–
Interest expense	25	–

62.3 Transactions with Group entities

The Group entities include the subsidiaries and the associate of the Bank.

62.3.1 Transactions with subsidiaries

62.3.1.1 Statement of Financial Position

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets				
Financial assets at amortised cost – Loans and advances	2,006,527	1,373,385	1,232,357	1,632,862
Other assets	107,734	139,228	123,481	125,229
Total	2,114,261	1,512,613	1,355,838	1,758,091
Liabilities				
Securities sold under repurchase agreements	2,511,783	8,920	706,303	21,452
Financial liabilities at amortised cost – Due to depositors	2,074,946	1,793,376	1,372,515	1,411,880
Other liabilities and provisions	138,542	145,794	142,168	231,508
Total	4,725,271	1,948,090	2,220,986	1,664,840

62.3.1.2 Commitments and contingencies

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Undrawn facilities	1,740,015	1,272,370	1,345,950	1,169,234
Total	1,740,015	1,272,370	1,345,950	1,169,234

62.3.1.3 Direct and indirect accommodation

	Year-end balance	
	2025	2024
Direct and indirect accommodation as a percentage of the Bank's Regulatory Capital	1.10	0.98

62.3.1.4 Income Statement

For the year ended December 31,	2025 Rs. '000	2024 Rs. '000
Interest income	110,423	173,594
Interest expense	62,547	68,744
Other income	214,765	233,460
Other expenses	1,666,575	1,434,414
Dividend income	75,600	93,600

62.3.1.5 Other transactions

For the year ended December 31,	2025 Rs. '000	2024 Rs. '000
Payments made to Orysys Limited in relation to purchase of computer hardware and software	920,403	520,892
Number of ordinary shares of the Bank held by the subsidiaries as at the year-end	–	–
Dividend paid	–	–

62.3.1.6 Inter-company transactions carried out by other entities in the Group

Details of transactions of CBC Finance PLC with Commercial Development Company PLC (CDC) and Orysys Limited.

Subsidiary Company	Nature of the transaction	Year-end balance		Annual average balance	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
CBC Finance PLC	**Transactions with CDC PLC**				
	As at December 31,				
	Term deposits	884,997	977,022	986,160	887,869
	Debentures	233,020	–	58,255	–
	For the year ended December 31,				
	Interest expense	94,504	107,140	–	–
	Transactions with Orysys Limited				
	As at December 31,				
	Term deposits	275,736	254,017	270,306	243,855
	For the year ended December 31,				
	Interest expense	25,074	31,943	–	–

62.3.2 Transactions with the associate

62.3.2.1 Statement of Financial Position

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets				
Financial assets at amortised cost – Loans and advances	–	–	–	–
Total	–	–	–	–
Liabilities				
Financial liabilities at amortised cost – Due to depositors	1,639	1,373	1,687	1,278
Total	1,639	1,373	1,687	1,278

62.3.2.2 Commitments and contingencies

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Undrawn facilities	–	–	–	–
Total	–	–	–	–

62.3.2.3 Income Statement

For the year ended December 31,	2025 Rs. '000	2024 Rs. '000
Interest income	–	–
Interest expense	81	64
Other income	–	–
Other expenses	–	–

62.3.2.4 Other transactions

	2025	2024
Number of ordinary shares of the Bank held by the associate as at the year-end	8,000	5,000
Dividend paid (Rs. '000)	–	28

The Bank divested its entire shareholding in Equity Investment Lanka Limited for a total consideration of Rs. 27.132 Mn. in January 2026.

62.4 Transactions with other related entities

Other related entities include significant investors (either entities or individuals) that have control, joint control or significant influence, post-employment benefit plans for the Bank's employees and the CSR Trust Fund.

62.4.1 Transactions with the post-employment benefit plans for the employees of the Bank

62.4.1.1 Statement of Financial Position

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets				
Financial assets at amortised cost – Loans and advances	–	–	–	–
Total	–	–	–	–
Liabilities				
Securities sold under repurchase agreements	–	–	–	–
Financial liabilities at amortised cost – Due to depositors	9,072,449	3,233,447	5,035,919	2,980,633
Total	9,072,449	3,233,447	5,035,919	2,980,633

62.4.1.2 Income Statement

For the year ended December 31,	2025 Rs. '000	2024 Rs. '000
Interest income	–	–
Interest expense	845,469	573,394
Contribution made/taxes paid by the Bank	2,536,398	2,287,556

62.4.2 Transactions with the CSR Trust Fund

62.4.2.1 Statement of Financial Position

	Year-end balance		Annual average balance	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets				
Financial assets at amortised cost – Loans and advances	–	–	–	–
Total	–	–	–	–
Liabilities				
Securities sold under repurchase agreements	–	–	–	–
Financial liabilities at amortised cost – Due to depositors	29,108	15,291	26,298	18,698
Total	29,108	15,291	26,298	18,698

62.4.1.2 Income Statement

For the year ended December 31,	2025 Rs. '000	2024 Rs. '000
Interest income	–	–
Interest expense	1,506	1,356
Contribution made by the Bank	200,000	200,000

62.5 Recurrent related party transactions

There are no recurrent related party transactions which in aggregate exceeds more than 10% of the gross revenue of the Bank.

62.6 Non-recurrent related party transactions

There are no non-recurrent related party transactions which exceeds 10% of equity or 5% of total assets, whichever is lower.

63 Non-cash items included in profit or loss and other comprehensive income

For the year ended December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Depreciation of property, plant and equipment and right-of-use assets	4,564,010	3,620,914	4,518,621	3,583,151
Amortisation of intangible assets	1,327,680	1,116,289	1,300,782	1,086,580
Impairment charges/(reversal) and other losses	22,624,583	(62,482,842)	22,002,567	(63,390,150)
Impairment on investment in associate classified as held for sale	30,997	–	17,199	–
Property, plant and equipment written-off	8,960	–	8,960	–
Intangible assets written-off	161	43,952	161	43,952
Fair value (gains)/losses on investment properties	(10,400)	(3,500)	–	–
Loss on revaluation of land & buildings	–	–	–	–
Accretion of interest on lease liability	669,890	557,510	637,890	549,105
Contributions to defined benefit plans – Unfunded schemes	73,870	73,310	28,550	31,395
Provision made o/a of leave encashment	189,997	176,670	189,997	176,670
Equity-settled share-based payments	16,861	22,180	16,861	22,180
Amortised interest payable o/a subordinated liabilities	–	–	–	–
Mark to market (gains)/losses on other financial instruments at fair value through profit or loss	(1,445,325)	(1,181,589)	(1,445,325)	(1,181,589)
Mark to market (gains)/losses on derivative financial instruments	(1,748)	(40,619)	(1,748)	(40,619)
Effect of exchange rate variances on property, plant and equipment and right-of-use assets	(51,317)	350,672	(35,179)	304,475
Effect of exchange rate variances on intangible assets	(4,685)	16,787	(2,102)	10,435
Effect of exchange rate variances on subordinated liabilities	–	–	–	–
Net effect of exchange rate variances on net deferred tax assets	(111,983)	283,999	(99,953)	270,417
Net effect of exchange rate variances on income tax liability	526,440	(1,858,654)	490,148	(1,825,482)
Net effect of exchange rate variances on lease liability	54,012	(341,292)	40,900	(309,594)
Grossed up withholding tax credits	(107,658)	(54,320)	(107,658)	(54,320)
Total	28,354,345	(59,700,533)	27,560,671	(60,723,394)

64 Change in operating assets

For the year ended December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Net (increase)/decrease in derivative financial instruments	(1,158,579)	2,962,213	(1,158,579)	2,962,213
Net (increase)/decrease in balances with central banks	8,197,162	6,515,916	6,899,765	7,115,416
Net (increase)/decrease in placements with banks	(9,314,960)	(19,707,523)	(3,306,311)	(17,952,060)
Net (increase)/decrease in securities purchased under resale agreements	6,909,860	2,492,767	8,302,844	2,492,767
Net (increase)/decrease in other financial assets recognised through profit or loss	(18,630,861)	(61,046,104)	(18,630,861)	(61,046,104)
Net (increase)/decrease in loans and receivables to customers	(560,782,220)	(239,570,930)	(541,593,548)	(230,980,986)
Net (increase)/decrease in financial assets measured at fair value through other comprehensive income	82,239,107	(14,293,030)	81,628,439	(13,374,459)
Net (increase)/decrease in financial assets at amortised cost – debt and other financial instruments	(29,552,897)	71,747,654	(20,045,413)	70,597,664
Net (increase)/decrease in other assets	340,076	6,883,124	1,024,807	6,785,506
Total	(521,753,312)	(244,015,913)	(486,878,857)	(233,400,043)

63
64

65 Change in operating liabilities

For the year ended December 31,	GROUP 2025 Rs. '000	GROUP 2024 Rs. '000	BANK 2025 Rs. '000	BANK 2024 Rs. '000
Net increase/(decrease) in due to banks	17,721,717	(22,572,014)	8,417,307	(25,967,609)
Net increase/(decrease) in derivative financial instruments	427,416	(1,441,093)	427,416	(1,441,093)
Net increase/(decrease) in securities sold under repurchase agreements	(4,511,304)	1,274,648	(2,007,898)	1,271,876
Net increase/(decrease) in deposits from customers	393,970,176	158,195,519	372,307,500	151,543,607
Net increase/(decrease) in other borrowings	153,258	1,517,135	153,258	1,517,135
Net increase/(decrease) in other liabilities and provisions	13,028,724	1,795,716	11,342,675	2,097,138
Net increase/(decrease) in due to subsidiaries	–	–	(7,252)	(171,427)
Total	420,789,987	138,769,911	390,633,006	128,849,627

66 Financial risk review

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

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Introduction

As a financial intermediary, the Bank is exposed to various types of risks including credit, market, liquidity and operational risks which are inherent in the Bank's activities. Managing these risks is critical for the sustainability of the Bank which plays a pivotal role in all activities of the Bank. Risk management function strives to identify potential risks in advance, analyse them and take precautionary steps to mitigate the impact of risk whilst optimising through risk adjusted returns within the risk appetite of the Bank.

Risk management framework

The overall responsibility and oversight of the risk management framework of the Bank is vested with the Board of Directors (BOD). The Board Integrated Risk Management Committee (BIRMC), a mandatory subcommittee set up by the Board, in turn is entrusted with the development of the Bank's Risk Management Policies and monitoring of due compliance of same through the Executive Integrated Risk Management Committee (EIRMC).

The Risk Management Policies spell out the risk appetite of the Bank and has incorporated risk exposure limits and controls to monitor and adherence to the limits in force. These Policies and Systems are reviewed regularly to reflect the changing market dynamics in light of the products and services offered.

The Bank strives to inculcate a risk management culture through continuous training, work ethics and standards.

Integrated Risk Management Department (IRMD)

Business Units are the risk owners and have the primary responsibility for managing risk stemming from these activities. The IRMD acts as the second line of defence in managing the risk. The IRMD through Chief Risk Officer reports to the BIRMC thus ensuring its independence.

Risk measurement and reporting

The Bank uses robust risk measurement techniques in line with industry best practices. The Bank also carries out stress testing on regular basis which is a key aspect of the Internal Capital Adequacy Assessment Process (ICAAP). The risk management framework of the Bank provides an insight on the impact of extreme, but plausible scenarios on the Bank's risk profile. The results of the stress testing are reported to the EIRMC and then to the BIRMC on a periodic basis.

The Bank establishes policies, and sets limits and thresholds within the risk appetite of the Bank. These limits reflect the business strategy and market environment which the Bank as well as the level of risk that the Bank is willing to accept (risk appetite). The monitoring and control mechanism therefore, is based on risk appetite of the Bank.

66.1 Credit risk

The financial loss resulting from a borrower or counterparty to a financial instrument failing or delaying to meet its contractual obligations is referred to as credit risk. It arises principally from the loans and advances to banks and other customers, investments in debt securities and other financial instruments. In addition to the credit risk from direct funding exposure (i.e. on balance sheet exposure), indirect liabilities such as Letters of Credit, Guarantees etc. also would expose the Bank to credit risk.

The Bank ensures stringent credit risk management practices to manage overall elements of credit risk exposures (such as individual obligor default risk, country and sector concentration risks etc.).

66.1.1 Credit quality analysis

66.1.1 (a) Maximum exposure to credit risk by risk rating

The following tables set out information about the credit quality of financial assets measured at amortised cost, debt instruments measured at FVOCI and contingent liabilities and commitments.

As at December 31, 2025	Note	Page No.	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Lifetime ECL – not credit impaired (Stage 2)	Subject to Lifetime ECL – credit impaired (Stage 3)
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents							
Risk free Investments			56,761,194	56,761,194	–	–	–
Rating 0-4: Investment grade			24,425,285	–	24,425,285	–	–
Rating 5-6: Moderate risk			3,720,650	–	3,720,650	–	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			63,762	–	63,762	–	–
Gross carrying amount			84,970,891	56,761,194	28,209,697	–	–
Less: Provision for impairment			33,445	–	33,445	–	–
Net carrying amount	28	360	84,937,446	56,761,194	28,176,252	–	–
Placements with Central Bank and other Banks							
Risk free Investments (Excluding Statutory Reserve)			700,139	700,139	–	–	–
Rating 0-4: Investment grade			47,334,580	–	47,334,580	–	–
Rating 5-6: Moderate risk			22,997,249	–	22,997,249	–	–
Rating 7-8: High risk			32,312,649	–	32,312,649	–	–
Rating 9: Extreme risk			–	–	–	–	–
Gross carrying amount			103,344,617	700,139	102,644,478	–	–
Less: Provision for impairment			187,478	–	187,478	–	–
Net carrying amount	29 & 30	361 & 362	103,157,139	700,139	102,457,000	–	–

As at December 31, 2025	Note	Page No.	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Lifetime ECL – not credit impaired (Stage 2)	Subject to Lifetime ECL – credit impaired (Stage 3)
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances to other customers							
Government Securities (Risk free investments)			–	–	–	–	–
Rating 0-4: Investment grade (*)			1,381,510,967	–	1,271,173,931	110,337,036	–
Rating 5-6: Moderate risk			480,358,467	–	358,108,205	111,308,981	10,941,281
Rating 7-8: High risk			50,919,223	–	27,699,509	16,047,001	7,172,713
Rating 9: Extreme risk			114,970,945	–	1,978,269	2,646,213	110,346,463
Gross carrying amount			2,027,759,602	–	1,658,959,914	240,339,231	128,460,457
Less: Provision for impairment			124,329,157	–	8,537,951	18,677,799	97,113,407
Net carrying amount	33	368	1,903,430,445	–	1,650,421,963	221,661,432	31,347,050
Financial assets at amortised cost – Debt and other financial instruments							
Government Securities (Risk free investments)			662,836,751	662,836,751	–	–	–
Rating 0-4: Investment grade			11,909,509	–	11,909,509	–	–
Rating 5-6: Moderate risk			16,000,866	–	–	16,000,866	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			152,870	–	–	–	152,870
Gross carrying amount			690,899,996	662,836,751	11,909,509	16,000,866	152,870
Less: Provision for impairment			1,552,319	–	2,149	1,397,300	152,870
Net carrying amount	34	371	689,347,677	662,836,751	11,907,360	14,603,566	–
Financial assets measured at fair value through other comprehensive income							
Government Securities (Risk free investments)			196,902,635	196,902,635	–	–	–
Rating 0-4: Investment grade			1,585,610	1,585,610	–	–	–
Rating 5-6: Moderate risk			21,249,198	–	–	21,249,198	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			–	–	–	–	–
Gross carrying amount			219,737,443	198,488,245	–	21,249,198	–
Less: Provision for impairment			1,746,092	–	–	1,746,092	–
Net carrying amount	35	374	217,991,351	198,488,245	–	19,503,106	–
Off-balance sheet (**)							
Contingent liabilities and commitments							
(i) Lending commitments							
Grade 0-6: Investment grade to moderate risk			246,588,796	–	240,357,585	5,519,278	711,933
Grade 7-9: High risk to extreme risk			–	–	–	–	–
Gross carrying amount			246,588,796	–	240,357,585	5,519,278	711,933
(ii) Contingencies							
Grade 0-6: Investment grade to moderate risk			732,840,342	379,472,609	353,016,141	–	351,592
Grade 7-9: High risk to extreme risk			–	–	–	–	–
Gross carrying amount			732,840,342	379,472,609	353,016,141	–	351,592
Total contingent liabilities and commitments	57	423	979,429,138	379,472,609	593,373,726	5,519,278	1,063,525
Provision for impairment	57.3 (b)	425	2,821,142	–	2,064,623	550,563	205,956

As at December 31, 2024	Note	Page No.	Carrying amount	Not subject to ECL	Subject to		
					12-month ECL (Stage 1)	Lifetime ECL – not credit impaired (Stage 2)	Lifetime ECL – credit impaired (Stage 3)
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents							
Risk free Investments			49,202,117	49,202,117	–	–	–
Rating 0-4: Investment grade			37,485,610	–	37,485,610	–	–
Rating 5-6: Moderate risk			108,383	–	108,383	–	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			59,376	–	59,376	–	–
Gross carrying amount			86,855,486	49,202,117	37,653,369	–	–
Less: Provision for impairment			7,195	–	7,195	–	–
Net carrying amount	28	360	86,848,291	49,202,117	37,646,174	–	–
Placements with Central Bank and other Banks							
Risk free Investments (Excluding Statutory Reserve)			5,601,154	5,601,154	–	–	–
Rating 0-4: Investment grade			98,447,771	–	98,447,771	–	–
Rating 5-6: Moderate risk			890,199	–	890,199	–	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			–	–	–	–	–
Gross carrying amount			104,939,124	5,601,154	99,337,970	–	–
Less: Provision for impairment			37,667	-	37,667	–	–
Net carrying amount	29 & 30	361 & 362	104,901,457	5,601,154	99,300,303	–	–
Financial assets at amortised cost – Loans and advances to other customers							
Government Securities (Risk free investments)			–	–	–	–	–
Rating 0-4: Investment grade (*)			1,018,290,727	–	949,692,859	68,597,868	–
Rating 5-6: Moderate risk			340,308,103	–	260,123,407	50,545,461	29,639,235
Rating 7-8: High risk			51,093,614	–	21,169,792	8,738,452	21,185,370
Rating 9: Extreme risk			77,208,242	–	171,008	123,888	76,913,346
Gross carrying amount			1,486,900,686	–	1,231,157,066	128,005,669	127,737,951
Less: Provision for impairment			102,376,026	–	6,198,064	11,454,464	84,723,498
Net carrying amount	33	368	1,384,524,660	–	1,224,959,002	116,551,205	43,014,453
Financial assets at amortised cost – Debt and other financial instruments							
Government Securities (Risk free investments)			642,905,805	642,905,805	–	–	–
Rating 0-4: Investment grade			1,390,085	–	1,390,085	–	–
Rating 5-6: Moderate risk			24,786,439	–	7,839,276	16,947,163	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			152,870	–	–	–	152,870
Gross carrying amount			669,235,199	642,905,805	9,229,361	16,947,163	152,870
Less: Provision for impairment			1,525,508	–	16,864	1,355,774	152,870
Net carrying amount	34	371	667,709,691	642,905,805	9,212,497	15,591,389	–

As at December 31, 2024	Note	Page No.	Carrying amount	Not subject to ECL	Subject to		
					12-month ECL (Stage 1)	Lifetime ECL – not credit impaired (Stage 2)	Lifetime ECL – credit impaired (Stage 3)
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets measured at fair value through other comprehensive income							
Government Securities (Risk free investments)			300,250,236	300,250,236	–	–	–
Rating 0-4: Investment grade			1,333,906	1,333,906	–	–	–
Rating 5-6: Moderate risk			–	–	–	–	–
Rating 7-8: High risk			–	–	–	–	–
Rating 9: Extreme risk			–	–	–	–	–
Gross carrying amount			301,584,142	301,584,142	–	–	–
Less: Provision for impairment			–	–	–	–	–
Net carrying amount	35	374	301,584,142	301,584,142	–	–	–
Off-balance sheet (**)							
Contingent liabilities and commitments							
(i) Lending commitments							
Grade 0-6: Investment grade to moderate risk			195,326,955	–	191,746,236	3,506,532	74,187
Grade 7-9: High risk to extreme risk			804,482	–	279,340	77,093	448,049
Gross carrying amount			196,131,437	–	192,025,576	3,583,625	522,236
(ii) **Contingencies**							
Grade 0-6: Investment grade to moderate risk			545,894,882	290,296,652	255,162,224	260,309	175,697
Grade 7-9: High risk to extreme risk			463,970	–	–	–	463,970
Gross carrying amount			546,358,852	290,296,652	255,162,224	260,309	639,667
Total contingent liabilities and commitments	57	423	742,490,289	290,296,652	447,187,800	3,843,934	1,161,903
Provision for impairment	57.3 (b)	425	4,519,693	–	1,972,973	649,312	1,897,408

(*) Investment grade also include Cash and Gold.

(**) Amounts reported above does not include capital commitments by the Bank disclosed in the Note 57 on "Contingent Liabilities and Commitments" on pages 423 to 425.

Financial assets at amortised cost – Loans and advances to other customers and contingent liabilities and commitments categorised based on Bank's internal risk rating and other financial assets are categorised based on external credit rating of respective counterparties.

66.1.1 (b) Credit exposure movement – ECL stage-wise

The following tables show reconciliations from the opening to closing balance of the gross carrying amounts by class of financial instrument.

	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Lifetime ECL not credit impaired (Stage 2)	Subject to Lifetime ECL credit impaired (Stage 3)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents					
Gross carrying amount as at January 01, 2025	86,855,486	49,202,117	37,653,369	–	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
New assets originated or purchased	33,691,852	6,991,319	26,700,533	–	–
Financial assets derecognised or repaid (excluding write-offs)	(37,653,369)	–	(37,653,369)	–	–
Foreign exchange adjustments	2,076,922	567,758	1,509,164	–	–
As at December 31, 2025	84,970,891	56,761,194	28,209,697	–	–
Placements with Central Bank and other Banks					
Gross carrying amount as at January 01, 2025	104,939,124	5,601,154	99,337,970	–	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
New assets originated or purchased	99,988,738	700,139	99,288,599	–	–
Financial assets derecognised or repaid (excluding write-offs)	(109,214,271)	(5,601,154)	(103,613,117)	–	–
Foreign exchange adjustments	7,631,026	–	7,631,026	–	–
As at December 31, 2025	103,344,617	700,139	102,644,478	–	–
Financial assets at amortised cost – Loans and advances to other customers					
Gross carrying amount as at January 01, 2025	1,486,900,686	–	1,231,157,066	128,005,669	127,737,951
Transfer to Stage 1	–	–	22,007,940	(19,071,665)	(2,936,275)
Transfer to Stage 2	–	–	(62,020,477)	66,722,959	(4,702,482)
Transfer to Stage 3	–	–	(4,858,977)	(12,467,905)	17,326,882
Loans and advances granted during the year (**)	1,341,628,782	–	1,174,294,890	150,787,701	16,546,191
Financial assets derecognised or repaid (excluding write-offs)	(820,290,575)	–	(717,793,589)	(76,616,731)	(25,880,255)
Write-offs (*)	(8,909,625)	–	–	–	(8,909,625)
Foreign exchange adjustments	20,321,270	–	16,173,060	2,485,359	1,662,851
Changes to contractual cash flows due to modifications not resulting in derecognition (***)	8,109,064	–	–	493,844	7,615,220
As at December 31, 2025	2,027,759,602	–	1,658,959,913	240,339,231	128,460,458

	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Lifetime ECL not credit impaired (Stage 2)	Subject to Lifetime ECL credit impaired (Stage 3)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Debt and other financial instruments					
Gross carrying amount as at January 01, 2025	669,235,199	642,905,805	9,229,361	16,947,163	152,870
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
Transfer to not subject to ECL	–	–	–	–	–
New assets originated or purchased	168,576,884	163,282,996	3,436,862	1,857,026	–
Financial assets derecognised or repaid (excluding write-offs)	(157,314,511)	(152,108,164)	(756,778)	(4,449,569)	–
Unwinding	4,924,689	4,155,709	–	768,980	–
Foreign exchange adjustments	5,477,735	4,600,405	64	877,266	–
As at December 31, 2025	690,899,996	662,836,751	11,909,509	16,000,866	152,870
Financial assets measured at fair value through other comprehensive income					
Gross carrying amount as at January 01, 2025	301,584,142	301,584,142	–	–	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
New assets originated or purchased	206,873,321	188,052,401	–	18,820,920	–
Financial assets derecognised or repaid (excluding write-offs)	(290,798,931)	(290,798,931)	–	–	–
Foreign exchange adjustments	2,305,132	1,725,027	–	580,105	–
Change in fair value due to remeasurement	(226,221)	(2,074,394)	–	1,848,173	–
As at December 31, 2025	219,737,443	198,488,245	–	21,249,198	–
Contingent liabilities and commitments					
Gross carrying amount as at January 01, 2025	742,490,289	290,296,650	447,187,799	3,843,938	1,161,902
Transfer to Stage 1	–	–	1,706,528	(1,577,259)	(129,269)
Transfer to Stage 2	–	–	(3,881,628)	3,883,543	(1,915)
Transfer to Stage 3	–	–	(6,579)	(14,240)	20,819
Net change in new assets originated or purchased/Financial assets derecognised or repaid (excluding write-offs)	236,938,849	89,175,959	148,367,606	(616,704)	11,988
Write-offs	–	–	–	–	–
As at December 31, 2025	979,429,138	379,472,609	593,373,726	5,519,278	1,063,525

(*) Due to enforcement activities, loans and advances amounting to Rs. 913.399 Mn. was written off during the year.

(**) This represents loans and advances granted during the year and reflects their year end stage classification for impairment purposes.

(***) This represents the restructured and rescheduled portfolio and stages assigned as per the CBSL Directions. There were no resultant material modification gains/losses recognised due to aforesaid change in classification during the year.

	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Lifetime ECL not credit impaired (Stage 2)	Subject to Lifetime ECL credit impaired (Stage 3)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents					
Gross carrying amount as at January 01, 2024	157,833,872	53,483,401	104,350,471	–	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
New assets originated or purchased	42,011,815	–	42,011,815	–	–
Financial assets derecognised or repaid (excluding write-offs)	(107,764,982)	(3,414,511)	(104,350,471)	–	–
Foreign exchange adjustments	(5,225,219)	(866,773)	(4,358,446)	–	–
As at December 31, 2024	86,855,486	49,202,117	37,653,369	–	–
Placements with Central Bank and other Banks					
Gross carrying amount as at January 01, 2024	86,289,545	4,903,453	81,386,092	–	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
New assets originated or purchased	108,276,779	5,601,154	102,675,625	–	–
Financial assets derecognised or repaid (excluding write-offs)	(79,371,712)	(4,903,453)	(74,468,259)	–	–
Foreign exchange adjustments	(10,255,488)	–	(10,255,488)	–	–
As at December 31, 2024	104,939,124	5,601,154	99,337,970	–	–
Financial assets at amortised cost – Loans and advances to other customers					
Gross carrying amount as at January 01, 2024	1,265,559,303	–	993,758,010	128,237,702	143,563,591
Transfer to Stage 1	–	–	26,981,445	(24,427,546)	(2,553,899)
Transfer to Stage 2	–	–	(37,265,456)	40,261,962	(2,996,506)
Transfer to Stage 3	–	–	(3,181,008)	(12,154,834)	15,335,842
Loans and advances granted during the year (**)	953,641,686	–	870,034,755	68,843,257	14,763,674
Financial assets derecognised or repaid (excluding write-offs)	(683,683,562)	–	(575,959,570)	(69,596,694)	(38,127,298)
Write-offs (*)	(6,574,081)	–	–	–	(6,574,081)
Foreign exchange adjustments	(50,820,679)	–	(43,211,110)	(3,705,190)	(3,904,379)
Changes to contractual cash flows due to modifications not resulting in derecognition (***)	8,778,019	–	–	547,012	8,231,007
As at December 31, 2024	1,486,900,686	–	1,231,157,066	128,005,669	127,737,951
Financial assets at amortised cost – Debt and other financial instruments					
Gross carrying amount as at January 01, 2024	745,828,559	553,963,008	7,248,096	184,464,585	152,870
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
Transfer to not subject to ECL	–	106,971,830	–	(106,971,830)	–
New assets originated or purchased	179,057,692	168,713,484	3,008,757	7,335,451	–
Financial assets derecognised or repaid (excluding write-offs)	(188,337,665)	(182,746,504)	(1,027,144)	(4,564,017)	–
Derecognition loss on restructuring of SLISBs transfer to Income Statement	(45,107,533)	–	–	(45,107,533)	–
Foreign exchange adjustments	(22,205,854)	(3,996,013)	(348)	(18,209,493)	–
As at December 31, 2024	669,235,199	642,905,805	9,229,361	16,947,163	152,870

	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Lifetime ECL not credit impaired (Stage 2)	Subject to Lifetime ECL credit impaired (Stage 3)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets measured at fair value through other comprehensive income					
Gross carrying amount as at January 01, 2024	287,023,009	287,023,009	–	–	–
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	–	–	–	–	–
Transfer to Stage 3	–	–	–	–	–
New assets originated or purchased	280,943,319	280,943,319	–	–	–
Financial assets derecognised or repaid (excluding write-offs)	(264,392,685)	(264,392,685)	–	–	–
Foreign exchange adjustments	(3,086,435)	(3,086,435)	–	–	–
Change in fair value due to remeasurement	1,096,934	1,096,934	–	–	–
As at December 31, 2024	301,584,142	301,584,142	–	–	–
Contingent liabilities and commitments					
Gross carrying amount as at January 01, 2024	664,374,538	314,206,289	344,874,879	2,611,066	2,682,304
Transfer to Stage 1	–	–	1,442,002	(1,395,188)	(46,814)
Transfer to Stage 2	–	–	(1,876,171)	1,876,265	(94)
Transfer to Stage 3	–	–	(14,911)	(5,002)	19,913
Net change in new assets originated or purchased/Financial assets derecognised or repaid (excluding write-offs)	79,551,410	(23,909,637)	102,762,001	756,793	(57,747)
Write-offs	(1,435,659)	–	–	–	(1,435,659)
As at December 31, 2024	742,490,289	290,296,652	447,187,800	3,843,934	1,161,903

(*) Due to enforcement activities, loans and advances amounting to Rs. 266.708 Mn. was written off during the year.

(**) This represents loans and advances granted during the year and reflects their year end stage classification for impairment purposes.

(***) This represents the restructured and rescheduled portfolio and stages assigned as per the CBSL Directions. There were no resultant material modification gains/losses recognised due to aforesaid change in classification during the year.

The provision for impairment (ECL) movement of financial assets, contingent liabilities and commitments is given in Note 66.1.1 (c) on pages 446 to 449.

66.1.1 (c) Provision for impairment (ECL) movement

The following tables show reconciliations from the opening to closing balance of the provision for impairment by class of financial instrument.

	Note	Page No.	12-month ECL (Stage 1) Rs. '000	Lifetime ECL not credit impaired (Stage 2) Rs. '000	Lifetime ECL – credit impaired (Stage 3) Rs. '000	Total Rs. '000
Cash and cash equivalents						
Provision for impairment (ECL) as at January 01, 2025			7,195	–	–	7,195
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			30,942	–	–	30,942
New assets originated or purchased			367	–	–	367
Financial assets derecognised or repaid (excluding write-offs)			(5,906)	–	–	(5,906)
Foreign exchange adjustments			847	–	–	847
As at December 31, 2025	28.1	360	33,445	–	–	33,445
Placements with Central Bank and other Banks						
Provision for impairment (ECL) as at January 01, 2025			37,667	–	–	37,667
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			–	–	–	–
New assets originated or purchased			187,561	–	–	187,561
Financial assets derecognised or repaid (excluding write-offs)			(37,947)	–	–	(37,947)
Foreign exchange adjustments			197	–	–	197
As at December 31, 2025	30.1	362	187,478	–	–	187,478
Financial assets at amortised cost – Loans and advances to other customers						
Provision for impairment (ECL) as at January 01, 2025			6,198,064	11,454,464	84,723,498	102,376,026
Transfer to Stage 1			2,803,111	(1,738,616)	(1,064,495)	–
Transfer to Stage 2			(458,904)	2,741,420	(2,282,516)	–
Transfer to Stage 3			(44,601)	(1,746,767)	1,791,368	–
Net remeasurement of impairment			(1,164,601)	3,891,140	20,184,618	22,911,157
Loans and advances granted during the year (*)			5,159,200	8,593,659	9,422,898	23,175,757
Financial assets derecognised or repaid (excluding write-offs)			(4,044,444)	(4,765,593)	(20,365,146)	(29,175,183)
Write-offs and recoveries			–	–	(1,241,819)	(1,241,819)
Foreign exchange adjustments			90,126	121,991	1,209,856	1,421,973
Unwinding of discount			–	–	(920,232)	(920,232)
Other movements			–	–	5,446	5,446
Changes to contractual cash flows due to modifications not resulting in derecognition			–	126,101	5,649,931	5,776,032
As at December 31, 2025	33.2 (b)	370	8,537,951	18,677,799	97,113,407	124,329,157

	Note	Page No.	12-month ECL (Stage 1) Rs. '000	Lifetime ECL not credit impaired (Stage 2) Rs. '000	Lifetime ECL – credit impaired (Stage 3) Rs. '000	Total Rs. '000
Financial assets at amortised cost – Debt and other financial instruments						
Provision for impairment (ECL) as at January 01, 2025			16,864	1,355,774	152,870	1,525,508
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			(15,517)	(130,342)	–	(145,859)
New assets originated or purchased			1,094	94,316	–	95,410
Financial assets derecognised or repaid (excluding write-offs)			(292)	–	–	(292)
Write-offs			–	–	–	–
Reversal of impairment provision on restructuring of SLISBs			–	–	–	–
Changes in models and inputs used for ECL			–	–	–	–
Foreign exchange adjustments			–	77,552	–	77,552
As at December 31, 2025	34.1 (b)	372	2,149	1,397,300	152,870	1,552,319
Financial assets measured at fair value through other comprehensive income						
Provision for impairment (ECL) as at January 01, 2025			–	–	–	–
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			–	–	–	–
New assets originated or purchased			–	1,693,883	–	1,693,883
Financial assets derecognised or repaid (excluding write-offs)			–	–	–	–
Write-offs			–	–	–	–
Changes in models and inputs used for ECL			–	–	–	–
Foreign exchange adjustments			–	52,209	–	52,209
As at December 31, 2025	35.2	375	–	1,746,092	–	1,746,092
Contingent liabilities and commitments						
Provision for impairment (ECL) as at January 01, 2025			1,972,973	649,312	1,897,408	4,519,693
Transfer to Stage 1			198,046	(144,944)	(53,102)	–
Transfer to Stage 2			(22,663)	22,970	(307)	–
Transfer to Stage 3			(58)	(493)	551	–
Net remeasurement of impairment			(197,205)	126,004	40,059	(31,142)
New assets originated or purchased			1,099,454	358,918	174,109	1,632,481
Financial assets derecognised or repaid (excluding write-offs)			(996,139)	(470,501)	(1,867,457)	(3,334,097)
Write-offs			–	–	–	–
Foreign exchange adjustments			10,215	9,297	14,695	34,207
As at December 31, 2025	57.3 (b)	425	2,064,623	550,563	205,956	2,821,142

(*) This represents loans and advances granted during the year and reflects their year end stage classification for impairment purposes.

	Note	Page No.	12-month ECL (Stage 1) Rs. '000	Lifetime ECL – not credit impaired (Stage 2) Rs. '000	Lifetime ECL – credit impaired (Stage 3) Rs. '000	Total Rs. '000
Cash and cash equivalents						
Provision for impairment (ECL) as at January 01, 2024			14,585	–	–	14,585
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			9,828	–	–	9,828
New assets originated or purchased			52	–	–	52
Financial assets derecognised or repaid (excluding write-offs)			(16,626)	–	–	(16,626)
Foreign exchange adjustments			(644)	–	–	(644)
As at December 31, 2024	28.1	360	7,195	–	–	7,195
Placements with Central Bank and other Banks						
Provision for impairment (ECL) as at January 01, 2024			41,396	–	–	41,396
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			–	–	–	–
New assets originated or purchased			37,668	–	–	37,668
Financial assets derecognised or repaid (excluding write-offs)			(41,215)	–	–	(41,215)
Foreign exchange adjustments			(182)	–	–	(182)
As at December 31, 2024	30.1	362	37,667	–	–	37,667
Financial assets at amortised cost – Loans and advances to other customers						
Provision for impairment (ECL) as at January 01, 2024			8,800,339	17,182,146	63,216,847	89,199,332
Transfer to Stage 1			5,093,692	(4,256,766)	(836,926)	–
Transfer to Stage 2			(701,331)	1,490,739	(789,408)	–
Transfer to Stage 3			(60,206)	(1,903,256)	1,963,462	–
Net remeasurement of impairment			(7,172,599)	(66,763)	28,413,821	21,174,459
Loans and advances granted during the year (*)			3,423,751	6,330,029	9,240,234	18,994,014
Financial assets derecognised or repaid (excluding write-offs)			(2,898,036)	(7,145,240)	(13,542,239)	(23,585,515)
Write-offs and recoveries			–	–	(3,500,567)	(3,500,567)
Foreign exchange adjustments			(287,546)	(243,530)	(1,873,534)	(2,404,610)
Unwinding of discount			–	–	(3,094,422)	(3,094,422)
Other movements			–	–	(640,003)	(640,003)
Changes to contractual cash flows due to modifications not resulting in derecognition			–	67,105	6,166,233	6,233,338
As at December 31, 2024	33.2 (b)	370	6,198,064	11,454,464	84,723,498	102,376,026

	Note	Page No.	12-month ECL (Stage 1) Rs. '000	Lifetime ECL – not credit impaired (Stage 2) Rs. '000	Lifetime ECL – credit impaired (Stage 3) Rs. '000	Total Rs. '000
Financial assets at amortised cost – Debt and other financial instruments						
Provision for impairment (ECL) as at January 01, 2024			13,698	95,921,583	152,870	96,088,151
Transfer to Stage 1			–	–	–	–
Transfer to Stage 2			–	–	–	–
Transfer to Stage 3			–	–	–	–
Net remeasurement of impairment			(1,787)	1,391,923	–	1,390,136
New assets originated or purchased			5,145	–	–	5,145
Financial assets derecognised or repaid (excluding write-offs)			(192)	–	–	(192)
Write-offs			–	–	–	–
Reversal of impairment provision on restructuring of SLISBs			–	(88,606,445)	–	(88,606,445)
Changes in models and inputs used for ECL			–	–	–	–
Foreign exchange adjustments			–	(7,351,287)	–	(7,351,287)
As at December 31, 2024	34.1 (b)	372	16,864	1,355,774	152,870	1,525,508
Contingent liabilities and commitments						
Provision for impairment (ECL) as at January 01, 2024			2,601,480	915,546	2,565,734	6,082,760
Transfer to Stage 1			195,108	(163,231)	(31,877)	–
Transfer to Stage 2			(78,234)	78,245	(11)	–
Transfer to Stage 3			(200)	(754)	954	–
Net remeasurement of impairment			(129,513)	220,999	115,541	207,027
New assets originated or purchased			1,036,394	231,997	1,393,916	2,662,307
Financial assets derecognised or repaid (excluding write-offs)			(1,600,891)	(562,117)	(626,912)	(2,789,920)
Write-offs			–	–	(1,435,659)	(1,435,659)
Foreign exchange adjustments			(51,171)	(71,373)	(84,278)	(206,822)
As at December 31, 2024	57.3 (b)	425	1,972,973	649,312	1,897,408	4,519,693

(*) This represents loans and advances granted during the year and reflects their year end stage classification for impairment purposes.

66.1.1 (d) Financial assets recognised through profit or loss measured at fair value

Fair value through profit or loss investments in debt and equity securities

The table below sets out the credit quality of debt and equity securities classified through profit or loss measured at fair value. Debt securities include investments made by the Bank in Government instruments of Sri Lanka and Bangladesh. The analysis of equity securities is based on Fitch Rating Nomenclature or Equivalent Ratings, where applicable.

	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Debt Instruments at FVTPL				
Government Securities – Sri Lanka				
Treasury bills			–	–
Treasury bonds			8,230,993	2,082,562
Government Securities – Bangladesh				
Treasury bills			52,777,079	78,506,332
Treasury bonds			45,513,491	7,152,274
Subtotal – Debt Instruments at FVTPL	32.1	363	106,521,563	87,741,168
Equity Securities at FVTPL				
Rated AAA			698,381	281,736
Rated AA+ to AA-			778,205	1,851,000
Rated A+ to A			2,698,700	679,698
Rated BBB+ to CCC			71,976	45,752
Unrated			984,707	1,077,992
Subtotal – Equity Securities at FVTPL	32.2 & 32.3	364 to 366	5,231,969	3,936,178
Total	32	363	111,753,532	91,677,346

Credit exposure arising from derivative transactions

Credit risk arising from derivative financial instruments at any time is limited to those with positive fair values, as reported in the Statement of Financial Position. With gross settled derivatives, the Bank is also exposed to a settlement risk, being the risk that the counterparty failing to deliver the value.

The tables below show analysis of credit exposures arising from derivative financial assets and liabilities:

As at December 31, 2025	Derivative type							
	Forward		SWAPS		Spot		Total	
	Notional amount Rs. '000	Fair value Rs. '000	Notional amount Rs. '000	Fair value Rs. '000	Notional amount Rs. '000	Fair value Rs. '000	Notional amount Rs. '000	Fair value Rs. '000
Derivative financial assets (Note 1)	27,988,874	433,638	102,293,499	4,986,665	2,395,278	2,547	132,677,651	5,422,850
Derivative financial liabilities (Note 2)	27,063,605	(492,025)	138,513,061	(769,890)	1,957,152	(1,301)	167,533,818	(1,263,216)
Note 1								
Derivative financial assets by counterparty type								
With Bank	7,509,820	(11,997)	101,679,704	4,984,083	2,395,278	1,861	111,584,802	4,973,947
Other customers	20,479,054	445,635	613,795	2,582	–	686	21,092,849	448,903
Total	27,988,874	433,638	102,293,499	4,986,665	2,395,278	2,547	132,677,651	5,422,850
Note 2								
Derivative financial liabilities by counterparty type								
With Banks	1,154,843	(159,042)	138,513,061	(754,257)	1,154,944	(1,247)	140,822,848	(914,546)
Other customers	25,908,762	(332,983)	–	(15,633)	802,208	(54)	26,710,970	(348,670)
Total	27,063,605	(492,025)	138,513,061	(769,890)	1,957,152	(1,301)	167,533,818	(1,263,216)

As at December 31, 2024	Derivative type							
	Forward		SWAPS		Spot		Total	
	Notional amount Rs. '000	Fair value Rs. '000	Notional amount Rs. '000	Fair value Rs. '000	Notional amount Rs. '000	Fair value Rs. '000	Notional amount Rs. '000	Fair value Rs. '000
Derivative financial assets (Note 1)	37,224,641	483,255	91,677,150	3,777,948	4,646,699	3,068	133,548,490	4,264,271
Derivative financial liabilities (Note 2)	38,971,782	(437,278)	42,516,216	(395,784)	3,397,086	(4,435)	84,885,084	(837,497)
Note 1								
Derivative financial assets by counterparty type								
With Banks	15,227,177	43,560	91,677,150	3,777,948	4,564,659	3,055	111,468,986	3,824,563
Other customers	21,997,464	439,695	–	–	82,040	13	22,079,504	439,708
Total	37,224,641	483,255	91,677,150	3,777,948	4,646,699	3,068	133,548,490	4,264,271
Note 2								
Derivative financial liabilities by counterparty type								
With Banks	25,578,792	(82,922)	42,516,216	(394,036)	3,397,086	(4,435)	71,492,094	(481,393)
Other customers	13,392,990	(354,356)	–	(1,748)	–	–	13,392,990	(356,104)
Total	38,971,782	(437,278)	42,516,216	(395,784)	3,397,086	(4,435)	84,885,084	(837,497)

66.1.2 Credit-impaired financial assets

Reconciliation of changes in the net carrying amount of lifetime ECL credit impaired (Stage 3) loans and advances as detailed below:

	2025 Rs. '000	2024 Rs. '000
Stage 3 loans and advances to other customers as at January 01,	43,014,453	80,346,744
Newly classified as impaired loans and advances during the year	16,847,396	14,960,977
Net change in already impaired loans and advances during the year	(16,360,565)	(28,206,008)
Net payment, write-off and recoveries and other movements during the year	(12,154,233)	(24,087,260)
Impaired loans and advances to customers as at December 31,	31,347,051	43,014,453

Refer Note 18 for methodology of impairment assessment, on "Impairment charges on loans and advances to other customers" on pages 345 to 349.

Details of provision for impairment for loans and advances to other customers, are detailed in Note 33 on page 368.

Set out below is an analysis of the gross and net carrying amounts of life time ECL credit impaired (Stage 3) loans and advances to other customers by risk rating.

As at December 31,	2025		2024	
	Gross carrying amount Rs. '000	Net carrying amount Rs. '000	Gross carrying amount Rs. '000	Net carrying amount Rs. '000
Rating 0-4: Investment grade	–	–	–	–
Rating 5-6: Moderate risk	10,941,281	4,131,789	29,639,235	13,273,642
Rating 7-8: High risk	7,172,713	2,335,415	21,185,370	4,932,931
Rating 9: Extreme risk	110,346,463	24,879,846	76,913,346	24,807,880
Total	128,460,457	31,347,050	127,737,951	43,014,453

66.1.3 Sensitivity of impairment provision on financial assets

The Bank has estimated the impairment provision on loans and advances to other customers, off balance sheet credit facilities and FCY denominated Government securities as at December 31, 2025, subject to various assumptions. The changes to such assumptions may lead to changes in the impairment provision recorded in the Statement of Financial Position.

The following table demonstrates the sensitivity of the impairment provision on loans and advances to other customers, off balance sheet credit facilities and FCY denominated Government securities of the Bank as at December 31, 2025, to a feasible change in impairment parameters.

Impairment parameters	Sensitivity effect on Statement of Financial Position [Increase/(decrease) in impairment provision]				Sensitivity effect on Income Statement
	Stage 1	Stage 2	Stage 3	Total	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sensitivity of impairment provision on loans and advances to other customers and off balance sheet credit facilities					
1% increase in Marginal PD add on factor across all age buckets	95,468	120,679	–	216,147	(216,147)
1% decrease in Marginal PD add on factor across all age buckets	(95,468)	(120,679)	–	(216,147)	216,147
5% increase in LGD	1,697,143	1,973,843	1,450,382	5,121,368	(5,121,368)
5% decrease in LGD (*)	(1,424,908)	(2,007,767)	(1,465,735)	(4,898,410)	4,898,410
Probability weighted forward looking macro economic indicators (**)					
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(55,178)	(53,429)	–	(108,607)	108,607
– Base case 10% decrease, worst case 5% increase and best case 5% increase	55,178	53,429	–	108,607	(108,607)
Sensitivity of impairment provision on foreign currency denominated Government securities (***)					
2% increase in loss rate (****)	N/A	708,038	N/A	708,038	(708,038)
2% decrease in loss rate (****)	N/A	(708,038)	N/A	(708,038)	708,038

(*) LGD decrease is capped at 0%, if applicable.
(**) Please refer Note 18 for explanation on forward looking information.
(***) USD Step-Up Bonds have been excluded from the impairment.
*(****) Loss rate = PD*EFA*LGD*

66.1.4 Collateral arrangements

66.1.4 (a) Collateral accepted as security for assets

The Bank takes collateral where it is considered necessary to support both on and off balance sheet transactions. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral taken, if deemed necessary, is based on management's credit evaluation of the counterparty. The Bank obtains a variety of collateral types primarily to cover the credit risk, including cash and cash equivalents, treasury guarantees, gold, motor vehicles, immovable properties, quoted and unquoted shares, inventories etc.

66.1.4 (b) Loan to value ratio of residential mortgage lending

The table below stratifies eligible credit exposures by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral, which is used for the computation of Capital Adequacy Ratios. The value of the collateral for residential mortgage loan is based on the forced sale value determined by professional valuers.

As at December 31,	2025		2024	
	Rs. '000	Composition (%)	Rs. '000	Composition (%)
LTV ratio				
Less than 50%	21,637,221	27.47	22,293,111	31.03
51% – 70%	20,547,690	26.09	18,853,564	26.24
71% – 90%	24,026,738	30.50	19,560,129	27.23
91% – 100%	1,889,137	2.40	1,245,467	1.73
More than 100% (*)	10,666,444	13.54	9,885,119	13.77
Total	78,767,230	100.00	71,837,390	100.00

(*) LTV ratio of more than 100% has been arisen due to subsequent disbursements made to the borrower after the initial valuation of the property (the denominator).

The total amount mentioned above does not tally to the total of residential mortgage lending by the Bank, as some of the residential mortgage lending are not eligible to apply preferential risk weight used in the calculation of Capital Adequacy Ratio.

Assets obtained by taking the possession of collaterals

Repossession of collaterals is resorted to in extreme situations where action is necessitated to recover the dues. The repossessed assets are disposed, in an orderly and a transparent manner and the proceeds are used to reduce or recover the outstanding claims and the amounts recovered in excess of the dues are refunded to the customers.

66.1.5 Concentration of credit risk

By setting various concentration limits under different criteria within the established risk appetite framework (i.e. single borrower/group, industry sectors, product, counterparty and country limits etc.), the

66.1.5 (a) Industry-wise distribution

As at December 31, 2025	Agriculture and fishing	Manufacturing	Tourism	Transportation and storage	Construction
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Cash and cash equivalents	–	–	–	–	–
Balances with Central Banks	–	–	–	–	–
Placements with banks	–	–	–	–	–
Securities purchased under resale agreements	–	703,650	–	–	–
Derivative financial assets	2,549	33,374	–	110	–
Financial assets recognised through profit or loss – Measured at fair value	–	810,596	22,001	164,175	7,094
Government securities	–	–	–	–	–
Quoted equity securities	–	810,596	22,001	164,175	7,094
Financial assets at AC – Loans and advances to other customers (*)	165,675,915	240,267,961	61,818,945	27,761,010	160,300,510
Financial assets at AC – Debt and other financial instruments	–	–	–	–	–
Government securities	–	–	–	–	–
Other securities	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	–	29,139	–	–	406,072
Government securities	–	–	–	–	–
Equity securities	–	29,139	–	–	406,072
Total	165,678,464	241,844,720	61,840,946	27,925,295	160,713,676

As at December 31, 2024	Agriculture and fishing	Manufacturing	Tourism	Transportation and storage	Construction
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Cash and cash equivalents	–	–	–	–	–
Balances with Central Banks	–	–	–	–	–
Placements with banks	–	–	–	–	–
Securities purchased under resale agreements	–	–	–	–	–
Derivative financial assets	4,476	116,443	–	–	–
Financial assets recognised through profit or loss – Measured at fair value	–	548,241	156,177	94,500	21,741
Government securities	–	–	–	–	–
Quoted equity securities	–	548,241	156,177	94,500	21,741
Financial assets at AC – Loans and advances to other customers (*)	136,399,278	210,820,210	45,360,942	26,090,283	139,789,337
Financial assets at AC – Debt and other financial instruments	–	5,321,640	–	–	–
Government securities	–	–	–	–	–
Other securities	–	5,321,640	–	–	–
Financial assets measured at fair value through other comprehensive income	–	21,140	–	–	312,558
Government securities	–	–	–	–	–
Equity securities	–	21,140	–	–	312,558
Total	136,403,754	216,827,674	45,517,119	26,184,783	140,123,636

(*) Loans and advances to other customers referred above do not agree with the Note 33.1 (c) on page 369 due to impairment provisions.

Bank ensures that an acceptable level of risk diversification is maintained on an ongoing basis. These limits are continuously monitored and periodically reviewed by the Credit Policy Committee (CPC), EIRMC and BIRMC to capture the developments in the market, political and economic environment both locally and globally to strengthen the dynamic portfolio management practices and to provide an early warning on possible credit concentrations.

The maximum exposure to credit risk in respect of each item of financial assets in the Statement of Financial Position as at the reporting date, as per the industry sector and by geographical region of financial assets is given below.

Infrastructure development Rs. '000	Wholesale and retail trade Rs. '000	Information technology and communication services Rs. '000	Financial services Rs. '000	Professional, scientific and technical activities Rs. '000	Arts, entertainment and recreation Rs. '000	Education Rs. '000	Healthcare, social services and support services Rs. '000	Consumption and other Rs. '000	Lending to overseas entities Rs. '000	Total Rs. '000
–	–	–	84,937,446	–	–	–	–	–	–	84,937,446
–	–	–	38,802,321	–	–	–	–	–	–	38,802,321
–	–	–	102,457,000	–	–	–	–	–	–	102,457,000
–	–	–	19,649,468	–	–	–	–	–	–	20,353,118
6,362	190,628	59,538	5,124,444	–	–	–	–	5,845	–	5,422,850
–	637,332	96,463	109,911,696	–	–	–	104,175	–	–	111,753,532
–	–	–	106,521,563	–	–	–	–	–	–	106,521,563
–	637,332	96,463	3,390,133	–	–	–	104,175	–	–	5,231,969
78,735,165	403,331,799	5,755,526	140,978,943	8,761,170	3,017,335	7,180,231	60,205,604	221,111,064	318,529,267	1,903,430,445
8,295,451	–	–	681,052,226	–	–	–	–	–	–	689,347,677
–	–	–	677,440,318	–	–	–	–	–	–	677,440,318
8,295,451	–	–	3,611,908	–	–	–	–	–	–	11,907,359
–	–	–	217,547,520	8,620	–	–	–	–	–	217,991,351
–	–	–	216,405,741	–	–	–	–	–	–	216,405,741
–	–	–	1,141,779	8,620	–	–	–	–	–	1,585,610
87,036,978	404,159,759	5,911,527	1,400,461,064	8,769,790	3,017,335	7,180,231	60,309,779	221,116,909	318,529,267	3,174,495,740

Infrastructure development Rs. '000	Wholesale and retail trade Rs. '000	Information technology and communication services Rs. '000	Financial services Rs. '000	Professional, scientific and technical activities Rs. '000	Arts, entertainment and recreation Rs. '000	Education Rs. '000	Healthcare, social services and support services Rs. '000	Consumption and other Rs. '000	Lending to overseas entities Rs. '000	Total Rs. '000
–	–	–	86,848,291	–	–	–	–	–	–	86,848,291
–	–	–	45,702,086	–	–	–	–	–	–	45,702,086
–	–	–	99,300,303	–	–	–	–	–	–	99,300,303
–	–	–	28,655,962	–	–	–	–	–	–	28,655,962
58,095	20,838	61,347	3,985,283	–	–	–	58	17,731	–	4,264,271
–	254,982	71,388	90,406,302	–	–	–	124,015	–	–	91,677,346
–	–	–	87,741,168	–	–	–	–	–	–	87,741,168
–	254,982	71,388	2,665,134	–	–	–	124,015	–	–	3,936,178
49,964,366	283,878,191	4,832,546	64,634,486	7,203,207	1,615,976	4,464,006	36,940,934	150,084,830	222,446,068	1,384,524,660
2,501,149	–	–	659,886,902	–	–	–	–	–	–	667,709,691
–	–	–	658,497,195	–	–	–	–	–	–	658,497,195
2,501,149	–	–	1,389,707	–	–	–	–	–	–	9,212,496
–	–	–	301,241,824	8,620	–	–	–	–	–	301,584,142
–	–	–	300,250,236	–	–	–	–	–	–	300,250,236
–	–	–	991,588	8,620	–	–	–	–	–	1,333,906
52,523,610	284,154,011	4,965,281	1,380,661,439	7,211,827	1,615,976	4,464,006	37,065,007	150,102,561	222,446,068	2,710,266,752

66.1.5 (b) Geographical distribution of loans and advances

The Western Province has recorded a higher percentage of lending based on geographical distribution of the Bank's lending portfolio. It has accounted for 76% (approximately) of total advances portfolio of the Bank (excluding Bangladesh operations) as at December 31, 2025. Although, Western Province is attracted with highest credit concentration, we believe that a sizable portion of these lending has been utilised to facilitate industries scattered around the country. For example, most of the large corporates which have island-wide operations are being accommodated by the Bank's branches and corporate banking division located in the Western Province thereby reflecting a fairly diversified geographical concentration as given below.

As at December 31, 2025

Country/province	Loans and advances by product											
	Overdraft Rs. '000	Trade finance Rs. '000	Lease receivables Rs. '000	Credit cards Rs. '000	Pawning Rs. '000	Staff loans Rs. '000	Housing loans Rs. '000	Personal loans Rs. '000	Long–term loans Rs. '000	Short–term loans Rs. '000	Bills of exchange Rs. '000	Total Rs. '000
Sri Lanka												
Central	22,779,220	3,885,733	5,187,370	348,241	2,870,753	20,278	5,241,780	2,143,561	36,469,276	5,124,621	61,240	84,132,073
Eastern	2,050,320	2,088,419	3,967,949	175,234	5,265,101	8,286	1,367,048	1,229,718	7,647,760	638,219	–	24,438,054
North Central	1,574,621	506,593	4,324,036	99,262	1,400,046	4,632	1,174,161	1,564,506	18,954,129	1,307,017	25,545	30,934,548
Northern	8,965,482	3,750,986	6,904,766	455,560	5,020,550	16,623	4,479,387	3,348,855	24,343,999	6,204,163	–	63,490,371
North Western	3,392,781	659,213	6,434,518	279,902	25,422,844	23,182	2,228,079	2,203,436	15,729,748	880,097	–	57,253,800
Sabaragamuwa	6,128,866	1,511,983	5,051,109	326,544	2,022,447	16,534	3,716,719	2,055,861	16,981,319	4,112,750	–	41,924,132
Southern	11,643,468	5,793,536	9,433,083	613,115	6,281,466	26,226	7,176,854	4,500,497	31,212,910	8,899,454	140,778	85,721,387
Uva	1,623,929	8,504	2,376,228	142,711	802,555	6,834	1,760,994	1,213,783	8,184,511	660,670	–	16,780,719
Western	130,950,389	148,540,130	46,632,010	21,857,965	29,617,475	17,448,304	57,059,035	30,098,231	552,186,304	245,139,067	11,384,147	1,290,913,057
Bangladesh	24,550,886	10,958,256	852,444	328,702	–	397,236	1,159,072	357,738	15,242,988	94,170,918	59,824,064	207,842,304
Net Loans and advances	213,659,962	177,703,353	91,163,513	24,627,236	78,703,237	17,968,135	85,363,129	48,716,186	726,952,944	367,136,976	71,435,774	1,903,430,445

As at December 31, 2024

Country/province	Loans and advances by product											
	Overdrafts Rs. '000	Trade finance Rs. '000	Lease receivables Rs. '000	Credit cards Rs. '000	Pawning Rs. '000	Staff loans Rs. '000	Housing loans Rs. '000	Personal loans Rs. '000	Long–term loans Rs. '000	Short–term loans Rs. '000	Bills of exchange Rs. '000	Total Rs. '000
Sri Lanka												
Central	20,237,497	597,940	2,765,825	295,603	1,583,972	8,171	4,353,111	1,889,001	21,796,704	2,816,556	61,935	56,406,315
Eastern	1,323,542	982,883	2,310,847	140,808	2,112,689	3,376	1,118,068	1,091,056	5,666,947	328,173	–	15,078,389
North Central	904,069	174,516	2,350,939	83,525	835,694	705	967,844	1,449,384	10,792,119	1,144,897	–	18,703,692
Northern	6,572,945	2,498,295	4,091,689	414,531	2,914,590	7,365	4,094,065	2,620,667	18,558,881	3,930,380	–	45,703,408
North Western	2,604,371	43,660	4,293,308	224,291	15,030,452	7,102	1,879,114	1,578,840	11,258,773	673,901	–	37,593,812
Sabaragamuwa	5,577,227	683,365	3,319,508	273,129	1,118,562	5,067	3,237,894	1,514,171	14,654,001	3,486,988	–	33,869,912
Southern	7,373,223	5,664,860	5,301,503	457,793	3,821,901	11,458	6,386,737	3,547,087	25,354,406	7,717,052	108,338	65,744,358
Uva	1,407,953	–	1,284,095	121,824	473,246	2,852	1,640,743	934,575	7,125,194	543,464	–	13,533,946
Western	97,708,315	97,380,186	25,629,041	17,966,822	15,366,204	13,777,868	52,057,548	22,450,214	377,064,409	190,559,024	11,009,529	920,969,160
Bangladesh	14,145,238	12,225,845	783,345	294,960	–	418,537	1,440,289	370,914	17,546,250	76,281,517	53,414,773	176,921,668
Net Loans and advances	157,854,380	120,251,550	52,130,100	20,273,286	43,257,310	14,242,501	77,175,413	37,445,909	509,817,684	287,481,952	64,594,575	1,384,524,660

Please refer the Note 33 on page 368 for the Gross carrying amount of the loans and advances to other customers.

66.1.6 Climate risk

The Bank itself does not have any material direct exposure to climate risk during the year. However, through its lending to sectors which are exposed to climate risk, the Bank may be exposed indirectly to such risk. During the year, the Bank carried out an internal assessment to capture the potential impact of Expected Credit Loss (ECL) for the customers directly or indirectly affected by 'Cyclone Ditwah' by stress testing the said portfolio. Based on this assessment, the bank has made post model adjustments to ECL and the corresponding increase has been reported under "impairment charges/(reversal) and other losses", as disclosed in Note 18 on pages 345 to 349.

66.2 Liquidity risk

Liquidity risk arises because of the possibility that the Bank might not be able to meet on or off-balance sheet contractual financial obligations on its payments or not receiving what is due to the Bank when they fall due, without incurring unacceptable losses. The principal objective in liquidity risk management is to assess the need for funds to meet such obligations, make sure receipt of funds when they are due and to ensure the availability of adequate funding to fulfill those needs at the appropriate time, under both normal and stressed conditions.

Therefore, the Bank continuously analyses and monitors its liquidity profile, maintains adequate levels of high quality liquid assets, ensures access to diverse funding sources and has contingency funding agreements with peer banks to meet any unforeseen liquidity requirements. Exposures, and ratios against tolerance limits as well as stressed scenarios are regularly monitored in order to identify the Bank's liquidity position and potential funding requirements.

Assets and Liability Management Committee (ALCO)

ALCO chaired by the Managing Director, has representatives from Treasury, Corporate Banking, Personal Banking, Risk and Finance Departments. The Committee meets fortnightly or more frequently to monitor and manage the assets and liabilities of the Bank and also the overall liquidity position to keep the Bank's liquidity at healthy levels, whilst satisfying the regulatory requirements.

66.2.1 Exposure to liquidity risk

The Bank uses the key ratios given below for managing liquidity risk:

		Minimum requirement %	2025 %	2024 %
Liquidity Coverage Ratio (LCR)*				
This ratio determines the ability of the Bank to withstand adverse shocks (i.e. sudden withdrawal of a significant portion of deposits) by holding high quality liquid assets in a 30 day time span.	Rupee Liquidity Requirement	100.00	419.40	529.20
	All-Currency Liquidity Requirement	100.00	288.58	454.36
Net Stable Funding Ratio (NSFR)*				
This ratio measures the availability of Stable Funds against the Required Funds of the Bank. NSFR, requires banks to maintain a stable funding profile by creating additional incentives to fund their activities with more stable sources of funding on an ongoing basis, over a longer time horizon.		100.00	163.94	187.29

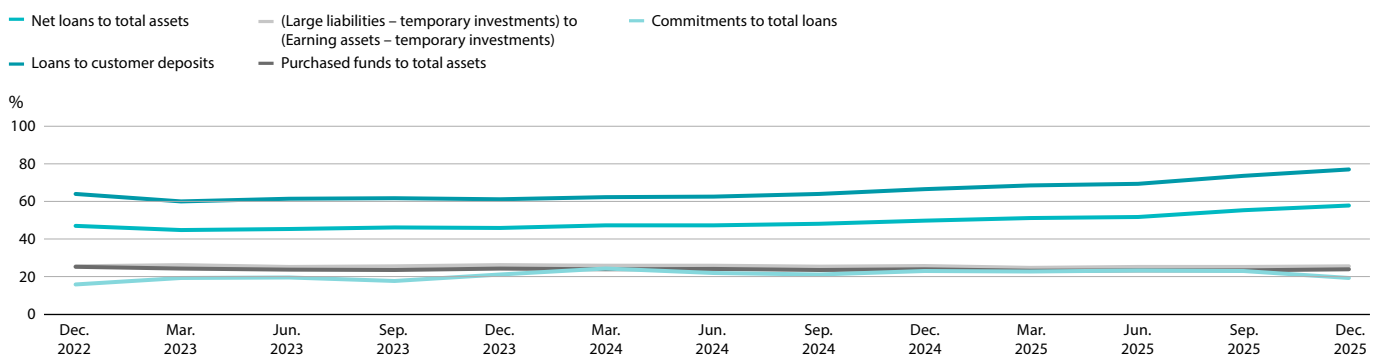
**Details of LCR and NSFR are given in Disclosure 04 and 05 under Basel III disclosures under Pillar 3 on page 511.*

Details of the reported Rupee Liquidity Requirement & All-Currency Liquidity Requirement as at reporting dates are as follows:

	Rupee Liquidity Requirement		All-Currency Liquidity Requirement	
	2025 %	2024 %	2025 %	2024 %
As at December 31,	419.40	529.20	288.58	454.36
Average for the period	443.43	492.03	360.91	421.74
Maximum for the period	539.62	534.46	551.00	551.43
Minimum for the period	297.91	430.98	267.12	304.71

The graph below depicts the trends in liquidity ratios of the Bank calculated on a quarterly basis during the period from December 2022 to December 2025:

Liquidity Ratios Graph – 74



66.2.2 Maturity analysis of financial assets, financial liabilities, contingent liabilities and commitments

66.2.2 (a) Remaining contractual period to maturity of financial assets and liabilities – Bank

(i) Remaining contractual period to maturity of the assets employed by the Bank as at the date of Statement of Financial Position is detailed below:

As at December 31,	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total as at December 31, 2025 Rs. '000	Total as at December 31, 2024 Rs. '000
Interest earning financial assets:							
Cash and cash equivalents	5,541,688	–	–	–	–	5,541,688	74,963
Balances with Central Banks	8,851,651	–	–	–	–	8,851,651	13,667,352
Placements with banks	86,985,340	15,471,660	–	–	–	102,457,000	99,300,303
Securities purchased under resale agreements	20,353,118	–	–	–	–	20,353,118	28,655,962
Financial assets recognised through profit or loss – Measured at fair value	106,521,563	–	–	–	–	106,521,563	87,741,168
Financial assets at amortised cost – Loans and advances to other customers	632,650,954	587,418,178	417,552,106	171,651,695	94,157,512	1,903,430,445	1,384,524,660
Financial assets at amortised cost – Debt and other financial instruments	55,507,036	57,728,968	279,142,130	142,155,492	154,814,051	689,347,677	667,709,691
Financial assets measured at fair value through other comprehensive income	44,741,832	84,749,717	79,290,394	7,597,848	25,950	216,405,741	300,250,238
Total interest earning assets as at December 31, 2025	961,153,182	745,368,523	775,984,630	321,405,035	248,997,513	3,052,908,883	
Total interest earning assets as at December 31, 2024	842,335,692	641,064,753	567,228,300	320,151,431	211,144,161		2,581,924,337
Non-interest earning financial assets:							
Cash and cash equivalents	79,395,758	–	–	–	–	79,395,758	86,773,328
Balances with Central Banks	15,242,148	11,374,808	2,917,147	416,567	–	29,950,670	32,034,734
Derivative financial assets	1,178,136	4,244,714	–	–	–	5,422,850	4,264,271
Financial assets recognised through profit or loss – Measured at fair value	5,231,969	–	–	–	–	5,231,969	3,936,178
Financial assets measured at fair value through other comprehensive income	–	–	–	–	1,585,610	1,585,610	1,333,904
Non-financial assets							
Investments in subsidiaries	–	–	–	–	6,958,229	6,958,229	5,808,429
Investments in associates	–	–	–	–	–	–	44,331
Property, plant and equipment and right-of-use assets	–	–	–	–	28,674,833	28,674,833	27,600,648
Intangible assets	–	–	–	–	4,464,103	4,464,103	4,221,131
Deferred tax assets	–	–	13,829,232	–	–	13,829,232	12,085,844
Other assets	20,883,932	296,622	1,153,424	851,248	6,340,849	29,526,075	29,753,153
Total non-interest earning assets as at December 31, 2025	121,931,943	15,916,144	17,899,803	1,267,815	48,023,624	205,039,329	
Total non-interest earning assets as at December 31, 2024	126,033,295	11,870,486	23,347,631	2,582,923	44,021,616		207,855,951
Total assets – As at December 31, 2025	1,083,085,125	761,284,667	793,884,433	322,672,850	297,021,137	3,257,948,212	
Total assets – As at December 31, 2024	968,368,987	652,935,239	590,575,931	322,734,354	255,165,777		2,789,780,288
Percentage – As at December 31, 2025 (*)	33.24	23.37	24.37	9.90	9.12	100.00	
Percentage – As at December 31, 2024 (*)	34.71	23.40	21.17	11.57	9.15		100.00

(*) Total assets of each maturity bucket as a percentage of total assets employed by the Bank.

(ii) Remaining contractual period to maturity of the liabilities and share holders' funds employed by the bank as at the date of Statement of Financial Position is detailed below:

As at December 31,	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total as at December 31, 2025 Rs. '000	Total as at December 31, 2024 Rs. '000
Interest-bearing financial liabilities:							
Due to banks	13,058,228	4,668,788	–	–	–	17,727,016	7,436,708
Securities sold under repurchase agreements	93,052,675	17,409,819	–	–	–	110,462,494	112,470,392
Financial liabilities at amortised cost – Due to depositors	1,431,871,877	739,453,629	171,696,484	18,714,013	–	2,361,736,003	2,045,987,576
Financial liabilities at amortised cost – Other borrowings	374,389	6,791,848	2,443,593	3,606,723	1,209,861	14,426,414	14,273,156
Subordinated liabilities	2,257,092	8,100,771	22,379,330	32,207,040	8,377,790	73,322,023	57,707,677
Total interest-bearing liabilities as at December 31, 2025	1,540,614,261	776,424,855	196,519,407	54,527,776	9,587,651	2,577,673,950	
Total interest-bearing liabilities as at December 31, 2024	1,424,092,468	645,680,491	104,197,717	51,686,985	12,217,848		2,237,875,509
Non-interest bearing financial liabilities:							
Due to banks	11,997,043	–	–	–	–	11,997,043	13,870,044
Derivative financial liabilities	1,154,913	108,252	–	–	–	1,263,165	837,497
Financial liabilities at amortised cost – Due to depositors	247,115,841	–	–	–	–	247,115,841	190,579,224
Non-financial liabilities							
Current tax liabilities	6,439,748	19,319,245	–	–	–	25,758,993	13,145,697
Other liabilities and provisions	62,245,430	1,654,616	2,588,633	1,607,192	1,585,384	69,681,255	58,064,777
Due to subsidiaries	138,542	–	–	–	–	138,542	145,794
Equity							
Stated capital	–	–	–	–	91,557,690	91,557,690	88,017,094
Statutory reserves	–	–	–	–	18,003,946	18,003,946	15,079,581
Retained earnings	–	–	–	–	17,281,960	17,281,960	15,330,940
Other reserves	–	–	–	–	197,475,827	197,475,827	156,834,131
Total non-interest bearing liabilities and equity as at December 31, 2025	329,091,517	21,082,113	2,588,633	1,607,192	325,904,807	680,274,262	
Total non-interest bearing liabilities and equity as at December 31, 2024	259,776,955	11,484,786	2,207,293	1,480,178	276,955,567		551,904,779
Total liabilities and equity – as at December 31, 2025	1,869,705,778	797,506,968	199,108,040	56,134,968	335,492,458	3,257,948,212	
Total liabilities and equity – as at December 31, 2024	1,683,869,423	657,165,277	106,405,010	53,167,163	289,173,415		2,789,780,288
Percentage – as at December 31, 2025 (*)	57.39	24.48	6.11	1.72	10.30	100.00	
Percentage – as at December 31, 2024 (*)	60.35	23.56	3.81	1.91	10.37		100.00

(*) Total liabilities and equity of each maturity bucket as a percentage of total liabilities and equity employed by the Bank.

66.2.2 (b) Remaining contractual maturities of contingencies and commitments

The tables below illustrate the remaining maturity of the contingencies and commitments based on the contractual expiry dates.

As at December 31, 2025	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Contingencies						
Documentary credit	88,335,178	29,159,874	534,130	–	–	118,029,182
Guarantees	88,280,508	69,050,136	20,674,568	9,228,472	733,482	187,967,166
Acceptances	22,803,173	24,292,796	275,416	–	–	47,371,385
Forward and SWAP contracts	238,811,969	61,399,500	–	–	–	300,211,469
Bills of collection	77,664,287	1,561,308	–	–	–	79,225,595
Other contingencies	35,545	–	–	–	–	35,545
Total Contingencies	515,930,660	185,463,614	21,484,114	9,228,472	733,482	732,840,342
Commitments						
Undrawn commitments on direct advances	246,588,796	–	–	–	–	246,588,796
Capital commitments	1,775,494	–	–	–	–	1,775,494
Total Commitments	248,364,290	–	–	–	–	248,364,290
Total Contingent liabilities and commitments	764,294,950	185,463,614	21,484,114	9,228,472	733,482	981,204,632

As at December 31, 2024	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Contingencies						
Documentary credit	61,562,642	19,765,519	–	–	–	81,328,161
Guarantees	68,462,620	49,014,511	21,276,737	1,468,860	1,407	140,224,135
Acceptances	23,142,902	11,245,672	121,331	–	–	34,509,905
Forward and SWAP contracts	193,558,210	14,620,364	10,255,000	–	–	218,433,574
Bills of collection	68,477,863	1,605,644	–	–	–	70,083,507
Other contingencies	1,779,570	–	–	–	–	1,779,570
Total Contingencies	416,983,807	96,251,710	31,653,068	1,468,860	1,407	546,358,852
Commitments						
Undrawn commitments on direct advances	196,131,437	–	–	–	–	196,131,437
Capital commitments	1,474,611	–	–	–	–	1,474,611
Total Commitments	197,606,048	–	–	–	–	197,606,048
Total Contingent liabilities and commitments	614,589,855	96,251,710	31,653,068	1,468,860	1,407	743,964,900

66.2.2 (c) Non-derivative financial assets and financial liabilities expected to be recovered or settled after 12 months from the reporting date

The table below sets out the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled after 12 months from the reporting date:

As at December 31,	2025 Rs. '000	2024 Rs. '000
Financial assets		
Non-derivative financial assets		
Balances with Central Banks	3,333,714	2,214,717
Financial assets at amortised cost – Loans and advances to other customers	683,361,313	491,467,268
Financial assets at amortised cost – Debt and other financial instruments	576,111,673	551,153,585
Financial assets measured at fair value through other comprehensive income	88,499,802	57,236,943
Total	1,351,306,502	1,102,072,513
Financial liabilities		
Non-derivative financial liabilities		
Securities sold under repurchase agreements	–	5,815
Financial liabilities at amortised cost – Due to depositors	190,410,497	100,119,062
Financial liabilities at amortised cost – Other borrowings	7,260,177	7,827,599
Subordinated liabilities	62,964,160	55,878,920
Total	260,634,834	163,831,396

66.2.2 (d) Undiscounted Cash Flow of financial assets and financial liabilities – Bank

The following table shows the expected undiscounted cash flows for financial assets and financial liabilities as at the date of Statement of Financial position is detailed below:

As at December 31,2025	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Financial assets						
Cash and cash equivalents	84,944,549	–	–	–	–	84,944,549
Balances with Central Banks	24,093,823	11,374,808	2,917,147	416,567	–	38,802,345
Placements with banks	87,643,780	15,843,347	–	–	–	103,487,127
Securities purchased under resale agreements	20,423,390	–	–	–	–	20,423,390
Derivative financial assets	1,178,136	4,244,714	–	–	–	5,422,850
Financial assets recognised through profit or loss – Measured at fair value	61,077,106	55,988,828	2,050,000	5,000	–	119,120,934
Financial assets at amortised cost – Loans and advances to other customers	677,252,545	661,437,645	518,632,063	213,109,166	117,354,342	2,187,785,761
Financial assets at amortised cost – Debt and other financial instruments	182,359,539	153,637,836	284,753,896	143,109,666	164,464,240	928,325,177
Financial assets measured at fair value through other comprehensive income	50,674,919	96,571,935	76,210,674	7,197,203	18,332	230,673,063
Total financial assets	1,189,647,787	999,099,113	884,563,780	363,837,602	281,836,914	3,718,985,196
Financial liabilities						
Due to banks	25,197,380	4,668,788	–	–	–	29,866,168
Derivative financial liabilities	1,154,913	108,252	–	–	–	1,263,165
Securities sold under repurchase agreements	98,530,818	18,033,445	–	–	–	116,564,263
Financial liabilities at amortised cost – due to depositors	1,684,790,027	769,194,477	203,400,512	25,624,377	6,660	2,683,016,053
Financial liabilities at amortised cost – other borrowings	393,500	7,526,663	3,906,941	3,862,949	1,523,750	17,213,803
Subordinated liabilities	2,477,464	15,468,638	39,285,915	40,446,391	12,399,009	110,077,417
Total financial liabilities	1,812,544,102	815,000,263	246,593,368	69,933,717	13,929,419	2,958,000,869

As at December 31, 2024	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Financial assets						
Cash and cash equivalents	86,848,291	–	–	–	–	86,848,291
Balances with Central Banks	32,051,789	11,435,617	1,750,549	464,168	–	45,702,123
Placements with banks	92,205,136	7,491,050	–	–	–	99,696,186
Securities purchased under resale agreements	29,298,401	–	–	–	–	29,298,401
Derivative financial assets	1,153,894	138,266	2,972,111	–	–	4,264,271
Financial assets recognised through profit or loss – Measured at fair value	77,646,264	15,740,109	–	–	–	93,386,373
Financial assets at amortised cost – Loans and advances to other customers	510,360,261	465,773,733	372,797,987	153,440,022	94,420,778	1,596,792,781
Financial assets at amortised cost – Debt and other financial instruments	46,344,389	135,550,465	318,575,375	227,702,424	238,387,278	966,559,931
Financial assets measured at fair value through other comprehensive income	119,573,393	140,762,648	45,128,124	12,417,324	774,445	318,655,934
Total financial assets	995,481,818	776,891,888	741,224,146	394,023,938	333,582,501	3,241,204,291
Financial liabilities						
Due to banks	17,045,461	–	4,481,729	–	–	21,527,190
Derivative financial liabilities	647,557	189,940	–	–	–	837,497
Securities sold under repurchase agreements	92,403,643	21,903,571	6,496	–	–	114,313,710
Financial liabilities at amortised cost – Due to depositors	1,524,437,493	643,609,664	106,951,821	24,508,483	–	2,299,507,461
Financial liabilities at amortised cost – Other borrowings	954,791	6,240,684	3,831,458	2,194,505	4,099,418	17,320,856
Subordinated liabilities	689,311	7,830,003	30,878,185	42,517,657	13,297,290	95,212,446
Total financial liabilities	1,636,178,256	679,773,862	146,149,689	69,220,645	17,396,708	2,548,719,160

66.2.3 Liquidity reserves

The table below sets out the components of the Bank's liquidity reserves:

As at December 31,	2025		2024	
	Carrying amount Rs. '000	Fair value Rs. '000	Carrying amount Rs. '000	Fair value Rs. '000
Balances with Central Banks	38,802,321	38,802,321	45,702,086	45,702,086
Balances with other banks	28,209,697	28,209,697	37,653,369	37,653,369
Coins and notes held	56,761,194	56,761,194	49,202,117	49,202,117
Unencumbered debt securities issued by sovereigns	908,303,188	920,956,030	963,874,910	993,645,687
Total	1,032,076,400	1,044,729,242	1,096,432,482	1,126,203,259

66.2.4 Financial assets available to support future funding

The table below sets out the availability of the Bank's financial assets to support future funding.

As at December 31, 2025	Note	Page No.	Encumbered		Unencumbered		
			Pledged as collateral Rs. '000	Other Rs. '000	Available as collateral Rs. '000	Other Rs. '000	Total Rs. '000
Cash and cash equivalents	28	360	–	–	84,937,446	–	84,937,446
Balances with Central Banks	29	361	–	34,685,171	4,117,150	–	38,802,321
Placements with banks	30	362	–	–	102,457,000	–	102,457,000
Securities purchased under resale agreements			–	–	20,353,118	–	20,353,118
Derivative financial assets	31	362	–	–	5,422,850	–	5,422,850
Financial assets recognised through profit or loss – Measured at fair value	32	363	–	–	111,753,532	–	111,753,532
Financial assets at amortised cost – Loans and advances to other customers	33	368	–	–	1,903,430,445	–	1,903,430,445
Financial assets at amortised cost – Debt and other financial instruments (*)	34	371	100,555,955	–	588,791,722	–	689,347,677
Financial assets measured at fair value through other comprehensive income (*)	35	374	35,859,577	–	182,131,774	–	217,991,351
Total			136,415,532	34,685,171	3,003,395,037	–	3,174,495,740

As at December 31, 2024	Note	Page No.	Encumbered		Unencumbered		
			Pledged as collateral Rs. '000	Other Rs. '000	Available as collateral Rs. '000	Other Rs. '000	Total Rs. '000
Cash and cash equivalents	28	360	–	–	86,848,291	–	86,848,291
Balances with Central Banks	29	361	–	27,549,604	18,152,482	–	45,702,086
Placements with banks	30	362	–	–	99,300,303	–	99,300,303
Securities purchased under resale agreements			–	–	28,655,962	–	28,655,962
Derivative financial assets	31	362	–	–	4,264,271	–	4,264,271
Financial assets recognised through profit or loss – Measured at fair value	32	363	–	–	91,677,346	–	91,677,346
Financial assets at amortised cost – Loans and advances to other customers	33	368	–	–	1,384,524,660	–	1,384,524,660
Financial assets at amortised cost – Debt and other financial instruments (*)	34	371	105,782,476	–	561,927,215	–	667,709,691
Financial assets measured at fair value through other comprehensive income (*)	35	374	17,132,962	–	284,451,180	–	301,584,142
Total			122,915,438	27,549,604	2,559,801,710	–	2,710,266,752

(*) Market value of securities pledged as collateral is considered as encumbered.

66.3 Market risk

Market risk is the risk of losses on or off-balance sheet positions arising out of movements in prices affecting foreign exchange exposures, interest rate instruments, equity/debt instruments and commodity exposures. The Bank monitors market risk in both trading and non-trading portfolios on an ongoing basis.

66.3.1 Exposure to market risk – Trading and non-trading portfolio

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios:

As at December 31, 2025	Note	Page No.	Market risk measurement		
			Carrying amount Rs. '000	Trading portfolios Rs. '000	Non-trading portfolios Rs. '000
Assets subject to market risk					
Cash and cash equivalents (*)	28	360	36,917,241	–	36,917,241
Balances with Central Banks (*)	29	361	20,462,640	–	20,462,640
Placements with banks	30	362	102,457,000	–	102,457,000
Securities purchased under resale agreements			20,353,118	–	20,353,118
Derivative financial assets	31	362	5,422,850	5,422,850	–
Financial assets recognised through profit or loss – Measured at fair value	32	363	111,753,532	111,753,532	–
Financial assets at amortised cost – Loans and advances to other customers	33	368	1,903,430,445	–	1,903,430,445
Financial assets at amortised cost – Debt and other financial instruments	34	371	689,347,677	–	689,347,677
Financial assets measured at fair value through other comprehensive income	35	374	217,991,351	–	217,991,351
Total			3,108,135,854	117,176,382	2,990,959,472
Liabilities subject to market risk					
Due to banks	43	401	29,724,059	–	29,724,059
Derivative financial liabilities	44	401	1,263,165	1,263,165	–
Securities sold under repurchase agreements			110,462,494	–	110,462,494
Financial liabilities at amortised cost – Due to depositors (*)	45	402	2,497,081,415	–	2,497,081,415
Financial liabilities at amortised cost – Other borrowings	46	403	14,426,414	–	14,426,414
Subordinated liabilities	50	414	73,322,023	–	73,322,023
Total			2,726,279,570	1,263,165	2,725,016,405

As at December 31, 2024	Note	Page No.	Market risk measurement		
			Carrying amount Rs. '000	Trading portfolios Rs. '000	Non-trading portfolios Rs. '000
Assets subject to market risk					
Cash and cash equivalents (*)	28	360	43,251,429	–	43,251,429
Balances with Central Banks (*)	29	361	25,974,954	–	25,974,954
Placements with banks	30	362	99,300,303	–	99,300,303
Securities purchased under resale agreements			28,655,962	–	28,655,962
Derivative financial assets	31	362	4,264,271	4,264,271	–
Financial assets recognised through profit or loss – Measured at fair value	32	363	91,677,346	91,677,346	–
Financial assets at amortised cost – Loans and advances to other customers	33	368	1,384,524,660	–	1,384,524,660
Financial assets at amortised cost – Debt and other financial instruments	34	371	667,709,691	–	667,709,691
Financial assets measured at fair value through other comprehensive income	35	374	301,584,142	–	301,584,142
Total			2,646,942,758	95,941,617	2,551,001,141
Liabilities subject to market risk					
Due to banks	43	401	21,306,752	–	21,306,752
Derivative financial liabilities	44	401	837,497	837,497	–
Securities sold under repurchase agreements			112,470,392	–	112,470,392
Financial liabilities at amortised cost – Due to depositors (*)	45	402	2,135,881,478	–	2,135,881,478
Financial liabilities at amortised cost – Other borrowings	46	403	14,273,156	–	14,273,156
Subordinated liabilities	50	414	57,707,677	–	57,707,677
Total			2,342,476,952	837,497	2,341,639,455

(*) This excludes coins and notes held in local currency, balances with Central Bank of Sri Lanka and local currency current account balances which is not subjected to market risk.

66.3.2 Exposure to interest rate risk – Sensitivity analysis

66.3.2 (a) Exposure to interest rate risk – Non-trading portfolio

The possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments and hence expose the Bank to fluctuations of Net interest income (NII) give rise to interest rate risk. The Bank's policy is to continuously monitor portfolios and adopt hedging strategies to ensure that interest rate risk is maintained within prudent levels.

The tables below analyse the Bank's interest rate risk exposure on financial assets and financial liabilities. The Bank's assets and liabilities are included at carrying amounts and categorised by the earlier of contractual re-pricing or maturity dates.

As at December 31, 2025	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Non-sensitive Rs. '000	Total Rs. '000
Financial assets							
Cash and cash equivalents	5,541,688	–	–	–	–	79,395,758	84,937,446
Balances with Central Banks	8,851,651	–	–	–	–	29,950,670	38,802,321
Placements with banks	86,985,340	15,471,660	–	–	–	–	102,457,000
Securities purchased under resale agreements	20,353,118	–	–	–	–	–	20,353,118
Financial assets at amortised cost – Loans and advances to other customers	1,032,198,720	286,723,004	94,497,213	328,610,248	130,054,213	31,347,047	1,903,430,445
Financial assets at amortised cost – Debt and other financial instruments	54,149,362	54,194,268	283,320,662	132,061,171	165,620,004	2,210	689,347,677
Financial assets measured at fair value through other comprehensive income	44,739,415	79,265,561	65,273,861	7,597,848	19,529,056	1,585,610	217,991,351
Total financial assets	1,252,819,294	435,654,493	443,091,736	468,269,267	315,203,273	142,281,295	3,057,319,358
Financial liabilities							
Due to banks	13,058,228	4,668,788	–	–	–	11,997,043	29,724,059
Securities sold under repurchase agreements	93,052,675	17,409,819	–	–	–	–	110,462,494
Financial liabilities at amortised cost – Due to depositors	1,440,817,183	729,384,723	172,507,607	19,026,490	–	247,115,841	2,608,851,844
Financial liabilities at amortised cost – Other borrowings	119,642	6,683,019	2,308,131	4,110,123	1,205,499	–	14,426,414
Subordinated liabilities	1,809,379	6,378,193	23,150,716	33,317,174	8,666,561	–	73,322,023
Total financial liabilities	1,548,857,107	764,524,542	197,966,454	56,453,787	9,872,060	259,112,884	2,836,786,834
Interest rate sensitivity gap	(296,037,813)	(328,870,049)	245,125,282	411,815,480	305,331,213	(116,831,589)	220,532,524
Cumulative Gap	(296,037,813)	(624,907,862)	(379,782,580)	32,032,900	337,364,113	220,532,524	

As at December 31, 2024	Up to 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	More than 5 years Rs. '000	Non-sensitive Rs. '000	Total Rs. '000
Financial assets							
Cash and cash equivalents	74,963	–	–	–	–	86,773,328	86,848,291
Balances with Central Banks	13,667,352	–	–	–	–	32,034,734	45,702,086
Placements with banks	91,898,858	7,401,445	–	–	–	–	99,300,303
Securities purchased under resale agreements	28,655,962	–	–	–	–	–	28,655,962
Financial assets at amortised cost – Loans and advances to other customers	552,044,906	208,415,890	230,823,640	215,393,336	139,197,089	38,649,799	1,384,524,660
Financial assets at amortised cost – Debt and other financial instruments	28,180,270	87,517,079	228,967,665	181,011,997	142,032,680	–	667,709,691
Financial assets measured at fair value through other comprehensive income	110,039,477	134,592,287	41,787,722	12,190,545	1,640,207	1,333,904	301,584,142
Total financial assets	824,561,788	437,926,701	501,579,027	408,595,878	282,869,976	158,791,765	2,614,325,135
Financial liabilities							
Due to banks	3,165,554	–	4,271,154	–	–	13,870,044	21,306,752
Securities sold under repurchase agreements	91,809,472	20,655,105	5,815	–	–	–	112,470,392
Financial liabilities at amortised cost – Due to depositors	1,327,706,471	618,162,043	82,682,359	17,436,703	–	190,579,224	2,236,566,800
Financial liabilities at amortised cost – Other borrowings	942,032	5,503,525	2,598,949	1,449,402	3,779,248	–	14,273,156
Subordinated liabilities	–	–	15,118,547	33,874,359	8,714,771	–	57,707,677
Total financial liabilities	1,423,623,529	644,320,673	104,676,824	52,760,464	12,494,019	204,449,268	2,442,324,777
Interest rate sensitivity gap	(599,061,741)	(206,393,972)	396,902,203	355,835,414	270,375,957	(45,657,503)	172,000,358
Cumulative Gap	(599,061,741)	(805,455,713)	(408,553,510)	(52,718,096)	217,657,861	172,000,358	

66.3.2 (b) Exposure to interest rate risk – Non-trading portfolio

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and financial liabilities to various interest rate scenarios.

Interest rate shocks

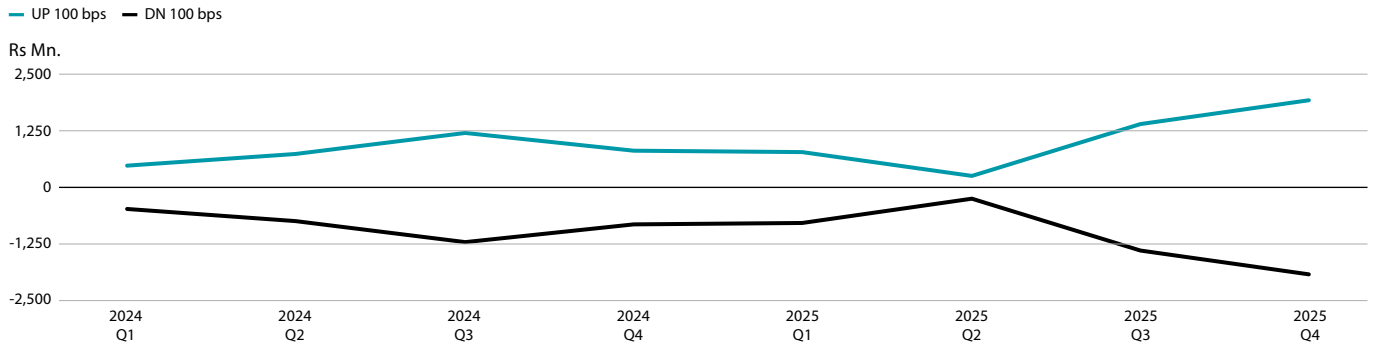
The following table demonstrates the sensitivity of the Bank's Income Statement (net impact) due to change in interest rates by 100 bps on rupee denominated assets and liabilities and 25 bps on FCY denominated assets and liabilities with all other variables held constant as at the reporting date.

Sensitivity of projected net interest income

Net Interest Income (NII)	2025		2024	
	Parallel increase Rs. '000	Parallel decrease Rs. '000	Parallel increase Rs. '000	Parallel decrease Rs. '000
As at December 31,	1,941,933	(1,942,803)	805,254	(806,045)
Average for the period	896,742	(897,559)	830,956	(831,385)
Maximum for the period	1,941,933	(1,942,803)	1,461,243	(1,461,840)
Minimum for the period	233,446	(234,328)	152,547	(152,674)

The impact of changes in interest rates on NII is measured applying interest rate shocks on static balance sheet. In line with the industry practices, interest rate shocks of 100 bps is applied on LKR denominated assets and liabilities and 25 bps is applied on FCY denominated assets and liabilities. The potential impact on the Bank's profitability due to changes in rupee and foreign currency interest rates is evaluated to ensure that the volatilities are prudently managed within the internal tolerance limits.

Impact of a rate shock on the net interest income Graph – 75



66.3.3 Exposure to currency risk – Non-trading portfolio

Currency risk arises as a result of fluctuations in the value of a financial instrument due to changes in foreign exchange rates. The Bank has established limits on position by currency and these positions are monitored on a daily basis.

The table below indicates the currencies to which the Bank had significant exposures as at December 31, 2025 and December 31, 2024 and the exposure as a percentage of the total capital funds:

Foreign exchange position as at December 31, 2025 – Sri Lankan operation

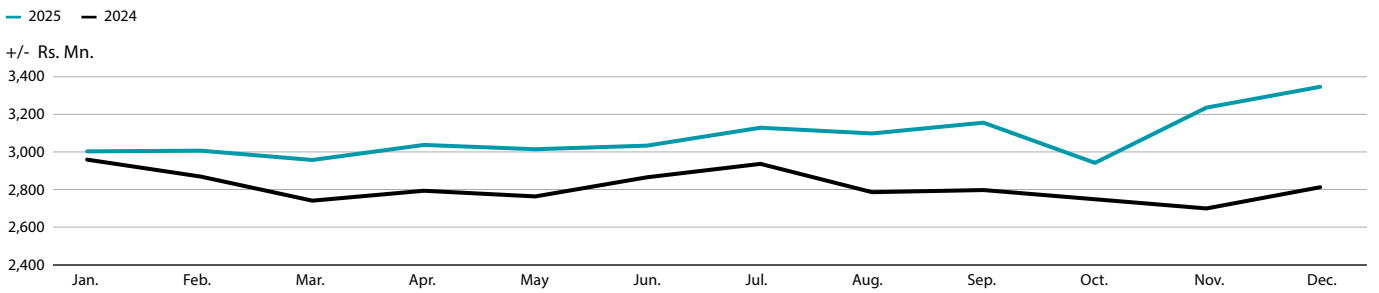
Currency	Spot			Forward			Net open position	Net position in other exchange contracts	Overall exposure in respective foreign currency	Overall exposure in Rs.
	Assets	Liabilities	Net	Assets	Liabilities	Net				
	2	3	4=2-3	5	6	7=5-6	8	9	10=4+7+8	11
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
United States Dollar	20,333	12,027	8,306	4,038	1,498	2,540	890	–	11,736	3,638,414
Great Britain Pound	325	429	(104)	–	–	–	140	–	36	15,153
Euro	868	738	130	–	300	(300)	263	–	93	33,941
Japanese Yen	68,500	47,129	21,371	–	3,000	(3,000)	(12,216)	–	6,155	12,194
Indian Rupee	3,010	927	2,083	–	–	–	17,672	–	19,755	68,208
Australian Dollar	297	357	(60)	–	–	–	166	–	106	22,016
Canadian Dollar	82	123	(41)	–	–	–	50	–	9	2,018
Other currencies in USD	1,043	1,301	(258)	179	–	179	571	–	492	152,645
Total exposure							USD 2,226		USD 12,724	3,944,589
Total capital funds (capital base) as per the audited Basel III computation – Bank										341,730,082
Total exposure as a percentage of total capital funds (%)										1.15

Foreign exchange position as at December 31, 2024 – Sri Lankan operation

Currency	Spot			Forward			Net open position	Net position in other exchange contracts	Overall exposure in respective foreign currency	Overall exposure in Rs.
	Assets	Liabilities	Net	Assets	Liabilities	Net				
	2	3	4=2-3	5	6	7=5-6	8	9	10=4+7+8	11
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
United States Dollar	28,473	11,514	16,959	4,113	693	3,420	(15,164)	–	5,215	1,528,032
Great Britain Pound	110	40	70	–	–	–	(44)	–	26	9,738
Euro	1,356	416	940	–	1,000	(1,000)	148	–	88	26,961
Japanese Yen	3,145	13,321	(10,176)	30,000	5,000	25,000	(13,525)	–	1,299	2,434
Indian Rupee	2,722	2,052	670	–	–	–	19,686	–	20,356	69,731
Australian Dollar	151	281	(130)	50	–	50	97	–	17	3,248
Canadian Dollar	126	162	(36)	–	–	–	70	–	34	6,897
Other currencies in USD	423	146	277	471	711	(240)	451	–	488	143,175
Total exposure							USD (14,360)		USD 6,110	1,790,216
Total capital funds (capital base) as per the audited Basel III computation – Bank										285,627,033
Total exposure as a percentage of total capital funds (%)										0.63

The Bank regularly carries out sensitivity analysis on Net Open Position (NOP) including off-shore retained earnings, to assess the exposure to Foreign Exchange (FX) Risk due to possible changes in the USD/LKR exchange rate . An appropriate shock based on historical USD/LKR exchange rate is applied on the NOP which is measured against the Board approved threshold limits.

Sensitivity Fx Position-impact of 5% change in Exchange Rate (Sri Lankan Operation) Graph – 76



66.3.4 Exposure to equity price risk

Equity price risk arises as a result of any change in market prices and volatilities of individual equities. The Bank conducts mark-to-market calculations on a daily, quarterly and on a need basis to identify the impact due to changes in equity prices.

The table below summarises the impact (both to Income Statement and to equity) due to a change of 10% on equity prices.

	2025			2024		
	Financial assets recognised through profit or loss	Financial assets at fair value through other comprehensive income	Total	Financial assets recognised through profit or loss	Financial assets at fair value through other comprehensive income	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Market value of equity securities as at December 31,	5,231,969	435,212	5,667,181	3,936,178	333,699	4,269,877
Stress Level	**Impact on Income Statement**	**Impact on OCI**	**Impact on Equity**	Impact on Income Statement	Impact on OCI	Impact on Equity
Shock of 10% on equity prices (upward)	523,197	43,521	566,718	393,618	33,370	426,988
Shock of 10% on equity prices (downward)	(523,197)	(43,521)	(566,718)	(393,618)	(33,370)	(426,988)

66.4 Operational risk

Operational Risk arises due to inadequate or failed internal processes, people and systems or from external events. Operational Risk events which include legal and regulatory implications could lead to financial and reputational losses to the Bank.

The operational risk management framework of the Bank has been defined under the Board approved operational risk management policy. Operational risk is managed by establishing an appropriate internal control system that requires a mechanism for segregation of related responsibilities within the Bank, and a detailed testing and verification of the Bank's overall operational systems, and achieving a full harmony between internal and external systems and establishing a fully independent backup facility for business continuity planning.

66.5 Capital management and Pillar III disclosures as per Basel III

Objective

The Bank is required to manage its capital, taking into account the need to meet the regulatory requirements as well as the current and future business needs, stakeholder expectations and available options for raising capital.

66.5.1 Regulatory capital

Capital Adequacy Ratio (CAR) is calculated based on the CBSL directions stemming from Basel III accord. These guidelines require the Bank to maintain a CAR not less than 10.00% with minimum Tier 1 capital with buffers in relation to total risk weighted assets and a minimum total CAR with buffers of 14.00% in relation to total risk weighted assets.

As at December 31,	2025 Rs. '000	2024 Rs. '000
Common Equity Tier 1 (CET1) capital after adjustments	266,762,688	223,991,979
Total Common Equity Tier 1 (CET1) capital	289,040,582	243,568,568
Equity capital (stated capital)/assigned capital	91,557,690	88,017,094
Reserve fund	18,003,947	15,079,582
Published retained earnings/(accumulated retained losses)	3,574,894	2,768,834
Published accumulated other comprehensive income (OCI)	804,051	(38,552)
General and other disclosed reserves	175,100,000	137,741,610
Unpublished current year's profit/(losses) and gains reflected in OCI	–	–
Ordinary shares issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	–	–
Total adjustments to CET1 capital	22,277,894	19,576,589
Goodwill (net)	–	–
Other intangible assets (net)	4,464,103	4,221,131
Revaluation losses of property, plant and equipment	–	–
Significant investments in the capital of financial institutions where the Bank owns more than 10% of the issued ordinary share capital of the entity	3,984,559	3,269,615
Deferred tax assets (net)	13,829,232	12,085,843
Additional Tier 1 (AT1) capital after adjustments	–	–
Total Additional Tier 1 (AT1) capital	–	–
Qualifying Additional Tier 1 capital instruments	–	–
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	–	–
Total adjustments to AT1 capital	–	–
Investment in own shares	–	–
Others (Specify)	–	–
Tier 2 capital after adjustments	74,967,394	61,635,054
Total Tier 2 capital	74,967,394	61,635,054
Qualifying Tier 2 capital instruments	49,354,633	44,536,817
Revaluation gains	5,172,941	5,172,941
Eligible impairment	20,439,820	11,925,296
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	–	–
Total adjustments to Tier 2 capital	–	–
Investment in own shares	–	–
Others (specify)	–	–
CET1 capital	266,762,688	223,991,979
Total Tier 1 capital	266,762,688	223,991,979
Total capital	341,730,082	285,627,033

66.5.2 Capital allocation

The Management monitors the capital adequacy ratio on a regular basis and ensure that it operates within the internal limit set by the Bank. The allocation of capital between specific operations and activities, to a large extent, driven by optimisation of return on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements, but in some cases the regulatory requirements do not fully reflect the varying degree of risks associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required level by the regulator.

66.5.3 Pillar III disclosures as per Basel III

Disclosures under these requirements mainly include the regulatory capital requirements and liquidity, risk weighted assets, discussion on adequacy to meet current and future capital requirements of banks and linkages between financial statements and regulatory exposures. It is required to disclose the templates specified by the Central Bank of Sri Lanka as per Basel III – Minimum disclosure requirements with effective from July 1, 2017. Refer Annex 2 on pages 509 to 520.

67 Repurchase and reverse repurchase transactions in scripless treasury bonds and scripless treasury bills

The following additional information on repurchase and reverse repurchase transactions are disclosed as required by the "Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance Direction No. 01 of 2019", issued by the Central Bank of Sri Lanka (CBSL).

67.1 Value of securities allocated for repurchase transactions

	BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000
Market value of securities allocated for repurchase transactions	124,397,320	127,889,028
Market value of securities received for reverse repurchase transactions	12,018,211	4,260,628

67.2 Haircuts for repurchase and reverse repurchase transactions

Minimum haircuts applicable for each maturity bucket as at December 31, 2025 are given below.

Remaining term to maturity of the eligible security	Minimum haircut (%)	
	Repurchase transactions	Reverse repurchase transactions
Up to 1 year	4	4
More than 1 year and up to 3 years	6	6
More than 3 years and up to 5 years	8	8
More than 5 years and up to 8 years	10	10
More than 8 years	12	12

67.3 Penalties imposed on the Bank for non-compliance

No penalties have been imposed on the Bank for non-compliance with the above mentioned Direction No. 01 of 2019 issued by the CBSL during the years ended December 31, 2025 & 2024.

68 Events after the reporting period

No circumstances have arisen since the reporting date that would require adjustments to, or disclosure in, the financial statements, other than those disclosed in Notes 25.3, 42, 50.1(a), and 52.6 on pages 354, 400, 415 and 419 respectively.

69 Changes to Comparative information

No circumstances have arisen which require material amendments to the comparative information presented (refer Note 2.11) in the Financial Statements other than those disclosed in Note 18 on page 345 relating to the reclassification of recoveries o/a loans written off within Impairment charges/ (reversal) and other losses.

Supplementary disclosures and annexures

This section presents supplementary information that complements the Bank's financial and non-financial reporting. It includes key disclosures on governance and compliance, sustainability-related information, assurance reports and selected financial data, supporting transparency, accountability and decision-useful insight for stakeholders in line with leading practice.

Annex 1: Compliance with Corporate Governance Directions, Rules and Codes – 472-508

Annex 2: Basel III – Disclosures under Pillar III as per the Banking Act Directions No. 01 of 2016 – 509-520

Annex 3: Compliance with SLFRS Sustainability-related Financial Disclosures – 521-522

Annex 4: GRI content index – 523-527

Annex 5: Our sustainability footprint (GRI disclosures – 5 year summary) – 528-529

Annex 6: Correspondent banks and remittance partners – 530-531

Annex 7: Independent Assurance Reports – 532-536

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Annex 1: Compliance with Corporate Governance Directions, Rules and Codes

Annex 1.1: Compliance with Banking Act Directions

The Banking Act Directions No. 05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks issued by the CBSL (the Direction)

Section	Principle, compliance, and implementation	Complied
1	**Ultimate Responsibility and Accountability of the Board** The Board of Directors hold ultimate accountability for the Bank's governance, strategy, financial soundness, and risk management. Directors must ensure operations comply with all laws and adhere to safe banking practices, making objective decisions in the interest of all stakeholders. All Board decisions are considered collective, unless a director formally records their dissent.	✓
1.1	**Responsibilities of the Board** The Board has exercised "duty of care" and "duty of loyalty" to strengthen the safety and soundness of the Bank in the following manner;	
(a)	**Establishing the long-term strategic goals, corporate values, and dissemination and adoption across the Bank** The Bank's strategic objectives and corporate values are determined by the Board as set out on Pages 66 to 171. These are communicated to all levels of employees through structured meetings and reinforced monthly at team meetings which review performance vis-à-vis strategic goals. The corporate values are included in the Code of Conduct and Business Ethics which is communicated to all employees via hard copy and Bank's intranet, through orientation programs and reinforced at meetings.	✓
(b)	**Approving the overall business strategy including risk policy and management procedures and measurable goals** The Board provided direction and guidance for preparation of the five-year Corporate Strategic Plan from 2026-2030 which was approved by the Board after discussing related issues in detail with the Corporate Management. It is aligned to the overall Risk Strategy of the Bank through involvement of the BIRMC. The risk appetite of the Bank is embedded throughout the corporate plan in allocation of capital, adoption of risk matrix to measure the risk levels and in defining key performance indicators which include both quantitative and qualitative criteria. Additionally, governance and compliance are embedded into the Bank's Risk Management Policy Framework and included in the strategic goals. The Bank's Strategic Plan for 2026-2030 was approved on December 19, 2025, by the Board at a special Board meeting with the presence of all the members of Corporate Management.	✓
(c)	**Establishing strong risk governance culture with well-defined responsibilities for the three lines of defense** The BIRMC is tasked with reviewing the Bank's Risk Policy, defining the risk appetite, identifying principal risks, setting governance structures and implementing systems to measure, monitor and manage the principal risks. Further, establishing organisational responsibilities under three lines of defense and ensuring that the risk management, compliance and internal audit are properly positioned and adequately staffed to carry out the responsibilities independently, objectively and efficiently. Further, the risk appetite statement of the Bank articulate alignment with the Bank's strategic, capital and financial plans. Breaches in risk appetite limits are notified to the Board and disciplinary action taken for limit breaches as a preventive measure. Refer "Risk Governance and Management" on pages 273 to 296 and the "Report of the BIRMC" on pages 238 to 240 which provide further insights on risk management policies and processes of the Bank.	✓
(d)	**Board independence and prevention of undue influence** The composition of the Board is structured to ensure a sufficient balance of power and active contribution from all Directors, thereby minimising the potential for any individual members or group to dominate the Board's process. Hence, Board decisions are not detrimental or prejudicial to stakeholders. Further information provided in the "Composition of the Board, Board Committees and attendance at meetings" on page 223 and the section on "Board Balance and Diversity" on page 222. These practices are governed by the Policy on Matters relating to the Board of Directors and the Policy on Corporate Governance, Nomination, and re-election, ensuring continuous alignment with the regulations and best practices.	✓

Section	Principle, compliance, and implementation	Complied
(e)	**Communication with all stakeholders** The Board has approved and implemented the following communication policies with stakeholders: • **Shareholders** – The Policy on Relations with Shareholders and Investors of the Bank explicitly provides for effective and timely communication to shareholders of material matters and performance. Interim Financial Statements are made available to shareholders within 45 days for the first three quarters and within 60 days for the last quarter from the end of the relevant quarter and a press release is issued providing a review of the Bank's performance on a quarterly basis. Performance of the Bank is set out in the Annual Report of the Bank which is circulated to shareholders 15 working days prior to the AGM. The AGM is the key forum for contact with shareholders and the Bank has a history of well attended AGMs where shareholders take an active role in exercising their rights. Details of attendance of the shareholders at AGMs during the past five years is given on Table 85 on page 231. The AGM 2025 was held in the form of a physical meeting. Additionally, the "Investors" page on the Bank's website contains the Interim Financial Statements and the Annual Reports together with key disclosures on risk management. The Bank also provides information to equity analysts to facilitate high quality information in research reports, made available to investors by stockbrokers. • **Customers** – include, inter alia, depositors and borrowers. The Bank's Financial Consumer Protection Policy which also includes the Customer Complaint Handling Policy has been disseminated to all customer contact points in all three languages. This document outlines the policy set out by the Bank to handle customer complaints, provides contact numbers to reach the Bank as well as the Financial Ombudsman. There is a 24-hour trilingual customer hotline set up for this purpose and reports are reviewed by both the EIRMC and BIRMC. • **Regulators** – mainly comprise of, CBSL, SEC, ROC, and IRD. The Bank strictly adhere to various information requested by the CBSL on daily, weekly, monthly, quarterly, and semi-annually and annually and also provide information for on-site and off-site inspections conducted on an annual basis. The Bank complied with the Listing Rules published by the CSE and in accordance with the Listing Rules of the CSE, the Bank ensures the timely dissemination of Interim Financial Statements and Annual Reports via the its official web portal. The Bank remains compliant with the provisions of the Companies Act 07 of 2007 (as amended), ensuring that all the necessary action was taken to file the relevant statutory forms. Further, the Bank strictly adhered to the applicable tax enactments, gazette notifications and notices issued by the IRD and continuously communicate with them regarding the outstanding tax matters, assessments and appeals. • **Staff** – Employees and representatives of the trade unions are given unrestricted access to the Management to discuss their concerns. The Deputy General Manager - Human Resource Management coordinates communication between the Board and the employees.	✓
(f)	**Internal control system and management information systems** The Board is assisted in this regard by the BAC who reviews the adequacy and the integrity of the Bank's internal control system and management information system. The BAC has reviewed reports from the Internal Audit Department and the External Auditors in carrying out this function and also reviewed management responses on same, during the year.	✓
(g)	**Governance and Control of Related Party Transactions** To ensure transparency and avoid conflicts of interest, the BRPTRC assists the Board in reviewing all RPT conducted by the Bank, and its subsidiaries. The Committee's role is to ensure that the interests of shareholders as a whole are considered, and that Directors, KMP, and major shareholders do not secure any undue advantage from their positions. Related Party Transactions of the Bank are governed by the Related Party Transactions Policy, which is reviewed by the BRPTRC and approved by the Board annually. This process also ensures that all requisite disclosures are made to maintain transparency in relation to RPT.	✓
(h)	**Disaster Recovery and Business Continuity Governance** The BIRMC conduct an annual review of the Bank's Business Continuity and Disaster Recovery plans to verify their adequacy in safeguarding financial stability, ensuring operational resilience, and maintaining critical operations, particularly Core-Banking systems in line with statutory mandates.	✓
(i)	**Governance of Risk aligned Remuneration** The BHRRC oversee an integrated framework for Human Resources Management, designed to support the Bank's strategic objectives and ensure long-term sustainability. The core of this framework is a comprehensive remuneration strategy aimed at attracting, motivating, and retaining qualified and experienced personnel. The Committee will foster a culture of continuous performance management and involves implementing robust systems for regular performance reviews of KMP. For further information, refer page 228 of the Annual Corporate Governance Report.	✓

Section	Principle, compliance, and implementation	Complied
(j)	**Identification of "Key Management Personnel (KMP)"** KMP are the persons who significantly influence policy, direct activities and exercise control over business activities, operations and risk management. All appointments of designated KMP are recommended by the BNGC and approved by the Board. KMP of the Bank are defined in the Related Party Transactions Policy of the Bank, taking into consideration all regulatory requirements.	✓
(k)	**The Roles of the Board, Chief Executive Officer (CEO), and Management in the governance Framework** The Board Charter delineates the specific powers and duties reserved for the Board of Directors, formally establishing its scope of authority and principal accountabilities. Conversely, the authority and key responsibilities of individual members of Corporate Management are formally defined within their respective Job Descriptions.	✓
(l)	**Management Accountability and Strategic Execution of affairs of the Bank** The Board actively reviews the Bank's performance relative to its strategic plan, assisted by reports from its Committees concerning delegated mandates, which cover financial reporting, internal controls, risk management, KMP changes and other relevant matters. To gain further insight, the Board also requests regular presentations from CEO and other KMP on their purviews and calls upon them to provide clarification on relevant operational matters.	✓
(m)	**Assess effectiveness of own governance practices** Completed Board performance evaluation forms (Self/Board/Committees) were received from all Board members for 2025 for review and the responses were discussed at the BNGC meeting and at a subsequent Board meeting. Matters of concern noted are followed-up and improved upon during the year to continuously improve the governance practices of the Bank. Evaluation process ensures improvement in governance standards and align Board performance on achieving strategic objectives.	✓
(n)	**Self-assessment of Directors** The Bank has adopted a system of self-assessment, to be undertaken by each Director, annually. Each member of the Board carried out a self-assessment of his/her own effectiveness as an individual as well as the effectiveness of the Board as a whole. Further, each Director carries out an assessment of "fitness and propriety" to serve as a Director.	✓
(o)	**Succession plan for CEO and KMP** The BNGC has developed a proactive process for planning and assessment of candidates for the succession of CEO and KMPs together with development plans to ensure their readiness.	✓
(p)	**Regular meetings with CEO and KMP** Progress towards corporate objectives is a regular agenda item for the Board and members of the Corporate Management are regularly involved in the Board level discussions on the same. Additionally, they make key agenda items or are called in for discussions at the meetings of the Board and presentations on its Committees on policy and other matters relating to their areas on a regular basis.	✓
(q)	**Regulatory environment and maintaining an effective relationship with Regulators** Directors are briefed about regulatory developments at Board meetings by the KMP to facilitate effective discharge of their responsibilities. The Members of the BAC and the BIRMC are also briefed on regulatory developments at their meetings by the Heads of Internal Audit, Risk, and Compliance. The Board members attend the Director Forums arranged by the CBSL as well.	✓
(r)	**Hiring External Auditors** The Board has adopted a policy of rotation of Auditors, once in every six years and also to change the engagement partner once in every three years, aligning with sound principles of good corporate governance and the provisions of the Direction. At the end of the six-year period, quotations are called from suitable audit firms, prior to the recommendation of new auditors as per the rotation policy. In addition, External Auditors submit a statement annually confirming their independence as required by Section 163 (3) of the Companies Act No. 07 of 2007 (as amended) in connection with external audit. Messrs KPMG was appointed as the external auditor in the year 2024 and was reappointed at the AGM 2025.	✓
(s)	**Guidelines on Gifts and incentives** The Bank has established detailed guidelines regarding the acceptance and offering of financial and non-financial gifts, favors, or any form of illegal gratification. These guidelines also govern fund raising activities and personal affiliations with employees, customers, suppliers, shareholders, or any other Stakeholders as outlined in the Code of Ethics and Administrative Circulars. The members on the Board are governed by the Policy on Internal Code of Business Conduct and Ethics.	✓

Section	Principle, compliance, and implementation	Complied
(t)	**Culture of professional, ethical and prudent behaviour** Bank has an internally developed Code of Business Conduct and Ethics, which is applicable to directors, KMP, and all other employees. This Code, complemented by other Board approved policies, ensures that the Bank adheres to the highest standards of Transparency, Accountability, Integrity, Conflict of Interest and Compliance. It establishes clear expectations for ethical conduct, guiding employees, in customer centric decision making, respectful workplace interactions, and strict adherence to legal and regulatory standards. For further information refer section on "Code of Business Conduct & Ethics" on page 228. The members on the Board are governed by the Policy on Internal Code of Business Conduct and Ethics.	✓
(u)	**Timely rectification of the supervisory concerns** The Bank has implemented several key measures, including establishing mandatory Board Committees to support the timely integration of new regulatory requirements into internal policies, procedures, and controls. These Committees also conduct regular reviews to ensure the continued relevance and effectiveness of compliance activities.	✓
(v)	**Whistleblower Charter** The Bank upholds a culture of transparency and accountability through its Whistleblower Charter, ensuring that employees have a safe, confidential and anonymous platform to report ethical violations and concerns. To facilitate seamless reporting, the Bank offers multiple channels, including hotlines and direct access to the Compliance Officer, while employees have the option to escalate issues even up to the highest level of Governance. The Whistleblower Charter is reviewed on a periodic basis. For further information refer section on "Whistleblowing" on page 229.	✓
(w)	**Sustainability and Environmental, Social, and Governance (ESG) Integration** In line with the Corporate Governance requirement to promote sustainability through appropriate ESG considerations, the Bank continues to integrate sustainability across its operations, decision-making processes and product offerings. To ensure structured oversight and effective implementation of these commitments, the Bank has established a comprehensive governance framework by forming a Board Committee on Sustainability. Refer "Report of the BIRMC" on pages 238 to 240 and "Report of the BSC" on pages 256 to 257.	✓
1.2	**Appointment of Chairman and CEO and defining and approving their functions and responsibilities** The Board Charter maintains a clear separation between the Chairman and the CEO to prevent a concentration of authority. For further information refer section on "Segregation of Roles and Responsibilities of the Chairman and the Chief Executive Officer" on page 222.	✓
1.3	**Board Meeting Frequency and Conduct** The Board convenes regular monthly meetings, supported by special meetings as required to address emerging matters. Directors engage in active deliberation on all items presented for review. To maintain continuous oversight, the Bank limits the use of circular resolutions to exceptional circumstances and any such resolutions are formally ratified at the subsequent Board meeting. Board meetings were held physically. Any Board Member who is unable to join physically may attend the board meetings virtually and actively participate and engage in deliberations. The non-resident board member who attended the meetings virtually, attended meetings physically at least half yearly as required by the Directions. Detailed attendance records and the total frequency of meetings are provided on page 223.	✓
1.4	**Board procedures**	
(a)	**Submission of proposals by Directors for regular agenda of Board Meetings** Directors may propose agenda items by consulting with the Chairman, pertaining to the Bank's business operations, risk management frameworks, or employee conduct.	✓
(b)	**Notice of Meetings** To ensure the Board has sufficient time for review, the Notice of Meeting, agenda, and supporting papers are circulated to Directors seven days in advance. This allows for thorough preparation and provides an opportunity to submit any urgent proposals prior to the session.	✓
(c)	**Directors' attendance** Director attendance has been monitored in compliance with the Directions. For further information refer "Composition of the Board Committees and attendance at meetings" on page 223.	✓

Section	Principle, compliance, and implementation	Complied
1.5	**Appointing a Company Secretary**	
(a)	**Appointment and setting responsibilities of the Company Secretary** The Board has appointed a Company Secretary and entrusted responsibilities, ensuring full compliance with the Companies Act, Banking Act Directions, and the Articles of Association and other applicable regulations.	✓
(b)	**The Role and Access to the Company Secretary** The Company Secretary assists the Board members with professional advice and support to maintain high standards of Corporate Governance, ensuring that all Board proceedings and applicable regulatory obligations are met effectively. For further information refer section on "Role of the Company Secretary" on page 224.	✓
(c)	**Implementation of Continuous Professional Development for Directors** The Company Secretary facilitates training, capacity building and professional development programs with the recommendation of the BNGC. These initiatives ensure that Directors remain fully equipped to discharge their duties effectively while staying abreast of evolving governance standards and industry trends. For further information refer the section on 'Induction and Training of Directors' on page 226.	✓
(d)	**Maintenance and Inspection of Board Minutes** The Company Secretary maintains and records the minutes of all Board meetings, which are circulated to the Board of Directors following an initial review by the CEO and the Chairman. These minutes are formally reviewed and approved at the subsequent meeting, incorporating any amendments or additions proposed by the Directors (if any). To ensure transparency and continuity, Directors are granted secure electronic access to an archive of past Board papers and minutes. Furthermore, the Company Secretary maintains these records with sufficient detail to serve as a reference for the Board's deliberations and decisions and for the reference of regulators.	✓
1.6	**Maintenance of Board Meeting Minutes**	
(a)-(f)	**Maintaining minutes with sufficient details to serve as a reference for regulators and supervisory authorities** The minutes of the meetings inter alia include: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) the fact-finding discussions and the issues of contention or dissent; (d) the testimonies and confirmations of relevant KMP with regard to the Board's strategies and policies and adherence to relevant laws and regulations; (e) matters regarding the risks to which the Bank is exposed and an overview of the risk management measures including reports of the BIRMC; (f) the decisions and Board resolutions;	✓
1.7	**Directors' ability to seek independent professional advice** Directors may obtain independent professional advice whenever necessary to discharge their responsibilities. The Company Secretary is responsible for coordinating this process.	✓
1.8	**Managing Conflicts of Interest**	
(a)-(d)	The Board approved Related Party Transactions Policy provides guidance on identification and managing potential conflict of interest. Directors are required to declare their interests upon appointment, on an quarterly basis, and immediately whenever a change in circumstances occur. To ensure transparency, a quarterly report is submitted to the BRPTRC and to the Board on Related party Transactions. • Withdrew from the meeting for the duration of the relevant agenda item. • Abstained from all discussions, expressions of opinion, and the decision-making process. • Was excluded from the count for the purposes of establishing a quorum. • Not received information either physically or electronically in relation to the related transaction. The Directors ensured that the relationships between the Directors among themselves as well as between the CEO, and KMP are at a level that does not results in excessive familiarity, undue influence or coercion. Information regarding Directors' external appointments can be found in their profiles on pages 32 to 39. Further, 'Directors' Interest in Contracts with the Bank' are disclosed on pages, 271 and 272.	✓

Section	Principle, compliance, and implementation	Complied
1.9	**Duty to Inform Director of Bank Supervision in Financial Distress** The Bank remains solvent and has not encountered any threats to its financial standing. A formal procedure is in place to ensure the Director of Bank Supervision of the CBSL is alerted before any decision is made regarding a potential insolvency event or a suspension of payments to depositors and other creditors.	✓
1.10	**Maintenance of Statutory Capital Levels** The Board of Directors actively evaluates the Bank's capital position against regulatory benchmarks and internal risk thresholds. The Bank complied with all minimum capital adequacy standards during the year. The Management presents the capital position to the Board on a monthly basis vis a vis the Budget. Comprehensive Basel III Pillar 3 disclosures, as required under Banking Act Directions No. 01 of 2016, are set out in Annex 2 on pages 509 to 520.	✓
1.11	**Publish Annual Corporate Governance Report** Annual Corporate Governance Report of the Bank is set out on pages 216 to 232 of this Annual Report.	✓
2	**Board Composition and Diversity** The Board is composed of 11 Directors, including 09 Independent, INEDs, ensuring a high degree of autonomy and dedicated alignment with shareholder interests. The Board's diverse makeup spanning various disciplines, genders, and professional backgrounds ensures a robust blend of experience and insight. Each Director contributes a wealth of expertise across diverse professional fields, fostering a culture of constructive challenge to Corporate Management and enriching deliberations on complex, dynamic issues. The Board further exemplifies the Bank's commitment to diversity by integrating specialised knowledge across multiple disciplines, including: • Finance & Banking: International Capital Markets, Risk Management, Banking and Accountancy. • Technical & Scientific: IT, Science, and Renewable Energy. • Industry & Professional: Agriculture, Chemicals, Law, Health, and Insurance. For further information refer "Composition of the Board" as at December 31, 2025 on page 223.	✓
2.1 **(a)**	**Procedure for appointment of Directors** **Formal and transparent procedure** The Board has established the BNGC with Terms of Reference that align with the Code of Best Practice on Corporate Governance. In collaboration with the BNGC, the Board has implemented a robust succession plan to ensure the seamless and orderly transition of Board appointments.	✓
(b)	**Restrictions on Concurrent Directorships in Banking** All Board members are compliant with the prohibition of concurrent roles at other domestic banks. There was no objection from the regulator on Ms. Lee's dual directorships at DBS Group Holdings Ltd. and DBS Bank Ltd. (Singapore).	✓
(c)	**Restriction for Directors representing shareholders** Directors representing shareholders, who have acquired share capital carrying voting rights in contravention of Section 12(1C) of the Banking Act No. 30 of 1988 (as amended), shall abstain from participating and voting in appointing independent directors. Bank does not have Director's representing shareholders.	✓
2.2 **(a)**	**Number of Directors** The Bank's Articles of Association mandate a Board size of seven (7) to thirteen (13) Directors. As at year-end 2025, the Board was comprised of eleven (11) members, within the prescribed statutory limits commensurate with the size, scale, diversity and complexity of the operation of the Bank.	✓
(b)	**Board Gender Diversity** The Board comprises three (03) female directors out of total board members of eleven directors as at December 31, 2025.	✓

Section	Principle, compliance, and implementation	Complied
2.3	**No. of Executive Directors** The Bank meets its regulatory obligations through a Board composed of two Executive Directors. The executive leadership is structured with one Director serving as the Managing Director/Chief Executive Officer, while the other serves as the Chief Operating Officer.	✓
2.4	**Eligibility of Non-Executive Directors (NEDs)** NEDs are experienced professionals with proven track records and the specialised expertise necessary to provide independent judgment on matters of strategy, performance, and resource management and contribute towards sustainability of the Bank. To facilitate appointments, the Board of Directors nominates eminent professionals or academics from diverse disciplines for consideration. These profiles are then reviewed by the BNGC, which evaluates each candidate's suitability before making formal recommendations to the Board.	✓
2.5	**Independent Directors**	
(a)	**Composition of Independent Non-Executive Directors (INEDs)** The Board has nine (09) INEDs which is well above the regulatory requirement to have at least half of the total number of Directors.	✓
(b)	**Criteria for Determining the INED**	✓
(i) to (ix)	All NEDs have successfully met the independence criteria prescribed by the regulator. The Board conducts an annual evaluation of each NED's independence to ensure ongoing compliance with these regulatory standards.	
(c)	**Identify INED and disclose categories of Directors in corporate communications** The Bank expressly identifies INEDs in all corporate communications where Board members are listed. For a detailed breakdown of the Board's composition categorised by Executive, Non-Executive, and Independence status are given on page 223.	✓
2.6	**Procedures for Nominating Alternate Directors to Represent Independent Board Members** There are no Alternate Directors on the Board of the Bank.	✓
2.7	**Quorum and Composition Requirements for Board Meetings** The Board strictly adheres to all quorum requirements and notably, the majority of its members are NEDs.	✓
3	**Criteria to assess suitability of Directors**	
3.1	**Criteria to assess fitness and propriety of Directors** The Bank maintains full compliance with Sections 42 of the Banking Act No. 30 of 1988 (as amended) regarding all Board appointments. Further, the Bank ensures the fitness and propriety of each Director by obtaining prior approval from the Director of Bank Supervision of the CBSL before any appointment is finalised.	✓
3.2	**Additional Requirements for Suitability of Directors**	
(a)	**Age of Director should not exceed 70** There are no Directors who are over 70 years of age.	✓
(b)	**Tenure Limits for Non-Executive Directors** No NED has served for more than nine years. Details of tenures of Director's are provided in "Composition of the Board, Board Committees and attendance at meetings " on page 223.	✓
(c)	**Directors should not be Directors of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the Bank.** No Director holds directorships in excess of 20 companies/entities/institutions inclusive of subsidiaries or the associate of the Bank. Details of directorships are provided in "Board of Directors and Profiles" on pages 32 to 39.	✓
(d)	**Director commitment and time allocation** All Directors have demonstrated a strong commitment to their roles, dedicating sufficient time to fulfill the responsibilities entrusted to them by the Board.	✓
3.3	**Cooling Off period for appointments of Bank Directors and CEOs** No appointments for Director or CEO positions are approved, if they do not satisfy the regulatory requirement of 6 months cooling period.	✓

Section	Principle, compliance, and implementation	Complied
4	**Delegation of Functions**	
4.1	**Division of Responsibilities** Responsibilities within the control environment are clearly assigned. The Board oversees all delegation arrangements, ensuring they are executed in compliance with regulatory standards to ensure greater balance of power and authority.	✓
4.2	**Board oversight and reserved authorities** The Board utilises a formal schedule of reserved matters to ensure that all key strategic decisions are subject to their direct control and oversight.	✓
4.3	**Limitations on Delegation of Authority** Delegation to Board, Executive Directors and other KMP is structured in a manner which does not hinder the Board's capacity for independent judgment and strategic oversight.	✓
4.4	**Review of Delegation Process** The Board reviews and approves the Bank's delegation arrangements periodically to ensure they align with operational requirements while enabling the Board to fulfill its fiduciary duties effectively. Accordingly, the Board conducts a thorough review of the arrangements specified in Section 4.2 and 4.3 to maintain their oversight.	✓
5	**The Chairman and CEO**	
5.1	**Separation of Roles of Chairman and CEO** A clear distinction is maintained between the roles of Chairman and CEO. This separation of duties ensures a balance of power and authority, such that no single individual possesses unfettered decision-making control.	✓
5.2 **(a)-(c)**	**Suitability of the Chairman** Chairman should be a Non-Executive Independent Director or, if not independent, designation of an Independent Director as the Senior Director. Chairman is an INED.	Not applicable
5.2 **(a)-(i)**	**Responsibilities of the Chairman** The Board of Directors is committed to maintaining the highest standards of Corporate Governance. Central to this commitment is the role of the Chairman, whose primary responsibility is to lead the Board and ensure its overall effectiveness. The Chairman has fulfilled the following duties in accordance with the Governance Framework. **Board Leadership** - The Chairman provided strategic leadership, ensuring the Board discharged its responsibilities effectively and maintained a clear distinction between Board oversight and executive management. Chairman ensured timely discussion of all key relevant issues. **Agenda & Information** - All meeting agendas were personally approved by the Chairman, incorporating input from fellow directors. The Chairman ensured that comprehensive briefing papers were distributed in a timely manner to allow for informed decision making. **Board Dynamics** - A culture of openness was fostered, where both Executive and Non-Executive Directors contributed actively. Ensure the Board receive adequate information in a timely manner. The Chairman specifically facilitated the involvement of NEDs to ensure independent perspectives were integrated into Board deliberations. **Dissent & Debate** - The Chairman encouraged critical and constructive debate. It is confirmed that dissenting views were freely expressed and recorded within the decision-making process without prejudice. **Independence** - In line with governance protocols, the Chairman remained independent of the day-to-day operations and did not engage in the direct supervision of KMP or other executive duties. **Shareholder Relations** - The Chairman ensured robust communication channels with shareholders remained open, ensuring their views were accurately represented and discussed at the Board level.	✓
5.4	**Conduct of CEO**	
(a)	**The CEO serves as the apex executive responsible for the Bank's daily operations.** Under the authority delegated by the Board of Directors, the CEO maintains primary accountability for the Bank's ongoing management and operational performance.	✓
(b)	The CEO is not an employee or director of any other licensed bank or external entity.	✓
(c)	Positions held by the CEO within the Group are limited to Non-Executive directorships in subsidiaries and the effective discharge of duties as the CEO is not affected.	✓

Section	Principle, compliance, and implementation	Complied
5.5	**Suitability of CEO** In accordance with the Section 44A of the Banking Act No. 30 of 1988 (as amended), the Board of Directors maintains a rigorous process to ensure the suitability of the CEO in terms of authority, stature, knowledge, competencies etc., given the scale, diversity, complexity of the operation of the Bank.	✓
6	**Board appointed Committees** The Board has established ten Committees to oversee the Bank's operations and five (5) are mandated by regulatory requirements, while the remaining five (5) were appointed to address specific strategic and business needs. Refer the "Governance Structure" on page 221.	✓
6.1	**Requirements for the Board Committees**	
(a)	In accordance with our internal governance protocols, each committee reports directly to the Board.	✓
(b)	The Board has clearly defined the scope of authority for each Committee. Further, serve in an advisory capacity, examining complex issues and providing strategic recommendations to the Board.	✓
(c)	Every Committee operates under a Board-approved Terms of Reference, which are reviewed periodically to ensure alignment with regulatory requirements.	✓
(d)	Each Committee has appointed a Secretary responsible for organising meetings and maintaining comprehensive minutes. Under the supervision of the respective Committee Chairpersons, minutes and records are maintained in sufficient detail to reflect the deliberations and decisions made. All committee minutes are submitted to the Board for formal review.	✓
(e)	The quorum for each Committee meeting is set at a minimum of half the Committee members. During the reporting period, all meetings held met or exceeded this quorum requirement.	✓
(f)	The Board presented a report on the performance of each Committee, at the AGM. The Chairpersons of all Committees will be present at the AGM to address any specific queries directed to them. The performance of Committee are detailed under Board Committee Reports on pages 233 to 257.	✓
6.2	**Board Audit Committee (BAC)**	
(a)	The BAC is chaired by an INED. He does not chair the Board or any of the other Committees. He possesses professional qualifications and experience in accountancy and auditing with memberships of recognised professional accounting bodies; his profile is detailed on page 38.	✓
(b)	The Committee is comprised entirely of INEDs. Members possess skills & expertise in finance, accounts, auditing commensurate with scale, diversity & complexity of operations.	✓
(c)	The BAC and BIRMC has been structured in a manner that a majority of the Members of one Committee do not serve on the other.	✓
(d)	In accordance with the Terms of Reference, the BAC has made the following recommendations: (i) The appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes; (ii) The implementation of the Central Bank Guidelines issued to External Auditors from time to time; (iii) The application of the relevant Accounting Standards; and (iv) The service period, audit fee and any resignation or dismissal of the External Auditor. (v) The BAC ensures that the service period of the External Auditor shall not exceed six (6) years, and that Engagement Partner is not re-engaged for the audit before the expiry of three (3) years from the date of the completion of the previous term.	✓
(e)	**Review and monitor External Auditor's independence, integrity and objectivity and the effectiveness of the audit processes** The Board has adopted a policy of rotation of Auditors, once in every six (6) years, in keeping with the requirements of the Directions and best practice.	✓

Section	Principle, compliance, and implementation	Complied
(f)	**Provision of Non-Audit Services by the External Auditor** The Bank adheres to a comprehensive, Board approved policy governing the engagement of the External Auditor for non-audit services. To safeguard objectivity and professional skepticism, the following procedural safeguards are implemented prior to any such engagement. (i) The Bank evaluates whether the specific skills, technical expertise, and institutional experience of the audit firm render it the most suitable provider for the proposed non-audit service. (ii) The Bank requires formal representations and relevant disclosures from the External Auditor to verify their internal independence. (iii) In accordance with the Bank's policy, all non-audit engagements require mandatory pre-approval from the BAC followed by final approval from the Board of Directors. (iv) Assess whether the nature of the non-audit services, the fee levels individually and in aggregate relative to the audit firm, do not pose any threat to the objectivity and/or independence of the external auditor. (v) If the Management determines that the provision of a non-audit service is likely to impair or be perceived to impair the auditor's independence or objectivity, the assignment is prohibited.	✓
(g)	**Determines scope of audit** The Committee discussed the Audit Plan's scope for year 2025, with the External Auditors to ensure it encompasses: (i) A thorough assessment of compliance with Corporate Governance Directions and internal financial reporting controls. (ii) The preparation of financial statements in accordance with relevant accounting principles and disclosure requirements. (iii) Effective collaboration between audit firms involved in the Group's multi-firm audit engagements.	✓
(h)	**Report on Internal Control and Financial Reporting** The Committee conducted a comprehensive review of the Bank's accounting policies, systems, and internal control framework. The Committee is satisfied that the Bank maintains an efficient internal control environment ensuring transparency & integrity in the financial reporting process. Assist the BOD in discharging the responsibility under the "Directors' statement on internal control over financial reporting and risk management" on pages 266 and 267.	✓
(i)	**Financial Reporting Oversight** The BAC is responsible for monitoring the integrity of the Bank's financial disclosures. This includes a thorough review of quarterly and annual financial statements, disclosure reports, and the Annual Report, with a specific focus on the soundness of significant financial reporting judgements. In its evaluation, the BAC focus on the following key areas. (i) Assessing the estimates and assumptions that significantly impact reported figures. (ii) Reviewing any transitions or updates in accounting policies and practices. (iii) Evaluating material adjustments arising from the external audit process. (iv) Validating the appropriateness of the going concern assumption in the preparation of accounts. (v) Ensuring strict adherence to applicable Accounting Standards and statutory requirements. The BAC provides its formal recommendations to the Board of Directors on a quarterly basis to ensure transparency and informed decision-making.	✓
(j)	**Discussions with External Auditor on interim and final audits** The BAC discusses any issues, concerns, or reservations arising from interim and final audits in consultation with the External Auditor. During the period, the Committee held two (2) meetings with the External Auditor, independent of the Bank's executive management.	✓
(k)	**Review of management letter and Bank's response** The BAC has reviewed the External Auditor's Management Letter along with the corresponding responses provided by Management.	✓

Section	Principle, compliance, and implementation	Complied
(l)	**Oversight of Internal Audit Function** The BAC has overseen the internal audit function to ensure its integrity and effectiveness. (i) The Committee reviewed and satisfied itself regarding the adequacy of the scope, functions, and resources of the Internal Audit Department and ensured that the department operates with the necessary authority to discharge its duties comprehensively across all Bank operations. (ii) The annual internal audit programme was reviewed and ensured that management implemented appropriate corrective actions on recommendations of the Internal Audit Department. (iii) Conducted formal appraisals of the performance of the Chief Internal Auditor ie Deputy General Manager - Management Audit (DGM-MA), and senior internal audit staff to maintain high standards of operational excellence. (iv) All appointments, terminations, and engagements of outsourced service providers related to the internal audit function were reviewed and recommended by the Committee. (v) In instances where resignation of senior internal audit staff (including DGM-MA) or outsourced service providers, the Committee was duly apprised and provided the departing parties with the opportunity to submit and discuss their reasons for resignation, ensuring transparency and continuity. (vi) The Committee confirms that the internal audit function remains strictly independent of the activities it audits. The function was performed with full impartiality, proficiency, and due care, in alignment with polices on internal auditing.	✓
(m)	**Internal investigations** The Committee reviewed significant findings resulting from internal investigations, along with responses and corrective actions proposed by management.	✓
(n)	**Attendees at BAC Meetings** The MD/CEO, COO, CFO, CRO, DGM-MA, Compliance Officer or other KMP and representatives from the External Auditors attend Committee meetings by invitation. To ensure independent oversight, the Committee gathered twice during the financial year with the External Auditors in the absence of Executive Directors. For further details regarding these deliberations and the Committee's activities, refer to the "Report of the BAC" on pages 233 to 237.	✓
(o)	**Authority, Resources, and Information Access** The BAC is vested with following powers under its Terms of Reference ; (i) Explicit authority to investigate any matter falling within its scope. (ii) Provision of all necessary resources required to discharge its duties effectively. (iii) Unrestricted access to all relevant corporate information and records. (iv) Authority to engage independent professional advisors and invite subject matter experts to meetings as deemed necessary. Refer the "Report of the BAC" on pages 233 to 237.	✓
(p)	**Regular Meetings** The BAC convened nine (9) times during the year, with eight (8) scheduled quarterly meetings and one (1) ad hoc sessions to address emerging matters. Members received timely notice and materials for all agenda items. Formal minutes, documenting the Committee's deliberations and resolutions, were maintained by the Secretary to ensure an audit trail of its duties and responsibilities.	✓
(q)	**Maintain minutes of Meetings** DGM-MA serves as the Secretary for the BAC and maintains minutes of the Committee Meetings.	✓
(r)	**Whistleblowing Policy** The Bank maintains a Whistleblowing Policy, formally reviewed and approved by both the BAC and the Board of Directors. The Board's commitment to fostering a culture of transparency and reporting non-compliance or unethical conduct is mandated in the Board Charter. The Bank has established mechanisms to ensure that concerns raised by employees, specifically regarding financial reporting, internal controls, or other improprieties undergo fair, independent investigation and prompt remedial action.	✓
(s)	**Relationship with External Auditor** The BAC is the key representative body for overseeing the Bank's relations with the External Auditor and meets the External Auditor on a regular basis to discharge this function.	✓

Section	Principle, compliance, and implementation	Complied
6.3	**Board Human Resources and Remuneration Committee (BHRRC)**	✓
(a)-(b)	The Committee is chaired by an INED who does not serve as the Chairman of the Board, ensuring a clear segregation of duties and objective oversight. The Committee is further constituted with a majority of INEDs, fostering an environment of impartial decision-making.	
(c)	The CEO attended Committee meetings only upon invitation to provide necessary insights and was strictly excluded from discussions regarding their own performance or remuneration.	
(d)	The Committee determined and reviewed the Remuneration Policy covering salaries, allowances, and both financial and non-financial benefits for EDs and NEDs, and other KMP. This includes frameworks for termination and retirement benefits.	✓
(e)-(f)	The Committee established clear goals and targets for the EDs and NEDs and other KMP at the beginning of the period. Performance was periodically evaluated against these targets to determine performance-based incentives and revisions to remuneration packages.	✓
(g)	The Bank maintains adherence to transparency regarding terminal benefits. Prior written approval from Shareholders is obtained for any special payments or benefits made to Directors, the CEO, or KMP upon retirement or termination.	✓
(h)	The Committee ensured by coordinating with the BIRMC that all compensation structures remain within the Bank's defined risk appetite and do not encourage excessive risk taking.	✓
(i)	A Claw-back Policy for performance based payments to the CEO and KMP in instances of inter alia fraud, misappropriation, to the extent of the financial loss. This policy is integrated into employment Contracts, ensuring procedural propriety and transparency.	Effective January 01, 2026
6.4	**Board Nominations and Governance Committee (BNGC)**	
(a)	**Composition & Independence** The Committee is chaired by an Independent Director who does not serve as the Chair of the Board. It maintains a majority of Independent Directors. The CEO attended meetings by invitation as and when required and was not present when matters related to him were discussed.	✓
(b)	**Appointment of Directors, CEO and KMP** The Committee has developed and implemented a procedure to appoint new Directors, CEO and the KMP of the Bank. The Committee has also developed a proactive process for planning and assessment of candidates for the succession of Executive and Non-Executive Directors, CEO and other KMP appointments within the Bank and its Subsidiaries. The Committee also oversee appointment and composition of the Sharia Supervisory Board (SSB or Sharia Board) of the Bank's Islamic Banking Unit (IBU). Refer the "Report of the BNGC" on pages 241 to 243.	✓
(c)	**Ensure of Fit and Proper persons** The Committee obtains annual declarations from the Board of Directors and KMP, to verify their continued adherence to the 'fit and proper' criteria mandated by Section 8.2 of the Directions and applicable statutes upon their initial appointment or following any significant change in designation to ensure ongoing regulatory compliance.	✓
(d)	**Appointment of CRO, DGM – MA and Compliance Officer** In recommending the CRO and DGM – MA, the Committee consulted BIRMC. Similarly, the views of the BAC were obtained for the appointment of the DGM – MA.	✓
(e)	**Re-election of Directors** The Committee provides recommendations for the re-election of existing Directors, evaluating their individual performance and substantive contributions toward the Board's collective mandates. These assessments are conducted in strict accordance with the provisions set forth in the Articles of Association. For further details, please refer to the section 08 of the 'Statement of Compliance' on page 259.	✓
(f)	**Independence Monitoring** On a quarterly basis, the Committee reviewed the independence status of Independent Non-Executive Directors. No conflicts of interest were identified that impede independence, and all status updates were communicated to the Director of Bank Supervision.	✓

Section	Principle, compliance, and implementation	Complied
(g)	**Eligibility criteria for appointments to KMP including CEO** The Committee defines the eligibility requirements for appointing or promoting individuals to key managerial positions, including the CEO. These criteria cover essential qualifications, professional experience, and core attributes, all of which are developed in accordance with relevant statutes and regulatory guidelines.	✓
(h)	**Succession plan and new expertise to the Board of Directors** The Committee has established a succession plan for Directors. When the Board or its Committees identify a need for specific new expertise, they will notify the BNGC, which is responsible for taking the necessary action to address these requirements.	✓
(i)	**Succession plan for CEO and KMPs.** A proper succession plan is in place for the CEO and KMP. This includes identifying internal and external talent for short to long term needs, implementing grooming programs to bridge skill gaps, and performing an annual review of the plan's effectiveness.	✓
(j)	**Continuous professional development** Directors remained updated on evolving laws, macroeconomic policies, technological shifts, and emerging market trends through regular briefings and board papers.	✓
(k)	**Training and development of the Directors** The Committee identified specific training needs for individual directors and recommended targeted capacity-building and professional development programs throughout the year.	✓
(l)	**Monitoring of Board structure** A comprehensive review of the structure, size, qualifications and composition of the Board and its Committees was conducted to ensure the Board remains "fit for purpose" in discharging its duties.	✓
(m)	**Review of governance framework** The Committee reviewed and updated the Bank's overall Corporate Governance framework and Policies to align with industry best practices and the latest regulatory directives.	✓
6.5	**Board Integrated Risk Management Committee (BIRMC)**	
(a)	**Independence of Chair** The Committee is chaired by an Independent Non-Executive Director who does not serve as the Chair of the Board or any other Board Committee.	✓
(b)	**Composition of the Committee** The Committee is comprised of five (5) INEDs that possess collective sound experience in risk management practices within the banking and financial services sector. Refer the "Report of the BIRMC" on pages 238 to 240.	✓
(c)	**Separation from other Committees** The majority of the Committee members are not members of the BAC and vice-versa, ensuring clear functional separation. Refer the "Report of the BIRMC" on pages 238 to 240.	✓
(d)	**Attendance of KMP** The Managing Director/CEO and the Chief Risk Officer (CRO) shall attend the meetings of the Committee as Ex-Officio invitees. In addition, Chief Operating Officer, Chief Financial Officer (Secretary to the Committee), Chief Information Officer, Compliance Officer, and personnel supervising the risk categories of credit, market, liquidity, operational, technology and strategic risk will be permanent invitees to meetings of the Committee.	✓
(e)	**Close collaboration with KMPs** The Committee maintained close working relationships with KMP, making delegated decisions on behalf of the Board within its Terms of Reference.	✓
(f)	**Independent Risk Management Function** An independent risk management function has been established, covering all the activities lead by the integrated risk management department of the Bank.	✓

Section	Principle, compliance, and implementation	Complied
(g)	**Risk assessment** The Committee has approved the policies on Credit Risk Management, Market Risk Management and Operational Risk Management, Information Security Risk Management and Strategic Risk Management which provide a framework for management and assessment of risks. Further, Internal Capital Adequacy Assessment Process is being reviewed by the Committee annually. Assessing Credit, Market, Liquidity, Operational, Information Security, and Strategic Risks against the Board-approved Risk Appetite Statement. Risk profiles of the group companies were monitored through periodic review of KRIs and comprehensive annual risk review. Refer the "Report of the BIRMC" on pages 238 to 240.	
(h)	**Reporting on Risk Appetite** Regular reports were submitted to the Board regarding the Bank's actual exposures against the Board-approved Risk Appetite Statement. A comprehensive Risk Assessment Report, detailing the Committee's deliberations, concurrences, and specific directions, is submitted to the Board within a week of each meeting.	✓
(i)	**Oversight of functions of the CRO** The Committee monitored the functioning of the CRO and received a regular report regarding the risk profile and any breaches of established limits.	✓
(j)	**Strategy Oversight** The Committee reviewed strategies implemented by the CEO and management for capital and liquidity management, and all other risks relevant to the Bank ensuring those remained consistent with the Bank's risk appetite. Refer the "Report of the BIRMC" on pages 238 to 240.	✓
(k)	**Review of management level Committees on risk** The Committee shall review the adequacy and effectiveness of all management level Committees such as Credit Policy Committee, Asset and Liability Management Committee (ALCO), Executive Integrated Risk Management Committee (EIRMC) etc., to assess their adequacy and effectiveness in addressing specific risks and managing them within the quantitative and qualitative risk limits specified by the Board of Directors. These limits are set out in the Risk Appetite Statement of the Bank and are reviewed by the Board on a regular basis.	✓
(l)	**Corrective action to mitigate risks exceeding prudential levels** Actual exposure levels under each risk category are monitored against the tolerance levels when preparation of "Risk Profile Dashboard" of the Bank, which is circulated among members of the BIRMC monthly and discussed in detail at quarterly meetings. The Committee takes prompt corrective action to mitigate the effects of specific risks in case such risks are at levels beyond the prudent levels decided by the Committee on the basis of the Bank's policies and regulatory and supervisory requirements.	✓
(m)	**Meeting Frequency** The Committee meets quarterly and schedules additional meetings when required. The agenda covers matters assessing all aspects of risk management including updated business continuity plans. The Committee met five (5) times during 2025.	✓
(n)	**Actions against officers responsible for failure to identify specific risks or implement corrective action** The Committee refers such matters, if any, to the Human Resources Department for necessary action with observations and suggestions.	✓
(o)	**Risk Assessment Report to the Board** A comprehensive report of the meeting is submitted to the Board after each Committee meeting, by the Secretary of the Committee for their information, views, concurrence or specific directions.	✓
(p)	**Compliance function** A compliance function has been established to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. This function is headed by a dedicated Compliance Officer who reports to the BIRMC. The Compliance Officer submits a Positive Assurance Certificate on Compliance with mandatory banking and other statutory requirements on a quarterly basis to the BAC and BIRMC.	✓
(q)	**Board Audit Committee Coordination** An effective coordination mechanism was maintained with the BAC to exchange information on emerging risks for the Bank and ensure the integrity of the risk management framework.	✓

Section	Principle, compliance, and implementation	Complied
(r)	**Remuneration Review** The Committee examined employee incentive structures to ensure they appropriately reflect the Bank's risk, capital, liquidity, and earnings profile, without prejudice to the tasks of the BHRRC.	✓
6.6	**Board Related Party Transactions Review Committee (BRPTRC)**	
(a)	**Committee Leadership** The Committee is chaired by an Independent Non-Executive Director who does not serve as the Chair of the Board.	✓
(b)	**Composition of the Committee** The Committee comprised three (3) INEDs. The CEO and the KMP attended meetings only by invitation for specific agenda items.	✓
(c)	**Policy and Process** The Bank has established and maintained robust policies and processes for the identification, monitoring, and reporting of RPTs on an ongoing basis, in strict alignment with applicable laws. Refer the "Report of the BRPTRC" on pages 246 and 247.	✓
(d)	**Transaction Review** All RPTs, including those defined under the section 7.2 of the Direction, were reviewed by the Committee to ensure those transactions were conducted at arm's length by the parties who are identified as Related Parties under section 7.1 of the Direction to mitigate any potential conflicts of interest.	✓
(e)	**RPTs reporting to the Board** The Committee submitted quarterly reports to the Board of Directors, providing comprehensive details on identified related parties, transaction volumes, and the resulting economic consequences. (Note 62 to the Financial Statements on "Related Party Disclosures" on pages 430 to 435).	✓
(f)	**Conflict of Interest** Directors refrain from participating at relevant sessions, in which lending to related entities are discussed to avoid any kind of influence and conflict of interest.	✓
(g)	**Prohibited transactions** The Bank's Related Party Transactions Policy prohibits transactions, which would grant related parties more favorable treatment than that accorded to other customers. These include the following: (a) Granting of "total net accommodation" to related parties, exceeding a prescribed percentage of the Bank's regulatory capital; (b) Charging of a lower rate of interest than the Bank's best lending rate or paying more than the Bank's deposit rate for a comparable transaction with an unrelated comparable counterparty; (c) Providing of preferential treatment, such as favorable terms, covering trade losses and/or waiving fees/commissions, that extend beyond the terms granted in the normal course of business undertaken with unrelated parties; (d) Providing services to or receiving services from a Related Party without an evaluation procedure; (e) Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions.	✓
7	**Related Party Transactions**	
7.1	**Identification of Related Parties** The Related Party Transactions Policy approved by the Board, define all Related Parties (Related Parties as specified in the Direction has been covered)	✓
7.2	**Type of Related Party Transactions** The Related Party Transactions Policy approved by the Board, covers the following transactions: (a) The grant of any type of accommodation, as defined in the Banking Act Directions on maximum amount of accommodation; (b) The creation of any liabilities of the Bank in the form of deposits, borrowings and investments; (c) The provision of any services of a financial or non-financial nature to the Bank or received from the Bank; (d) The creation or maintenance of reporting lines and information flows between the Bank and any related parties, which may lead to sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties.	✓

Section	Principle, compliance, and implementation	Complied
7.3	**Compliance with provisions of Section 47 of the Banking Act with regard to the accommodation to Related Parties** The Bank has maintained strict adherence to the provisions of Section 47 of the Banking Act. No. 30 of 1988 (as amended). During the financial year, all financial accommodation granted to parties identified as RPTs were within the prescribed conditions, except for accommodation granted to CEO other KMP under the schemes applicable to employees. The Bank has adopted a robust framework to identify and monitor 'Related Parties' as strictly defined under section 7.1 of the Direction.	✓
7.4	**Policy for granting accommodation to a Directors and/or Connected Parties** Securities as approved by the CBSL to be provided within one year of appointment as a Director, o/a facilities obtained from the Bank in the name of the Director, close relation or connected entities. (not applicable to a director who at the time of the grant of the accommodation was an employee of the Bank and the accommodation was granted under a scheme applicable to all employees). Above is governed by the Board Approved Related Party Transaction Policy of the Bank.	✓
7.5	**Policy for accommodation granted to Employees** The Bank does not extend preferential treatment or special accommodation to its employees beyond established staff benefits. Per operational circulars, all staff members must refrain from granting favorable terms to colleagues, close relation, or any entity in which they or their Close Family Member hold a substantial interest. Maintaining impartial professional standards is a core requirement of the Bank's internal governance.	✓
7.6	**Writing-off of accommodation to Related Parties** No such situation has arisen during the year	✓
8	**Senior Management**	
8.1 (a)-(f)	**Board Oversight on Senior Management** The Board maintained diligent oversight of the Bank's day-to-day operations without interfering in executive functions. This was achieved by defining clear lines of authority, and responsibility holding regular performance reviews to monitor alignment with business strategy and adherence to policies. The Board engage with Senior Management as required to critically evaluate operational reports and independently assess the technical expertise and leadership competencies of the management team.	✓
8.2	**Criteria to assess the Fitness and Propriety of Senior Management** In terms of sections 42(2), and section 76H of the Banking Act No. 30 of 1988 (as amended), all members of the Senior Management of the Bank have been assessed and found to be 'fit and proper' persons to hold office.	✓
8.3	**Responsibilities of Senior Management** Following primary responsibilities were complied by the Senior Management of the Bank; (a) Upheld the highest ethical standards to foster a sound Corporate Governance framework. (b) Devoted ample time to their roles, ensuring subsidiary duties did not hinder Bank responsibilities. (c) Under Board direction, management successfully implemented all business strategies and risk management systems. (d) Respected and maintained the full independence of the Risk, Compliance, and Audit functions. (e) Regular training was undertaken to ensure competencies remain aligned with industry developments. (f) Duties were effectively delegated to staff with continuous management oversight and accountability. (g) Promoting transparency and accountability was maintained across the Bank. (h) Prompt remedial and disciplinary actions were enforced following any identified policy or regulatory breaches. (i) Comprehensively updated the Board and Committees on performance, risk appetite, and material control matters. (j) Fulfilled its duty to report any material concerns regarding the fitness and propriety of officials.	✓

Section	Principle, compliance, and implementation	Complied
9	**Disclosures**	
9.1	**Board Responsibilities on Disclosures** The Board of Directors confirms that the Bank has maintained full transparency and market discipline throughout the financial year. All required disclosures, including capital adequacy, liquidity, Financial Statement, business concentrations and Corporate Governance, Related Party Transactions have been made in a timely manner, commensurate with the Bank's operational complexity.	✓
9.2	**Disclosures to Annual Report**	
(a)	The Annual Audited Financial Statements comply with all relevant accounting standards and regulatory requirements, incorporating all specific disclosures as prescribed by law. The Annual Audited Financial Statements have been prepared in accordance with applicable accounting standards and prevailing regulatory requirements. Comprehensive disclosures regarding this compliance are detailed in the Statement of Directors' Responsibility for Financial Reporting, Managing Director/CEO's and CFO's Statement of Responsibility on pages 264 and 265, 269 and 270 and Annex 1.4 on Disclosure Requirements in Annual Financial Statements as required by the CBSL on pages 502 to 508, respectively.	✓
(b)	**Report by the Board on Internal Control Mechanisms** The Annual Report contains formal affirmations from the Board of Directors regarding the integrity of the Bank's internal control environment over Financial Reporting. The Board confirms that the financial reporting systems are designed to provide reasonable assurance concerning the reliability of financial disclosures. Furthermore, the Board ensures that the preparation and presentation of the Financial Statements for external stakeholders adhere strictly to applicable accounting standards and regulatory frameworks. For a comprehensive review of these governance frameworks, please refer 'Directors' Statement on Internal Control over Financial Reporting and Risk Management' on pages 266 and 267.	✓
(c)	**External Auditors Certification on the Effectiveness of the Internal Control Mechanism** The Bank has obtained an Independent Assurance Report regarding the effectiveness of its internal controls over financial reporting. This certification is presented on page 268 of the report.	✓
(d)	**Details of Directors, including names, transactions with the Bank and the total of fees/remuneration paid by the Bank** Profiles of Board Members are given on pages 32 to 39. Directors' Interests in Contracts with the Bank on pages 271 and 272. Details of Related Party Transactions with the Bank are given in Note 62 to the Financial Statements on pages 430 to 435. Details of remuneration paid by the Bank are given in Note 21 to the Financial Statements on page 351.	✓
(e)	**The net accommodation granted to each category of Related Party as a percentage of the Bank's Regulatory Capital are given below:** Direct and indirect accommodation to Related Parties as at December 31, 2025.	✓

Category of related party	Rs. Mn.	%
(a) Subsidiary companies of the Bank	2,960	0.87
(b) Directors of the Bank*	15	0.00
(c) Members of the Corporate Management of the Bank	500	0.15
(d) Close Relations of the Bank's Directors	–	–
(e) Close Relations of the members of the Corporate Management	22	0.01
(f) Shareholder owning a material interest in the Bank	–	–
(g) Entities in which Directors/KMP or their Close Relations have a substantial interest	212	0.06
(h) Concerns in which a Director of the Bank is a Director/Partner	23,328	6.83
(i) Entities in which material shareholders of the Bank have a substantial interest	–	–
(j) Directors of the group entities	32	0.01

** Include both NEDs and EDs*

Section	Principle, compliance, and implementation	Complied
(f)	Aggregate values of remuneration and transactions with EDs and Members of the Corporate Management;	✓

	Rs. Mn.
Remuneration paid for the year ended December 31, 2025	1,255
Accommodation granted – as at December 31, 2025	509
Deposits – as at December 31, 2025	361
Securities sold under repurchase agreements – as at December 31, 2025	–
Investments in debentures – as at December 31, 2025	19

(g)	**Disclosures of Board Committee information** Comprehensive disclosures on Board Committees including key activities, meeting frequencies, and Director attendance records are detailed on pages 233 to 257 of the "Board Committee Report."	✓
(h)	The Bank has disclosed following information in the Annual Corporate Governance Report in compliance with these regulations. (i) The Bank has obtained a separate certification from External Auditors, to confirm the compliance with the Direction. (ii) The composition of the Board by category of Directors, including the names of the Chairman, EDs, NEDs and INEDs are disclosed on page 223. (iii) The Board has conducted a formal review of the interests and affiliations of the Chairman, the CEO, and all other Members of the Board. No financial, business, family, or other material/relevant relationships exist between the Chairman, the CEO, and all other Members of the Board.	✓
(i)	**Report confirming compliance with prudential requirements, regulations, laws, and internal controls** The Statement of Directors' Responsibility for Financial Reporting on pages 264 and 265, 'Directors' Statement on Internal Control over Financial Reporting and Risk Management' on pages 266 and 267 and "Statement of Compliance" on pages 258 to 263, Annexures 1.1 to 1.4 on pages 472 to 508 clearly sets out details regarding compliance with prudential requirements, regulations, laws, and internal controls.	✓
(j)	**Non-compliance Report** There were no supervisory concerns on lapses in the Bank's Risk Management Systems or non-compliance with the Direction that have been pointed out by the Director of the Bank Supervision Department of the CBSL and therefore, there is no disclosure in this regard.	✓
(k)	**Non statutory special payments** No such payments were made to Directors, CEO or other KMP at the termination of employment or retirement during the financial year under review.	✓
9.3	**Disclosures to be made on Resignation, Removal or Vacation of Office of Directors due to non-compliances and/or as decided by the Board** No such incidents occurred during the financial year under review.	✓

Annex 1.2: Compliance with Code of Best Practice on Corporate Governance

Compliance with the Code of Best Practice on Corporate Governance 2023 (the Code) issued by The Institute of Chartered Accountants of Sri Lanka

Code ref.	Principle, compliance and implementation	Complied
A.	**Directors**	
A.1	**The Board** The Board of Commercial Bank comprises eleven eminent professionals drawn from multiple fields and nine out of them are Non-Executive Directors (NEDs). They bring diverse perspectives and independent judgement to deliberate on matters set before the Board. Directors are elected by shareholders at the AGMs with the exception of the Managing Director (MD)/Chief Executive Officer (CEO) and the Chief Operating Officer (COO) who are appointed by the Board and remain as Executive Directors (EDs) until retirement, resignation or termination of such appointment. Casual vacancies are filled by the Board based on the recommendations of the Board Nominations and Governance Committee (BNGC) as provided for in the Articles of Association. The Board is assisted by the Company Secretary.	✓
A.1.1	**Regular meetings** The Board meets on a monthly basis and each Board Committee also has its own schedule of meetings as set out in the respective Committee reports. The regularity of Board meetings and the structure and process of submitting information have been agreed to and documented by the Board. Attendance at meetings is summarised in Table 78 on page 223. Information required to be reported to the Board under this Section is reported on a regular basis.	✓
A.1.2	**Role and responsibilities of the Board** The roles and responsibilities of the Board are set out in the Board Charter as summarised on page 222.	✓
A.1.3	**Act in accordance with laws** The Board has an approved working procedure in place to facilitate compliance with the relevant laws, CBSL Directions and guidelines and international best practice with regard to the operations of the Bank. This includes provision to obtain independent professional advice as and when necessary by any Director coordinated through the Company Secretary.	✓
A.1.4	**Access to advice and services of Company Secretary** All Directors are able to obtain the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter involving the whole Board under the advisement of the BNGC, as it is a Key Management Position. The Bank has obtained appropriate insurance coverage as recommended by the BNGC for the Board of Directors and the Members of the Corporate Management. Refer Section on *"Role of the Company Secretary"* on page 224 for further details on role of the Company Secretary.	✓
A.1.5	**Independent judgement** The Board comprises of senior professionals who are luminaries in their respective fields and use their independent judgement in discharging their duties and responsibilities on matters of strategy, performance, resource allocation, risk management, compliance, and standards of business conduct. The composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors which minimises the tendency for one or a few members of the Board to dominate the Board processes or decision-making.	✓
A.1.6	**Dedicate adequate time and effort to matters of the Board and the Company** Board meetings and Board Committee meetings are scheduled well in advance and the relevant papers are circulated 07 days prior to the meeting using electronic means to ensure that Directors have sufficient time to review the same and call for additional information or clarifications, if required. While there is provision to circulate papers closer to the meeting in exceptional circumstances, this is generally discouraged. Members of the Corporate Management Team and external experts make presentations to the Board on the business environment, regulatory changes, operations, and other developments on a regular basis to enhance the knowledge of the Board on matters relevant to the Bank's operations. The NEDs dedicate approximately eighty-four days per annum for the affairs of the Bank and those Directors who are also on the BAC and the BIRMC dedicate a further ten days each for the affairs of the Bank.	✓
A.1.7	If necessary in the best interest of the Bank, one-third of the Directors can call for a resolution to be presented to the Board.	✓
A.1.8	**Board induction and training** Refer Section on *"Induction and Training of Directors"* on page 226.	✓

Code ref.	Principle, compliance and implementation	Complied
A.2	**Separating the business of the Board from the executive responsibilities for Management of the Company** The positions of the Chairman and the CEO have been separated in line with best practice in order to maintain a balance of power and authority. The Chairman is an Independent Non-Executive Director whilst the CEO is an Executive Director appointed by the Board. The roles of the Chairman and the CEO are clearly justified and highlighted in the Annual Report and the Board Charter.	✓
A.3	**Chairman's role in preserving good Corporate Governance** The Chairman provides leadership to the Board, preserving order and facilitating the effective discharge of duties of the Board and is responsible for ensuring the effective participation of all Directors and maintaining open lines of communication with KMP, acting as a sound Board on strategic and operational matters. The agenda for Board meetings is developed by the Chairman in consultation with the Directors, the CEO, and the Company Secretary, taking into consideration matters relating to strategy, performance, resource allocation, risk management, and compliance. Sufficiently detailed information on matters included in the agenda is provided to the Directors on time. Both Executive Directors and NEDs ensure the balance of power on the Board, for the benefit of the Bank, by effectively participating in decision making. All Directors have been made aware of their duties and responsibilities and the Board and Committee structures. All Directors are encouraged to seek information necessary to discuss matters on the agenda. Views expressed by Directors on issues under consideration are recorded in the minutes.	✓
A.4	**Availability of financial acumen and knowledge to offer guidance on matters of finance** The Chairman of the BAC who is a NED is a Fellow Member of CA Sri Lanka ensuring a sufficiency of financial acumen within the Board on matters of finance. Additionally, EDs and a NEDs are professionals with vast experience on matters of finance.	✓
A.5	**Board balance** The Chairman is an Independent Non-Executive Director. The Board comprises of nine NEDs and two EDs facilitating an appropriate balance within the Board. All NEDs are independent of management and free of business dealings that may interfere with the exercise of their unfettered and independent judgement. They submit annual declarations to this effect which are evaluated to ensure compliance with the criteria for determining independence in line with the requirements of the applicable regulations and this Code. There are no Alternate Directors or Senior Independent Directors.	✓
A.6	**Provision of appropriate and timely information** Board Members receive information regarding matters set before the Board a week prior to the meetings. The Chairman ensures that all Directors are properly briefed on same by requiring the presence of members of the Corporate Management when deemed necessary. Management also makes presentations on regular agenda items to the Board and its Committees. Additionally, the Directors have access to members of the Corporate Management to seek clarifications or additional information on matters presented to the Board. Directors who are unable to attend a meeting is updated on proceedings through formally documented minutes, which are also discussed at the next meeting to ensure follow-up and proper recording. Minutes of a meeting is ordinarily provided to Directors at least within two weeks after the meeting date.	✓
A.7	**Appointments to the Board: Nomination Committee** Refer Section on *"Appointments and retirements/resignations of Directors"* given on page 225 and Report of the BNGC on pages 241 to 243.	✓
A.8	**All Directors should submit themselves for re-election at regular intervals** Refer Section on *"Re-election/election of Directors"* on page 226 and "Report of the BNGC" on pages 241 to 243. In the event of resignation of a Director prior to completion of his/her appointed term, such resignation including reasons for decision shall be communicated in writing.	✓
A.9	**Appraisal of Board and Board Committee performance** Refer Section on *"Board and Committee evaluations"* on page 227.	✓
A.10	**Annual Report to disclose specified information regarding Directors** Information specified in the Code with regard to Directors is disclosed within this Annual Report as follows: Refer pages 32 to 39 for the Profiles including qualifications, expertise, material business interests and key appointments. Refer pages 271 and 272 for details on Directors' Interest in contracts with the Bank. Refer page 223 and pages 233 to 257 for Membership of committees and attendance at Board meetings and Committee meetings. Refer Note 21 to the Financial Statements on page 351 for the details on Remuneration paid to Directors. Refer Note 62 to the Financial Statements on Related Party Disclosures on pages 430 to 435.	
A.11	**Appraisal of the CEO** Refer section on *"Appraisal of the MD/CEO"* on page 227.	✓

Code ref.	Principle, compliance and implementation	Complied
B.	**Directors' remuneration**	✓
B.1	**Remuneration procedure** Refer section on *"Directors' and Executive remuneration"* on page 228 and Report of the BHRRC on pages 244 and 246.	
B.2	**Remuneration Committee and Level and make-up of remuneration** Refer section on *"Remuneration Structure"* on page 228.	✓
B.3	**Disclosures related to remuneration in Annual Report** Refer section on *"Remuneration governance"* on page 228. Refer pages 244 and 245 for the Report of the BHRRC. Refer Note 21 to the Financial Statements on page 351 for the details on Remuneration paid to Directors. Refer Note 62.2.1 to the Financial Statements on page 430 for the details on Compensation to KMP.	✓
C.	**Relations with shareholders**	
C.1	**Constructive use of the AGM and conduct of other General Meetings** The AGM provides a forum for all shareholders to participate in decision-making matters reserved for the shareholders which typically include proposals to adopt the Annual Report and Accounts, election and re-election of Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act No. 07 of 2007 (as amended). Separate resolutions are proposed for each material issue. The Chairman ensures the presence of the Chairmen of the BAC, BHRRC, BNGC and BRPTRC to respond to any questions that may be directed to them. Notice of the AGM is circulated together with the Annual Report and Accounts which includes information relating to any other resolutions that may be set before the shareholders at the AGM fifteen working days in advance. The Bank ensures that all valid proxy appointments received for the AGM are counted and properly recorded. A summary of the procedures governing voting at General Meetings is included under "*Shareholder engagement and voting*" section on page 230 of this Annual Report. Where a vote is required on a show of hands, the Bank will ensure that information required under the Code will be made available at the meeting and be published in the website within a month from the date of the AGM.	✓
C.2	**Communication with shareholders** The Policy on Relations with Shareholders and Investors sets out multiple channels of communication for engaging with shareholders. Channels include investor section of the website at *http://www.combank.lk/investors*, press releases and notices in English, Sinhala and Tamil newspapers and required disclosures to the CSE which are published on the CSE website. The Bank's website provides information on risk management, debenture issues, economy and financial markets in addition to the financial information. The Interim Financial Statements are published in English, Sinhala and Tamil newspapers within stipulated deadlines. Every effort is made to ensure that the Annual Report provides a balanced review of the Bank's performance. The principal forum for shareholders is the AGM, while matters can also be raised through the Company Secretary. The Company Secretary keeps the Board apprised of issues raised by the shareholders to ensure that they are addressed in an appropriate manner in keeping with the corporate values of the Bank. Matters raised in writing are responded to in writing by the Company Secretary.	✓
C.3	**Disclosure of major and material transactions** The Policy on Relations with Shareholders and Investors addresses the need to disclose major and material transactions to shareholders as required by the rules and regulations of the SEC and the CSE and the Bank has in place a defined process to comply with the requirements. There were no transactions which would materially alter the Bank's or Group's net assets nor any major related party transactions apart from those disclosed as follows: • Refer page 230 for details on "Shareholder engagement and voting". • Refer Note 62 to the Financial Statements on Related Party Disclosures on pages 430 to 435.	✓
D.	**Accountability and audit**	
D.1	**Present a balanced and understandable assessment of the Company's financial position, performance, business model, governance, structure, risk management, internal controls, and challenges, opportunities and prospects** All efforts are taken to ensure that the Annual Report presents a balanced review of the Bank's financial position, performance, Business Model, Governance, Structure, Risk Management, Internal Controls, and Challenges, Opportunities and Prospects combining narrative and visual elements to facilitate readability and comprehension. Due care has been exercised to ensure that all statutory requirements are complied within the Annual Report and the issue of interim communications on financial performance which are reviewed by the BAC and recommended prior to publication. The following disclosures as required by the Code are included in this Report:	✓

Code ref.	Principle, compliance and implementation	Complied
	• Embedding sustainability into operations – Refer pages 78 to 171. • Risk Governance and Management – Refer pages 273 to 296. • Annual Report of the Board of Directors – Refer pages 4 and 5. • Statement of Compliance – Refer pages 258 to 263. • Statement of Directors' Responsibility for Financial Reporting – Refer pages 264 and 265. • Directors' Statement on Internal Control over Financial Reporting and Risk Management – Refer pages 266 and 267. • Managing Director/Chief Executive Officer's and Chief Financial Officer's Statement of Responsibility on pages 269 and 270. • Independent Auditor's Report on pages 300 to 304. • Related Party Transactions disclosed in Note 62 to the Financial Statements on pages 430 to 435 and the process in place is described in the Report of the BRPTRC on pages 246 and 247. In the unlikely event of the net assets of the Company falling below 50% of Shareholders' Funds, the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. The Annual Report clearly explains how net assets have increased during the year in the Financial Review on pages 172 to 179.	
D.2	**Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets** The Board is responsible for determining the risk appetite for achieving the strategic objectives and formulates and implements appropriate processes for risk management and internal control systems to safeguard shareholder investments and assets of the Bank. The BIRMC assists the Board in discharge of its duties with regard to risk management and the BAC assists the Board in the discharge of its duties in relation to internal control which in turn is supported by the Inspection Department. Their responsibilities are summarised in the respective Committee Reports and have been formulated with reference to the requirements of the Code and the Direction on Corporate Governance and the Bank's business needs. The BIRMC is supported by the Integrated Risk Management function of the Bank and a comprehensive report of how the Bank manages risk is given in the Section on "Risk Governance & Management" on pages 273 to 296 , the Report of the BIRMC on pages 238 and 240 and Statement of Directors' Responsibility for Financial Reporting – Refer pages 264 and 265.	✓
D.3	**Board Audit Committee (BAC)** The BAC comprises of 4 independent NEDs and a summary of its responsibilities and activities are given in the Report of the BAC as appearing on page 233. It is supported by the Internal Audit function of the Bank reporting directly to the BAC. Refer Report of the BAC on pages 233 and 234 for the purpose, duties and responsibilities. The Board also obtains assurance from its External Auditors on the effectiveness of internal controls on financial reporting which is given on page 268.	✓
D.4	**Board Integrated Risk Management Committee (BIRMC)** The Committee assist the Board oversight of determining risk appetite, identification and classification of risks, reviewing risk management outcomes and mitigation actions, process to manage ESG risks etc. The Committee comprises of 5 INEDs. MD/CEO and CRO attend meetings on Ex-officio invitees. The CFO who is also the Secretary to the Committee attends all meetings. Chief Information Officer (CIO) and other heads of Strategic Business Units participate at the meetings by invitation. A summary of role, responsibilities and activities of the Committee are given in the Report of the BIRMC on pages 238 to 240.	
D.5	**Board Related Party Transactions Review Committee (BRPTRC)** The BRPTRC comprises of 3 Independent NEDs. The two EDs also attend the meetings by invitation. A summary of responsibilities and activities are given in the Report of the BRPTRC on pages 246 and 247. The Bank has a Board-approved Related Party Transactions Policy in place which addresses requirements under this section.	✓
D.6	**Code of Ethics** The Bank has an internally-developed Code of Business Conduct and Ethics which is applicable to Directors, other KMPs, and all other employees. The Bank also has a Board approved policy applicable to dealing in shares of the Bank which is fully compliant with the Listing Rules of the CSE. The Code of Conduct of the Bank is in compliance with the requirements of the Schedule N of the "Code of Business Conduct and Ethics" which encompasses conflict of interest, bribery and corruption, entertainment and gifts, accurate accounting and record-keeping, fair and transparent procurement practices, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets including information assets, sexual harassment, discrimination and abuse, compliance with laws, rules and regulations (including insider trading laws) and encouraging the reporting of any illegal, fraudulent, or unethical behaviour. Further, the Bank has a well-established whistle-blower process in order to deal with complaints received from various stakeholders in relation to non-compliance with the Bank's code of business conduct and ethics. Refer sections on "Code of Business Conduct & Ethics" and "Whistleblowing" on pages 228 and 229.	✓ ✓
D.7	**Corporate Governance disclosures** The Annual Corporate Governance Report from pages 216 to 232 comply with the disclosure requirements of the Code.	✓

Code ref.	Principle, compliance and implementation	Complied
E. & F.	**Institutional Investors and Other Investors Shareholder Voting** The Bank has 22,695 ordinary voting shareholders as at end 2025, of which 840 are institutional shareholders. The Bank has regular dialogue with the large institutional shareholders and any concerns of these institutional shareholders expressed at the meetings are communicated to the Board as a whole. All shareholders are encouraged to exercise their voting powers at the AGM. The Bank facilitates the analysis of its securities by encouraging both foreign and local analysts covering the Bank with structured meetings where they are able to obtain information and explanations required for evaluating the current and future performance of the Bank, sector and country. Additionally, the investor relations section on the Bank's website has key information required by shareholders and analysts. The Interactive Annual Report also has a tab where investors can provide feedback and request for specified information. All prospectuses include a clause which require all prospective investors in shares and debentures of the Bank to seek independent professional advice before investing.	✓
G.	**Internet of things and cyber security** Refer section on *"Internet of things, cyber security and data privacy"* on page 230.	✓
H.	**Sustainability: ESG Risks and Opportunities** The Board considers Sustainability/ESG-related risks and opportunities in the Bank's business model, short and medium term planning and in its long-term strategy that could reasonably be expected to affect the Bank's prospects. The Board and the KMP engage with and consider the views of its stakeholders to better understand and manage the Bank's Sustainability/ESG-related risks and opportunities and have integrated sustainability/ESG related policies and practices into Bank's strategy, business model, governance and risk management. The Annual Report contains information, which enables investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported as described under following sections of the Annual Report. • Stakeholders Engagement on pages 54 to 57 and Material Matters on pages 58 to 65. • Business model for sustainable value creation on pages 66 to 69. • Embedding sustainability into operations on pages 78 to 177. • Risk Governance and Management on pages 273 to 296. This Annual Report has been prepared in accordance with International <IR> Framework, GRI Guidelines, "A Preparer's Guide to Integrated Corporate Reporting", "Handbook on Integrated Corporate Reporting" and "Guideline on Non-financial Reporting" published by CA Sri Lanka.	✓
I.	**Establishment and Maintenance of Policies**	
I.1	Policies relating to governance are maintained by the Bank and details relating to implementation of such policies are hosted in the website. A list of such policies is given below; • Policy on the Matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance, Nominations and Re-election • Policy on Remuneration • Policy on Internal Code of Business conduct and ethics for all Directors and employees, including policies on trading in the Bank's listed securities • Risk management and Internal controls • Policy on Relations with Shareholders and Investors • Policy on Environmental, Social and Governance Sustainability • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Corporate Disclosures • Policy on Whistleblowing • Policy on Anti-Bribery and Corruption	✓
I.2	The Bank has established and maintained a formal policy governing matters relating to the Board of Directors. The policy should inter alia address Board balance, diversity, frequency of meetings, maximum number of directors, number of meetings a director should attend etc.	✓

Annex 1.3: Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange

Rule	Principle, compliance and implementation	Complied
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	✓
9.2.1	The Bank shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Bank, on its website. (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	✓
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.	Not Applicable
9.2.3	(i) List of policies in place as per Rule 9.2.1, with reference to website (ii) Any changes to policies adopted	✓
9.2.4	The Bank has a process in place to make available policies referred in Rule 9.2.1 above, to shareholders upon a written request being made for any such Policy.	✓
9.3.1	The Bank shall ensure that the following Board Committees (at a minimum) are established and functioning effectively. The said Board Committees shall include; (a) Board Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (To perform Audit and Risk Functions) (d) Related Party Transactions Review Committee. The Board has established ten (10) committees including five (5) mandatory committees of which two separate committees have been established to perform Audit and Risk Functions. Refer Figure 62 –"Governance Structure" on Page 221.	✓
9.3.2	The Bank shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules. Refer Rules 9.11, 9.12, 9.13 & 9.14 below.	✓
9.3.3	The Chairperson of the Board of Directors of the Bank shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	✓
9.4.1	The Bank shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Bank. The Bank shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	✓

Rule	Principle, compliance and implementation	Complied
9.4.2	(a) The policy on effective communication and relations with shareholders and investors. The Bank has a Board approved Policy on Relations with Shareholders and Investors. (b) The contact person for such communication. Refer Inner back cover. (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders.	✓
9.5.1	The Bank shall establish and maintain a formal policy governing matters relating to the Board of Directors. The Bank has a Board approved policy on "Matters relating to the Board of Directors".	✓
9.5.2	Compliance with the Board Policy on "Matters relating to the Board of Directors".	✓
9.6.1	The Chairperson of the Bank shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed in terms of Rule 9.6.3 below. Refer page 223 for Table – 78 on "Composition of the Board, Board Committees and attendance at meetings".	✓
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a Market Announcement within a period of one (01) month from the date of implementation of these Rules, or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules. Chairman is an Independent Non-Executive Director, and there is a clear separation of duties between the roles of the Chairman and CEO.	Not Applicable
9.6.3	Report of SID demonstrating the effectiveness of duties. There is a clear separation of duties between the roles of the Chairman and CEO. Therefore, the requirement for the Bank to appoint a SID does not arise.	Not Applicable
9.6.4	Rationale for appointing SID There is a clear separation of duties between the roles of the Chairman and CEO. Therefore, the requirement for the Bank to appoint a SID does not arise.	Not Applicable
9.7.1	The Bank shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, the Bank shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	✓
9.7.2	The Bank shall ensure that persons recommended by the Board Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	✓
9.7.3	A Director or the CEO of the Bank shall not be considered 'fit and proper' if she or he does not possess the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" in Rule 9.7.3 (a), (b) and (c) respectively.	✓
9.7.4	The Bank shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out Rule 9.7.3 during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	✓
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken All Directors have complied with and satisfied the Fit and Proper Assessment Criteria throughout the period under review. No instances of non-compliance were identified. Profiles of the Board of Directors are given on pages 32 to 39.	✓

Rule	Principle, compliance and implementation	Complied
9.8.1	The Board of Directors of the Bank, at a minimum, consist of five (05) Directors. The Board of Directors of the Bank consist of eleven (11) Directors. Profiles of the Board of Directors are given on pages 32 to 39.	✓
9.8.2	Minimum Number of Independent Directors (a) The Board of Directors of the Bank shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. The Board has nine (09) Independent Directors, which is well above the requirement. Refer Table - 78 on "Composition of the Board, Board Committees and attendance at meetings" on Page 223. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the change. There was no change to this ratio during the year.	✓
9.8.3	A Director shall not be considered independent if he/she does not fulfil the criteria defining under Rule 9.8.3 of the Listing Rules.	✓
9.8.4	All the Independent Directors of the Bank fulfil the criteria on independence as defined under Rule 9.8.3 of the Listing Rules.	✓
9.8.5	Process in place for the determination of 'Independence' of the Directors (a) Each Director to submit a signed and dated declaration annually of his/her independence or non-independence.	✓
	(b) Names of Directors determined to be 'independent'. Refer Table – 78 on "Composition of the Board, Board Committees and attendance at meetings" on page 223.	✓
	(c) Immediate market announcement to be made if the Board determines that the independence of an Independent Director has been impaired.	✓
9.9	Requirements to be complied in relation to "Alternate Directors". There are no Alternate Directors on the Board of the Bank.	Not Applicable
9.10.1	The Bank shall disclose its policy on the maximum number of directorships its Board Members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above. As per the Terms of Reference of the Board Nominations and Governance Committee, which is in compliance with the requirements of the Banking Act Direction No. 05 of 2024 and amendments thereto, maximum number of directorships the Board Members are permitted to hold is twenty (20).	✓
9.10.2	The Bank shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the brief resume of such Director, his/her capacity of directorship and, Statement by the Entity indicating whether such appointment has been reviewed by the BNGC of the Bank.	✓
9.10.3	The Bank shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	✓
9.10.4	Directors details (a) name, qualifications and brief profile (b) nature of his/her expertise in relevant functional areas (c) whether either the Director or Close Family Members has any material business relationships with other Directors (d) whether Executive, Non-Executive and/or Independent Director (e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as Executive or Non-Executive (If the directorships are within the Group names need not be disclosed) (f) number of Board meetings attended (g) names of Board Committees in which the Director serves as Chairperson or a member (h) Attendance of Board Committee meetings (i) Terms of Reference and powers of SID Profiles of the Board Members are given on pages 32 to 39. "Composition of the Board, Board Committees and attendance at meetings" on page 223.	✓ Not Applicable

Rule	Principle, compliance and implementation	Complied
9.11	**Board Nominations and Governance Committee (BNGC)**	
9.11.1	The Bank has a BNGC that conforms with the requirements.	✓
9.11.2	The Bank shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the BNGC. Refer Report of the BNGC on pages 241 to 243.	✓
9.11.3	The BNGC shall have a written Terms of Reference clearly defining the scope, authority, duties and matters pertaining to the quorum of meetings Refer Report of the BNGC on pages 241 to 243.	✓
9.11.4	Composition of the BNGC (1) The members of the BNGC shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the BNGC by the Board of Directors. (3) The Chairperson and the members of the BNGC shall be identified in the Annual Report of the Listed Entity. Refer the Composition of the BNGC given on page 241.	✓
9.11.5	The functions of the BNGC Refer the Report of the BNGC on pages 241 to 243.	✓
9.11.6	BNGC Report (a) Names of Chairperson and Members with nature of directorship. (b) Date of appointment to the Committee. (c) Availability of documented policy and processes when nominating Directors. (d) Requirement of re-election at regular intervals at least once in 3 years. (e) Board diversity. (f) Effective implementation of policies and processes relating to appointment and reappointment of Directors. (g) Details of Directors re-appointed. (h) Performance of periodic evaluation of Board. (i) Process adopted to inform Independent Directors of major issues. (j) Induction/orientation programs for new Directors on Corporate Governance, Listing Rules, securities market regulations or negative statement. (k) Annual update for all Directors on Corporate Governance, Listing Rules, securities market regulations or negative statement. (l) Compliance with independence criteria. (m) Statement on compliance with Corporate Governance rules, if non- compliant reasons and remedial actions. Refer the Report of the Board Nominations and Governance Committee on pages 241 to 243.	✓

Rule	Principle, compliance and implementation	Complied
9.12	**Board Human Resources and Remuneration Committee (BHRRC)**	
9.12.1 **9.12.2**	The Bank has a remuneration committee that conforms to the requirements.	✓
9.12.3	The Bank has a remuneration committee that conforms to the requirements. The BHRRC shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration. Refer "Directors' and Executive remuneration" on page 228 and Report of the BHRRC given on pages 244 and 245.	✓
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired. Refer "Directors' and Executive remuneration" on page 228 and Report of the BHRRC given on pages 244 and 245.	✓
9.12.5	BHRRC shall have a written Terms of Reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings. Refer the Report of the BHRRC on pages 244 and 245.	✓
9.12.6	Composition of the BHRRC (1) The members of the BHRRC shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the BHRRC by the Board of Directors. Refer the composition of the Report of the BHRRC on page 244.	✓
9.12.7	The functions of the BHRRC Refer the Report of the BHRRC on pages 244 and 245.	✓
9.12.8	BHRRC Report (a) Names of chairperson and members with nature of directorship (b) Statement regarding the Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Directors. Refer the Report of the BHRRC on pages 244 and 245. Refer Note 62 to the Financial Statements on pages 430 to 435 on "Related Party Disclosure"	✓
9.13	**Board Audit Committee (BAC)**	
9.13.1	Perform Audit and Risk functions specified in Rule 9.13.4 of the Listing Rules. The Audit functions of the Rule 9.13.4 are performed by the BAC while a separate Committee, ie BIRMC has been formed to perform the Risk functions.	✓
9.13.2	The BAC shall have a written Terms of Reference clearly defining its scope, authority and duties. The BAC has a written Terms of Reference clearly defining its scope, authority and duties. Refer Report of the BAC on pages 233 to 237.	✓

Rule	Principle, compliance and implementation	Complied
9.13.3	(1) The members of the BAC shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity. (2) The quorum for a meeting of the BAC shall require that the majority of those in attendance to be Independent Directors. (3) The BAC may meet as often as required provided that the BAC compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (4) An Independent Director shall be appointed as the Chairperson of the BAC by the Board of Directors. (5) Unless otherwise determined by the BAC, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the BAC meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. (6) The Chairperson of the BAC shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee. Refer the Report of the BAC on pages 233 to 237.	✓
9.13.4	The functions of the BAC Refer the Report of the BAC on pages 233 to 237.	✓
9.13.5	Disclosures in the Annual Report (1) The Bank shall prepare a BAC Report which shall be included in the Annual Report (2) The BAC Report contain required disclosures. Refer the Report of the BAC on pages 233 to 237.	✓
9.14	**Board Related Party Transactions Review Committee (BRPTRC)**	
9.14.1	The Bank shall have a BRPTRC that conforms to the requirements set out in Rule 9.14. The BRPTRC of the Bank conforms to the requirements.	✓
9.14.2	Composition of the BRPTRC The BRPTRC shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include Executive Directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee. The BRPTRC of the Bank comprises of three (3) INEDs. The two (2) EDs also attend the meetings by invitation. The Chairman of the BRPTRC is an INED.	✓
9.14.3	Functions of the BRPTRC Refer the Report of the BRPTRC on pages 246 and 247.	✓
9.14.4	General Requirements (1) The BRPTRC shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) The members of the BRPTRC should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. (3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. (4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter. Refer the Report of the BRPTRC on pages 246 and 247.	✓

Rule	Principle, compliance and implementation	Complied
9.14.5	Review of Related Party Transactions by the BRPTRC Refer the Report of the BRPTRC on pages 246 and 247.	✓
9.14.6	Shareholder Approval The Bank shall obtain shareholder approval by way of a Special Resolution for specified Related Party Transactions. The RPTs policy of the Bank provides for obtaining shareholder approval by way of a Special Resolution for specified transactions. There were no RPTs during the year which required Shareholder approval.	✓
9.14.7	The Bank shall make an immediate Market Announcement to the CSE on for RPTs as specified under (a) and (b). The RPTs policy of the Bank provides for making an immediate Market Announcement to the CSE for RPTs falling under the above category. There were no RPTs during the year, which required immediate Market Announcement.	✓
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format). Refer Note 62 to the Financial Statements on "Related Party Disclosure" on pages 430 to 435.	✓
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income Refer Note 62 to the Financial Statements on "Related Party Disclosure" on pages 430 to 435.	✓
9.14.8 (3)	BRPTRC Report (a) Names of the Directors of the Committee (b) Statement that the Committee has reviewed RPTs and communicated comments/observations to the Board (c) Policies and procedures adopted by the Committee Refer the Report of the BRPTRC on pages 246 and 247.	✓
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect. Refer the Annual Report of the Board of Directors on pages 4 and 5.	✓
9.14.9	Acquisition and Disposal of assets from/ to Related Parties Except for transactions set out in Rule 9.14.10, the Bank shall ensure that neither the Bank nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset, to any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution. During the year, there were no acquisition/disposal of substantial assets from/to Related Parties.	✓
9.16	Additional disclosures by Board of Directors Declaration on following; (i) All material interests in contracts involving in the Bank and have refrained from voting on matters in which they were materially interested (ii) Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; (iii) Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. Refer item 29 of the Statement of Compliance given on page 262.	✓

Annex 1.4: Disclosure Requirements in Annual Financial Statements as required by the CBSL

Disclosure requirements under the prescribed format issued by the Central Bank of Sri Lanka for preparation, presentation and publication of Annual Audited Financial Statements of Licensed Banks via the Circular No.05 of 2024 dated December 31, 2024.

Disclosure requirements		Description	Page No/s.
1.	**Information about the significance of financial instruments for financial position and performance**		
1.1	**Statement of Financial Position**		
1.1.1	Disclosures on categories of financial assets and financial liabilities.	*Notes to the Financial Statements:* Note 26 – Classification of financial assets and financial liabilities	355 and 356
1.1.2	Other disclosures		
	(i) Special disclosures about financial assets and financial liabilities designated to be measured at fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair values attributable to these risks and the methods of measurement.	The Bank did not have financial assets and financial liabilities designated at FVTPL.	N/A
	(ii) Reclassifications of financial instruments from one category to another.	*Material Accounting Policies:* Note 7.1.6 – Reclassification of financial assets and liabilities. The Bank did not reclassify financial assets and liabilities during 2025 and 2024.	333
	(iii) Information about financial assets pledged as collateral and about financial or non-financial assets held as collateral.	*Notes to the Financial Statements:* Note 66.1.4 – Collateral arrangements	453 and 454
	(iv) Reconciliation of the impairment allowance account for credit losses by class of financial assets.	*Notes to the Financial Statements:* Movement in provision for impairment during the year for each classes of assets are given in the following Notes Note 28.1 – Cash and cash equivalents Note 29.1 – Balances with Central Banks Note 30.1 – Placements with banks Notes 33.2 and 33.3 (c) – Financial assets at amortised cost – loans and advances to other customers and Lease/hire purchase receivable Note 34.1 – Financial assets at amortised cost – debt and other financial instruments Note 35.2 – Financial assets measured at fair value through other comprehensive income	 360 361 362 369 and 371 372 375
	(v) Information about compound financial instruments with multiple embedded derivatives.	The Bank did not have compound financial instruments with multiple embedded derivatives.	N/A
	(vi) Breaches of terms of loan agreements.	None	N/A
1.2	**Statement of Comprehensive Income**		
1.2.1	Disclosures on items of income, expense, gains, and losses.	*Notes to the Financial Statements:* Notes 12 – 23 to the Financial Statements	340 to 353
1.2.2	Other disclosures		
	(i) Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss.	*Notes to the Financial Statements:* Note 13 – Net interest income	340 to 342
	(ii) Fee income and expense.	*Notes to the Financial Statements:* Note 14 – Net fee and commission income	343
	(iii) Amount of impairment losses by class of financial assets.	*Notes to the Financial Statements:* Note 18 – Impairment charges/(reversal) and other losses	345 to 349
	(iv) Interest income on impaired financial assets.	*Notes to the Financial Statements:* Note 13.1 – Interest income	341

Disclosure requirements		Description	Page No/s.
1.3	**Other disclosures**		
1.3.1	Accounting policies for financial instruments.	*Material Accounting Policies:* Note 7.1 – Financial instruments – Initial recognition, classification and subsequent measurement	330
1.3.2	Information on financial liabilities designated at FVTPL.	The Bank did not have financial liabilities designated at FVTPL.	N/A
	(i) If a bank is presenting the effects of changes in that financial liability's credit risk in other comprehensive income (OCI): – any transfers of the cumulative gain/loss within equity during the period, including the reasons for the transfers; – if the liability is derecognised during the period, then the amount (if any) presented in OCI that was realised at derecognition; – detailed description of the methodologies used to determine whether presenting the effects of changes in a liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss; and		
	(ii) Detailed description, if the effects of changes in a liability's credit risk are presented in profit or loss.	The Bank did not have financial liabilities designated at FVTPL.	N/A
1.3.3	Investments in equity instruments designated at FVOCI		
	(i) Details of equity instruments that have been designated at FVOCI and the reasons for the designation.	*Notes to the Financial Statements:* Note 35 – Financial assets measured at fair value through other comprehensive income	374 to 376
	(ii) Fair value of each investment at the reporting date.	*Notes to the Financial Statements:* Note 35.3 – Equity securities	375 and 376
	(iii) Dividends recognised during the period, separately for investments derecognised during the reporting period and those held at the reporting date.	*Notes to the Financial Statements:* Note 17 – Net other operating income	345
	(iv) Transfer of cumulative gain or loss within equity during the period and the reasons for those transfers.	Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity. *Notes to the Financial Statements:* Note 35.3 – Equity Securities	308 & 310 to 317 375 and 376
	(v) If investments in equity instruments measured at FVOCI are derecognised during the reporting period, – reasons for disposing of the investments – fair value of the investments at the date of derecognition – the cumulative gain or loss on disposal	Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity. *Notes to the Financial Statements:* Note 35.3 – Equity securities	308 310 to 317 375 and 376
1.3.4	Reclassification of financial assets		
	(i) For all reclassifications of financial assets in the current or previous reporting period – date of reclassification – detailed explanation of the change in the business model and a qualitative description of its effect on the financial statements – the amount reclassified into and out of each category	*Material Accounting Policies:* Note 7.1.6 – Reclassification of financial assets and liabilities. During the years 2025 & 2024, the Bank did not reclassify financial assets.	333
	(ii) For reclassifications from FVTPL to amortised cost or FVOCI – the Effective Interest Rate (EIR) determined on the date of reclassification – the interest revenue recognised	During the years 2025 & 2024, the Bank did not reclassify financial instruments from FVTPL to amortised cost or FVOCI.	N/A
	(iii) For reclassifications from FVOCI to amortised cost, or from FVTPL to amortised cost or FVOCI – the fair value of the financial assets at the reporting date – the fair value gain or loss that would have been recognised in profit or loss or OCI during the reporting period if the financial assets had not been reclassified.	During the years 2025 & 2024, the Bank did not reclassify financial assets from FVOCI to amortised cost or from FVTPL to amortised cost or FVOCI.	N/A

Disclosure requirements		Description	Page No/s.
1.3.5	Information on hedge accounting	*Material Accounting Policies:*	
		Note 7.1.5 – Derivatives held for risk management purposes and hedge accounting	333
1.3.6	Information about the fair values of each class of financial asset and financial liability, along with:		
	(i) Comparable carrying amounts.	*Notes to the Financial Statements:*	
		Note 27.1 – Assets and liabilities measured at fair value and fair value hierarchy	357 and 358
		Note 27.3 – Financial instruments not measured at fair value and fair value hierarchy	358 and 359
	(ii) Description of how fair value was determined.	*Material Accounting Policies:*	
		Note 4 – Fair value measurement	328
		Notes to the Financial Statements:	
		Note 27 – Fair value measurement	356 to 360
	(iii) The level of inputs used in determining fair value.	*Notes to the Financial Statements:*	
		Note 27.3 – Financial instruments not measured at fair value and fair value hierarchy	358 and 359
		Note 27.4 – Valuation techniques and inputs in measuring fair values	360
		Note 38.5 (b) – Information on freehold land and buildings of the Group and the Bank – Valuations	386 to 391
		Note 38.5 (c) – Valuation techniques and sensitivity of the fair value measurement of the freehold land and buildings of the Group and the Bank	391
	(iv) a. Reconciliations of movements between levels of fair value measurement hierarchy.	There were no movements between levels of fair value hierarchy during the year under review.	N/A
	b. Additional disclosures for financial instruments that fair value is determined using level 3 inputs.	*Notes to the Financial Statements:*	
		Note 27.2 – Level 3 fair value measurement	358
	(v) Information if fair value cannot be reliably measured.	*None*	N/A
2.	**Information about the nature and extent of risks arising from financial instruments**		
2.1	**Qualitative disclosures**		
2.1.1	Risk exposures for each type of financial instrument.	*Material Accounting Policies:*	
		Note 3 – Financial Risk Management	324 to 328
		Notes to the Financial Statements:	
		Note 66 – Financial risk review	437 to 469
2.1.2	Management's objectives, policies and processes for managing those risks.	*Material Accounting Policies:*	
		Note 3 – Financial Risk Management	324 to 328
		Refer the Section on "Risk governance and management" for comprehensive disclosure of Management's objectives, policies and processes.	273 to 296
2.1.3	Changes from the prior period.	There were no major policy changes during the year under review.	N/A
2.2	**Quantitative disclosures**		
2.2.1	Summary of quantitative data about exposure to each risk at the reporting date.	*Notes to the Financial Statements:*	
		Note 66 – Financial risk review	437 to 469
2.2.2	Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed.		
	(i) Credit risk		
	(a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets.	*Notes to the Financial Statements:*	
		Note 66.1.1 – Credit quality analysis	438 to 451
		Note 66.1.4 – Collateral arrangements	453 and 454

Disclosure requirements	Description	Page No/s.
(b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset.	*Material* Accounting Policies:	
	Note 7.1.12 – Identification and measurement of impairment of financial assets	333 to 335
	Notes to the Financial Statements:	
	Note 66.1.1 – Credit quality analysis	438 to 451
	Note 18 – Impairment charges/(reversal) and other losses – Section on "Collateral valuation"	347
	Note 66.1.4 – Collateral arrangements	453 and 454
(c) Information about collateral or other credit enhancements obtained or called.	*Notes to the Financial Statements:*	
	Note 66.1.4 – Collateral arrangements	453 and 454
(d) Credit Risk Management (CRM) practices		
– Information about CRM practices and how they relate to the recognition and measurement Expected Credit Losses (ECL), including the methods, assumptions and information used to measure ECL.	*Material Accounting Policies:*	
	Note 2.12.6 – Impairment losses on financial assets	322 and 323
	Note 7.1.12 – Identification and measurement of impairment of financial assets	333 to 335
	Notes to the Financial Statements:	345 to 349
	Note 18 – Impairment charges/(reversal) and other losses	
– Quantitative and qualitative information to evaluate the amounts in the Financial Statements arising from ECL, including changes and the reasons for those changes.	*Material Accounting Policies:*	
	Note 7.1.12 – Identification and measurement of impairment of financial assets	333 to 335
	Notes to the Financial Statements:	
	Note 18 – Impairment charges/(reversal) and other losses	345 to 349
	Note 66.1.1 – Credit quality analysis	438 to 451
– How the Bank determines whether the credit risk of financial instruments has increased significantly since initial recognition, including whether and how financial instruments are considered to have low credit risk, including the classes of financial instruments to which the low credit risk exception has been applied; and the presumption that financial assets with contractual payments more than 30 days past due (DPD) have a Significant Increase in Credit Risk (SICR) has been rebutted.	*Material Accounting Policies:*	
	Note 7.1.12.2 – Significant Increase in Credit Risk (SICR)	334
– The Bank's definitions of default for different financial instruments, including the reasons for selecting those definitions.	*Material Accounting Policies:*	
	Note 7.1.12.3 – Definition of default and credit impaired assets	334
– How instruments are grouped if ECL are measured on a collective basis.	*Material Accounting Policies:*	
	Note 7.1.12.5 – Grouping financial assets measured on collective basis	334 and 335
	Notes to the Financial Statements:	
	Note 18 – Impairment charges/(reversal) and other losses	345 to 349
– How the Bank determines that financial assets are credit-impaired.	*Material Accounting Policies:*	
	Note 7.1.12.3 – Definition of default and credit impaired assets	334
– The Bank's write-off policy, including the indicators that there is no reasonable expectation of recovery.	*Notes to the Financial Statements:*	
	Note 18 – Impairment charges/(reversal) and other losses – "Write-off of financial assets"	347
– How the modification requirements have been applied, including how the bank determines whether the credit risk of a financial asset that has been modified subject to a lifetime ECL allowance has been improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month ECL and monitors the extent to which the loss allowance on those assets subsequently reverts to being measured at an amount equal to lifetime ECL.	*Material Accounting Policies:*	
	Note 7.1.8 – Modification of financial assets	333
	Notes to the Financial Statements:	
	Note 66.1.1 (b) – Credit exposure movement – ECL stage-wise	442 to 445
	Note 66.1.1 (c) – Provision for impairment (ECL) movement	446 to 449

Disclosure requirements	Description	Page No/s.
(e) ECL calculations		
– Basis of the inputs, assumptions and the estimation techniques used when – estimating 12 month and lifetime ECL – determining whether the credit risk of financial instruments has increased significantly since initial recognition; and – determining whether the financial assets are credit-impaired	*Material Accounting Policies:* Note 2.12.6 – Impairment losses on financial assets Note 7.1.12 – Identification and measurement of impairment of financial assets *Notes to the Financial Statements:* Note 18 – Impairment charges/(reversal) and other losses	 322 and 323 333 to 335 345 to 349
– How forward-looking information has been incorporated into the determination of ECL, including the use of macro-economic information; and – Changes in estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.	*Notes to the Financial Statements:* Note 18 – Impairment charges/(reversal) and other losses – "Forward-looking information" *Material Accounting Policies:* Note 2.12.6 – Impairment losses on financial assets	 346 322 and 323
(f) Amounts arising from ECL		
– Reconciliation for each class of financial instrument of the opening balance to the closing balance of the impairment loss allowance. – Explain the reasons for changes in the loss allowances in the reconciliation.	*Notes to the Financial Statements:* Movement in provision for impairment during the year for each classes of assets are given in the following Notes Note 28.1 – Cash and cash equivalents Note 29.1 – Balances with Central Banks Note 30.1 – Placements with banks Notes 33.2 and 33.3 (c) – Financial assets at amortised cost – loans and advances to other customers and Lease/hire purchase receivable Note 34.1 – Financial assets at amortised cost – debt and other financial instruments Note 35.2 – Financial assets measured at fair value through other comprehensive income Note 66.1.1 (c)– Provision for impairment (ECL) movement	 360 361 362 369 and 371 372 375 446 to 449
(g) Collateral		
– Amount that best represents the bank's maximum exposure to credit risk at the reporting date, without taking into account of any collateral held or other credit enhancements; – Narrative description of collateral held as security and other credit enhancements, (except for lease receivables), including; – discussion on the nature and quality of the collaterals held; – explanation on any significant changes in quality as a result of a deterioration of changes in the bank's collaterals policies during the reporting period; – information about the financial instruments for which the bank has not recognised a loss allowance because of the collateral; – quantitative information about the collateral held as security and other credit enhancements; – information about the fair value of the collateral and other credit enhancements, or to quantify the exact value of the collateral that was included in the calculation of ECL.	*Notes to the Financial Statements:* Note 66.1 – Credit risk	 438 to 456

Disclosure requirements	Description	Page No/s.
(h) Written-off assets – contractual amount outstanding of financial assets written off during the reporting period that are still subject to enforcement activity.	*Notes to the Financial Statements:* Note 33.2 – Movement in provision for impairment during the year Note 18 – Impairment charges/(reversal) and other losses Note 66.1.1 (b) - Credit exposure movement – ECL stage-wise	 369 and 370 345 to 349 442 to 445
(i) Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital requirements under Basel III for Licensed Banks.	*Notes to the Financial Statements:* Note 66.5 – Capital management and Pillar III disclosures as per Basel III	 468 and 469
(ii) Liquidity risk (a) A maturity analysis of financial assets and liabilities.	*Notes to the Financial Statements:* Note 60 – Maturity Analysis – Group Note 66.2.2 – Maturity analysis of financial assets, financial liabilities, contingent liabilities and commitments	 426 and 427 458 to 462
(b) Description of approach to risk management.	*Material Accounting Policies:* Note 3 – Financial Risk Management Refer the Section on "Risk governance and management"	 324 to 328 273 to 296
(c) Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital requirements under Basel III for Licensed Banks.	Annex 2 – Basel III – Disclosures under Pillar III as per Banking Act Directions No. 01 of 2016	509 to 520
(iii) Market risk (a) A sensitivity analysis of each type of market risk to which the Bank is exposed.	*Notes to the Financial Statements:* Note 66.3.2 – Exposure to interest rate risk – Sensitivity analysis	 465 to 467
(b) Additional information, if the sensitivity analysis is not representative of the Bank's risk exposure.	*Notes to the Financial Statements:* Note 66.3.3 – Exposure to currency risk – Non-trading portfolio	 467 and 468
(c) Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital requirements under Basel III for Licensed Banks.	Annex 2 – Basel III – Disclosures under Pillar III as per Banking Act Directions No. 01 of 2016	509 to 520
(iv) Operational risk Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital requirements under Basel III for Licensed Banks.	Annex 2 – Basel III – Disclosures under Pillar III as per Banking Act Directions No. 01 of 2016	509 to 520
(v) Equity risk in the banking book		
(a) Qualitative Disclosures – Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons.	*Notes to the Financial Statements:* Note 32 – Financial assets recognised through profit or loss – measured at fair value Note 35 – Financial assets measured at fair value through other comprehensive income	 363 to 367 374 to 376
– Discussion of important policies covering the valuation and accounting of equity holdings in the banking book.	*Notes to the Financial Statements:* Note 32 – Financial assets recognised through profit or loss – measured at fair value Note 35 – Financial assets measured at fair value through other comprehensive income Note 66.3.4 – Exposure to equity price risk	 363 to 367 374 to 376 468
(b) Quantitative Disclosures – Value disclosed in the Statement of Financial Position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	*Notes to the Financial Statements:* Note 32 – Financial assets recognised through profit or loss – measured at fair value Note 35 – Financial assets measured at fair value through other comprehensive income	 363 to 367 374 to 376

Disclosure requirements	Description	Page No/s.
– The types and nature of investments	*Material Accounting Policies:*	
	Note 7.1.3.4 – Financial assets measured at FVOCI	332
	Note 7.1.3.5 – Financial assets measured at FVTPL	332
	Notes to the Financial Statements:	
	Note 32 – Financial assets recognised through profit or loss – measured at fair value	363 to 367
	Note 35 – Financial assets measured at fair value through other comprehensive income	374 to 376
– The cumulative realised gains/(losses) arising from sales and liquidations in the reporting period	Statement of Profit or Loss and Other Comprehensive Income	308
	Notes to the Financial Statements:	
	Note 15 – Net gains/(losses) from trading	344
	Note 35.3 – Equity securities	375 and 376
(vi) Interest rate risk in the banking book	*Notes to the Financial Statements:*	
(a) Qualitative Disclosures	Note 66.3.2 – Exposure to interest rate risk – Sensitivity analysis	465 to 467
Nature of Interest Rate Risk in the Banking Book (IRRBB) and key assumptions.	Refer the Section on "Risk governance and management"	273 to 296
(b) Quantitative disclosures	*Notes to the Financial Statements:*	
– The increase/(decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to the management's method for measuring IRRBB, broken down by currency (as relevant).	Note 66.3.2 – Exposure to interest rate risk – Sensitivity analysis	465 to 467
	Refer the Section on "Risk governance and management"	273 to 296
2.2.3 Information on concentrations of risk	*Notes to the Financial Statements:*	
	Note 66.1.5 – Concentration of credit risk	454 to 456
3. Other disclosures		
3.1 Capital		
3.1.1 Capital structure		
(i) Qualitative disclosures		
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex, or hybrid capital instruments.	*Notes to the Financial Statements:*	
	Note 66.5 – Capital Management and Pillar III disclosures as per Basel III	468 and 469
(ii) Quantitative disclosures		
(a) The amount of Tier 1 capital, with separate disclosure of:		
– Stated capital/common stock	*Notes to the Financial Statements:*	
– Reserves	Note 66.5 – Capital Management and Pillar III disclosures as per Basel III	468 and 469
– Non-controlling interests in the equity of subsidiaries		
– Other capital instruments	Refer the Section on "Risk governance and management"	273 to 296
– Deductions from Tier 1 capital		
(b) The total amount of Tier 2 capital		
(c) Other deductions from capital		
(d) Total eligible capital		
3.1.2 Capital adequacy	*Notes to the Financial Statements:*	
(i) Qualitative disclosures	Note 66.5 – Capital Management and Pillar III disclosures as per Basel III	468 and 469
A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	Refer the Section on "Risk governance and management"	273 to 296
(ii) Quantitative disclosures	*Notes to the Financial Statements:*	
(a) Capital requirements for credit risk, market risk, and operational risk	Note 66.5 – Capital Management and Pillar III disclosures as per Basel III	468 and 469
(b) Total and Tier 1 capital ratio	Refer the Section on "Risk governance and management"	273 to 296

Annex 2: Basel III – Disclosures under Pillar III as per the Banking Act Directions No. 01 of 2016

Disclosure 1

Key regulatory ratios – Capital and liquidity

	GROUP		BANK	
As at December 31,	2025	2024	2025	2024
Regulatory capital (Rs. '000)				
Common equity	280,566,133	234,946,503	266,762,688	223,991,979
Tier 1 capital	280,566,133	234,946,503	266,762,688	223,991,979
Total capital	357,835,159	296,922,313	341,730,082	285,627,033
Regulatory capital ratios (%)				
Common Equity Tier 1 capital ratio (Minimum requirement – 8.50%)	12.834	13.968	13.035	14.227
Tier 1 capital ratio (Minimum requirement – 10.00%)	12.834	13.968	13.035	14.227
Total capital ratio (Minimum requirement – 14.00%)	16.368	17.653	16.698	18.142
Leverage ratio (Minimum requirement – 3%)	6.96	6.94	6.82	6.79
Regulatory liquidity				
Total Stock of High Quality Liquid Assets (Rs. '000)			806,485,146	898,246,022
Liquidity coverage ratio – Rupee (Minimum requirement : 100%) (%)			419.40	529.20
Liquidity coverage ratio – All currency (Minimum requirement : 100%) (%)			288.58	454.36
Net stable funding ratio (Minimum requirement : 100%) (%)			163.94	187.29

Disclosure 2

Basel III computation of capital ratios

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Common Equity Tier 1 (CET1) capital after adjustments	280,566,133	234,946,503	266,762,688	223,991,979
Total Common Equity Tier 1 (CET1) capital	299,983,859	251,756,623	289,040,582	243,568,568
Equity capital (stated capital)/assigned capital	91,557,690	88,017,094	91,557,690	88,017,094
Reserve fund	19,649,095	16,469,686	18,003,947	15,079,582
Published retained earnings/(accumulated retained losses)	7,065,473	4,912,773	3,574,894	2,768,834
Published accumulated other comprehensive Income (OCI)	2,312,813	1,133,795	804,051	(38,552)
General and other disclosed reserves	175,100,000	137,741,610	175,100,000	137,741,610
Unpublished current year's profit/(losses) and gains reflected in OCI	–	–	–	–
Ordinary shares issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	4,298,788	3,481,665	–	–

As at December 31,	GROUP		BANK	
	2025 Rs. '000	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
Total adjustments to CET 1 capital	19,417,726	16,810,120	22,277,894	19,576,589
Goodwill (net)	445,147	445,147	–	–
Intangible assets (net)	4,562,912	4,312,756	4,464,103	4,221,131
Revaluation losses of property, plant and equipment	–	–	–	–
Significant investments in the capital of financial institutions where the bank owns more than 10% of the issued ordinary share capital of the entity	–	–	3,984,559	3,269,615
Deferred tax assets (net)	14,409,667	12,052,217	13,829,232	12,085,843
Additional Tier 1 (AT1) capital after adjustments	–	–	–	–
Total additional Tier 1 (AT 1) capital	–	–	–	–
Qualifying additional Tier 1 capital instruments	–	–	–	–
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties	–	–	–	–
Total adjustments to AT1 capital	–	–	–	–
Investment in own shares	–	–	–	–
Reciprocal cross holdings in AT 1 capital instruments	–	–	–	–
Investments in the capital of banking and financial institutions where the Bank does not own more than 10% of the issued ordinary share capital of the entity	–	–	–	–
Significant investments in the capital of banking and financial institutions where the bank own more than 10% of the issued ordinary share capital of the entity	–	–	–	–
Regulatory adjustments applied to AT1 due to insufficient Tier 2 capital to cover adjustments	–	–	–	–
Tier 2 capital after adjustments	77,269,026	61,975,810	74,967,394	61,635,054
Total Tier 2 capital	77,269,026	61,975,810	74,967,394	61,635,054
Qualifying Tier 2 capital instruments	50,619,175	44,536,817	49,354,633	44,536,817
Revaluation gains	5,172,941	5,172,941	5,172,941	5,172,941
Eligible impairment	21,476,910	12,266,052	20,439,820	11,925,296
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by third parties	–	–	–	–
Total adjustments to Tier 2 capital	–	–	–	–
Investment in own shares	–	–	–	–
Others	–	–	–	–
CET1 capital	280,566,133	234,946,503	266,762,688	223,991,979
Total Tier 1 capital	280,566,133	234,946,503	266,762,688	223,991,979
Total capital	357,835,159	296,922,313	341,730,082	285,627,033
Total Risk-Weighted Amount (RWA)	2,186,123,216	1,682,005,762	2,046,505,971	1,574,422,917
Risk-weighted amount for credit risk	1,960,988,518	1,492,194,560	1,824,959,721	1,387,338,967
Risk-weighted amount for market risk	124,934,879	104,976,721	124,882,564	104,883,229
Risk-weighted amount for operational risk	100,199,819	84,834,481	96,663,686	82,200,721
CET1 capital ratio (including capital conservation buffer, countercyclical capital buffer & surcharge on D-SIBs) (%)	12.834	13.968	13.035	14.227
Of which: Capital Conservation Buffer (%)	2.500	2.500	2.500	2.500
Of which: Countercyclical Buffer (%)	–	–	–	–
Of which: Capital Surcharge on D-SIBs (%)	1.500	1.500	1.500	1.500
Total Tier 1 capital ratio (%)	12.834	13.968	13.035	14.227
Total capital ratio (including capital conservation buffer, countercyclical capital buffer & surcharge on D-SIBs (%)	16.368	17.653	16.698	18.142
Of which: Capital Conservation Buffer (%)	2.500	2.500	2.500	2.500
Of which: Countercyclical Buffer (%)	–	–	–	–
Of which: Capital Surcharge on D-SIBs (%)	1.500	1.500	1.500	1.500

Disclosure 3
Leverage ratio

	GROUP		BANK	
As at December 31,	**2025 Rs. '000**	2024 Rs. '000	**2025 Rs. '000**	2024 Rs. '000
Tier 1 capital	280,566,133	234,946,503	266,762,688	223,991,979
Total exposures	4,033,433,165	3,386,553,765	3,908,662,297	3,298,097,216
On-balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	3,327,710,654	2,823,157,761	3,203,934,292	2,734,178,713
Derivative exposures	424,237,515	315,230,352	424,237,515	315,230,352
Securities financing transaction exposures	95,306,654	112,178,004	95,306,654	113,574,397
Other off-balance sheet exposures	186,178,342	135,987,648	185,183,836	135,113,754
Basel III leverage ratio (Minimum requirement - 3%) (%)	6.96	6.94	6.82	6.79

Disclosure 4
Liquidity coverage ratio (LCR) – All Currency

As at December 31,	2025		2024	
	Total unweighted value Rs. '000	**Total weighted value Rs. '000**	Total unweighted value Rs. '000	Total weighted value Rs. '000
Total stock of High Quality Liquid Assets (HQLA)	822,731,934	806,485,146	910,208,767	898,246,022
Total adjusted level 1 assets	724,479,752	724,479,752	840,715,102	840,715,102
Level 1 assets	719,748,099	719,748,099	834,622,332	834,622,332
Total adjusted level 2A assets	100,700,369	85,595,314	73,801,348	62,731,146
Level 2A assets	100,700,369	85,595,314	73,801,348	62,731,146
Total adjusted level 2B assets	2,283,466	1,141,733	1,785,087	892,544
Level 2B assets	2,283,466	1,141,733	1,785,087	892,544
Total cash outflows	3,232,444,371	661,874,402	2,669,746,703	479,790,581
Deposits	1,860,462,032	186,046,203	1,642,443,925	164,244,392
Unsecured wholesale funding	774,206,454	358,688,466	619,016,220	279,379,191
Secured funding transaction	–	–	–	–
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	492,297,008	11,660,856	380,104,262	7,984,702
Additional requirements	105,478,877	105,478,877	28,182,296	28,182,296
Total cash inflows	504,803,485	382,404,677	397,144,685	282,093,675
Maturing secured lending transactions backed by collateral	172,870,867	157,810,337	156,875,959	154,057,111
Committed facilities	–	–	–	–
Other inflows by counterparty which are maturing within 30 calendar days	223,430,195	144,342,438	194,054,012	123,718,383
Operational deposits	22,667,643	–	37,578,353	–
Other cash inflows	85,834,780	80,251,902	8,636,361	4,318,181
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Next 30 Calendar Days)*100 (Minimum requirement – 100%)		288.58		454.36

Disclosure 5
Net stable funding ratio (NSFR)

	BANK	
As at December 31,	**2025 Rs. '000**	2024 Rs. '000
Total available stable funding (ASF)	2,438,166,986	2,122,713,417
Total required stable funding (RSF)	1,487,217,307	1,133,370,760
Required stable funding – On balance sheet assets	1,475,541,552	1,125,454,695
Required stable funding – Off balance sheet items	11,675,755	7,916,065
NSFR (Minimum requirement – 100%) (%)	163.94	187.29

Disclosure 6

Main features of regulatory capital instruments – Group

Description of the Capital Instrument	Stated Capital							
Issuer	Commercial Bank		Commercial Bank		Commercial Bank		Commercial Bank	
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	N/A		N/A		N/A		N/A	
Governing Law(s) of the Instrument	Sri Lanka		Sri Lanka		Sri Lanka		Sri Lanka	
Original Date of Issuance	N/A		March 09, 2016		October 28, 2016		July 23, 2018	
Par Value of Instrument	N/A		Rs. 100/-		Rs. 100/-		Rs. 100/-	
Perpetual or Dated	Perpetual		Dated		Dated		Dated	
Original Maturity Date, if Applicable	N/A	Type	Date	Type	Date	Type	Date	
		B	March 08, 2026	B	October 27, 2026	B	July 22, 2028	
Amount Recognised in Regulatory Capital (in Rs. '000 as at the Reporting Date)	91,557,690	Type	Amount	Type	Amount	Type	Amount	
		B	87,455	B	385,640	B	883,388	
Accounting Classification (Equity/Liability)	Equity		Liability		Liability		Liability	
Issuer Call subject to Prior Supervisory Approval								
Optional Call Date, Contingent Call Dates and Redemption Amount (Rs. '000)	N/A		N/A		N/A		N/A	
Subsequent Call Dates, if Applicable	N/A		N/A		N/A		N/A	
Coupons/Dividends								
Fixed or Floating Dividend/Coupon	N/A		Fixed		Fixed		Fixed	
Coupon Rate and any Related Index		Type	Rate	Type	Rate	Type	Rate	
		B	11.25% p.a.	B	12.25% p.a.	B	12.50% p.a.	
Non-Cumulative or Cumulative	Non–Cumulative		Cumulative		Cumulative		Cumulative	
Convertible or Non-Convertible								
If Convertible, Conversion Trigger (s)	N/A		Non–Convertible		Non–Convertible		*	
If Convertible, Fully or Partially	N/A		N/A		N/A		Fully	
If Convertible, Mandatory or Optional	N/A		N/A		N/A		**	
If Convertible, Conversion Rate	N/A		N/A		N/A		***	

(*) A "Trigger Event" is determined by and at the sole discretion of the Governing Board of the Central Bank of Sri Lanka (i.e. conversion of the said Debentures upon occurrence of the Trigger Event will be effected by the Bank solely upon being instructed by the Governing Board of the Central Bank of Sri Lanka), and is defined in the Banking Act Directions No. 1 of 2016 of Web Based Return Code 20.2.3.1.1.1.(10) (iii) (a&b) as a point/event being the earlier of:

(a) "A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Governing Board, OR

(b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Governing Board."

(**) Optional. At the discretion of the Governing Board of the Central Bank of Sri Lanka upon occurrence of trigger points as detailed above.

(***) The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share of the Bank during the three (03) months period, immediately preceding the date of the Trigger Event.

Basel III Compliant – Tier 2 Capital Instruments (Listed, Rated, Unsecured, Subordinated, Redeemable)

	Commercial Bank		Commercial Bank		Commercial Bank		Commercial Bank		Commercial Bank		CBC Finance
	N/A		N/A		N/A		N/A		N/A		N/A
	Sri Lanka		Sri Lanka		Sri Lanka		Sri Lanka		Sri Lanka		Sri Lanka
	September 21, 2021		December 12, 2022		December 20, 2023		July 10, 2024		August 12, 2025		December 03, 2025
	Rs. 100/-		Rs. 100/-		Rs. 100/-		Rs.100/-		Rs. 100/-		Rs. 100/-
	Dated		Dated		Dated		Dated		Dated		Dated
Type	Date	Type	Date	Type	Date	Type	Date	Type	Date	Type	Date
A	September 20, 2026	A	December 11, 2027	A	December 19, 2028	A	July 09, 2029	A	August 11, 2030	Public/ Listed	December 02, 2030
B	September 20, 2028	B	December 11, 2029	B	December 19, 2028	B	July 09, 2029	B	August 11, 2030		
		C	December 11, 2032	C	December 19, 2030	C	July 09, 2031	C	August 11, 2032		
				D	December 19, 2030	D	July 09, 2031	D	August 11, 2032		
				E	December 19, 2033	E	July 09, 2034	E	August 11, 2035		
				F	December 19, 2033	F	July 09, 2034	F	August 11, 2035		
Type	Amount	Type	Amount	Type	Amount	Type	Amount	Type	Amount	Type	Amount
A	635,621	A	2,689,872	A	1,279,440	A	1,070,438	A	801,940	Public/Listed	1,499,691
B	2,396,900	B	2,611,056	B	4,534,854	B	9,341,370	B	13,408,130		
		C	11,500	C	32,980	C	139,670	C	40,300		
				D	817,760	D	368,890	D	324,770		
				E	30,840	E	73,040	E	109,420		
				F	1,427,930	F	5,535,990	F	315,440		
	Liability		Liability		Liability		Liability		Liability		Liability
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	Fixed		Fixed		Fixed		Fixed		Fixed		Fixed
Type	Rate	Type	Rate	Type	Rate	Type	Rate	Type	Rate	Type	Rate
A	9.00% p.a.	A	28.00% p.a.	A	14.50% p.a.	A	12.60% p.a.	A	10.55% p.a.	Public/Listed	11.50% p.a.
B	9.50% p.a.	B	27.00% p.a.	B	15.00% p.a.	B	13.00% p.a.	B	10.85% p.a.		
		C	22.00% p.a.	C	13.75% p.a.	C	12.85% p.a.	C	10.85% p.a.		
				D	14.25% p.a.	D	13.25% p.a.	D	11.15% p.a.		
				E	13.50% p.a.	E	13.00% p.a.	E	11.00% p.a.		
				F	14.00% p.a.	F	13.50% p.a.	F	11.30% p.a.		
	Cumulative		Cumulative		Cumulative		Cumulative		Cumulative		Cumulative
	*		*		*		*		*		Non–Convertible
	Fully		Fully		Fully		Fully		Fully		N/A
	**		**		**		**		**		N/A
	***		***		***		***		***		N/A

Disclosure 7

Summary discussion on adequacy/meeting current and future capital requirements

The Bank prepares the Corporate Plan and Budget for a period of 5 years which is rolled over every year and contains the forecast for key ratios mentioned under Basel III accord including the Capital Adequacy Ratios (CARs).

As part of the budgeting process the CARs are computed based on the movements in risk-weighted assets underlying the budgeted expansion of assets, including business volumes. The Bank has set up an internal threshold on minimum CARs and ensures that appropriate measures are taken to maintain the CARs above the said threshold in preparing the Budget. The Budget also captures the capital augmentation plan covering both internal and external capital sources. The Bank has a well established monitoring mechanism to periodically monitor the level of achievement against pre-determined targets to take timely corrective action in case of significant deviations. Based on this process the Bank proactively raised both Tier I and Tier II capital to ensure the Bank's capital ratios remained well above the internally set thresholds, assuming the projected growth in risk weighted assets over the next few years.

In monitoring the progress of the planned capital optimisation initiatives and to take periodical corrective action to improve the capital position of the Bank, the Bank has created the Basel Committee, a working group, which meets on a quarterly basis to deliberate the progress of initiatives and take decision on corrective action. The Committee is chaired by the Managing Director/CEO of the Bank.

Additionally, the Bank has a dynamic ICAAP process with rigorous stress testing embodied in addition to taking into consideration the qualitative aspects such as reputational and strategic risks. The ICAAP process also computes the concentration risk ensuring that the Bank has a well-diversified assets portfolio which is not overly exposed to any individual counterparty or sector. In addition ICAAP process also captures the residual risk to assess the amount of risk that remains after controls are accounted for. This process also proactively identifies the possible gaps in CARs in advance, allowing the Bank to take calculated decisions to optimise utilisation of capital.

Methods of improving the CARs are being evaluated on an ongoing basis and in extreme situations, the Bank will deliberate on strategically curtailing the expansion of risk weighted assets. However, prior to taking such decisions, the Bank will assess the impact on the internally developed thresholds of minimum CARs resulting from the short-term asset expansion plans. The Bank is committed to maintaining the internal CAR thresholds.

When deciding the dividend for FY 2025, the Bank adheres to the Board approved dividend policy which stipulates that the 5 year rolling average dividend payout ratio is maintained between 30-35%. However, it will be subjected to regulatory requirements such as solvency test and other sensitivities factored in by management and Board's assessment of industry and broader socioeconomic conditions. The dividend is proposed also ensuring the Bank maintains a quarterly CAR above the minimum thresholds as per the Basel III guidelines, taking into account capital augmentation plans for the year.

Disclosure 8

Credit risk under standardised approach

Credit risk exposures and credit risk mitigation (CRM) effects

	GROUP					
As at December 31, 2025	Exposures before credit conversion factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA density (%)	
	On-balance sheet amount (a) Rs. '000	Off-balance sheet amount (b) Rs. '000	On-balance sheet amount (c) Rs. '000	Off-balance sheet amount (d) Rs. '000	RWA (e) Rs. '000	RWA density {e+(c+d)} (%)
Claims on Central Government and Central Bank of Sri Lanka	881,054,130	69,130,000	881,054,130	1,382,600	19,978,858	2.26
Claims on foreign sovereigns and their central banks	132,021,317	–	132,021,317	–	144,554,288	109.49
Claims on Public Sector Entities (PSEs)	31,517,831	–	31,517,831	–	20,661,635	65.56
Claims on Official Entities and Multilateral Development Banks (MDBs)	–	–	–	–	–	–
Claims on banks exposures	165,290,658	196,017,880	165,290,658	11,602,353	102,091,817	57.71
Claims on financial institutions	99,587,208	–	99,587,208	–	53,330,680	53.55
Claims on corporates	950,431,152	613,116,943	935,783,270	120,312,965	1,012,611,927	95.88
Retail claims	603,458,304	89,468,796	599,303,083	34,681,244	453,614,643	71.55
Claims secured by residential property	102,101,045	–	102,101,045	–	58,596,364	57.39
Claims secured by commercial real estate	–	–	–	–	–	–
Non-performing assets (NPAs)	33,846,830	–	33,846,830	–	40,590,156	119.92
Higher-risk categories	–	–	–	–	–	–
Cash items and other assets	122,678,052	–	122,678,052	–	54,958,150	44.80
Total	3,121,986,527	967,733,619	3,103,183,424	167,979,162	1,960,988,518	59.95

Credit risk exposures and credit risk mitigation (CRM) effects (Contd.)

	BANK					
As at December 31, 2025	Exposures before credit conversion factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA density (%)	
	On-balance sheet amount (a) Rs. '000	Off-balance sheet amount (b) Rs. '000	On-balance s heet amount (c) Rs. '000	Off-Balance Sheet Amount (d) Rs. '000	RWA (e) Rs. '000	RWA density {e/(c+d)} (%)
Claims on Central Government and Central Bank of Sri Lanka	878,643,539	69,130,000	878,643,539	1,382,600	19,978,858	2.27
Claims on foreign sovereigns and their central banks	79,098,300	–	79,098,300	–	65,169,762	82.39
Claims on public sector entities (PSEs)	31,517,831	–	31,517,831	–	20,661,635	65.56
Claims on Official Entities and Multilateral Development Banks (MDBs)	–	–	–	–	–	–
Claims on banks exposures	155,749,813	196,017,880	155,749,813	11,600,896	96,992,071	57.96
Claims on financial institutions	101,581,865	–	101,581,865	–	54,328,009	53.48
Claims on corporates	971,643,960	611,832,108	887,159,676	119,317,002	962,992,370	95.68
Retail claims	682,205,748	89,468,796	596,691,936	34,681,244	453,178,794	71.78
Claims secured by residential property	102,101,045	–	102,101,045	–	58,596,364	57.39
Claims secured by commercial real estate	–	–	–	–	–	–
Non-performing assets (NPAs)	30,865,183	–	30,865,183	–	36,461,416	118.13
Higher-risk categories	2,707,472	–	2,707,472	–	6,768,680	250.00
Cash items and other assets	115,240,858	–	115,240,858	–	49,831,762	43.24
Total	3,151,355,614	966,448,784	2,981,357,518	166,981,742	1,824,959,721	57.97

Disclosure 9

Credit risk under standardised approach

Exposures by asset classes and risk weights (Post CCF and CRM)

	GROUP									
As at December 31, 2025	0% Rs. '000	20% Rs. '000	35% Rs. '000	50% Rs. '000	60% Rs. '000	75% Rs. '000	100% Rs. '000	150% Rs. '000	>150% Rs. '000	Total credit exposures amount Rs. '000
Claims on Central Government and Central Bank of Sri Lanka	782,542,439	99,894,291	–	–	–	–	–	–	–	882,436,730
Claims on foreign sovereigns and their central banks	13,928,538	–	–	–	–	–	65,169,762	52,923,017	–	132,021,317
Claims on Public Sector Entities (PSEs)	–	869,749	–	20,320,795	–	–	10,327,287	–	–	31,517,831
Claims on Official Entities and Multilateral Development Banks (MDBs)	–	–	–	–	–	–	–	–	–	–
Claims on banks exposures	–	65,958,783	–	46,151,502	–	–	62,699,561	2,083,165	–	176,893,011
Claims on financial institutions	–	1	–	92,513,055	–	–	7,074,152	–	–	99,587,208
Claims on corporates	–	42,158,738	–	19,518,955	–	–	994,414,224	4,318	–	1,056,096,235
Retail claims	62,238,077	20,092,361	–	–	124,167,674	209,562,594	217,923,621	–	–	633,984,327
Claims secured by residential property	–	–	66,930,279	–	–	–	35,170,766	–	–	102,101,045
Claims secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
Non-performing assets (NPAs)	–	–	–	34,615	–	–	20,290,949	13,521,266	–	33,846,830
Higher-risk categories	–	–	–	–	–	–	–	–	–	–
Cash items and other assets	58,578,990	11,426,140	–	–	–	–	52,672,922	–	–	122,678,052
Total	917,288,044	240,400,063	66,930,279	178,538,922	124,167,674	209,562,594	1,465,743,244	68,531,766	–	3,271,162,586

Exposures by asset classes and risk weights (post CCF and CRM) (Contd.)

	BANK									
As at December 31, 2025	0%	20%	35%	50%	60%	75%	100%	150%	>150%	Total credit exposures amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Claims on Central Government and Central Bank of Sri Lanka	780,131,848	99,894,291	–	–	–	–	–	–	–	880,026,139
Claims on Foreign Sovereigns and their central banks	13,928,538	–	–	–	–	–	65,169,762	–	–	79,098,300
Claims on Public Sector Entities (PSEs)	–	869,749	–	20,320,795	–	–	10,327,287	–	–	31,517,831
Claims on Official Entities and Multilateral Development Banks (MDBs)	–	–	–	–	–	–	–	–	–	–
Claims on banks exposures	–	61,747,030	–	42,608,295	–	–	62,309,118	686,266	–	167,350,709
Claims on financial institutions	–	1	–	94,507,712	–	–	7,074,152	–	–	101,581,865
Claims on corporates	–	42,158,738	–	19,518,955	–	–	944,794,667	4,318	–	1,006,476,678
Retail claims	61,806,176	17,913,115	–	–	124,167,674	209,562,594	217,923,621	–	–	631,373,180
Claims secured by residential property	–	–	66,930,279	–	–	–	35,170,766	–	–	102,101,045
Claims secured by commercial real estate	–	–	–	–	–	–	–	–	–	–
Non-performing assets (NPAs)	–	–	–	34,615	–	–	19,603,489	11,227,079	–	30,865,183
Higher-risk categories	–	–	–	–	–	–	–	–	2,707,472	2,707,472
Cash items and other assets	56,268,184	11,426,140	–	–	–	–	47,546,534	–	–	115,240,858
Total	912,134,746	234,009,064	66,930,279	176,990,372	124,167,674	209,562,594	1,409,919,396	11,917,663	2,707,472	3,148,339,260

Disclosure 10

Market risk under standardised measurement method

	GROUP		BANK	
As at December 31,	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
(a) Capital charge for interest rate risk	15,172,733	12,689,418	15,172,733	12,689,418
General interest rate risk	1,410,841	696,843	1,410,841	696,843
(i) Net long or short position	1,410,841	696,843	1,410,841	696,843
(ii) Horizontal disallowance	–	–	–	–
(iii) Vertical disallowance	–	–	–	–
(iv) Options	–	–	–	–
Specific interest rate risk	13,761,892	11,992,575	13,761,892	11,992,575
(b) Capital charge for equity	1,413,110	1,060,990	1,413,110	1,060,990
(i) General equity risk	732,476	551,065	732,476	551,065
(ii) Specific equity risk	680,634	509,925	680,634	509,925
(c) Capital charge for foreign exchange and gold	905,040	946,333	897,716	933,244
(d) Capital charge for market risk [(a) + (b) + (c)]	17,490,883	14,696,741	17,483,559	14,683,652
Total risk-weighted amount for Market Risk [(d)*100/Minimum total CAR]	124,934,879	104,976,721	124,882,564	104,883,229

Disclosure 11

Operational risk under the Alternative Standardised Approach (ASA) – Group

As at December 31,			2025			2024		
			Gross income			Gross income		
	Capital charge factor	Fixed factor	1st year Rs. '000	2nd year Rs. '000	3rd year Rs. '000	1st year Rs. '000	2nd year Rs. '000	3rd year Rs. '000
Corporate finance	18%		1,115,724	827,168	1,378,006	173,645	450,187	200,112
Trading and sales	18%		(4,827,850)	7,410,072	14,174,026	(16,756,412)	(13,578,729)	12,851,992
Payment and settlement	18%		1,396,515	1,474,716	1,578,497	1,110,697	1,396,515	1,474,716
Agency services	15%		–	–	–	–	–	–
Asset management	12%		–	–	–	–	–	–
Retail brokerage	12%		–	–	–	–	–	–
Sub total (a)			(2,315,611)	9,711,956	17,130,529	(15,472,070)	(11,732,027)	14,526,820
Retail banking (loans and advances)	12%	0.035	408,529,247	480,995,744	614,348,012	588,196,576	574,202,213	707,222,764
Commercial banking (loans and advances)	15%	0.035	1,783,384,519	1,886,323,514	2,222,865,300	1,509,866,445	1,623,035,579	1,660,096,497
Sub total (b)			2,191,913,766	2,367,319,258	2,837,213,312	2,098,063,021	2,197,237,792	2,367,319,261
Total (a) + (b)			2,189,598,155	2,377,031,214	2,854,343,841	2,082,590,951	2,185,505,765	2,381,846,081
Capital charge for operational risk			11,078,592	13,671,533	17,333,799	10,397,225	10,932,586	14,300,671
Average capital charge (c)					14,027,975			11,876,827
RWA for operational risk [(c)*100/Minimum total CAR]					100,199,819			84,834,481

Operational risk under the Alternative Standardised Approach (ASA) – Bank

As at December 31,			2025			2024		
			Gross income			Gross income		
	Capital charge factor	Fixed factor	1st year Rs. '000	2nd year Rs. '000	3rd year Rs. '000	1st year Rs. '000	2nd year Rs. '000	3rd year Rs. '000
Corporate finance	18%		1,115,724	827,168	1,378,006	173,645	450,187	200,112
Trading and sales	18%		(5,147,012)	6,578,926	12,899,343	(17,249,910)	(13,897,891)	12,020,846
Payment and settlement	18%		1,396,515	1,474,716	1,578,497	1,110,697	1,396,515	1,474,716
Agency services	15%		–	–	–	–	–	–
Asset management	12%		–	–	–	–	–	–
Retail brokerage	12%		–	–	–	–	–	–
Sub total (a)			(2,634,773)	8,880,810	15,855,846	(15,965,568)	(12,051,189)	13,695,674
Retail banking (loans and advances)	12%	0.035	397,826,555	466,656,609	591,316,914	579,990,934	563,499,521	692,883,629
Commercial banking (loans and advances)	15%	0.035	1,728,671,213	1,835,728,789	2,155,940,714	1,459,568,655	1,568,322,273	1,609,501,772
Sub total (b)			2,126,497,768	2,302,385,398	2,747,257,628	2,039,559,589	2,131,821,794	2,302,385,401
Total (a) + (b)			2,123,862,995	2,311,266,208	2,763,113,474	2,023,594,021	2,119,770,605	2,316,081,075
Capital charge for operational risk			10,746,395	13,196,080	16,656,272	10,098,697	10,600,390	13,825,216
Average capital charge (c)					13,532,916			11,508,101
RWA for operational risk [(c)*100/Minimum total CAR]					96,663,686			82,200,721

Disclosure 12

Differences between accounting and regulatory scopes and mapping of financial statement categories with regulatory risk categories – Bank

As at December 31, 2025	a	b	c	d	e
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory reporting	Subject to credit risk framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets	3,257,948,212	3,257,948,212	3,151,355,605	111,753,532	22,277,894
Cash and cash equivalents	84,937,446	84,937,446	84,937,446	–	–
Balances with Central Banks	38,802,321	38,802,321	38,802,321	–	–
Placements with banks	102,457,000	102,457,000	102,457,000	–	–
Securities purchased under re-sale agreements	20,353,118	20,353,118	20,353,118	–	–
Derivative financial assets	5,422,850	5,422,850	5,422,850	–	–
Financial assets recognised through profit or loss – Measured at fair value	111,753,532	111,753,532	–	111,753,532	–
Financial assets at amortised cost – Loans and advances to other customers	1,903,430,445	1,903,430,445	1,930,869,264	–	–
Financial assets at amortised cost – Debt and other financial instruments	689,347,677	689,347,677	689,347,677	–	–
Financial assets measured at fair value through other comprehensive income	217,991,351	217,991,351	217,991,351	–	–
Investments in subsidiaries	6,958,229	6,958,229	2,973,670	–	3,984,559
Investment in associate	–	–	–	–	–
Property, plant and equipment and right-of-use assets	28,674,833	28,674,833	28,674,833	–	–
Intangible assets	4,464,103	4,464,103	–	–	4,464,103
Deferred tax assets	13,829,232	13,829,232	–	–	13,829,232
Other assets	29,526,075	29,526,075	29,526,075	–	–
Liabilities	2,933,628,789	2,933,628,789	–	–	–
Due to banks	29,724,059	29,724,059	–	–	–
Derivative financial liabilities	1,263,165	1,263,164	–	–	–
Securities sold under repurchase agreements	110,462,494	110,462,494	–	–	–
Financial liabilities at amortised cost – Due to depositors	2,608,851,844	2,608,851,845	–	–	–
Financial liabilities at amortised cost – Other borrowings	14,426,414	14,426,414	–	–	–
Current tax liabilities	25,758,993	25,758,993	–	–	–
Deferred tax liabilities	–	–	–	–	–
Other liabilities and provisions	69,681,255	69,681,255	–	–	–
Due to subsidiaries	138,542	138,542	–	–	–
Subordinated liabilities	73,322,023	73,322,023	–	–	–
Off-balance sheet liabilities	981,204,632	981,204,632	966,448,784	–	–
Guarantees	131,101,565	131,101,565	118,156,756	–	–
Performance bonds	56,865,601	56,865,601	56,865,601	–	–
Letter of credit	165,400,566	165,400,566	165,400,566	–	–
Other contingent items	379,472,609	379,472,609	379,437,064	–	–
Undrawn loan commitments	246,588,796	246,588,796	246,588,797	–	–
Other commitments	1,775,495	1,775,495	–	–	–

Differences between accounting and regulatory scopes and mapping of financial statement categories with regulatory risk categories – Bank (Contd.)

As at December 31, 2025	a	b	c	d	e
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory reporting	Subject to credit risk framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Shareholders' equity	324,319,423	324,319,423	–	–	–
Equity capital (stated capital)/assigned capital: Of which amount eligible for CET1	91,557,690	91,557,690	–	–	–
Of which amount eligible for AT1	–	–	–	–	–
Retained earnings	17,281,960	17,281,960	–	–	–
Accumulated other comprehensive income	2,063,655	2,063,655	–	–	–
Other reserves	213,416,118	213,416,118	–	–	–

Disclosure 13

Bank Risk Management Approach

Effective risk management is at the core of the Bank's value creation model as it accepts risk in the normal course of business. Significant resources are devoted to this critical function to ensure that it is well articulated, communicated and understood by all employees of the Bank as it is a shared responsibility. It is a dynamic and disciplined function increasing in sophistication and subject to stringent oversight by regulators and other stakeholders. The overarching objectives are to ensure that risks accepted are in line with the Bank's risk appetite and strategic priorities and that there is an appropriate trade-off between risk and reward enabling delivery of value to key stakeholders. The risk governance structure, responsibilities attributed throughout the bank, risk management framework, objectives, strategies, policy framework, risk appetite and tolerance limits for key risk types, and the overall risk management approach of the Bank are discussed in the section on "Risk Governance and Management" on pages 273 to 296.

Disclosure 14

Risk management related to key risk exposures

The quantitative disclosures relating to key risk areas such as credit, market, liquidity, operational, Environmental, Social, and Governance are presented and discussed in the Section on "Risk Governance and Management" on pages 273 to 296 and in Note 66 of the Financial Statements on Financial Risk Review on pages 437 to 469.

D-SIB Assessment Exercise - 2025 (As per the CBSL Direction No. 2 of 2025)

	GROUP	
	2025 Rs. '000	2024 Rs. '000
Size indicator		
Section 1 – Total exposures	4,033,433,165	3,386,553,765
Interconnectedness indicators		
Section 2 – intra-financial system assets (a + b + c + d)	275,823,936	195,442,738
a. Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended) (i + ii)	266,039,387	186,868,683
(i) Funds deposited	165,854,437	153,652,159
(ii) Lending	100,184,950	33,216,524
b. Holdings of securities issued by other financial institutions	1,942,350	1,389,076
c. Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	1,459,853	2,276,806
d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to market value	6,382,346	4,908,173
Section 3 – Intra-financial system liabilities (a + b + c)	136,967,194	73,313,177
a. Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained) (i + ii)	133,737,817	72,404,515
(i) Funds deposited	51,655,803	40,504,902
(ii) Borrowings	82,082,014	31,899,613
b. Net negative current exposure of securities financing transactions with other financial institutions	1,198,656	–
c. Over-the-counter derivatives with other financial institutions that have a net negative mark to market value	2,030,721	908,662
Section 4 – Securities outstanding	72,132,874	55,878,920
Substitutability/Financial institution infrastructure indicators		
Section 5 – Payments made in the reporting year (excluding intragroup payments)	18,867,986,450	15,616,748,069
Section 6 – Gross Loans and Receivables to Non-bank Customers (excluding Government)	1,966,212,141	1,466,106,195
Section 7 – Deposits of Non-bank Customers (excluding Government)	2,582,985,688	2,220,445,554
Complexity indicators		
Section 8 – Notional Amount of Over-the-Counter (OTC) Derivatives	300,211,469	218,933,574
Section 9 – Cross-Jurisdictional Claims (excluding derivatives and intragroup claims)	563,896,886	229,242,134
Section 10 – Cross-jurisdictional Liabilities (excluding derivatives and intragroup liabilities)	510,678,422	169,211,581
Section 11 – Trading and Available for Sale (AFS) Securities (a+b+c)	337,933,936	399,160,012
a. debt instruments	325,691,002	389,623,299
b. equity securities	6,820,084	5,272,442
c. derivatives	5,422,850	4,264,271

Annex 3: Compliance with SLFRS Sustainability-related Financial Disclosures

Code	Element Label	Element Type	Reference	Page Number
SG	**Governance**			
SG – 1	Disclosure of identity of governance body(s) or individual(s) responsible for oversight of sustainability-related risks and opportunities (including climate-related risks and opportunities)			
SG – 1.1	Disclosure of how responsibilities for sustainability-related risks and opportunities (including climate-related risks and opportunities) are reflected in terms of reference, mandates, role descriptions and other related policies applicable to responsible body(s) or individual(s)	Text block	SLFRS S1.27 a (i), SLFRS S2.6 a (i)	145 and 146
SG – 1.2	Disclosure of how responsible body(s) or individual(s) determines that appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities (including climate-related risks and opportunities)	Text block	SLFRS S1.27 a (ii), SLFRS S2.6 a (ii)	146
SG – 1.3	Disclosure of how and how often responsible body(s) or individual(s) is informed about sustainability-related risks and opportunities (including climate-related risks and opportunities)	Text block	SLFRS S1.27 a (iii), SLFRS S2.6 a (iii)	146, 148
SG – 1.4	Disclosure of how responsible body(s) or individual(s) takes into account sustainability-related risks and opportunities (including climate-related risks and opportunities) when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies,	Text block	SLFRS S1.27 a (iv), SLFRS S2.6 a (iv)	146
	Whether the responsible body(s) or individual(s) considered trade-offs associated with climate-related risks and opportunities	True/False	SLFRS S2.6 a (iv)	TRUE
SG – 1.5	Disclosure of how the responsible body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities (including climate-related risks and opportunities), and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies	Text block	SLFRS S1.27 a (v), SLFRS S2.6 a (v)	146
SG – 1.6	Disclosure of whether and how sustainability-related performance metrics (including climate-related performance metrics) are included in remuneration policies.	Text block	SLFRS S1.27 a (v), SLFRS S2.6 a (v)	146
SG – 2	Disclosure of management's role in governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities (including climate-related risks and opportunities)			
SG – 2.1	Disclosure of whether management's role in governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities (including climate-related risks and opportunities) is delegated to specific management-level position or management-level committee and how oversight is exercised over that position or committee	Text block	SLFRS S1.27 b (i), SLFRS S2.6 b (i)	147
	Management's role in governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities is delegated to specific management-level position or management-level committee	True/False	SLFRS S2.6 b (i)	TRUE
SG – 2.2	Disclosure of whether management uses controls and procedures to support oversight of sustainability-related risks and opportunities (including climate-related risks and opportunities), and how those are integrated with other internal functions	Text block	SLFRS S1.27 b (ii), SLFRS S2.6 b (ii)	148
	Management uses controls and procedures to support oversight of climate-related risks and opportunities	True/False	SLFRS S2.6 b (ii)	TRUE
SS	**Strategy**			
SS – 1	Disclosure of climate-related risks or opportunities			
SS – 1.1	The disclosure of a climate-related risk or opportunity that could reasonably be expected to affect the entity's prospects.	Text block	SLFRS S2.10 a SLFRS S2.10 b SLFRS S2.10 c	154 to 161
SS – 1.2	Disclosure of how entity defines time horizon Disclosure of how definition of time horizon(s) is linked to planning horizons used by entity for strategic decision-making	Text block	SLFRS S2.10 d	142 154 to 161
SS – 2	Business model and value chain			
SS – 2.1	Disclosure of current and anticipated effects of climate-related risks and opportunities on business model and value chain	Text block	SLFRS S2.13	154 to 161
SS – 3	Strategy and decision-making			
SS – 3.1	Disclosure of how the entity has responded to, and plans to respond to climate-related risks and opportunities in its strategy and decision-making	Text block	SLFRS S2.14 a	154 to 161
SS – 3.2	Disclosure of climate-related transition plan	Text block	SLFRS S2.14 a (iv)	153
SS – 3.3	Disclosure of how entity is resourcing, and plans to resource, activities disclosed in relation to entity's response to climate-related risks and opportunities in strategy and decision-making	Text block	SLFRS S2.14 b	154 to 161

Code	Element Label	Element Type	Reference	Page Number
SS – 3.4	Disclosure of progress against plans entity has disclosed in previous reporting periods	Text block	SLFRS S2.14 c	154 to 161
SS – 4	Financial position, financial performance and cash flows			
SS – 4.1	Disclosure of current financial effects of climate-related risks and opportunities	Text block	SLFRS S2.16 a, SLFRS S2.16 b	154 to 161
SS – 4.2	Disclosure of anticipated financial effects of climate-related risks and opportunities	Text block	SLFRS S2.16 c, SLFRS S2.16 d	Transitional relief note 9 (d) page 143
SS – 5	Resilience			
SS – 5.1	Disclosure of entity's assessment of its climate resilience	Text block	SLFRS S2.22 a	Transitional relief note 9 (e) page 143
SS – 5.2	Disclosure of how and when climate-related scenario analysis was carried out	Text block	SLFRS S2.22 b	
SRM	**Risk management**			
SRM – 1	Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks	Text block	SLFRS S2.25 a	150 - 152
SRM – 1.1	Disclosure of whether and how entity uses scenario analysis to inform its identification of climate-related risks	Text block	SLFRS S2.25 a (ii)	Transitional relief note 9 (e) page 143
SRM– 1.2	Disclosure of whether and how entity changed processes it uses to identify, assess, prioritise and monitor climate-related risks for risk-management purposes compared with prior reporting period	Text block	SLFRS S2.25 a (vi)	152
SRM – 2	Disclosure of processes entity uses to identify, assess, prioritise and monitor climate-related opportunities	Text block	SLFRS S2.25 b	152
SRM – 2.1	Disclosure of whether and how entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	Text block	SLFRS S2.25 b	Transitional relief note 9 (e) page 143
SRM – 3	Disclosure of extent to which and how processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into or inform entity's overall risk management process	Text block	SLFRS S2.25 c	152
SMT	**Metrics and targets**			
SMT – 1	Cross-industry climate-related metrics			
SMT – 1.1	Gross scope 1 greenhouse gas emissions	Emissions	SLFRS S2.29 a (i.1)	162
SMT – 1.2	Gross scope 2 greenhouse gas emissions	Emissions	SLFRS S2.29 a (i.2)	162
SMT – 1.3	Gross scope 3 greenhouse gas emissions	Emissions	SLFRS S2.29 a (i.3)	Transitional relief note 9 (c) page 143
SMT – 1.4	Disclosure of approach entity uses to measure its greenhouse gas emissions	Text block	SLFRS S2.29 a (iii.1)	162 and 163
SMT – 1.5	Disclosure of any contractual instruments that inform understanding of scope 2 greenhouse gas emissions	Text block	SLFRS S2.29 a (v)	163
SMT – 1.6	Disclosure of details of inclusion within scope 3 greenhouse gas emissions	Text block	SLFRS S2.29 a (vi.1)	Transitional relief note 9 (c) page 143
SMT – 2	Disclosure of amount and percentage of assets or business activities vulnerable to climate-related transition risks	Text block	SLFRS S2.29 b	165
SMT – 3	Disclosure of amount and percentage of assets or business activities vulnerable to climate-related physical risks	Text block	SLFRS S2.29 c	164
SMT – 4	Disclosure of amount and percentage of assets or business activities aligned with climate-related opportunities	Text block	SLFRS S2.29 d	166
SMT – 5	Disclosure of amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	Text block	SLFRS S2.29 e	166
SMT – 6	Internal carbon prices	Text block	SLFRS S2.29 f	166
SMT – 7	Remuneration disclosure	Text block	SLFRS S2.29 g	166
SMT – 8	Disclose Industry based metrics	Text block	SLFRS S2.32	167 and 168
SMT – 9	Disclosure of climate-related targets	Text block	SLFRS S2.33 a SLFRS S2.33 b SLFRS S2.33 c SLFRS S2.33 d SLFRS S2.33 e SLFRS S2.33 f SLFRS S2.33 g	169 to 171

Annex 4: GRI content index

Statement of use: Commercial Bank of Ceylon PLC has reported in reference with the GRI Standards for the period January 01, 2025 to December 31, 2025.

GRI 1 used: GRI 1: Foundation 2021

GRI Standard/ Other source	Disclosure	Location		Omission		
		Page No.	Report commentary title	Requirement(s) omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	Inner back cover	Corporate Information			
		12 and 13	About Commercial Bank of Ceylon PLC			
	2-2 Entities included in the organisation's sustainability reporting	7	Introducing our 57th Annual Report – "Reporting period, boundary, and scope"			
	2-3 Reporting period, frequency and contact point	7	Introducing our 57th Annual Report – "Reporting period, boundary, and scope"			
		10	Introducing our 57th Annual Report – "Your feedback matters"			
	2-4 Restatements of information	7	Introducing our 57th Annual Report – "Reporting period, boundary, and scope"			
	2-5 External assurance	4	Annual Report of the Board of Directors – "Integrated reporting and strategic focus", "Board's Responsibility" , "External Assurances"			
		7	Introducing our 57th Annual Report – "Integrated reporting framework and standards"			
		532 to 536	Annex 7 – Independent Assurance Reports			
	2-6 Activities, value chain and other business relationships	11 to 13	About Commercial Bank of Ceylon PLC			
		66 and 67	Our Business Model for Sustainable Value Creation			
		123	Sustainable Supply Chain			
	2-7 Employees	117	Table 16: Employees by Type and Gender – Bank			
	2-8 Workers who are not employees	117	Table 16: Employees by Type and Gender – Bank			
	2-9 Governance structure and composition (a) Governance structure (b) List of Board Committees (c) Composition of the Board	216 to 232	Annual Corporate Governance report			
	2-10 Nomination and selection of the highest governance body	225	Appointments and retirements/ resignations of Directors (Principle A.7)			
		226	Re-election/election of Directors (Principles A.8 and A.9.3)			
		241 to 243	Report of the Board Nominations and Governance Committee			
	2-11 Chair of the highest governance body	222	Segregation of roles and responsibilities of Chairman and Chief Executive Officer (Principles A.2 and A.3)			
	2-12 Role of the highest governance body in overseeing the management of impacts	216 to 232	Annual Corporate Governance Report			
		222	Roles, responsibilities (Principles A.1.2, A.1.5, D.2) Board oversight of risk management (Principle D.2)			
		222	Segregation of roles and responsibilities of Chairman and Chief Executive Officer (Principles A.2 and A.3)			
		230	Shareholder engagement and voting (Principles C.1, C.2, E, and F)			

GRI Standard/ Other source	Disclosure	Location		Omission		
		Page No.	Report commentary title	Requirement(s) omitted	Reason	Explanation
	2-13 Delegation of responsibility for managing impacts	221	Figure – 62 Governance structure			
		227	Corporate Management, EMC and Other Management Committees			
		218	Corporate governance at the Bank at a glance (Principle D)			
	2-14 Role of the highest governance body in sustainability reporting	231	Sustainability governance: ESG oversight and value creation			
		58	Integrating material matters into strategy and governance			
		78	Bank's Sustainability Framework			
		147	Executive Sustainability Committee (ESC)			
		222	Roles, responsibilities (Principles A.1.2, A.1.5, D.2) and Board oversight of risk management (Principles D.2)			
	2-15 Conflicts of interest	226	Conflicts of interest and related party transactions (Principle D.5, D.6.1)			
		246 and 247	Report of the Board Related Party Transactions Review Committee			
		271 and 272	Directors' Interest in Contracts with the Bank			
		430 to 435	Note 62 – Related party disclosures			
	2-16 Communication of critical concerns	224	Board processes and meetings (Principles A.1.1, A.1.3, A.1.5, A.1.6)			
		229	Whistleblowing (Principle D.6.4)			
	2-17 Collective knowledge of the highest governance body	222	Board balance and diversity (Principles A.1, A.4, A.5.1)			
		223	Board of Directors' industry/ background experience			
		226	Induction and training of Directors (Principle A.1.8)			
	2-18 Evaluation of the performance of the highest governance body	227	Board and Committee evaluations (Principle A.9)			
	2-19 Remuneration policies	228	Directors' and Executive remuneration (Principles A.10, B.1, B.2, and B.3)			
		244 and 245	Report of the Board Human Resources and Remuneration Committee			
	2-20 Process to determine remuneration	228	Directors' and executive remuneration (Principles A.10, B.1, B.2, and B.3)			
		244 and 245	Report of the Board Human Resources and Remuneration Committee			
	2-21 Annual total compensation ratio			2-21	Confidentiality constraints	Industry does not disclose this information due to confidentiality reasons.
	2-22 Statement on sustainable development strategy	26 to 28	Leadership and their perspectives – Chairman's message			
	2-23 Policy commitments	4 and 5	Annual Report of the Board of Directors			
		106 to 125	Responsible Organisation			
		126 to 139	Community Engagement			
		277	Integrated Risk Management Framework			

GRI Standard/ Other source	Disclosure	Location		Omission	
		Page No.	Report commentary title	Requirement(s) omitted	Reason Explanation
	2-24 Embedding policy commitments	106 to 125	Responsible Organisation		
		126 to 139	Community Engagement		
		279	Risk appetite, risk profile and monitoring		
		282	Managing principle risks		
	2-25 Processes to remediate negative impacts	58	Integrating material matters into strategy and governance		
		228 and 229	Code of Ethics, Whistleblowing, Anti-bribery and Anti-corruption and Group Conduct Risk Management Policy Framework		
		275	Governance, accountability and risk culture		
	2-26 Mechanisms for seeking advice and raising concerns	229	Whistleblowing (Principle D.6.4)		
		473	Annex 1.1: 3 (1) (e) Communication with all stakeholders		
	2-27 Compliance with laws and regulations	4 to 5	Annual Report of the Board of Directors		
	2-28 Membership associations	78	Bank's Sustainability Framework		
	2-29 Approach to stakeholder engagement	54 to 57	Stakeholder engagement		
	2-30 Collective bargaining agreements	57	Stakeholder engagement – "Employees"		
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	58 to 65	Material Matters		
	3-2 List of material topics	60 to 65	Material Matters – holistic view		
	3-3 Management of material topics	60 to 65	Material Matters – holistic view		
Economic performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	528	Annex 5: Our Sustainability Footprint		
	201-2 Financial implications and other risks and opportunities due to climate change	109	Climate Position Statement of Commercial Bank of Ceylon PLC		
	201-3 Defined benefit plan obligations and other retirement plans	406	Note 48.3 to the Financial Statements – Unfunded pension scheme		
		408	Note 48.5 to the Financial Statements – Employee retirement benefit		
	201-4 Financial assistance received from Government	The Bank did not receive financial assistance from the Government during the year under review.			
Indirect economic impacts					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	126 to 139	Community Engagement		
	203-2 Significant indirect economic impacts	90 to 99	Financial Inclusion		
Anti-corruption					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	114	Anti-bribery and Anti-corruption		
	205-2 Communication and training about anti-corruption policies and procedures	114	Anti-Bribery and Anti-Corruption Policy Training Coverage		
		229	Anti-bribery and Anti-corruption (Principle D.6.1)		
	205-3 Confirmed incidents of corruption and actions taken	The Bank did not come across incidents of corruption during the year 2025			

GRI Standard/ Other source	Disclosure	Location		Omission		
		Page No.	Report commentary title	Requirement(s) omitted	Reason	Explanation
Anti-competitive behaviour						
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	425	There were no legal proceedings relating to anti-competitive behaviour, anti-trust, and monopoly practices during the year 2025. Note 59 to the Financial Statements- Litigations against the Bank			
Tax						
GRI 207: Tax 2019	207-1 Approach to tax	338 and 339	9. Material Accounting Policies – Taxes and Levies			
	207-2 Tax governance, control, and risk management	338 and 339	9. Material Accounting Policies – Taxes and Levies			
	207-3 Stakeholder engagement and management of concerns related to tax	56	Figure 10 – Mode and Frequency of Stakeholder Engagement			
	207-4 Country-by-country reporting	338 and 339	9. Material Accounting Policies – Taxes and Levies			
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	528	Annex 5: Our Sustainability Footprint			
	302-2 Energy consumption outside of the organisation			302-2	Not applicable	Due to the nature of the operations of the Bank
	302-3 Energy intensity			302-3	Not applicable	Due to the nature of the operations of the Bank
	302-4 Reduction of energy consumption	110	Table – 13 Utility power consumption and GHG emissions			
	302-5 Reductions in energy requirements of products and services			302-5	Not applicable	Due to the nature of the operations of the Bank
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	528	Annex 5: Our Sustainability Footprint			
	305-2 Energy indirect (Scope 2) GHG emissions	528	Annex 5: Our Sustainability Footprint			
	305-3 Other indirect (Scope 3) GHG emissions			305-3	Information unavailable/ incomplete	Transitional Relief from SLFRS S2
	305-4 GHG emissions intensity	113	Figure – 42 Targets and metrics	305-4		
	305-5 Reduction of GHG emissions	113	Figure – 42 Targets and metrics	305-5		
	305-6 Emissions of ozone-depleting substances (ODS)			305-6	Not applicable	Due to the nature of the operations of the Bank
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			305-7	Not applicable	Due to the nature of the operations of the Bank
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	118	Table – 17 New Employee Hires/ Recruitments			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	335	Note 7.8 Employee benefits			
	401-3 Parental leave	120	Table – 20 Retention Rate After Maternity Leave			

GRI Standard/ Other source	Disclosure	Location		Omission		
		Page No.	Report commentary title	Requirement(s) omitted	Reason	Explanation
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	114 to 122	Workplace Culture			
	403-2 Hazard identification, risk assessment, and incident investigation	114 to 122	Workplace Culture			
	403-3 Occupational health services			403-3	Not applicable	
	403-4 Worker participation, consultation, and communication on occupational health and safety			403-4	Not applicable	
	403-5 Worker training on occupational health and safety			403-5	Not applicable	
	403-6 Promotion of worker health	114 to 122	Workplace Culture			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			403-7	Not applicable	
	403-8 Workers covered by an occupational health and safety management system			403-8	Not applicable	
	403-9 Work-related injuries					
	403-10 Work-related ill health			403-10	Not applicable	
Training and education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	528	Annex 5: Our Sustainability Footprint			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	114 to 122	Workplace Culture			
	404-3 Percentage of employees receiving regular performance and career development reviews	528	Annex 5: Our Sustainability Footprint			
Diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	528	Annex 5: Our Sustainability Footprint			
	405-2 Ratio of basic salary and remuneration of women to men	528	Annex 5: Our Sustainability Footprint			
Customer privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Bank did not identify any substantiated complaints of customer privacy breaches, identified leaks, thefts or losses of customer data.				

Non-GRI disclosures	Instability and lack of policy consistency	49 to 53	Operating environment and Outlook
	Economic slowdown	49 to 53	Operating environment and Outlook
	Directed lending	180 and 181	Financial Inclusion: Impact and vision for SMEs
	Higher regulatory capital	178	Financial Review – Capital
	Envisaged upturn in private sector credit and improvement in asset quality	49 to 53	Operating environment and Outlook

Annex 5: Our sustainability footprint (GRI disclosures – 5 year summary)

Indicator		Unit of Measure	2025	2024	2023	2022	2021
201-1	Direct economic value: (LA)	Rs. Mn.					
	Generated		354,811	266,944(*)	335,770	275,444	160,886
	Distributed to:		290,990	291,775	280,943	183,028	118,366
	Depositors		157,320	155,038	209,515	136,583	65,832
	Employees		28,841	26,914	21,972	19,113	16,321
	Business Partners		38,253	32,949	23,905	12,782	12,762
	Government		49,052	61,352	16,575	8,844	14,361
	Shareholders		17,173	15,301	8,542	5,579	8,957
	Community		351	221	434	127	133
	Retained		63,821	(24,831)	54,827	92,416	42,520
302-1	Electricity consumption within the organisation (LA)	Gigajoules	48,941	48,129	46,971	38,416	42,906
305-1	Direct (Scope 1) GHG emissions	CO_2 Tonnes.	862	630	868	1,880	1,203
305-2	Energy indirect (Scope 2) GHG emissions	CO_2 Tonnes.	6,173	6,669	5,586	6,496	7,144
404-1	Average training hours (LA)	Hours					
	Female		7	7	7	26	2
	Corporate Management		4	5	5	18	3
	Executive Officers		5	5	5	15	5
	Executive Assistants & Allied Grades		6	5	5	28	3
	Banking & Graduate Trainees		14	12	12	50	10
	Male		8	7	7	29	3
	Corporate Management		8	9	9	17	7
	Executive Officers		5	5	5	19	5
	Executive Assistants & Allied Grades		5	4	4	36	3
	Banking & Graduate Trainees		14	10	10	50	8
404-3	Percentage of employees receiving performance and career development reviews (LA) **	%					
	Female		100.00	100.00	100.00	100.00	100.00
	Male		100.00	100.00	100.00	100.00	100.00
405-1	Diversity and equal opportunity (LA)	%					
	Board of Directors						
	Gender						
	Female		27.27	25.00	25.00	27.27	25.00
	Male		72.73	75.00	75.00	72.73	75.00
	Age group						
	18-30 Years		0.00	0.00	0.00	0.00	0.00
	31-50 Years		9.09	8.33	16.67	18.18	16.67
	Above 50 Years		90.91	91.67	83.33	81.82	83.33

Indicator		Unit of Measure	2025	2024	2023	2022	2021
	All Employees						
	Gender						
	Female		33.11	30.27	30.27	23.76	23.68
	Male		66.89	69.73	69.73	76.24	76.32
	Age group						
	18-30 Years		42.19	39.57	39.45	32.65	33.12
	31-50 Years		48.62	50.74	50.76	57.82	58.44
	Above 50 Years		9.19	9.69	9.78	9.53	8.44
405-2	Remuneration ratio men to women (LA)	Male: Female					
	Corporate Management		1:0.80	1:0.81	1:0.77	1:0.75	1:0.70
	Executive Officers		1:0.99	1:1.01	1:1.05	1:1.04	1:1.06
	Junior Executive Assistants & Allied Grades		1:0.92	1:0.99	1:1.04	1:1.08	1:1.08
	Banking & Graduate Trainees		1:0.93	1:0.97	1:0.99	1:0.99	1:0.98
	Office Assistants & Other		1:1.27	1:1.45	1:0.93	1:1.19	1:0.84
418-1	Substantiated Complaints (LA)		The Bank did not identify any substantiated complaints of customer privacy breaches, identified leaks, thefts or losses of customer data.				

** The reduction in Direct Economic Value Generated for the year ended December 31, 2024 was due to net day-01 loss on restructuring of SLSBs amounted to LKR 45.108 Bn.*

*** All permanent employees (Excluding Office Assistants) receive a performance appraisal*

Annex 6: Correspondent banks and remittance partners

Correspondent banks

01. Canada

Bank of Montreal (CAD)
Toronto
BIC: BOFMCAM2
A/C: 31441044203 and 31441044190*

02. United States of America

Bank of America NT and SA (USD)
San Francisco
BIC: BOFAUS6S
A/C: 6290890098

Citi Bank (USD)
New York
BIC: CITIUS33
A/C: 36141446 and 36241316*

Deutsche Bank Trust Company Americas (USD)
New York
BIC: BKTRUS33
A/C: 4034566

JP Morgan Chase Bank (USD)
New York
BIC: CHASUS33
A/C: 400808625 and 717315215*

Mashreq Bank PSC (USD)
New York
BIC: MSHQUS33
A/C: 70012308

Standard Chartered Bank (USD)
New York
BIC: SCBLUS33
A/C: 3582052360001, 3582052360002 and 3582052637001*

Wells Fargo Bank N.A. (USD)
New York
BIC: PNBPUS3NNYC
A/C: 2000191002407

03. United Kingdom

Bank of Ceylon (UK) Limited (GBP)
London
BIC: BCEYGB2L
A/C: 88001377

Standard Chartered Bank (GBP)
London
BIC: SCBLGB2L
A/C: 1804813401, 01270435801* and 01271474401*

04. Norway

Den Norske Bank (NOK)
Oslo
BIC: DNBANOKK
A/C: 7002.02.04808

05. Sweden

Skandinaviska Enskilda Banken (SEK)
Stockholm
BIC: ESSESESS
A/C: 52018529803

06. Denmark

Nordea Bank Denmark A/S (DKK)
Copenhagen
BIC: NDEADKKK
A/C: 5000408909

07. Germany

Commerz Bank AG (EUR)
Frankfurt
BIC: COBADEFF
A/C: 400872103701 and 400871436200*

Landesbank Baden – Wuerttemberg (EUR)
Stuttgart
BIC: SOLADEST
A/C: 2808451

Standard Chartered Bank (EUR)
Frankfurt
BIC: SCBLDEF
A/C: 18109406,18149205 and 018112204*

Unicredit Bank AG (Hypo Vereins Bank)(EUR)
Munich
BIC: HYVEDEMM
A/C: 69101429

08. Luxembourg

Clearstream Banking S/A
Luxembourg
BIC: CEDELULL
A/C: 52511-USD and 52511-EUR

09. Switzerland

UBS AG (CHF)
Zurich
BIC: UBSWCHZH
A/C: 0230000008540805000W

10. Italy

Banca Intesa BCI (EUR)
Milan
BIC: BCITITMM
A/C: 100100003820

Banco Popolare Society Coperation (EUR)
Verona
BIC: BAPPIT22
A/C: 400000082

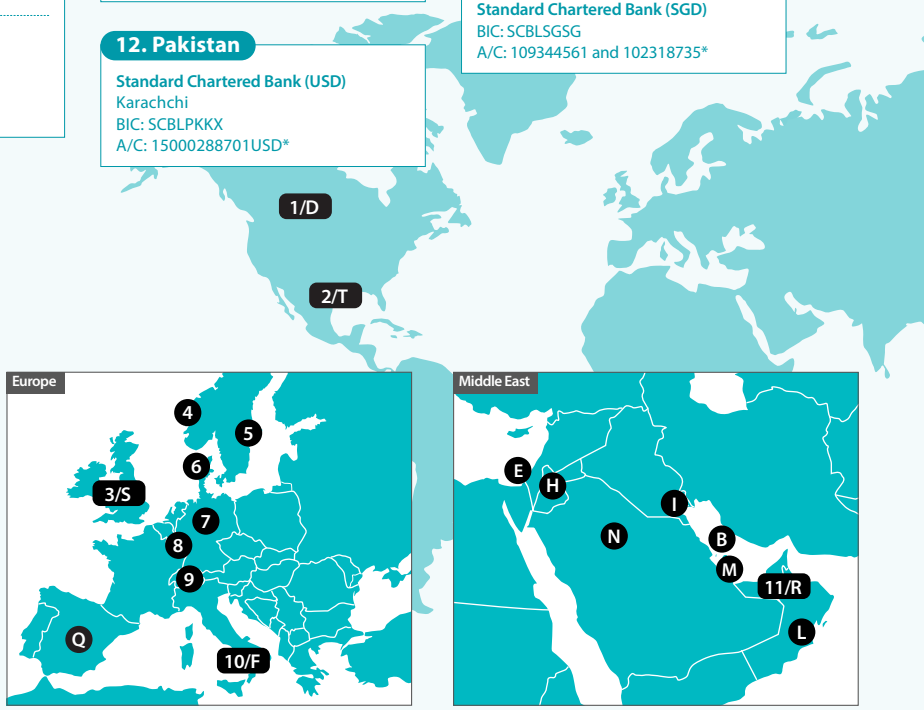
Unicredito Italiano SPA (EUR)
Rome
BIC: UNCRITMM
A/C: 0995 4268

11. United Arab Emirates

Mashreq Bank (AED)
Dubai
BIC: BOMLAEAD
A/C: AE270330000010195511268 and 019030000595*

12. Pakistan

Standard Chartered Bank (USD)
Karachchi
BIC: SCBLPKKX
A/C: 15000288701USD*



13. India

AXIS Bank
Mumbai
BIC: AXISINBBXXX
A/C: (INR) 925020029356070 and (USD) 910020049396568*

ICICI Bank Ltd.
Mumbai
BIC: ICICINBB
A/C: (INR) 039305075029 and (USD) 000406000220*

Indian Bank (INR)
Chennai
BIC: IDIBINBBTSY
A/C: 07395219691

Standard Chartered Bank (INR)
Mumbai
BIC: SCBLINBB
A/C: 22205671264

14. Sri Lanka

Bank of China Colombo Ltd (CNY)
Colombo
BIC: BKCHLKLXXXX
A/C: 100002800004204 and 100002800006325*

Deutsche Bank AG (USD)
Colombo
BIC: DEUTLKLXXXX
A/C: 1040492000

15. Singapore

Citibank NA
BIC: CITISGSG
A/C: (USD) 851122001, (EUR) 851122028 and (GBP) 851122036

Oversea – Chinese Banking Corp Ltd.
BIC: OCBCSGSG
A/C: (USD) 503212862301, (SGD) 695703165001

Standard Chartered Bank (SGD)
BIC: SCBLSGSG
A/C: 109344561 and 102318735*

16. China

Standard Chartered Bank (CNY)
Shanghai
BIC: SCBLCNSX
A/C: 501510533540

17. South Korea

Kookmin Bank (USD)
Seoul
BIC: CZNBKRSE
A/C: 7598USD010 and 7618USD013*

KEB Hana Bank
Seoul
BIC: KOEXKRSE
A/C: 0963THR051080010

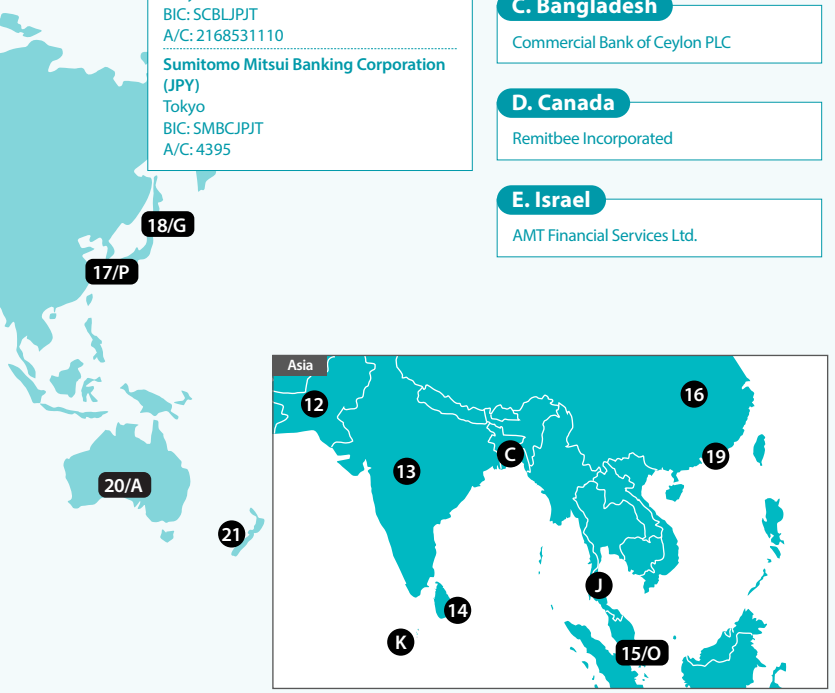
Woori Bank (USD)
Seoul
BIC: HVBKKRSE
A/C: W1027001US

18. Japan

Mufg Bank (JPY)
Tokyo
BIC: BOTKJPJT
A/C: 653-0461318*

Standard Chartered Bank (JPY)
Tokyo
BIC: SCBLJPJT
A/C: 2168531110

Sumitomo Mitsui Banking Corporation (JPY)
Tokyo
BIC: SMBCJPJT
A/C: 4395



19. Hong Kong

Standard Chartered Bank
BIC: SCBLHKHH
A/C: (HKD) 41109468048,
(HKD) 44709419107* and
(CNY) 44709448344

20. Australia

ANZ Banking Group Ltd (AUD)
Melbourne
BIC : ANZBAU3M
A/C: 944306AUD00001

JP Morgan Chase Bank (AUD)
Sydney
BIC: CHASAU2X
A/C: 0086054922

21. New Zealand

ANZ Bank New Zealand Ltd (NZD)
New Zealand
BIC : ANZBNZ22
A/C : 944306NZD00001

Remittance partners

A. Australia

Ceylon Exch. Pty Ltd
Lanka Currency Converter Pty Ltd

B. Bahrain

National Finance & Exch. Co. WLL
NEC B.S.C.(C)

C. Bangladesh

Commercial Bank of Ceylon PLC

D. Canada

Remitbee Incorporated

E. Israel

AMT Financial Services Ltd.

F. Italy

National Exch. Co. SRL

G. Japan

Japan Money Express Co. Ltd.

H. Jordan

Alawneh Exch. Co.
Hekmat Nawras & Partners Exch. Co.
Khalil Al Rahman Exch. Co.
Swiss Exch. Co. LLC

I. Kuwait

Al Ansari Exch. Co. WLL
Al Muzaini Exch. Co.
Al Sultan Exch. Co. WLL
Almulla Int'l Exch. Co. WLL
Aman Exch. Co. WLL
Bahrain Exch. Co. WLL
City Int'l Exch. Co. WLL
Joy Alukkas Exch. Co. WLL
Kuwait Asian Int'l Exch.
Kuwait Bahrain Int'l Exch. Co.
Kuwait Finance House K.S.C.
Lulu Exch. Co. WLL
National Exch. Co. WLL
National Money Exch. WLL
UAE Exch. Centre

J. Malaysia

Moneymatch SDN BHD
Tranglo SDN BHD

K. Maldives

Commercial Bank of Maldives Private Limited

L. Oman

Al Jadeed Exch. LLC
Bank Muscat SAOG
Bank Muscat SAOG – Meethaq Islamic Banking
Global Money Exch. Co. LLC
Joyalukkas Exch. LLC
Laxmidas Tharia Ved & Co.
Lulu Exch. Co. LLC
Modern Exch. Co. LLC
Purshottam Kenji Exch. Co. LLC
Unimoni Exch. LLC
Wasel Exch. SAOC

M. Qatar

Al Dar For Exch. Works
Al Fardan Exch. Co.
Al Mana Exch. WLL
Al Mirqab Exch. Co. WLL
Al Sadd Exch. Co. WLL
Al Zaman Exch. WLL
Arabian Exch. Co. WLL
Doha Bank
Doha Exch.
Eastern Exch. Establishment
Gulf Exch. Co.
Islamic Exch..Co.WLL
Lulu Exch. Co. WLL
Travelex Qatar Co.
Trust Exch. Co. WLL

N. Saudi Arabia

Alrajhi Banking & Investment Corporation
Arab National Bank
Bank Albilad
The Saudi Awwal Bank
The Saudi National Bank

O. Singapore

Ample Transfers Pte. Ltd.
Lulu Money Singapore Pte. Ltd.

P. South Korea

Finshot Inc.
Gmoney Trans Co. Ltd.
Global Money Express Co. Ltd.

Q. Spain

Trans Fast Financial Services S.A.

R. United Arab Emirates

Al Ahalia Money Exch. Bureau
Al Ansari Exch. LLC
Al Dahab Exch.
Al Fardan Exch. LLC
Al Fuad Exch.
Al Ghurair Exch. LLP
Al Ghurair Int'l Exch.
Al Razouki Int'l Exch. Co.
Al Rostamani Int'l Exch.
Blue Remit Ltd.
City Exch.
Delma Exch.
Federal Exch.
G C C Exch.
Index Exch.
Instant Cash F2e
Joyalukkas Exch.
L M Exch. LLC
Lari Exch.
Lulu Int'l Exch. LLC
Orient Exch. Co. LLC
SAAD Exch.
Universal Exch. Centre

S. United Kingdom

GCC Exch. UK Ltd.
Global Exch. Ltd.
iFAST Global Bank Ltd.

T. United States of America

Payoneer Inc.
Placid NK Corporation
Prabhu Group Inc.

Global Partners

Dandelion Payments Inc.
JSC MFI Intelexpress
Mastercard Transaction Services (US) LLC
MoneyGram
Muthoot Finance USA Inc.
Visa Payments Ltd.
Western Union

* Accounts of Bangladesh Operations.

Annex 7: Independent Assurance Reports

Annex 7.1: Independent Practitioners' Limited Assurance Report to the Board of Directors of Commercial Bank of Ceylon PLC - Report on the Content Elements included in Commercial Bank of Ceylon PLC's Integrated Annual Report for the year ended December 31, 2025

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Internet : www.kpmg.com/lk

Conclusion

We have performed a limited assurance engagement on whether the Content Elements ("Subject matter Information" or "SMI") in Commercial Bank of Ceylon PLC's ("the Bank") Integrated annual report for the year ended December 31, 2025 have been prepared in accordance to the IFRS Foundation's International<IR> Framework ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Content Elements in the Integrated Report of Commercial Bank of Ceylon PLC for the year ended December 31, 2025 are not prepared, in all material respects, in accordance with the Criteria.

Our conclusion on the SMI as mentioned above does not extend to other information that accompanies or contains the SMI and our assurance report.

Basis for conclusion

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

Intended use or purpose

We have been engaged by the Board of Directors of Commercial Bank of Ceylon PLC to provide limited assurance on whether the SMI have been prepared in accordance with the Criteria.

Restriction on use or distribution

This report has been prepared for the Board of Directors of Commercial Bank of Ceylon PLC for the purpose of providing an assurance conclusion on whether the SMI in the Commercial Bank of Ceylon PLC's Integrated Annual Report for the Year ended December 31, 2025 has been prepared in accordance with the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Commercial Bank of Ceylon PLC, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Commercial Bank of Ceylon PLC, for any purpose or in any other context. Any party other than Commercial Bank of Ceylon PLC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Commercial Bank of Ceylon PLC for our work, for this independent assurance report, or for the conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Responsibilities of Management for the SMI.

- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Determining that the criteria is appropriate to meet the needs of intended users, being the Bank's Board Directors and any other intended users.
- Preparing and presenting the SMI in accordance with the criteria set out in the IFRS Foundation's International<IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Design and implementation of internal controls that the Bank determines necessary to enable the preparation and presentation of the SMI that is free from material misstatement, whether due to fraud or error.
- Ensuring the Bank's strategy is well-presented in the SMI and reflects how the Bank creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;

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Ms. B.K.D.T.N. Rodrigo FCA
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- Identifying material issues and reflecting those in the SMI; and
- Preparation and fair presentation of the SMI;
- Informing us of any known and/or contentious issues relating to the SMI.
- Preventing and detecting of fraud and ensuring that the Bank complies with laws and regulations applicable to its activities;
- Process to ensure that the Bank's personnel involved with the preparation and presentation of the SMI are properly trained, systems are properly updated and that any changes in reporting is relevant to SMI encompass all significant business units.
- The responsibility also includes informing changes in the Bank's Operations since the date of our most recent assurance report on the SMI.
- The maintenance and integrity of Commercial Bank of Ceylon PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Commercial Bank of Ceylon PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Commercial Bank of Ceylon PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Bank's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected. Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of Commercial Bank of Ceylon PLC.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI , other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

1. Assessing the suitability of the criteria used by the Bank in preparing SMI;
2. Through inquiries, obtained an understanding of the Bank's control environment, processes and information systems relevant to the preparation of the Information subject to Limited Assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
3. Obtaining an understanding of the relevant internal policies and procedures developed by the Bank, including those relevant to determining what matters most to the Bank's stakeholders, how the Bank creates value, the Bank's external environment, strategy, governance and reporting.
4. Obtaining an understanding of the description of the Bank's strategy and how the Bank creates value in the SMI and enquiring of management as to whether the description accurately reflects their understanding;
5. Assessing of the alignment between the Bank's strategy, the disclosures on how the Bank creates value and what matters most to the Bank's stakeholders.
6. Checking Board minutes to ensure consistency with the SMI.
7. Evaluated the overall presentation of the Information subject to Limited Assurance to determine whether it is consistent with the criteria and in line with our overall knowledge of, and experience with, the Bank's processes.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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February 26, 2026
Colombo

Annex 7.2: Independent Practitioners' Limited Assurance Report to the Board of Directors of Commercial Bank of Ceylon PLC – Report on selected indicators included in Commercial Bank of Ceylon PLC's Integrated Annual Report for the year ended December 31, 2025

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Conclusion

We have performed a limited assurance engagement on whether the selected sustainability related indicators as defined in annexure A ("Subject matter Information" or "SMI") in Commercial Bank of Ceylon PLC's ("the Bank") Integrated annual report for the year ended December 31, 2025 have been prepared with reference to the selected Global Reporting Initiative Standards 2021 as mentioned in Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected sustainability related indicators as defined in annexure A of Commercial Bank of Ceylon PLC for the year ended December 31, 2025 are not prepared, in all material respects, with reference to the Criteria.

The SMI subject to our limited assurance engagement are listed in Annexure A. The assured sustainability information is underlined and marked with **"LA"** in the Integrated Annual Report, and the corresponding GRI indicators are also provided in Annexure A.

Our conclusion on the SMI as defined in annexure A does not extend to other information that accompanies or contains the SMI as defined in annexure A and our assurance report.

Basis for conclusion

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

Intended use or purpose

We have been engaged by the Management of Commercial Bank of Ceylon PLC to provide limited assurance on whether the selected SMI as defined in annexure A have been prepared with reference to the Criteria

Restriction on use or distribution

This report has been prepared for the Board of Directors of Commercial Bank of Ceylon PLC for the purpose of providing an assurance conclusion on whether the selected SMI in the Commercial Bank of Ceylon PLC's Integrated Annual Report for the Year ended December 31, 2025 has been prepared with reference to the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Commercial Bank of Ceylon PLC, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Commercial Bank of Ceylon PLC, for any purpose or in any other context. Any party other than Commercial Bank of Ceylon PLC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Commercial Bank of Ceylon PLC for our work, for this independent assurance report, or for the conclusions we have reached.

Our conclusion is not modified in respect of this matter.

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Responsibilities of Management for the SMI.

- Designing, implementing and maintaining internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.
- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Preventing and detecting fraud and ensuring the Bank's compliance with applicable laws and regulations to its activities.
- Ensuring that staff involved in preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units; and
- Preparing the Subject Matter Information with reference to the criteria
- The maintenance and integrity of Commercial Bank of Ceylon PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Commercial Bank of Ceylon PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Commercial Bank of Ceylon PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Bank's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected. Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
- reporting our conclusion to the Board of Directors of Commercial Bank of Ceylon PLC.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI, other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviewed senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquired management to gain an understanding of the Bank's processes for determining material issues for the Bank's key stakeholder groups;
- enquired relevant staff at corporate and selected site level responsible for the preparation of the SMI in the Integrated Annual Report of Commercial Bank of Ceylon PLC for the year ended December 31, 2025;
- enquired about the design and implementation of the systems and methods used to collect and report the SMI in the Integrated Annual Report of the Commercial Bank of Ceylon PLC for the year ended December 31, 2025, including the aggregation of the reported information;
- applied analytical procedures, as appropriate;
- compared the SMI in the Integrated Annual Report of Commercial Bank of Ceylon PLC for the year ended December 31, 2025 to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- recalculated the Information subject to Limited Assurance based on the criteria;
- read the SMI in the Integrated Annual Report of Commercial Bank of Ceylon PLC for the year ended December 31, 2025 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Bank; and
- read the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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Chartered Accountants

February 26, 2026
Colombo

The numbers in this annexure have been included in the Integrated Annual Report prepared by the Management Our reporting boundary is limited to the Bank's operations in Sri Lanka & Bangladesh.

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 2-7 Employees	2-7 (a)	Bank's Sri Lanka Operations and Bangladesh	Employees related metrics	As at December 31, 2025	116
	2-7 (b)				116
	2-7 (c)				116
	2-7 (e)				116
Disclosure 2-8 Workers who are not employees	2-8 (a)	Bank's Sri Lanka Operations and Bangladesh	Workers who are not employees list	As at December 31, 2025 for the year ended December 31, 2025	116
	2-8 (b)				116
Disclosure 201-1 Direct economic value generated and distributed	201-1 (a)	Bank's Sri Lanka Operations and Bangladesh	Direct economic value generated and distribution calculation	for the year ended December 31, 2025	528
Disclosure 203-1 Infrastructure investments and services supported	203-1 (a)	Bank's Sri Lanka Operations only	List of Infrastructure investments and services supported	for the year ended December 31, 2025	132
	203-1 (b)				132
Disclosure 302-1 Energy consumption within the organisation	302-1 (c) i	Bank's Sri Lanka Operations and Bangladesh	Schedule for the compilation of Energy consumption within the organisation	for the year ended December 31, 2025	528
Disclosure 401-1 New employee hires and employee turnover	401-1 (a)	Bank's Sri Lanka Operations and Bangladesh	List of New employee hires and employee turnover	for the year ended December 31, 2025	118
	401-1 (b)				118
Disclosure 401-3 Parental Leave	401-3 (a)	Bank's Sri Lanka Operations and Bangladesh	List of Parental Leaves utilised & employees retained.	for the year ended December 31, 2025	120
	401-3 (b)				120
	401-3 (c)				120
	401-3 (d)				120
	401-3 (e)				120
Disclosure 404-1 Average hours of training per year per employee	404-1 (a)	Bank's Sri Lanka Operations and Bangladesh	List of total hours of training within the organisation	for the year ended December 31, 2025	528
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	404-3 (a)	Bank's Sri Lanka Operations and Bangladesh	Calculation of % of employees receiving regular performance and career development reviews	for the year ended December 31, 2025	528
Disclosure 405-1 Diversity of governance bodies and employees	405-1 (a)	Bank's Sri Lanka Operations and Bangladesh	List of governance bodies and employees	for the year ended December 31, 2025	528
	405-1 (b)-i,ii				528-529
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	405-2 (a)	Bank's Sri Lanka Operations and Bangladesh	Calculation of Ratio of basic salary and remuneration of women to men	for the year ended December 31, 2025	529
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1 (a)	Bank's Sri Lanka Operations only	Substantiated complaints concerning breaches of customer privacy and losses of customer data	for the year ended December 31, 2025	529
	418-1 (c)				529

Annex 8: Glossary of financial and banking terms

A

Associate
An entity over which the investor has significant influence.

Accrual Basis
Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Amortised Cost
Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

Accounting Policies
The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Actuarial Gain/Loss
Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

Average Weighted Deposit Rate (AWDR)
AWDR is calculated by the Central Bank monthly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

Amortisation
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Average Weighted Prime Lending Rate (AWPLR)
AWPLR is calculated by the Central Bank weekly based on commercial banks' lending rates offers to their prime customers during the week.

B

Basel III
The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity.

Basis Point (BP)
One hundredth of a percentage point (0.01 percent); 100 basis points is 1 percentage point. Used in quoting movements in interest rates or yields on securities.

Business Continuity Plan
A document that consists of the critical information an organisation needs to continue operating during an unplanned event. The BCP should state the essential functions of the business, identify which systems and processes must be sustained, and detail how to maintain them. It should take into account any possible business disruption.

C

Capital Adequacy Ratio
The percentage of risk-adjusted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlements (BIS) and as modified by the CBSL to suit local requirements.

Capital Conservation Buffer
Designed to ensure that banks build up buffers of capital outside any periods of stress and to avoid breaches of minimum capital requirements.

Correspondent Bank
A bank in a foreign country that offers banking facilities to the customers of a bank in another country.

Cash Generating Unit (CGU)
The smallest group of assets that independently generates cash flow and the cash flow is largely independent of the cash flows generated by other assets.

Collectively Assessed Loan Impairment Provisions
Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that have been incurred but have not yet been identified at the reporting date.

Commitments
Credit facilities approved but not yet utilised by the clients as at the reporting date.

Contingencies
A condition or situation, the ultimate outcome of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Corporate Governance
The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Cost/Income Ratio
Operating expenses excluding impairment charge for loans and other losses as a percentage of total operating income.

Credit Risk
Risk of financial loss to the Bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to customers and other banks and investment in debt securities.

Credit Risk Mitigation
A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantee and credit protection.

Currency SWAPs
The simultaneous purchase of an amount of a currency for spot settlement and the sale of the same amount of the same currency for forward settlement.

Cost of credit risk on loans and advances
This ratio is expressed as the impairment charges on loans and advances over average gross loans and advances.

D

Deferred Taxation
Sum set aside in the Financial Statements for taxation that may become payable/ receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

Domestic Systemically Important Banks (D-SIBs)
Systemically Important Banks (SIBs) are perceived as banks that are "Too Big To Fail". D-SIBs are critical for the uninterrupted availability of essential banking services to the country's real economy even during crisis. The CBSL has designated LCBs with total assets equal to or greater than Rs. 500 Bn. as D-SIBs.

Delinquency
A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as "Arrears".

Derecognition
Removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Derivatives
A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. interest rate) that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

E

Earnings per Ordinary Share (EPS)
The profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

Equity Instrument
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Equity Method
This is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss and other comprehensive income of the investor include the investor's share of the profit or loss and other comprehensive income of the investee.

Effective Interest Rate (EIR)
Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Embedded Derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Expected Credit Losses (ECLs)
ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes.

Effective Tax rate (ETR)
Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

ESOP (Employee Share Ownership Plan)
A method of giving employees shares in the business for which they work.

F

Fair Value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Assets Measured at Amortised Cost
A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Intermediation Margin
Used to measure the robustness of financial intermediation process, it is gross income expressed as a percentage of average total assets.

Financial Instrument
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Assets
Any assets that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity.

Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)
All financial assets other than those classified at Amortised Cost or FVOCI are classified as measured at FVTPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)
FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Equity investments may be irrevocably classified as FVOCI when they meet the definition of Equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading.

Financial Liabilities
A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Forward Exchange Contract
Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

G

Group
A parent and all its subsidiaries.

Guarantees
Three party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.

Global Reporting Initiatives (GRI)
The GRI is an international independent standards organisation that helps businesses, governments and other organisations to understand and communicate their impacts on issues such as climate change, human rights and corruption. GRI promotes sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

Gearing in terms of on balance sheet assets
This ratio is calculated as total assets over the total equity attributable to equity holders of the Bank as at the reporting date.

Gearing in terms of risk weighted assets
This ratio is calculated as total capital over the total risk weighted assets as per the Capital Adequacy Computation under Basel III.

H

Hedging
A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (interest rate, foreign exchange rate, commodity prices, etc.).

High Quality Liquid Assets (HQLA)
Assets that are unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible. These include, for example, cash and claims on central governments and central banks.

Historical Cost
Historical cost is the original nominal value of an economic item.

I

Impaired Loans
Loans where the Group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

Impairment
This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances
Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

Interest Cover
A ratio showing the number of times interest charges is covered by earnings before interest and tax.

Intangible Asset
An intangible asset is an identifiable nonmonetary asset without physical substance.

Interest Rate SWAP
An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another stream of future interest payments based on a specified principal amount.

Interest Spread
Represents the difference between the average interest rate earned on interest earning assets and the average interest rate paid on interest-bearing liabilities.

Impairment Charge/(Reversal)
An increase/(decrease) of the difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset compared to the previous reporting date.

Investment Properties
Property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative services; or sale in the ordinary course of business.

Impaired Loans (Stage 3) Ratio (%)
This ratio shall be calculated by dividing impaired loans (Stage 3) net of Stage 3 impairment, by total loans.

Impairment (Stage 3) to Stage 3 Loans Ratio (%)
This ratio shall be calculated by dividing impairment charge (Stage 3), by Stage 3 loans. With respect to computation of above ratios, impaired loans (Stage 3) and total loans shall include total outstanding amount of on-balance sheet credit facilities and their respective undrawn amounts.

K

Knowledge Capital
Knowledge capital is the intangible value of an organisation made up of its knowledge, relationships, learned techniques, procedures, and innovations. In other words, knowledge capital is the full body of knowledge an organisation possesses.

Key Performance Indicators (KPIs)
A set of quantifiable measurements used to gauge a company's overall long-term performance. KPIs specifically help determine a company's strategic, financial, and operational achievements, especially compared to those of other businesses within the same sector.

Key Management Personnel (KMP)
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

L

Leverage Ratio
A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations.

Lessee's incremental borrowing rate (IBR)
The rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lifetime Expected Credit Losses (LTECL)
Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. According to SLFRS 9 on "Financial instruments", the ECL allowance should be based on LTECL unless there has been no significant increase in credit risk since origination.

Liquidity Coverage Ratio (LCR)
Refers to highly liquid assets held by Banks to meet short-term obligations. The ratio represents a generic stress scenario that aims to anticipate market-wide shocks.

Loan-to-value ratio (LTV)
The LTV ratio is a mathematical expression which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

M

Market Capitalisation
The value of an entity obtained by multiplying the number of ordinary shares in issue by its market value as at a date.

Market Risk
This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Market Risk Premium
The market risk premium is the difference between the expected return on a market portfolio and the risk-free rate. The market risk premium is equal to the slope of the security market line (SML), a graphical representation of the capital asset pricing model (CAPM).

N

Non-Controlling Interest (NCI)
Equity in a Subsidiary not attributable, directly or indirectly, to a parent.

Net Interest Margin (NIM)
The margin is expressed as net interest income divided by average interest earning assets.

Net Interest Income (NII)
The difference between the amount a bank earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds and interbank borrowings.

Nostro Account
A bank account held in a foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to facilitate the settlement of foreign exchange trade transactions.

Net Assets Value per Share (NAV)
Shareholders' funds excluding preference shares, if any, divided by the number of ordinary shares in issue.

Net Stable Funding Ratio (NSFR)
Measures the amount of longer-term, stable sources of funding employed by a bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

O

Open Credit Exposure Ratio
Total net non-performing loans and advances expressed as a percentage of regulatory capital base.

Operational Risk
This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Off-balance Sheet Transactions
Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, which give rise to the commitment and contingencies in future

P

Price to Book Value
Market price of a share divided by the net assets value of a share.

Price Earnings Ratio (P/E Ratio)
Market price of a share divided by the earnings per share.

Provision Cover
Total provisions for loan losses expressed as a percentage of net non-performing loans and advances before discounting for provisions on non-performing loans and advances.

R

Related Parties
One party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related Party Transaction (RPT)
RPT is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Reverse Repurchase Agreement
Transaction involving the purchase of securities by a bank or a dealer and resale back to the seller at a future date at a specified price.

Repurchase Agreement
Contract to sell and subsequently repurchase securities at a specified date and price.

Return on Average Assets (ROA)
Profit after tax expressed as a percentage of the average assets.

Risk-Weighted Assets
The sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk-weighting factors.

Right-of-Use Asset (ROUA)
An asset that represents a lessee's right to use an underlying asset for the lease term.

Return on Average Equity (ROE)
Net profit attributable to owners expressed as a percentage of average ordinary shareholders' equity.

Risk Appetite
It can be described as an organisation's risk capacity, or the maximum amount of residual risk it will accept after controls and other measures have been put in place.

S

Segment Reporting
Disclosure of the Bank's assets, income and other information, broken down by activity and geographical area.

Subsidiary
An entity that is controlled by another entity.

T

Tier I Capital (Common Equity Tier 1 – CET 1)
Common Equity Tier 1 (CET1) is a component of Tier 1 capital that consists mostly of Stated Capital. It is a capital measure that was introduced as a precautionary measure to protect the economy from a financial crisis.

Tier I Capital (Additional Tier 1 Capital – AT 1)
Additional Tier 1 Capital (AT1) is a component of Tier 1 capital that comprises securities that are subordinated to most subordinated debt, which have no maturity, and their dividend can be cancelled at any time.

Tier II Capital
Capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Twelve Month Expected Credit Losses (12 Month ECL)
The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

U

Useful Life
The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

Unsystematic Risk
Unsystematic risk is unique to a specific company or industry. Also known as "non-systematic risk", "specific risk", "diversifiable risk" or "residual risk", in the context of an investment portfolio, unsystematic risk can be reduced through diversification.

Y

Yield to Maturity (YTM)
Discount rate at which the present value of future cash flows would equal the security's current price.

Yield Curve
A yield curve is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity. There are three main types of yield curve shapes: normal (upward sloping curve), inverted (downward sloping curve) and flat.

Annex 9: Acronyms and abbreviations

AC	Amortised Cost
AGM	Annual General Meeting
AI	Artificial Intelligence
ALCO	Assets and Liabilities Committee
AMA	Advanced Measurement Approaches
AMFU	Agriculture & Micro Finance Unit
AML	Anti-Money Laundering
ASA	Alternative Standardised Approach
ASPI	All Share Price Index
BAC	Board Audit Committee
BCBS	Basel Committee on Banking Supervision
BCC	Board Credit Committee
BCERC	Board Capital Expenditure Review Committee
BCMSC	Business Continuity Management Steering Committee
BCP	Business Continuity Plan
BHRRC	Board Human Resources & Remuneration Committee
BIC	Board Investment Committee
BIRMC	Board Integrated Risk Management Committee
BIS	Bank for International Settlements
BNGC	Board Nominations and Governance Committee
BRPTRC	Board Related Party Transactions Review Committee
BSC	Board Sustainability Committee
BSDC	Board Strategy Development Committee
BTC	Board Technology Committee
CAR	Capital Adequacy Ratio
CASA	Current Accounts and Savings Accounts
CBSL	Central Bank of Sri Lanka
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CDS	Central Depository System
CET 1	Common Equity Tier 1
CFM	Close Family Members
CPC	Credit Policy Committee
CRAB	Credit Rating Agency of Bangladesh
CRM	Credit Risk Mitigation
CSE	Colombo Stock Exchange
DBU	Domestic Banking Unit
DDB	Domestic Dollar Bond
DPD	Days Past Due
DPS	Dividend Per Share
D-SIB	Domestic Systemically Important Bank
EAD	Exposure at Default
EAR	Earnings at Risk
ECL	Expected Credit Loss
ECMN	Executive Committee on Monitoring NPA
EGM	Extraordinary General Meeting
EHRSC	Executive Human Resources Steering Committee
EIC	Executive Investment Committee
EIR	Effective Interest Rate
EIRMC	Executive Integrated Risk Management Committee
EMC	Executive Management Committee
EPS	Earnings Per Share
ESC	Executive Sustainability Committee
ESDC	Executive Strategy Development Committee
ESG	Environmental, Social and Governance
ESOP	Employee Share Option Plan
EVE	Economic Value of Equity
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
FX	Foreign Exchange
GDP	Gross Domestic Product
GRI	Global Reporting Initiatives
HQLA	High Quality Liquid Assets
HTML	Hyper Text Markup Language
IBR	Incremental Borrowing Rate
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRMD	Integrated Risk Management Department
IRR	Interest Rate Risk
IRRBB	Interest Rate Risk in Banking Books
ISC	Information Security Council
ISIN	International Securities Identification Number
ISO	International Standard Organisation
ITSC	IT Steering Committee
KIRIs	Key Information Risk Indicators
KMP	Key Management Personnel
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
LCB	Licensed Commercial Bank
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LTECL	Life Time Expected Credit Loss
LTV	Loan to Value Ratio
MATs	Management Action Triggers
MRMU	Market Risk Management Unit
MSME	Micro Small and Medium Enterprises
MSOC	Managed Security Operations Center
NCI	Non-Controlling Interest
NII	Net Interest Income
NIM	Net Interest Margin
NOP	Net Open Position
NPA	Non-Performing Assets
NPCF	Non-Performing Credit Facilities
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
PAT	Profit After Tax
PBT	Profit Before Tax
PCI-DSS	Payment Card Industry Data Security Standard
PD	Probability of Default
PDI	Past Due Interest
POCI	Purchased or Originated Credit Impaired (Financial Assets)
QR	Quick Response
RAS	Risk Appetite Statement
RCPSC	Recovery Plan Steering Committee
RCSA	Risk Control Self Assessment
ROA	Return on Assets
ROE	Return on Equity
ROUA	Right of Use Asset
RPT	Related Party Transactions
RSA	Rate Sensitive Assets
RSL	Rate Sensitive Liabilities
RWA	Risk Weighted Assets
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission of Sri Lanka
SEMS	Social and Environmental Management System
SICR	Significant Increase in Credit Risk
SLFRS	Sri Lanka Financial Reporting Standards
SLISB	Sri Lanka International Sovereign Bond
SME	Small and Medium Enterprise
SOFP	Statement of Financial Position
SPPI	Solely Payment of Principal and Interest
SRRO	Sustainability Related Risks and Opportunities
ToR	Terms of Reference
UNGC	United Nations Global Compact
VaR	Value at Risk
YoY	Year-on-Year
12mECL	12 months Expected Credit Loss

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Notice of Meeting – 57th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh (57th) Annual General Meeting ('AGM') of the Commercial Bank of Ceylon PLC (the 'Company') will be held on Tuesday March 31, 2026 at 2.30 p.m. at the Galadari Hotel, 'Grand Ballroom', No. 64, Lotus Road, Colombo 01, for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, the Statement of Compliance and the Financial Statements for the year ended December 31, 2025 together with the Report of the Auditors thereon.

2. To declare a first and final dividend as recommended by the Board of Directors and to consider and if thought fit, to pass the following resolutions:

(i) Declaration of a first and final dividend and approval of its method of satisfaction [Dividend Resolution No. 1]: To consider and if thought fit to pass the following resolution by way of an Ordinary Resolution. [To be passed only by the ordinary (voting) shareholders].

THAT a first and final dividend of Rs. 10.50 per issued and fully paid ordinary (voting) and (non-voting) share (comprising of a cash dividend of Rs. 8.00 per share and a scrip dividend of Rs. 2.50 per share) constituting a total sum of Rs. 17,191,338,822.00 (subject to applicable government taxes) based on the issued ordinary (voting) and (non-voting) shares as at February 25, 2026 [subject however to necessary amendments being made to such amount to include the dividends pertaining to the options that may be exercised by employees under the Commercial Bank of Ceylon PLC (the 'Company') Employee Share Option Plan (ESOP)], be and is hereby declared for the financial year ended December 31, 2025 on the issued and fully paid ordinary (voting) and (non-voting) shares of the Company;

THAT the shareholders entitled to such dividend would be those shareholders [both ordinary (voting) and (non-voting)], whose names have been duly registered in the Shareholders' Register maintained by the Registrars of the Company [i.e. SSP Corporate Services (Pvt) Ltd., No. 101, Inner Flower Road, Colombo 03] and also those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd. ('CDS') as at end of trading on the Record Date/Date of Entitlement [i.e. the second (2nd) market day from and excluding the date of the meeting] being April 6, 2026. (the 'Entitled Shareholders');

THAT subject to the shareholders (a) waiving their pre-emptive rights to new share issues; and (b) approving the proposed allotment and issue of new ordinary (voting) and (non-voting) shares by passing the resolutions set out in Items 2(ii) and 2(iii) below, the declared first and final dividend of Rs. 10.50 per issued and fully paid ordinary (voting) and (non-voting) share be distributed and satisfied partly, by the payment of cash and partly, by the allotment and issue of new ordinary (voting) and (non-voting) shares (the 'distribution scheme') based on the share prices of ordinary (voting) and (non-voting) shares as at February 25, 2026 to the Entitled Shareholders in the manner following:

- The payment in cash of Rs. 8.00 per issued and fully paid ordinary (voting) and (non-voting) share, (subject to applicable government taxes); and
- The allotment and issue of new ordinary (voting) and (non-voting) shares in satisfaction of the balance of Rs. 2.50 per share dividend entitlement (subject to applicable government taxes).

THAT accordingly and subject to the approval of the shareholders being obtained in the manner aforementioned, the implementation of the said distribution scheme shall be as follows:

(a) By way of a cash distribution:

A cash distribution of a sum of Rs. 12,327,429,432.00 (subject however to necessary amendments being made to such amount to include the dividend payable on the options that may be exercised by the employees under the Company's ESOP schemes) shall be made to the Entitled Shareholders of ordinary (voting) shares; and a sum of Rs. 770,733,480.00 shall be made to the Entitled Shareholders of the ordinary (non-voting) shares, on the basis as aforesaid of Rs. 8.00 per ordinary (voting) and (non-voting) share, respectively (subject to applicable government taxes);

AND

(b) By way of the allotment and issue of new shares:

The balance sum of:

– Rs. 3,852,321,697.50 (subject however to necessary amendments being made to such amount to include the dividend payable on the options that may be exercised by employees under the Company's ESOP schemes) to which the ordinary (voting) shareholders are entitled (subject to applicable government taxes); and

– Rs. 240,854,212.50 to which the ordinary (non-voting) shareholders are entitled (subject to applicable government taxes),

shall be satisfied by the allotment and issue of new ordinary (voting) and (non-voting) shares to the Entitled Shareholders of the ordinary (voting) and (non-voting) shares, respectively, on the basis of the following ratios:

- 01 new fully paid ordinary (voting) share for every 108.2352945432 existing issued and fully paid ordinary (voting) shares calculated on the basis of the market value of the ordinary (voting) shares as at end of trading on February 25, 2026; and
- 01 new fully paid ordinary (non-voting) share for every 97.8823532400 existing issued and fully paid ordinary (non-voting) shares calculated on the basis of the market value of the ordinary (non-voting) shares as at end of trading on February 25, 2026.

THAT the ordinary (voting) and (non-voting) residual share fractions, respectively, arising in pursuance of the aforementioned allotment and issue of new ordinary (voting) and (non-voting) shares after applying the formulas referred to in the sub heading 'Residual Fractions of Shares' in the 'Circular to the shareholders on the first and final dividend for 2025' dated March 09, 2026 be aggregated and the ordinary (voting) and (non-voting) shares, respectively, arising consequent to such aggregation be allotted to Trustees to be nominated by the Board of Directors of the Company, and that the Trustees so nominated and appointed be permitted to hold the said shares in trust until such shares are sold by the Trustees on the trading floor of the Colombo Stock Exchange, and that the net sale proceeds thereof be donated to a charity or charities approved by the Board of Directors of the Company;

THAT the new shares to be issued in pursuance of the said distribution scheme constituting a total issue of 14,236,841 new ordinary (voting) shares, based on the issued and fully paid ordinary (voting) shares as at February 25, 2026, (subject however to the necessary amendments being made to such number to include the dividend on the options that may be exercised by the employees under the Company's ESOP schemes) and 984,260 new ordinary

(non-voting) shares based on the issued and fully paid ordinary (non-voting) shares as at February 25, 2026 shall, immediately consequent to due allotment thereof to the Entitled Shareholders rank equal and *pari passu* in all respects with the existing issued and fully paid ordinary (voting) shares and the existing issued and fully paid ordinary (non-voting) shares of the Company, respectively, including the entitlement to participate in any dividend that may be declared after the date of allotment thereof and shall be listed on the Colombo Stock Exchange;

THAT the new ordinary (voting) and (non-voting) shares to be so allotted and issued shall not be eligible for the payment of the dividend declared hereby and which dividend shall accordingly be payable only on the 1,540,928,679 existing issued and fully paid ordinary (voting) shares as at February 25, 2026 (subject to amendments thereto to include the shares arising on the options that may be exercised by the employees under the Company's ESOP schemes) and 96,341,685 existing issued and fully paid ordinary (non-voting) shares as at February 25, 2026.

(ii) Waiver of Pre-emption Rights (Dividend Resolution No. 2):

Subject to the passing of the Ordinary Resolution set out in Dividend Resolution No.1 above, to consider and if thought fit to pass the following Resolution by way of an Ordinary Resolution [To be passed by a separate vote of the ordinary (voting) shareholders and of the ordinary (non-voting) shareholders, respectively]:

THAT the pre-emptive right to a new issue of shares provided for by Article 9A of the Articles of Association of Commercial Bank of Ceylon PLC (the 'Company'), be and is hereby waived in respect of the following proposed issue of new shares to be effected by the Company for purposes of satisfying the first and final dividend for the year ended December 31, 2025:

'The allotment and issue of 14,236,841 new ordinary (voting) shares (subject however to the necessary amendments being made to such number to include the dividend on the options that may be exercised by the employees under the Company's ESOP schemes), and 984,260 new ordinary (non-voting) shares credited as fully paid to Entitled Shareholders and which new shares shall rank equal and *pari passu* with the existing issued and fully paid ordinary (voting) and (non-voting) shares of the Company respectively including the right to participate in any dividend which may be declared after the date of allotment of such shares'.

(iii) Approval of an issue of ordinary (voting) and (non-voting) shares (Dividend Resolution No. 3):

Subject to the passing of the Ordinary Resolution set out in Dividend Resolution No. 1 above, to consider and if thought fit to pass the following resolution by way of a Special Resolution [To be passed by a separate vote of the ordinary (voting) shareholders and of the ordinary (non-voting) shareholders, respectively]:

THAT the proposed allotment and issue of 14,236,841 new ordinary (voting) shares [subject however to the necessary amendments being made to such number to include the dividend on the options that may be exercised by the employees under the Commercial Bank of Ceylon PLC (the 'Company') ESOP schemes] and 984,260 new ordinary (non-voting) shares credited as fully paid to Entitled Shareholders and which new shares shall rank equal and *pari passu* with the existing issued and fully paid ordinary (voting) and (non-voting) shares respectively of the Company including the right to participate in any dividend which may be declared after the date of allotment of such shares be and is hereby approved in pursuance of Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company; and

THAT accordingly the Company's management be and is hereby authorised to take all requisite statutory and procedural formalities in order to give effect to the aforesaid proposed issue of new ordinary (voting) and (non-voting) shares of the Company.

3. To re-elect/elect the following Directors who, in terms of the Company's Articles of Association, retire by rotation or otherwise as given below:

(i). To re-elect Ms J Lee who retires by rotation in terms of Article 86 of the Articles of Association.

(ii). To re-elect Dr S Selliah who retires by rotation in terms of Article 86 of the Articles of Association.

(iii). To elect Ms R M A S Parakrama who was appointed to the Board in terms of Article 92 of the Articles of Association.

4.(i) To re-appoint Messrs KPMG, Chartered Accountants, as recommended by the Board of Directors as the Company's Auditors for the financial year ending December 31, 2026; and

(ii) To authorise the Board of Directors to determine the remuneration of the Auditors for the financial year ending December 31, 2026.

5. To authorise the Board of Directors to determine donations for the year 2026.

By Order of the Board of
Commercial Bank of Ceylon PLC,

R A P Rajapaksha
Company Secretary

March 9, 2026
Colombo

Notes:

(i) A duly registered and entitled holder of the Company's ordinary (voting) shares is entitled to attend, speak and vote at the AGM and is entitled to appoint a proxyholder to attend, speak, and vote in his/her stead.

(ii) A duly registered and entitled holder of the Company's ordinary (non-voting) shares is entitled only to attend and speak at the AGM and to vote only on the resolutions set out in items 2(ii) and 2(iii) of the Notice of Meeting. Such a shareholder is entitled to appoint a proxyholder to attend, and speak on his/her behalf and to vote only on the resolutions set out in items 2(ii) and 2(iii) of the Notice of Meeting.

(iii) A proxyholder need not be a shareholder of the Company.

(iv) A Form of Proxy is sent along with this Report.

(v) The Form of Proxy completed legibly should be forwarded to the Company by email to companysecretary@combank.net or by post to Company Secretary, Commercial Bank of Ceylon PLC, "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, not later than forty-eight (48) hours before the time appointed for the holding of the AGM.

Circular to the Shareholders on the First and Final Dividend for 2025

Dear Shareholder/s,

First and Final Dividend for the Year Ended December 31, 2025 to be Satisfied Partly by the Distribution of Cash and Partly by the Allotment and Issue of New Shares.

The Board of Directors of the Commercial Bank of Ceylon PLC (the 'Company'), is pleased to inform its Shareholders that, a first and final dividend distribution of Rs. 10.50 per each (comprising of a cash dividend of Rs. 8.00 per share and a scrip dividend of Rs. 2.50 per share) existing issued and fully paid ordinary (voting) and (non-voting) share has been recommended for the financial year ended December 31, 2025 for due declaration by the Shareholders at the Annual General Meeting ('AGM') to be held on Tuesday, March 31, 2026 (the date of the AGM) at 2.30 p.m. at the Galadari Hotel, 'Grand Ballroom', No. 64, Lotus Road, Colombo 01 and such dividend so declared will be paid out of the profits of the Company per the Audited Financial Statements for the financial year ended December 31, 2025, which would be subject to applicable government taxes.

The Board of Directors is confident that, the Company will be able to satisfy the solvency test set out in Section 57 of the Companies Act No. 07 of 2007 (as amended) ['CA 2007'] immediately post-payment of such dividend. A Certificate of Solvency has been provided by the Company's Auditors, Messrs KPMG, Chartered Accountants as required by Section 56 of CA 2007, confirming same.

Subject to obtaining the approval of the Shareholders, the said dividend will be satisfied in accordance with a distribution scheme whereby:

(i) A cash distribution of Rs. 12,327,429,432.00 (subject to applicable government taxes) shall be made to the Entitled Shareholders of the ordinary (voting) shares and a sum of Rs. 770,733,480.00 shall be made to the Entitled Shareholders of the ordinary (non-voting) shares of the Company as at February 25, 2026 totaling to Rs. 13,098,162,912.00 in part satisfaction of such dividend; and

(ii) New ordinary (voting) and (non-voting) shares will be allotted and issued, in satisfaction of the remaining dividend entitlement, constituting a total sum of Rs. 4,093,175,910.00. (subject to applicable government taxes) based on the issued and fully paid ordinary (voting) and (non-voting) shares of the company as at February 25, 2026 (subject however to necessary amendments being made to such sum to accommodate the dividend payable on the options that may be exercised by employees under the Company's ESOP schemes)

Accordingly, and in pursuance of the aforesaid distribution scheme, the Company proposes to issue:

(a) 14,236,841 number of new ordinary (voting) shares, calculated based on the issued and fully paid ordinary (voting) shares as at February 25, 2026 [subject however to necessary amendments being made to such number to include the dividend on the options that may be exercised by employees under the Company's ESOP schemes], and on the basis of their market value (closing price) as at end of trading on February 25, 2026; and

(b) 984,260 number of new ordinary (non-voting) shares calculated based on the issued and fully paid ordinary (non-voting) shares as at February 25, 2026 and on the basis of their market value (closing price) as at end of trading on February 25, 2026.

An announcement will be made by the Company three (3) market days prior to the date of the AGM on the final number of ordinary (voting) and (non-voting) shares to be issued in satisfaction of the said dividend.

The said shares shall be issued in the following ratios to the Entitled Shareholders of the Company as defined below:

(a) 01 new fully-paid ordinary (voting) share for every 108.2352945432 existing issued and fully-paid ordinary (voting) shares calculated on the basis of the market value of the ordinary (voting) shares as at end of trading on February 25, 2026; and

(b) 01 new fully-paid ordinary (non-voting) share for every 97.8823532400 existing issued and fully-paid ordinary (non-voting) shares calculated on the basis of the market value of the ordinary (non-voting) shares as at end of trading on February 25, 2026.

The above share ratio is based on a value of Rs. 230.00 per ordinary (voting) share and Rs. 208.00 per ordinary (non-voting) share (subject to applicable government taxes) as at end of trading on February 25, 2026. The Board of Directors is satisfied that the aforementioned values which constitute the consideration for which the new shares are to be allotted and issued is fair and reasonable to the Company and to all its existing Shareholders.

Entitled Shareholders

Shareholders entitled to participate in the said dividend are those who are duly registered in the Company's Share Register and also those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd. ('CDS') as at end of trading on the Record Date/Date of Entitlement [i.e. the second (2nd) market day from and excluding the date of the meeting] being April 6, 2026 (the 'Entitled Shareholders').

In calculating the number of shares held by a shareholder as at the relevant date for the proposed allotment and issue of new shares, the shareholding of the shareholder as appearing in the CDS and the Shareholders' Register maintained by the Registrars of the Company [i.e. SSP Corporate Services (Pvt) Ltd, No. 101, Inner Flower Road, Colombo 03] will not

be aggregated. However, if a shareholder holds shares with multiple stockbrokers, the shares held with multiple stockbrokers will be aggregated for calculation purposes, and the shares arising as a result of the proposed issue and allotment of new shares will be uploaded proportionately to the respective CDS accounts held with each broker. The Company has obtained the approval in principle of the Colombo Stock Exchange ('CSE') for the proposed allotment and issue of new shares.

Residual Fractions of Shares

The residual fractions arising from the aforementioned allotment and issue of new ordinary (voting) and (non-voting) shares, respectively, will be aggregated in respect of each class of shares separately, and the shares arising consequent thereto will, subject to receiving the approval of the Shareholders therefor, be allotted to Trustees to be nominated by the Board of Directors. The Trustees so nominated, will hold the said shares in trust until such shares are sold by the Trustees on the trading floor of the CSE. The net sale proceeds arising therefrom shall, subject to receiving the approval of the Shareholders therefor, be distributed to a charity/charities approved by the Board of Directors. The sale of such shares will be effected by the Company within a reasonable period of time, following the date on which the approval of the Shareholders has been obtained in this regard.

Residual fractions of ordinary (voting) and (non-voting) shares above-mentioned shall mean the above-mentioned fractions arising after applying the following formulas, respectively:

For voting shareholders –

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the Record Date X 1}}{108.2352945432}$$

For non-voting shareholders –

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the Record Date X 1}}{97.8823532400}$$

Status of the New Shares

The new ordinary (voting) and (non-voting) shares to be so issued, immediately consequent to due allotment thereof to the Entitled Shareholders, shall rank equal and *pari passu* in all respects with the existing issued and fully paid ordinary (voting) and (non-voting) shares, respectively, of the Company.

Listing Approval

An application has been made to the CSE for listing the new ordinary (voting) and (non-voting) shares on the official list of the CSE. This application has been approved 'in principle' by the CSE.

Shareholder Approvals

The proposed method of satisfying the abovementioned first and final dividend is subject to Shareholders granting approval therefor by passing the resolutions set out in the attached Notice of Meeting pertaining to the following matters:

- Authorisation to satisfy the first and final dividend by an allotment and issue of new shares:
  Article 124 of the Company's Articles of Association provides, in effect, that, subject to the provisions of CA 2007, the Board is empowered to pay a dividend or otherwise make a distribution in whole or in part by the distribution of specific assets and in particular of paid up shares. In pursuance of principles of transparency, the Board seeks the authorisation of Shareholders for the satisfaction of the first and final dividend by the issue of new ordinary (voting) and (non-voting) shares in the manner set out above. The relevant ordinary resolution to be passed by the Shareholders in this regard is set out in item 2(i) of the attached Notice of Meeting.
- Waiver of pre-emption rights to new share issues [Article 9A]:
  In terms of Article 9A of the Company's Articles of Association, any issue of shares beyond 500,000 shares must be first offered to the Shareholders in proportion to their holding at the time of the offer, unless otherwise authorised by an ordinary resolution of the Company.
  As mentioned previously, the first and final dividend is proposed to be satisfied, by the allotment and issue of new ordinary (voting) and (non-voting) shares in the manner set out above and on the above-mentioned application of the above-mentioned share proportion. The said allotment and issue of new shares would accordingly be in excess of 500,000 shares. As such, the authorisation of Shareholders is sought under and in terms of the above-mentioned Article 9A for the waiver by Shareholders of their pre-emption rights to the new shares to be issued exceeding 500,000 ordinary (voting) and (non-voting) shares. The relevant ordinary resolution to be passed by the Shareholders in this regard is set out in item 2(ii) of the attached Notice of Meeting.
- Alteration of Shareholder Rights [Section 99 of the CA 2007 and Article 10 of the Articles of Association]:

The Company is required, in compliance with the above provisions, to seek Shareholder approval by way of a special resolution for the proposed method of satisfaction of the first and final dividend by an allotment and issue of new ordinary (voting) and (non-voting) shares in the manner set out above. The relevant special resolution to be passed by the Shareholders in this regard is set out in item 2(iii) of the attached Notice of Meeting.

Confirmation of Compliance

The Board of Directors hereby confirms that the allotment and issue of new shares is in compliance with the Articles of Association of the Company, the Listing Rules of the CSE and the provisions of the CA 2007.

Allotment of the New Shares

The Board of Directors emphasises that the aforementioned allotment and issue of new shares is in satisfaction of the first and final dividend for the year ended December 31, 2025 and shall be dependent on and subject to the Shareholders passing the requisite resolutions.

Uploading of Shares in to CDS Accounts

In the event that the requisite resolution declaring the dividend (including its manner of satisfaction thereof) by way of the issue and allotment of new shares is passed by the Shareholders, the accounts of the Shareholders whose shares are deposited in the CDS would be directly uploaded with the new shares to the extent that such Shareholder has become entitled thereto.

The shares would be uploaded within five (05) market days from and excluding the Record Date/Date of Entitlement. If a Shareholder holds multiple CDS accounts, the total entitlement will be directly deposited to the respective CDS accounts proportionately. Pursuant to a Direction issued by the Securities and Exchange Commission of Sri Lanka ('SEC') pertaining to the de-materialisation of listed securities, the Shareholders who hold shares in scrip form (i.e. Share Certificates) as per the Share Register maintained by the Registrars of the Company, will not be issued Share Certificates for the new shares allotted and issued in their favour. Such Shareholders are accordingly requested to open an account with the CDS and to deposit their Share Certificates in the CDS prior to the date of the AGM of the Company. This will enable the Company to deposit the new shares directly into the Shareholder's CDS Account.

If a Shareholder fails to deposit his/her existing ordinary (voting) and/or (non-voting) shares in the CDS prior to the date of the AGM, such Shareholder's entitlement of new ordinary (voting) and/or (non-voting) shares will be deposited by the Company after such Shareholder has opened a CDS Account and has informed the Company's Registrars in writing of his/her CDS account number. Until such CDS account is opened by a Shareholder as aforementioned, the new ordinary (voting) and (non-voting) shares that are allotted in his/her favour will be registered in such shareholder's account in the Share Register maintained by the Registrars of the Company. Consequent to the opening of the CDS account by such Shareholder, the new shares will be credited to such CDS account. Direct uploads pertaining to written requests received from Shareholders to deposit such shares will be done on a weekly basis.

Annual General Meeting ('AGM')

Attached hereto is the Annual Report comprising the Notice convening the AGM for March 31, 2026 and setting out in item 2 thereof, the relevant resolution to be passed by the Shareholders in the above regard.

Form of Proxy

Shareholders who are unable to attend the AGM in person are entitled to appoint a proxy to attend and speak and also vote on their behalf, depending on their voting rights. If you wish to appoint such a proxy, kindly complete and return the enclosed Form of Proxy (in accordance with instructions specified therein) to the Company via email to companysecretary@combank.net or by post to Company Secretary, Commercial Bank of Ceylon PLC, 'Commercial House', No. 21, Sir Razik Fareed Mawatha, Colombo 01, not later than forty-eight (48) hours before the time appointed for the holding of the AGM.

By Order of the Board of
Commercial Bank of Ceylon PLC,

R A P Rajapaksha
Company Secretary

March 9, 2026
Colombo

Notice of Meeting – Extraordinary General Meeting

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Commercial Bank of Ceylon PLC (the 'Company') will be held immediately after the conclusion of the Annual General Meeting ('AGM') which has been convened for March 31, 2026 at 2.30 p.m. at the Galadari Hotel, 'Grand Ballroom', No. 64, Lotus Road, Colombo 01 for the purpose of obtaining approval in respect of (A) Debenture Issue 2026 and (B) Employee Share Option Plan 2026:

(A) Debenture Issue 2026

1. Resolution No: 1 Debenture Issue 2026 – Approval for the proposed issue of Debentures in terms of Rule 2.2.1.p. of the Listing Rules of Colombo Stock Exchange.

To consider and if thought fit to pass the following resolution by way of a Special Resolution pertaining to the approval of the proposed issue of Debentures in terms of Rule 2.2.1.p. of the Listing Rules of Colombo Stock Exchange (To be passed by the Ordinary Voting Shareholders):

THAT the Board of Directors (the 'Board') of Commercial Bank of Ceylon PLC (the 'Company') be and is hereby authorised:

i. To issue and allot up to Two Hundred Million (200,000,000) fully paid, Basel III Compliant - Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures ('Debentures') with a Non-Viability Conversion feature at such interest rates as may be determined by the Board at the time of issue at a par value of Rs. 100/- each for tenures of 5 years, 7 years and 10 years and that Ordinary Voting Shares of the Company be issued to the holders of such Debentures to the extent of the amounts due and payable on such Debentures (i.e. capital sum and interest outstanding on the Debentures) which will be effected in the event the Governing Board of the Central Bank of Sri Lanka determines that a Trigger Event which warrants the conversion of Debentures to Ordinary Voting Shares as defined in the Circular to Shareholders dated March 9, 2026 pertaining to the proposed issue of Debentures has occurred; and

ii. To issue upon the occurrence of a Trigger Event, Ordinary Voting Shares to the holders of the Basel III compliant Debentures at the Conversion Price with such price being determined based on the simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three (03) month period immediately preceding such Trigger Event;

iii. To issue upon the occurrence of a Trigger Event such Ordinary Voting Shares to the holders of the Debentures on the aforesaid basis in lieu of the amounts due and payable on the relevant Debentures (i.e. capital sum and interest outstanding on the Debentures) without such Shares being offered in the first instance to the then existing Ordinary Voting Shareholders of the Company *pari passu* to their shareholding subject to regulatory approvals from, namely, the Central Bank of Sri Lanka and the Colombo Stock Exchange. Such Ordinary Voting Shares arising from the Non-Viability Conversion will be listed on the Colombo Stock Exchange.

2. Resolution No: 2 Debenture Issue 2026 – Waiver of Pre-emption Rights to New Ordinary Voting Shares to be issued under Debenture Issue 2026 to parties, other than existing Shareholders.

Subject to the passing of the Special Resolution set out under Resolution No.1 above, to consider and if thought fit to pass the following resolution by way of an Ordinary Resolution pertaining to the waiver of pre-emptive rights (To be passed by the Ordinary Voting Shareholders):

THAT the pre-emptive right to a new issue of Ordinary Voting Shares provided for by Article 9 A of the Articles of Association of Commercial Bank of Ceylon PLC (the 'Company'), be and is hereby waived in respect of the relevant number of Ordinary Voting Shares to be issued by the Company to the holders of the said fully paid, Basel III Compliant – Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures ('Debentures') with a Non-Viability Conversion feature, to the extent of the amounts due and payable on such Debentures (i.e. capital sum and interest outstanding on the Debentures) which will be effected in the event the Governing Board of the Central Bank of Sri Lanka determines that a Trigger Event which warrants the conversion of Debentures to Ordinary Voting Shares as defined in the Circular to Shareholders dated March 9, 2026 pertaining to the proposed issue of Debentures has occurred, which Ordinary Voting Shares shall be issued at the Conversion Price determined based on the simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Company as published by the Colombo Stock Exchange during the three (03) month period immediately preceding such Trigger Event.

3. Resolution No: 3 Debenture Issue 2026 – Approval under Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company in relation to the Debenture Issue 2026.

Subject to the passing of the Special Resolution set out under Resolution No.1 above, to consider and if thought fit to pass the following resolution by way of a Special Resolution by both the Ordinary Voting Shareholders as well as the Ordinary Non-Voting Shareholders in order to obtain approval for the issuance of Ordinary Voting Shares in pursuance of Article 10 of the Articles of Association of the Company and Section 99 of the Companies Act No. 07 of 2007 (as amended):

THAT the prospective allotment and issue of new Ordinary Voting Shares by Commercial Bank of Ceylon PLC (the 'Company') to the holders of the said fully paid, Basel III Compliant - Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures ('Debentures') with a Non-Viability Conversion feature, to the extent of the amounts due and payable on such Debentures (i.e. capital sum and interest outstanding on the Debentures) which will be effected in the event the Governing Board of the Central Bank of Sri Lanka determines that a Trigger Event which warrants the conversion of Debentures to Ordinary Voting Shares as defined in the Circular to Shareholders dated March 9, 2026 pertaining to the proposed issue of Debentures has occurred, which Ordinary Voting Shares shall be issued at the Conversion Price and credited to the holders of the Debentures

as fully paid Ordinary Voting Shares which shall rank equal and *pari passu* with the then existing issued and fully paid Ordinary Voting Shares of the Company including the right to participate in any dividend which may be declared after the date of allotment of such Shares be and is hereby approved in pursuance of Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company.

(B) Employee Share Option Plan 2026 (ESOP 2026)

1. Resolution No: 1 ESOP 2026: Establishment of the ESOP 2026.

To consider and if thought fit to pass the following resolution by way of a Special Resolution [To be passed only by the Ordinary (Voting) Shareholders]:

THAT the Employee Share Option Plan – 2026 as detailed out in the 'Circular to the Shareholders – Employee Share Option Plan (ESOP) – 2026' dated March 9, 2026 be established by Commercial Bank of Ceylon PLC subject to and based on the terms and conditions stated therein.

2. Resolution No: 2 ESOP 2026: Waiver of Pre-emption Rights to New Shares to be issued under ESOP 2026 to parties, other than existing Shareholders.

Subject to the passing of the Special Resolution set out under Resolution No. 1 above, to consider and if thought fit to pass the following resolution by way of an Ordinary Resolution [To be passed only by the Ordinary (Voting) Shareholders]:

THAT the Board of Directors of Commercial Bank of Ceylon PLC (the 'Company') be and is hereby empowered and authorised to allot and issue from time to time new ordinary voting shares under and in pursuance of the Employee Share Option Plan (ESOP) – 2026, established in terms of the 'Circular to Shareholders – Employee Share Option Plan (ESOP) – 2026' dated March 9, 2026 subject to and based on the terms and conditions stated therein, and accordingly the pre-emptive rights of the Shareholders in relation to new share issues and the consequent necessity to offer such new shares first to the Company's Shareholders pro-rata to their existing shareholding and in a manner which would, if accepted, maintain the relative voting and distribution rights of such Shareholders be and is hereby waived in pursuance of Article 9 A of the Company's Articles of Association.

3. Resolution No: 3 ESOP 2026: Approval under Section 99 of the Companies Act No.07 of 2007 and Article 10 of the Articles of Association of the Company in relation to the ESOP 2026

Subject to the passing of the Special Resolution set out under Resolution No.1 above, to consider and if thought fit to pass the following resolution by way of a Special Resolution [To be passed by a separate vote of the ordinary (voting) shareholders and of the ordinary (non-voting) shareholders, respectively]:

THAT the allotment and issue as may occur from time to time of new ordinary voting shares by the Board of Directors of Commercial Bank of Ceylon PLC (the 'Company') under and in pursuance of the Employee Share Option Plan (ESOP) – 2026, established in terms of the 'Circular to Shareholders – Employee Share Option Plan (ESOP) – 2026' dated March 9, 2026 subject to and based on the terms and conditions stated therein, be and is hereby approved for purposes of Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company; and

THAT accordingly the Company's Management be and is hereby authorised to take all necessary steps to give effect to the above.

By Order of the Board of
Commercial Bank of Ceylon PLC,

R A P Rajapaksha
Company Secretary

Colombo
March 9, 2026

Notes:

(i) A Shareholder entitled to attend, speak and vote at the meeting is entitled to appoint a Proxyholder to attend, speak and vote in his/her stead and a Shareholder who is entitled only to attend and speak at the meeting is entitled to appoint a Proxyholder to attend and speak on his/her behalf. A Proxyholder need not be a Shareholder of the Company.

(ii) A form of Proxy is sent along with this Notice. The completed Form of Proxy should be deposited at the Registered Office of the Company, "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, not less than 48 hours before the time appointed for the holding of the Meeting.

Circular to Shareholders Pertaining to the Proposed Issue of Debentures

THIS DOCUMENT IS OF VALUE – If you are in any doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.

Dear Shareholder/s

The Commercial Bank of Ceylon PLC (the 'Company') made a profit of Rs. 58,487 Mn. (Group Rs. 60,938 Mn., as per the Audited financial statements) for the year ended December 31, 2025. Total shareholders' funds improved to Rs. 324,319 Mn. (Group Rs. 337,586 Mn., as per the Audited financial statements) as of December 31, 2025 from Rs. 275,262 Mn (Group Rs. 285,819 Mn, as per the audited financial statements) as of December 31, 2024. Figures shown herein are extracted from published financial statements.

The Board of Directors of the Company, having identified the need to strengthen the Tier 2 Capital of the Company as per Basel III requirements, to reduce maturity mismatches, and in order to facilitate expansion of customer loan portfolios, pursuant to a resolution, adopted on 30th January 2026, decided to initiate, and also to recommend to shareholders,

An issue of Basel III compliant - Tier 2 listed rated unsecured subordinated redeemable 5 year, 7 year and 10 year debentures with a non-viability conversion to Ordinary Voting Shares to be issued by the Company, solely if instructed to do so by the Governing Board of the Central Bank of Sri Lanka on occurrence of a trigger event.

The proposed issue is to raise a sum of Sri Lankan Rupees Ten Billion (Rs. 10,000,000,000/-) through the issuance of up to One Hundred Million (100,000,000) Basel III Compliant - Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion feature, each with a par value of Rs. 100/-, with an option to raise up to a further Sri Lankan Rupees Five Billion [(Rs. 5,000,000,000/-) (second tranche)] through the issuance of up to a further Fifty Million (50,000,000) Debentures, each with a par value of Rs. 100/- in the event of an over-subscription of the initial issue and with a further option to raise up to a further Sri Lankan Rupees Five Billion (Rs. 5,000,000,000/-) through the issuance of up to a further Fifty Million (50,000,000) Debentures each with a par value of Rs. 100/- in the event of an oversubscription of the initial issue and the second tranche (hereinafter collectively called the 'Debentures' or 'Debenture Issue'). Based on the asset value referred to in Section 6 hereof, the proposed issue does not constitute a major transaction for the Company as defined in Section 185 of the Companies Act No. 07 of 2007 (as amended).

The proposed Debentures will be redeemed after 5 years, 7 years and 10 years from the date of allotment of such Debentures and the principal sum and accrued interest (if any) payable on the redemption of such Debentures will be paid not later than three (03) working days from the date of redemption, unless a Trigger Event occurs as described in this circular.

The proposed issue of Debentures is subject to the approval of the Colombo Stock Exchange and the Central Bank of Sri Lanka and are to be issued under rules and regulations promulgated by the Colombo Stock Exchange and the Central Bank of Sri Lanka, including guidelines issued in relation to Basel III compliance in the Banking Act Directions No. 01 of 2016 dated December 29, 2016 issued by the Central Bank of Sri Lanka as may be amended from time to time.

The Company is in the process of obtaining an expected Rating from Fitch Ratings Lanka Limited for the proposed Debenture Issue. The final rating for the proposed Debenture Issue with a convertibility feature in compliance with Basel III requirements will be issued by Fitch Ratings Lanka Limited. Issuance of this rating will be subject to the adoption of a Special Resolution by the Shareholders of the Company, at the Extraordinary General Meeting (EGM) that is being convened, and receipt of approval of the Central Bank of Sri Lanka (CBSL). The final Rating Report will be incorporated in the Debenture Prospectus.

1. Objectives of the proposed Debenture Issue

The Company expects to use the funds raised through the Debentures to strengthen Tier 2 capital of the Company, to bridge asset-liability mismatches, and to expand the loan portfolios of the Company.

Funds raised through this Debenture Issue are expected to improve the Capital Adequacy of the Company. The medium to long term duration of the Debentures and the subordinated nature of the instrument issued in compliance with Basel III requirements will enable the Company to strengthen the Tier 2 Capital Base as per Basel III requirements. Approval will be obtained from the Governing Board of Central Bank of Sri Lanka to include the Basel III compliant Debentures under Tier 2 capital.

Since the Debentures proposed to be issued are of a medium to long term nature, being of tenures of 5, 7 and 10 years, the raising of funds through Debentures can be expected to reduce the mismatch between shorter term liabilities and medium to long term assets.

The Company intends to lend the proceeds of the Debenture Issue and thereby expand the Company's loan book in the ordinary course of business over a period of twelve (12) months. The Company recorded a growth in gross loans and advances of Rs. 541 Bn. during the year ended December 31, 2025, (as per the Audited financial statements). Considering the Company's current Lending activities coupled with favourable macro-economic developments, it is unlikely that the Company would not be able to lend the Debenture proceeds within a period of twelve (12) months.

The Company as at date of this circular has not recognised related parties for the lending of the Debenture proceeds and therefore plans to disburse the Debenture proceeds in the ordinary course of business. However, in the event the Company lends funds raised through this Debenture Issue to related parties, the Company will comply with the requirements stipulated under Section 9 of the Colombo Stock Exchange

(CSE) Listing Rules (as applicable). Further, in the event these Debentures are allotted to related parties, the Company shall comply with all applicable laws/ regulations in this regard.

Current Capital Adequacy Status

Current CAR* position of the Company as at 31.12.2025 (as per the audited financial statements)		16.698%
Minimum CAR requirement to be maintained as at 31.12.2025 as per the Banking Act Directions No. 01 of 2016		14.000%
Expected CAR position, subsequent to the Basel III compliant Debenture Issue	As at 31.12.2025 with Rs. 10 Bn	17.103%
	As at 31.12.2025 with Rs. 15 Bn	17.304%
	As at 31.12.2025 with Rs. 20 Bn	17.504%

**CAR = Capital Adequacy Ratio*

The minimum Capital Adequacy requirements under Basel III are as follows:

Components of Capital	Banking Act Directions No. 01 of 2016
Common Equity Tier 1 Capital with Buffers (CCB** & Surcharge on D-SIB***)	8.500%
Total Tier 1 Capital with Buffers (CCB & Surcharge on D-SIB)	10.000%
Total Capital Ratio (Tier 1 + Tier 2) with Buffers (CCB & Surcharge on D-SIB)	14.000%

***CCB = Capital Conservation Buffer*

**** D-SIB = Domestic Systemically Important Banks*

The Company is in compliance with the Basel III minimum Capital Adequacy requirement as at December 31, 2025.

Further the Company has decided to raise additional capital in order to accommodate future growth. As such, the subordinated funds raised through this Debenture Issue in compliance with requirements under Basel III, are expected to further improve the Capital Adequacy Ratio of the Company by increasing its Tier 2 Capital base thus strengthening its Total Eligible Capital as per Basel III requirements.

2. Proposed issuance of Basel III Compliant Debentures

Regulatory aspects regarding Basel III compliant subordinated debt

As per Banking Act Directions No. 01 of 2016 issued by the Central Bank of Sri Lanka, subordinated debt issued by licensed commercial banks needs to be compliant with Basel III requirements effective from July 1, 2017 in order to qualify as Tier 2 capital. According to Basel III guidelines, all subordinated debt issuance should have either a conversion feature allowing conversion to equity or a write-down feature. The Company is therefore of the view that a Non-Viability Conversion feature should be included in the proposed Debentures, and that such conversion, if applicable, should be to Ordinary Voting Shares of the Company upon occurrence of a Trigger Event.

The conversion of Debentures to Ordinary Voting Shares will be in accordance with the applicable laws and regulations of Sri Lanka and the new shares will, subject to the approval of the Colombo Stock Exchange, be listed and will be subject to the instructions of the Governing Board of Central Bank of Sri Lanka with regard to application of the Single Holder Limit at the time of conversion of the Debentures in to Ordinary Voting Shares of the Company.

3. Benefits for the Company and its shareholders through issuing Basel III Compliant Debentures

(a) Issuance of Basel III compliant Debentures will improve the capital adequacy ratios of the Company.

(b) The funds raised through the proposed Debenture Issue being of a medium to long-term nature will reduce maturity mismatches in the assets and liabilities portfolios of the Company.

(c) Issuance of Basel III compliant Debentures will raise funds for expansion of the lending portfolio.

(d) Upon the occurrence of a Trigger Event, any outstanding balance of these Debentures including the total par value of the Debentures and Debenture interest accrued and unpaid as at that date will be converted to Ordinary Voting Shares of the Company. As a result, the Non-Viability Conversion has the effect of acting as a buffer by reducing outstanding claims from liability holders (Debenture holders) in the event of an occurrence of a Trigger Event.

(e) Voting rights of the then existing Ordinary Voting Shareholders are not altered as long as the Non-Viability Conversion Debentures are not converted into Voting Shares of the Company, and to the extent that a Trigger Event does not occur, this Debenture Issue is a suitable instrument to improve capital adequacy and fund growth without resorting to a new issue of equity.

4. Issuance of Basel III Compliant Debentures

In order for the Debentures to be recognised as Tier 2 Capital of the Company under Basel III as described in the Banking Act Directions No. 01 of 2016 issued by the Central Bank of Sri Lanka, the Debentures are required to have the following minimum features:

- Issued and fully paid in cash
- Listed on a recognised stock exchange
- Redeemable
- Subordinated to the claims of depositors and general creditors
- Unsecured and not covered by a guarantee or any other arrangement that legally or economically enhances the seniority of the claim above the depositors and general creditors of the Company.
- Issued with the prior approval from the Governing Board of Central Bank of Sri Lanka for inclusion in Tier 2 Capital
- A minimum tenure of 5 years
- Rated by an acceptable Rating Agency
- Have a feature through which, in the event that the Governing Board of Central Bank of Sri Lanka determining that it is appropriate and in the best interest of the Company and therefore so directs the Company to convert the Debentures into Ordinary Voting Shares of the Company such that through issuance of these new Ordinary Voting Shares the new shares issued will cover the total outstanding under the Debentures (resulting from the Trigger Event referred to in this circular).
- The investors in the Debentures have no rights to accelerate the repayment of future scheduled coupons, except in bankruptcy and liquidation of the Company.

- Neither the Company nor a banking group over which the Company exercises control or significant influence can have purchased the instrument and the Company cannot directly or indirectly have funded the purchase of the instrument.

The Company may consider allotting up to seventy-five per centum (75%) of the issue value on a preferential basis to identified Qualified Investors of strategic importance.

5. Eligible investors For Basel III Compliant Debentures

Investment and trading in Basel III compliant Debentures will be limited to Qualified Investors, as per Colombo Stock Exchange Listing Rule No. 2.2.1 (q) and as defined in the Definitions section of the Listing Rules as Qualified Investor.

A 'Qualified Investor' for the purpose of determining eligibility to invest in issuances of Basel III compliant Debentures shall be:

- A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act No. 30 of 1988 (as amended)
- A specialised bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act No. 30 of 1988 (as amended)
- A mutual fund, a pension fund, Employee Provident Fund or any other similar pooled fund
- A venture capital fund/company and private equity company
- A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act No. 42 of 2011 (as amended)
- A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act No. 56 of 2000 (as amended)
- A company licensed by the Insurance Board of Sri Lanka to carry on insurance business in terms of the Regulation of Insurance Industry Act No. 43 of 2000 (as amended)
- A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No. 07 of 2007 (as amended)
- An investment trust or investment company
- A non-resident institutional investor
- An individual with an initial investment of Rs. 5,000,000/-

6. Specific risks considering the objectives of the issue

Since the proposed total Debenture Issue is to raise up to Rs. 20 Bn. which is a relatively small amount as compared to the overall assets of Rs. 3,258 Bn. and liabilities of Rs. 2,934 Bn. of the Company as at December 31, 2025 (as per the Audited financial statements), there is no specific risk factor that may lead to non-achievement of the objectives as per the stipulated timelines, since the reliance on the Debenture proceeds for asset growth is marginal. However, an adjustment in asset growth and in maturity mismatch reduction may result to the extent that capital adequacy is not improved due to an under-subscription of the issue.

Until full disbursement of the Debenture proceeds, the funds raised through the Debenture Issue will be invested in Short Term Securities. Such investments in Short Term Securities are expected to generate an average return of 6.75% p.a. at current market rates. In the event the Debenture proceeds are not fully utilised for the objectives stated, such non-utilisation can be expected to lead to a reduction in Net Interest Income as undisbursed Debenture funds would be invested in Short Term Securities as opposed to being utilised in lending activities which are expected to generate a higher Net Interest Income.

In the event the proposed Debenture Issue is under-subscribed, the Company may have to adjust asset growth to comply with Basel III requirements. However, under-subscription is not envisaged since there has been reasonable demand for recent Debenture Issues of the Company. No further Shareholder approval will be needed in the event the proposed Debenture Issue is not fully subscribed for or if the timelines stated above are amended as thought fit by the Company.

7. Continuing Disclosure Requirements

The Company undertakes to disclose the progress of the utilisation of the proceeds of the proposed Debenture Issue in the Annual Report/s and future interim financial statements until funds raised through the proposed Debenture Issue are fully utilised. The format of the relevant disclosures to be made shall be disclosed in the Prospectus.

8. Terms and method of conversion

Occurrence of 'Trigger Event'

A Trigger Event is determined by and at the sole discretion of the Governing Board of the Central Bank of Sri Lanka (i.e. conversion of the said Debentures upon occurrence of the Trigger Event will be effected by the Company solely upon being instructed by the Governing Board of the Central Bank of Sri Lanka), and is defined in the Banking Act Directions No. 01 of 2016 of Web Based Return Code 20.2.3.1.1.1.(10) (iii) (a & b) as a point/event being the earlier of:

(A) 'A decision that a write-down, without which the Company would become non-viable, is necessary, as determined by the Governing Board of the Central Bank of Sri Lanka.

(B) The decision to make a public sector injection of capital, or equivalent support, without which the Company would have become non-viable, as determined by the Governing Board of the Central Bank of Sri Lanka'

The Banking Act Directions No. 01 of 2016, on the web based returns specify in index reference 20.2.3.1.1.1. (10) (i) that, for such Debentures to be qualified as Tier 2 Capital (under Basel III guidelines) they should have a convertibility clause which enables the Debentures to be converted to Ordinary Shares on the occurrence of a Trigger Event. Furthermore, the Company is of the view that any conversion of debt to equity upon conversion should have the same rights and privileges of the then existing Ordinary Voting Shareholders (ranking equal and *pari passu* with the then existing Ordinary Voting Shares) and hence consider it appropriate to effect conversion of the proposed Debentures to Ordinary Voting Shares.

The Company on receipt of a Trigger Event notification from the Governing Board of the Central Bank of Sri Lanka will immediately make a market announcement of such notification and thereafter announce the 'price' and 'dates' (such as the Trigger Event date and the date of allotment) pertaining to the pending conversion of Debentures to Ordinary Voting Shares.

Conversion Ratio

Upon the occurrence of the Trigger Event, the Company shall be required and entitled to issue and allot within twenty (20) working days, Ordinary Voting Shares of the Company ranking equal and *pari passu* with the then existing Ordinary Voting Shares, to the Debenture holders up to the outstanding balance of such Debentures, including the total par value of the Debentures and the Debenture interest accrued and unpaid. This will be at a conversion price which will be based on the simple average of daily Volume Weighted Average Price of Ordinary Voting Shares of the Company as published by the Colombo Stock Exchange, during the three (3) month period, immediately preceding the date of the Trigger Event. The Central Depository System (CDS) upload pertaining to Ordinary Voting Shares will be completed within ten (10) market days from the date of allotment of such Ordinary Voting Shares. In the event if any Debenture holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Company shall settle the resulting sums in cash, based on the conversion price within fourteen (14) market days from the date of allotment of the said Ordinary Voting Shares.

Conversion and Trigger

The Company has decided to use the simple average of the daily Volume Weighted Average Price (VWAP) as indicated above due to its practicality and equitability to all shareholders as a pricing formula for conversion. This formula takes into account the market price over a three (03) month period preceding the date of the Trigger Event thereby lessening the impact of short-term price volatility and the volume impact in pricing. Due to the formula being applied using publicly available data published by the Colombo Stock Exchange, there is a high degree of transparency that results from the adoption of this method.

Ordinary Voting Shares arising from the Non-Viability Conversion will be listed on the Colombo Stock Exchange.

If there is an issuance of Ordinary Voting Shares to the Debenture holders upon the occurrence of the Trigger Event, a Debenture holder would cease to be a Debenture holder and would become a Shareholder of the Company to the extent of such issuance and will rank equal and *pari passu* with the then existing Ordinary Voting Shareholders with Voting rights after the allotment of new shares to such Shareholders (being the previous Debenture holders) and will rank superior to the Ordinary Non-Voting Shareholders in respect of the voting rights attaching to the shares issued upon conversion.

Subsequent to the Debenture holders becoming Shareholders of the Company, due to the occurrence of the Trigger Event and the resultant conversion, they would be entitled to exercise such rights as are exercisable by the other Shareholders of the Company holding Ordinary Voting Shares. Once the conversion of Debentures is concluded, the Debentures will cease to exist.

Dilution of Shareholding upon a Conversion of Debentures

In the event of conversion to Ordinary Voting Shares, there would be a dilution of the then existing shareholding percentage held by the then existing Shareholders. However, the extent of the dilution will be dependent on several factors that cannot be determined at this point, as indicated below:

The number of shares to be issued resulting from such a conversion will be determined by the 'Conversion Price' at the 'Trigger Point' as detailed below.

There will be a dilution impact on the shareholdings of the existing Shareholders.

- If the simple average of the daily Volume Weighted Average Price (VWAP) at the point of conversion is low compared to the prevailing share price, it would result in the allocation of a comparatively higher number of Ordinary Voting Shares by the Company to the Debenture holders, which will dilute the shareholding of existing Shareholders.
- If the simple average of daily Volume Weighted Average Price (VWAP) at the point of conversion is high compared to the prevailing share price, it would result in the allocation of a comparatively lower number of Ordinary Voting Shares by the Company, which will dilute the shareholding of existing Shareholders to a lesser extent than in the former instance described above.
- In order to avoid dilution of the shareholding of the then existing Shareholders due to a conversion, in the event of there being a likelihood of the occurrence of the Trigger Event, prior to conversion of the said Debentures into Ordinary Voting Shares, the then existing Shareholders will be first called upon to infuse additional share capital and if such infusion is not forthcoming, the proposed Debenture (i.e. Tier 2 Capital) will get converted in to Ordinary Voting Shares of the Company upon the determination of the 'Non-Viability' point by the Governing Board of the Central Bank of Sri Lanka and upon instructions being issued to the Company in this regard.
- The extent of dilution of the then existing Shareholders will have to be determined by reference to the number of shares that are in issue at the time of such a conversion. The number of Ordinary Voting Shares that are in issue at the time of a conversion can vary during the tenure of the Debentures due to the issuance of new Ordinary Voting Shares by way of scrip dividends, rights issues, capitalisation of reserves, Employee Share Option Plans and/or any other relevant corporate action.

Pre-emptive Subscription Rights

Waiver of pre-emptive rights

In keeping with the Central Bank regulation, it is the Company's intention to obtain Shareholder approval for the issuance of Ordinary Voting Shares [which may be required to be issued due to the Governing Board of the Central Bank of Sri Lanka instructing the Company to exercise the convertible feature attached to these Debentures (the occurrence of the 'Trigger Event')] and to waive the pre-emptive rights of the existing Ordinary Voting Shareholders.

Non-occurrence of a Trigger Event

In the event of a non-occurrence of a Trigger Event these Debentures will be redeemed after 5, 7 and 10 years from the date of allotment of such Debentures and the principal sum and unpaid and accrued interest (if any) payable on the redemption of Debentures will be paid not later than Three (03) Working Days from the date of redemption, unless otherwise a Trigger Event occurs.

9. Reason for convening an Extraordinary General Meeting

As per Rule No. 2.2.1.p of the Listing Rules of the Colombo Stock Exchange, the Company is required to obtain the approval of the Shareholders in respect of the proposed Debenture Issue by way of a Special Resolution.

It will also be necessary to obtain a waiver of the pre-emptive right to a new issue of shares as prescribed by Article 9 A of the Articles of Association of the Company by means of a duly passed Ordinary Resolution,

in respect of the allotment and issue of new Ordinary Voting Shares by the Company to the holders of the said Debentures in the case of a Trigger Event which warrants such a conversion of Debentures to Ordinary Voting Shares.

Furthermore, it will also be necessary, in compliance with Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company, to obtain, by means of a duly passed Special Resolution, approval of the Ordinary Voting Shareholders and Ordinary Non-Voting Shareholders in respect of the proposed Ordinary Voting share issue which may arise pursuant to the conversion of Debentures in the case of a Trigger Event, which may in turn affect the rights attached to the Company's existing Ordinary Voting and Non-Voting Shares.

Therefore, an Extraordinary General Meeting of the Company is being convened in accordance with the Notice of Meeting attached hereto, for the purpose of passing the Resolutions set out therein.

Shareholders who are unable to participate at the meeting are entitled to appoint a proxy to participate at the said meeting and speak and also vote on their behalf, depending on their voting rights. If you wish to appoint such a proxy, kindly complete and return the enclosed Form of Proxy (in accordance with instructions specified therein) to the Company via email to companysecretary@combank.net or by post to Company Secretary, Commercial Bank of Ceylon PLC, Commercial House, No. 21, Sir Razik Fareed Mawatha, Colombo 01, not later than forty-eight (48) hours before the time appointed for the holding of the EGM.

By Order of the Board of
Commercial Bank of Ceylon PLC,

R A P Rajapaksha
Company Secretary

March 9, 2026
Colombo

Circular to Shareholders on proposed Employee Share Option Plan – 2026 (ESOP-2026)

Dear Shareholder/s,

1. Business case

a) Background

The need for equity based compensation schemes in an organisation is an essential tool to align employee interests with that of its Shareholders. To achieve this goal, employers need to devise incentive schemes, such as Employee Share Option Schemes/ Plans (ESOPs) that adequately motivate and compensate employees. The ability to leverage the intrinsic value of human capital via equity based compensation schemes could help create a sustainable competitive advantage in an environment where other factors such as financial capital, technology and physical assets are becoming increasingly homogenous.

As mentioned above, the primary objective of an ESOP is to align the interests of employees with that of the Shareholders. Consequently, a "reasonable" quantity of shares must be owned by the employees and the value of shares thus allocated should be economically significant enough to motivate them. At the same time, allocations should be made gradually to control the dilution in Shareholder wealth, extend the life of the ESOP, retain employees and maintain employee motivation over the long term.

b) Proposal

Commercial Bank of Ceylon PLC (the 'Company') has, with the approval of the Shareholders successfully implemented five Employee Share Option Plans ('ESOPs') which were introduced during the years 2002 ['ESOP-2002'], 2008 ['ESOP-2008'], 2015 ['ESOP-2015'], 2019 ['ESOP-2019] and 2023 ['ESOP-2023'], respectively. The said ESOPs, which had also received the approval of regulatory bodies were operated in accordance with the Guidelines set out by the Securities and Exchange Commission of Sri Lanka (the 'SEC') and the Colombo Stock Exchange (the 'CSE') and the said ESOP 2002, ESOP 2008, ESOP 2015 and ESOP 2019 were successfully concluded in 2006, 2019, 2021 and 2024 respectively, and ESOP 2023 is still operative.

Given the success of the above ESOP schemes, which have been of mutual benefit to both employees and Shareholders of the Company, and, in keeping in line with modern international practices, the Company's Board of Directors propose to introduce an ESOP for the year 2026 ['ESOP-2026'], subject to regulatory and Shareholder approval being obtained therefor.

Furthermore, ESOP-2026 has been structured with the professional assistance of NDB Investment Bank ['NDBIB']. The terms and conditions governing the ESOP-2026 are, as set out herein, subject however to the provisions of applicable statutes, the Listing Rules of the CSE and other applicable rules and regulations of regulatory bodies and provided that any matter not expressly dealt with herein or which lacks clarity will, for purposes of administrative efficacy and clarity of this scheme, be determined at the discretion of the Company's Board of Directors [subject to such Board being constituted for this purpose only of the Non-Executive Directors] within the framework of the Report provided by NDBIB to establish ESOP-2026.

ESOP-2026 will come into effect from March 31, 2026 [subject to all necessary approvals being obtained therefor] and will lapse on September 30, 2031. The employees holding shares issued under any previous ESOPs which were funded by the Company or any of its Subsidiaries and an Employee Share Trust, shall not participate in voting at the Extraordinary General Meeting to be held on March 31, 2026.

2. Quantum of Share Options to be Issued

Under the proposed ESOP-2026, the Company will allocate up to 3.0% of the total issued and fully-paid ordinary [voting] shares of the Company amounting to 46,195,156 (subject to exercise of existing ESOPs and due to any further issues the Company may decide to opt.).

This equity allocation would be issued to employees in the form of share options in a maximum of three (03) tranches, each spread over a period of three (03) years, commencing from 2026. The ESOP-2026 will lapse in 2031.

Each of the three tranches would amount to a maximum of 1.0%, of the ordinary (voting) shares in issue as at the respective grant date [i.e. the date on which the share options are granted to the employees]. The Company's Board of Directors will, however, have the discretion to decide on the exact size of an annual tranche up to the said limits to be granted in a financial year, depending on the extent of achievement of the qualifying criteria by the Company in the previous year, as detailed in Section 3 below (subject to however the 2nd paragraph of Section 4 below). If the quantum of share options granted in a given year is less than the above mentioned maximum amount of 1.0% (each year), the remainder which has not been granted in a given year will remain unissued.

The Company shall make provisions in the scheme for the adjustment of the exercise price / the number of shares underlying the options that have not been exercised in the event of an increase in the total number of shares of the Company (e.g. rights issue of shares, issue of shares credited as fully paid-up by way of capitalisation of reserves, scrip dividends and sub division of shares) or decrease in the total number of shares of the Company (e.g. consolidation of shares and repurchase of shares) which occur during the vesting period and the exercise period. Note that the Company shall make provision in the scheme for the adjustment of the exercise price / the number of shares underlying the options that have not been exercised (as applicable) in accordance with the Rule 5.6.6 (a) (ii) of the Listing Rules of the CSE. The Company shall in such instance, immediately disclose the adjusted exercise price/the number of shares underlying the options that have not been exercised (as applicable) to the Exchange.

3. Qualifying criteria that the Company should satisfy to proceed with ESOP-2026

a) Profitability

i) Qualifying Criteria 1 – The Company should achieve Annual Budgeted Profit After Tax (PAT)

The Company should achieve the annual budgeted PAT for the financial year 2025, 2026 and 2027, respectively, for eligible employees to be entitled for share options.

ii) Qualifying Criteria 2 – The Company should achieve higher percentage growth in PAT than the Peer Group

The Company's percentage growth of PAT in a financial year should exceed the average of percentage growth of PAT disclosed by the banks in the Peer Group in their Annual Reports/Published Annual Financial Statements during the same period.

The Peer Group will be Hatton National Bank PLC, Sampath Bank PLC, National Development Bank PLC and Seylan Bank PLC. In the event of any mergers and acquisitions involving banks included in the Peer Group, the Board of Directors of the Company would have the discretion to reconstitute the Peer Group based on prevailing market conditions.

Furthermore, it should be noted that normalised figures should be used when computing the relevant PAT figures (both for the Company and the Peer Group). The normalised PAT should exclude reported exceptional gains/losses for comparison

purposes. The previous year's PAT for both the Company and the Peer Group may also have to be adjusted to reflect any changes to taxes and other statutory levies in order to enable a fair comparison and calculation of growth rates. The Board of Directors of the Company should determine what should be the exceptional items for this purpose.

b) Return on Equity (ROE)

There are two sub-criteria to be fulfilled in this connection-

i) Qualifying Criteria 3 – The Company's ROE should be greater than the Required ROE

The Company's ROE for the financial year 2025, 2026 and 2027 should exceed the Required ROE of the Company.

Required ROE can be calculated as follows:

Required ROE = Five Year Historical Average ROE of the Company

ii) Qualifying Criteria 4 – The Company's ROE should be greater than the Pooled ROE of the Peer Group

ROE of the Company, measured as per the formula below for a financial year 2025, 2026 and 2027 should exceed the Average (Pooled) ROE of comparator banks during the same period, to be calculated using the same formula:

$$\text{ROE} = \frac{\text{Profit After Tax}}{\text{Book Value of Equity (Shareholder's Funds)}}$$

Book Value of Equity to be used in the above calculation should be a time weighted average whereas PAT should be calculated on a normalised basis.

c) Compliance

Qualifying Criteria 5 – Fulfilment of compliance requirements

Licensed commercial banks operating in Sri Lanka have to adhere to all the regulatory requirements stipulated by the Central Bank of Sri Lanka (CBSL). In addition, the Company being a listed company needs to adhere to CSE and SEC requirements and regulations. The rationale of introducing "Compliance" as a qualifying criterion is to ensure that the Company operates within the regulatory parameters and promotes good corporate governance.

4. How to be eligible for ESOP-2026

From 2026 onwards the Company will be required to fulfil any two of the four criteria referred to in 3(a)(i), 3(a)(ii), 3(b)(i) and 3(b)(ii) above in the financial year applicable, in addition to the compulsory fulfilments of the criterion on Compliance, referred to in 3(c) above.

An employee of the Company shall not be entitled to acquire through ESOPs more than one per centum (1%) of the total number of shares issued by the Company at any given time. Hence, share options under the annual tranches up to a maximum of three (03) will be granted during the period from 2026 to 2028. Any share options not allocated during this period, due to the Company not achieving the above qualifying criteria will be cancelled.

5. Share option grant dates

Share options under the First (1st) tranche of the ESOP-2026, shall, in respect of the year 2025, be granted on March 31, 2026. Thereafter, options under the remaining tranches will be granted on April 01 each year until the conclusion of the maximum of three (03) tranches of the ESOP-2026, the last being on April 01, 2028.

6. Share option allocations to individual employees – Eligibility criteria

For an employee to be eligible for share options under a particular tranche of the ESOP-2026, he/she should be in the Grade of Assistant Manager or above or a member of the Corporate Management including the Chief Executive Officer (CEO) of the Company and having a performance grading of 'Very Good' or above in the annual performance assessment system of the Company for the applicable year.

7. Vesting Period

Once the share options are granted to eligible employees for the years 2026, 2027 and 2028 based on the performance evaluation criterion of the Company for the financial years 2025,2026 and 2027 respectively, the eligible employee should remain in employment from March 31, 2026 to September 30, 2026, April 1, 2027 to September 30, 2027 and April 1, 2028 to September 30, 2028, respectively, for them to be able to exercise each tranche of ESOP-2026.

Hence, every tranche will have the following vesting schedule:

Tranche	% of Voting Shares Issued (maximum)	Period of Performance Evaluation	Option Grant Date (Assumed)	Date of Vesting	Exercise Period
1	1.0%	FY 2025	31 Mar 2026 *	30 Sep 2026	1 Oct 2026 to 30 Sep 2029
2	1.0%	FY 2026	1 Apr 2027	30 Sep 2027	1 Oct 2027 to 30 Sep 2030
3	1.0%	FY 2027	1 Apr 2028	30 Sep 2028	1 Oct 2028 to 30 Sep 2031

** Assumed date of EGM approving ESOP*

7.1. Early Vesting

In the event of retirement or death of an eligible employee, there will be an immediate vesting of all the options granted to the respective eligible employee.

8. Exercise period

This is the period which follows the vesting period, during which an eligible employee could exercise the share options to purchase the ordinary [voting] shares of the Company at the pre-determined exercise price, as detailed in Section 9 below. In compliance with Rule 5.6.2 of the Listing Rules of the CSE, the Company shall ensure that the shares underlying all the options granted under ESOP shall be absolutely transferred to the Employees within a period of ten (10) years from the date of obtaining Shareholder approval for same, i.e. from March 31, 2026, as morefully stated under Section 7 above.

The exercise period applicable after each of the vesting periods referred to in Section 7 above would be three (03) years. Accordingly, the exercise period schedule of the ESOP-2026 would be as follows, assuming that options under each of the annual tranches will be issued up to the full 1.0% in all tranches., in the years 2026, 2027 and 2028, consecutively.

Tranche	% of Voting Shares Issued (maximum)	Period of Performance Evaluation	Option Grant Date (Assumed)	Date of Vesting	Exercise Period
1	1.0%	FY 2025	31 Mar 2026 *	30 Sep 2026	1 Oct 2026 to 30 Sep 2029
2	1.0%	FY 2026	1 Apr 2027	30 Sep 2027	1 Oct 2027 to 30 Sep 2030
3	1.0%	FY 2027	1 Apr 2028	30 Sep 2028	1 Oct 2028 to 30 Sep 2031

** Assumed date of EGM approving ESOP*

Any options not exercised during the applicable period will be cancelled, subject to the vesting arrangements applicable for eligible employees on retirement or death.

However, in the event of resignation or early retirement of an employee prior to vesting (as detailed in Section 7 above), any options granted to him/ her, but not vested will be cancelled, allowing him/ her to exercise only the vested but unexercised options, if any. On the other hand, in the event of dismissal or serious disciplinary action being taken against a particular employee, all vested but unexercised options, if any, as at the date of dismissal/date on which disciplinary action is taken [including where the employee voluntarily resigns due to such factors] would be cancelled.

9. Share option exercise price

The exercise price of the option is specified in advance at the time of grant. For the proposed ESOP, an exercise price equivalent to the arithmetic average of the volume weighted closing price of the Company's share calculated based on a period of thirty (30) market days immediately prior to the grant date of each of the tranches would apply (in the case of Tranche 1, the Exercise Price will be determined based on the 30 market day Volume Weighted Average Price [VWAP] immediately preceding the date of the EGM). Accordingly, note that the Exercise Price pertaining to the tranches 2 and 3 of ESOP 2026 will be determined by the Company in compliance with Rule 5.6.6. (a) of the Listing Rules of the CSE.

However, in the event of Bonus Issues [Capitalisation of Reserves], Stock Dividends, Rights Issues, Sub-division/Consolidation and/or re-purchase of shares by the Company during the applicable vesting periods of the ESOP-2026, the share option exercise price of the affected tranches will be adjusted as per the applicable rules of the ESOP - 2026 which have been drafted in accordance with the accepted market practices and in accordance with Rule 5.6.6 (a)(iv) of the CSE Listing Rules.

10. Financial support to purchase shares under the ESOP-2026

Board of Directors confirms that neither the Company nor its subsidiaries will provide any direct or indirect financial support to the Company's employees to purchase shares under the proposed ESOP-2026.

11. Accounting and financial reporting implications to the company under the ESOP-2026

The Company is mindful of the "Sri Lanka Accounting Standard - SLFRS 2 Share-based Payments" which sets out the financial reporting implications to an entity when it undertakes a share-based payment transaction. In particular, it requires an entity to reflect in its profit and loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees.

At the grant date of the options, the Company is required to recognise the value of the share options granted to employees through the ESOP-2026. The value of the share options should be calculated using an Option Valuation Model. SLFRS 2 recommends using either Black-Scholes-Merton Model or Binomial Option Valuation Models for this purpose. NDBIB has estimated the value of the options using the Binomial Model of option valuation.

12. Tax implications

The implementation of the ESOP may have deferred taxation implications on the financial statements of the Company. It should also be noted that gains arising through ESOPs falls under employment income. Therefore, at the time of exercising the share options, the employees will be taxed based on the applicable Advance Personal Income Tax (APIT) rates for the gains arising through the exercise of the share options.

13. Appointment of managers to the ESOP – 2026

The Company will arrange to appoint independent Managers with no conflict of interests, to manage and monitor the proposed ESOP-2026.

14. Consideration for the issue of shares

As required by Section 52 of the Companies Act No. 07 of 2007 (as amended), the Board has resolved that in its opinion that the consideration, for which the Company's ordinary [voting] shares are proposed to be issued, is fair and reasonable to the Company and to all existing Shareholders.

Such exercise price will be equivalent to the volume weighted average market price considering all share transactions of the Company's ordinary (voting) shares, during the period of thirty (30) market days, immediately prior to each option grant date.

15. Approvals

i) Listing Rules of the CSE

The Board of Directors of your Company, having considered the above implications and overall benefits to the Company and its employees arising from the proposed ESOP-2026, is pleased to recommend ESOP-2026, which has been approved by them, to the Shareholders for their formal approval.

As per Listing Rule 5.6 of the Listing Rules of the CSE, the prior approval of the Shareholders, by way of a special resolution at a General Meeting must be obtained for the purpose of creating or establishing a scheme such as ESOP-2026. Accordingly, an Extraordinary General Meeting (EGM) has been convened for March 31, 2026 for this purpose and the proposed resolutions to be passed thereat are set out in the attached Notice of Meeting, for the consideration and due adoption by the Company's Shareholders thereat. Subject to the above, your Directors have obtained 'in principle' approval of the CSE, for the listing of the ordinary (voting) shares to be allotted and issued under the ESOP-2026. The terms of the ESOP-2026 shall not be varied once approval from the CSE has been obtained in respect of same.

ii) Requirements under the Companies Act No. 07 of 2007(as amended) and the Articles of Association of the Company

In terms of Article 9 A of the Company's Articles of Association, the Company's Shareholders have a pre-emptive right to new issues of shares, unless otherwise resolved to by way of an ordinary resolution. Since new ordinary (voting) shares will be issued under ESOP-2026, the requisite resolution to be passed by Shareholders waiving their pre-emptive rights thereto is set out in the attached Notice of Meeting, for due consideration and adoption by the holders of the Company's ordinary (voting) shares at the EGM.

Approval is also sought of the holders of the Company's ordinary (voting) shares by way of a special resolution, in relation to the allotment and issue of new ordinary (voting) shares under the ESOP-2026, in pursuance of Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Company's Articles of Association. The requisite resolution to be passed in this regard is set out in the attached Notice of Meeting, for due consideration and adoption by the holders of the Company's ordinary (voting) shares at the EGM.

By Order of the Board of
Commercial Bank of Ceylon PLC,

R A P Rajapaksha
Company Secretary

March 9, 2026
Colombo

Form of Proxy (Voting Shareholders) – Annual General Meeting (AGM)

I/We ..... of .....

..... being a shareholder/s of Commercial Bank of Ceylon PLC (the 'Bank') hereby appoint

..... (NIC No. .....) of ..... whom failing:

Mr Sharhan Muhseen	whom failing
Mr Raja Senanayake	whom failing
Mr Sanath Chandima Udayakumara Manatunge	whom failing
Ms Judy Lee	whom failing
Ms Dehiwala Liyanage Thushara Samanthi Wijewardena	whom failing
Dr Sivakumar Selliah	whom failing
Mr Sellathurai Prabagar	whom failing
Mr Diyalanthonige Nimal Lucias Fernando	whom failing
Mr Palitha Mendis Kumarasinghe	whom failing
Mr Pathiranage Yohan Srineth Perera	whom failing
Ms Romany Maryse Aurora Sita Parakrama	

as my/our Proxyholder to represent me/us and to speak at the Meeting and to vote on a show of hands or on a poll on my/our behalf as indicated below (and strictly in relation to the matters set out hereunder) at the Fifty-Seventh (57th) Annual General Meeting (AGM) of Commercial Bank of Ceylon PLC which is scheduled to be held on Tuesday, March 31, 2026 at 2.30 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our Proxy to vote on my/our behalf in accordance with the preference as indicated below. (Please indicate your preference with a "✓" in the relevant box.)

Item in the Notice of Meeting	For	Against
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, the Statement of Compliance and the Financial Statements for the year ended December 31, 2025 together with the Report of the Auditors thereon.	☐	☐
2. To declare a dividend as recommended by the Directors and to consider and if thought fit, to pass the following resolutions set out in the attached Notice of Meeting:		
i. Declaration of a first and final dividend and approval of its method of satisfaction (Dividend Resolution No. 1)	☐	☐
ii. Waiver of pre-emption rights (Dividend Resolution No. 2)	☐	☐
iii. Approval of an issue of ordinary (voting) and (non-voting) shares (Dividend Resolution No. 3)	☐	☐
3. Approve To re-elect/elect the following Directors who, in terms of the Company's Articles of Association, are retiring by rotation or otherwise as given below:		
i. To re-elect Ms J Lee who retires by rotation in terms of Article 86 of the Articles of Association.	☐	☐
ii. To re-elect Dr S Selliah who retires by rotation in terms of Article 86 of the Articles of Association.	☐	☐
iii. To elect Ms R M A S Parakrama who was appointed to the Board in terms of Article 92 of the Articles of Association.	☐	☐
4. i To re-appoint Messrs KPMG, Chartered Accountants as recommended by the Board of Directors, as Auditors to the Company for the Financial Year ending December 31, 2026.	☐	☐
ii. To authorise the Board of Directors to determine the remuneration of the Auditors for the Financial Year ending December 31, 2026.	☐	☐
5. To authorise the Board of Directors to determine donations for the year 2026.	☐	☐

Signed on this ..... day of ..... Two Thousand and Twenty Six.

.....	.....	.....
Folio Number	Signature/s of shareholder/s	NIC/PP/Co. Reg. No. of shareholder/s

Notes:

Instructions as to completion of this Form of Proxy are given below.

(i) As regards voting on the Resolutions indicated in the Form of Proxy, if no words are struck out or there is in the view of the Proxyholder doubt (by reason of the way in which the instructions in the Form of Proxy have been stated by the Shareholder) as to the way in which the Proxyholder should vote, the Proxyholder will vote as he/she thinks fit.

(ii) If the Form of Proxy is signed by an attorney, the relative Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the Company.

(iii) If the Shareholder is a company or a corporate body, the Form of Proxy should be executed under its common seal or in such other manner as provided for in its constitutional documents, if any, or be signed by its attorney or by an officer on behalf of the company/ corporate body, in accordance with its Articles of Association/ Statute.

(iv) Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

(v) The use of the word "Member/s" herein is a reference to "Shareholder/s".

Instructions as to completion of Form of Proxy

(a) Article 68 of the Articles of Association of the Bank provides that: "An instrument appointing a proxy shall be in writing, and

(i) In the case of an individual shall be signed by the appointor or by his attorney; or in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer authorised to do so on behalf of the corporation. The Bank may, but shall not be bound to require evidence of the authority of any such attorney or officer.

(ii) A proxy need not be a member of the Bank".

(b) In terms of Article 63 of the Articles of Association of the Bank:

"In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the name stands in the Register of Members in respect of the joint holding".

(c) The full name and address of the Proxy holder and of the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy

(d) The duly completed Form of Proxy should be deposited at the Registered Office of Commercial Bank of Ceylon PLC "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka or by facsimile on 0112332317 or email to companysecretary@combank.net, not later than forty-eight (48) hours before the time appointed for the holding of the meeting.

(e) Articles 57 to 60 of the Articles of Association of the Bank, dealing with voting are quoted below, for information of the Shareholders:

"57. Method of voting

At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(i) The Chairman of the meeting; or

(ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

(iii) A member or members present in person or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

A demand for a poll may be withdrawn. Unless a poll be demanded (and the demand be not withdrawn), a declaration by the Chairman of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

58. How a poll is to be taken

If a poll is duly demanded (and the demand be not withdrawn), it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may (and if so requested shall), appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of taking and declaring the result of the poll.

59. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

60. Time for taking a poll

A poll demanded on the election of a Chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately."

REQUEST TO SHAREHOLDERS

SHAREHOLDERS ARE KINDLY REQUESTED TO INDICATE THE "FOLIO NUMBER" APPEARING IN THE ADDRESS LABEL (PASTED ON THE ENVELOPE) IN THE SPACE PROVIDED FOR "FOLIO NUMBER" IN THE FORM OF PROXY. THIS IS FOR THE CONVENIENCE OF THE REGISTRARS. PLEASE NOTE THAT NON-INDICATION OF THE "FOLIO NUMBER" WILL NOT INVALIDATE THE FORM OF PROXY, UNDER ANY CIRCUMSTANCES.

Form of Proxy (Non-Voting Shareholders) – Annual General Meeting (AGM)

I/We ..... of.....

..... being a shareholder/s of Commercial Bank of Ceylon PLC (the 'Bank') hereby appoint

..... (NIC No. .....) of ..... whom failing:

Mr Sharhan Muhseen	whom failing
Mr Raja Senanayake	whom failing
Mr Sanath Chandima Udayakumara Manatunge	whom failing
Ms Judy Lee	whom failing
Ms Dehiwala Liyanage Thushara Samanthi Wijewardena	whom failing
Dr Sivakumar Selliah	whom failing
Mr Sellathurai Prabagar	whom failing
Mr Diyalanthonige Nimal Lucias Fernando	whom failing
Mr Palitha Mendis Kumarasinghe	whom failing
Mr Pathiranage Yohan Srineth Perera	whom failing
Ms Romany Maryse Aurora Sita Parakrama	

as my/our Proxyholder to represent me/us and to speak at the meeting and to vote on a show of hands or on a poll on my/our behalf as indicated below (and strictly in relation to the matters set out hereunder) at the Fifty-Seventh (57th) Annual General Meeting (AGM) of Commercial Bank of Ceylon PLC which is scheduled to be held on Tuesday, March 31, 2026 at 2.30 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our Proxy to vote on my/our behalf in accordance with the preference as indicated below. (Please indicate your preference with a "✓" in the relevant box.)

Item in the Notice of Meeting	For	Against
2 To declare a dividend as recommended by the Directors and to consider and if thought fit, to pass the following resolutions set out in the attached Notice of Meeting:		
(ii) Waiver of pre-emption rights (Dividend Resolution No. 2)	☐	☐
(iii) Approval of an issue of ordinary (voting) and (non-voting) shares (Dividend Resolution No. 3)	☐	☐

Signed on this ..... day of ..... Two Thousand and Twenty Six.

.....	.....	.....
Folio Number	Signature/s of shareholder/s	NIC/PP/Co. Reg. No. of shareholder/s

Notes:

Instructions as to completion of this Form of Proxy are given below.

(i) Shareholders of non-voting shares are entitled only to attend and speak at the meeting and to vote only in respect of the Resolutions set out in items 2 (ii) and 2 (iii) of the Notice of Meeting. As regards voting on the said two (02) Resolutions indicated in the Form of Proxy, if no words are struck out or there is in the view of the Proxyholder doubt (by reason of the way in which the instructions in the Form of Proxy have been stated by the Shareholder) as to the way in which the Proxyholder should vote, the Proxyholder will vote as he/she thinks fit.

(ii) If the Form of Proxy is signed by an attorney, the relative Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the Company.

(iii) If the Shareholder is a company or a corporate body, the Form of Proxy should be executed under its common seal or in such other manner as provided for in its constitutional documents, if any, or be, signed by its attorney or by an officer on behalf of the company/corporate body in accordance with its Articles of Association/Statute.

(iv) Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the Shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

(v) The use of the word "Member/s" herein is a reference to "Shareholder/s".

Instructions as to completion of Form of Proxy

(a) Article 68 of the Articles of Association of the Company provides that: "An instrument appointing a proxy shall be in writing, and

(i) In the case of an individual shall be signed by the appointer or by his attorney; or in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer authorised to do so on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.

(ii) A proxy need not be a member of the Company".

(b) In terms of Article 63 of the Articles of Association of the Company:

"In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the name stands in the Register of members in respect of the joint holding".

(c) The full name and address of the proxyholder and of the shareholder appointing the proxyholder should be entered legibly in the Form of Proxy.

(d) The duly completed Form of Proxy should be deposited at the Registered Office of Commercial Bank of Ceylon PLC, "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka or by facsimile on 011 233 2317 or email to companysecretary@combank.net, not later than forty-eight (48) hours before the time appointed for the holding of the meeting.

(e) Articles 57 to 60 of the Articles of Association of the Company, dealing with voting are quoted below, for information of Shareholders:

"57. Method of voting

At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(i) The Chairman of the meeting; or

(ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

(iii) A member or members present in person or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

A demand for a poll may be withdrawn. Unless a poll be demanded (and the demand be not withdrawn), a declaration by the Chairman of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

58. How a poll is to be taken

If a poll is duly demanded (and the demand be not withdrawn), it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may (and if so requested shall), appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of taking and declaring the result of the poll.

59. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

60. Time for taking a poll

A poll demanded on the election of a Chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately."

REQUEST TO SHAREHOLDERS

SHAREHOLDERS ARE KINDLY REQUESTED TO INDICATE THE "FOLIO NUMBER" APPEARING IN THE ADDRESS LABEL (PASTED ON THE ENVELOPE) IN THE SPACE PROVIDED FOR "FOLIO NUMBER" IN THE FORM OF PROXY. THIS IS FOR THE CONVENIENCE OF THE REGISTRARS. PLEASE NOTE THAT NON-INDICATION OF THE "FOLIO NUMBER" WILL NOT INVALIDATE THE FORM OF PROXY, UNDER ANY CIRCUMSTANCES.

Form of Proxy (Voting Shareholders) – Extraordinary General Meeting (EGM)

I/We ..... of .....

..... being a shareholder/s of Commercial Bank of Ceylon PLC (the 'Bank') hereby appoint

..... (NIC No. .....) of ..... whom failing:

Mr Sharhan Muhseen	whom failing
Mr Raja Senanayake	whom failing
Mr Sanath Chandima Udayakumara Manatunge	whom failing
Ms Judy Lee	whom failing
Ms Dehiwala Liyanage Thushara Samanthi Wijewardena	whom failing
Dr Sivakumar Selliah	whom failing
Mr Sellathurai Prabagar	whom failing
Mr Diyalanthonige Nimal Lucias Fernando	whom failing
Mr Palitha Mendis Kumarasinghe	whom failing
Mr Pathiranage Yohan Srineth Perera	whom failing
Ms Romany Maryse Aurora Sita Parakrama	

as my/our Proxyholder to represent me/us and to speak at the Meeting and to vote on a show of hands or on a poll on my/our behalf as indicated below (and strictly in relation to the matter set out hereunder) at the Extraordinary General Meeting (EGM) of Commercial Bank of Ceylon PLC which will be held immediately after the conclusion of the Annual General Meeting (AGM) convened for Tuesday, March 31, 2026 at 2.30 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our Proxy to vote on my/our behalf in accordance with the preference as indicated below. (Please indicate your preference with a "✓" in the relevant box.)

Items in the Notice of Meeting:

To consider and if thought fit to pass the following resolutions set out in the attached Notice of Meeting:

	For	Against
DEBENTURE ISSUE 2026		
(i) Resolution No. 1 - Approve the proposed issue of Basel III compliant Debentures in terms of Rule 2.2.1.(p) of the Listing Rules of Colombo Stock Exchange	☐	☐
(ii) Resolution No. 2 - Waiver of Pre-emption Rights relating to Basel III compliant Debentures Issue 2026	☐	☐
(iii) Resolution No. 3 - Approve in pursuance of Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company, the issue of Ordinary Voting Shares to the holders of Basel III Compliant Debentures to the extent of the amounts due and payable on such Debentures the event the Governing Board of the Central Bank of Sri Lanka determines that a Trigger Event as defined in the Circular to Shareholders pertaining to the proposed issue of Basel III compliant Debentures has occurred	☐	☐
EMPLOYEE SHARE OPTION PLAN 2026 (ESOP-2026)		
(iv) Resolution No. 1 - Establishment of the ESOP 2026	☐	☐
(v) Resolution No. 2 - Waiver of Pre-emption Rights relating to ESOP 2026	☐	☐
(vi) Resolution No. 3 - Approve the issue of Ordinary Voting Shares under Section 99 of the Companies Act No.07 of 2007 and Article 10 of the Articles of Association of the Company in relation to the ESOP-2026	☐	☐

Signed on this ..... day of ..... Two Thousand and Twenty Six.

.....	.....	.....
Folio Number	Signature/s of shareholder/s	NIC/PP/Co. Reg. No. of shareholder/s

Note that instructions as to completion of this Form of Proxy are given below.

Notes:

(i) With regard to voting on the Resolutions indicated in the Form of Proxy, if no words are struck out or there is in the view of the Proxyholder doubt (by reason of the way in which the instructions in the Form of Proxy have been stated by the Shareholder) as to the way in which the Proxyholder should vote, the Proxyholder will vote as he/she thinks fit.

(ii) If the Form of Proxy is signed by an attorney, the relative Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the Company.

(iii) If the Shareholder is a company or a corporate body, the Form of Proxy should be executed under its common seal or in such other manner as provided for in its Constitutional Documents, if any, or be signed by its attorney or by an officer on behalf of the company/ corporate body, in accordance with its Articles of Association/ Statute.

(iv) Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the Shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

(v) The use of the word "Member/s" herein is a reference to "Shareholder/s".

Instructions as to completion of Form of Proxy

(a) Article 68 of the Articles of Association of the Company provides that: "An instrument appointing a proxy shall be in writing, and

(i) In the case of an individual shall be signed by the appointor or by his attorney; or in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer authorised to do so on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.

(ii) A proxy need not be a member of the Company".

(b) In terms of Article 63 of the Articles of Association of the Company:

"In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the name stands in the Register of Members in respect of the joint holding".

(c) The full name and address of the Proxy holder and of the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy

(d) The completed Form of Proxy should be deposited at the Registered Office of Commercial Bank of Ceylon PLC "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka or email to companysecretary@combank.net, not later than forty-eight (48) hours before the time appointed for the holding of the meeting.

(e) Articles 57 to 60 of the Articles of Association of the Company, dealing with voting are quoted below, for information of the Shareholders:

"57. Method of Voting

At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(i) The Chairman of the Meeting; or

(ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

(iii) A member or members present in person or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting.

A demand for a poll may be withdrawn. Unless a poll be demanded (and the demand be not withdrawn), a declaration by the Chairman of the Meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

58. How a Poll is to be Taken

If a poll is duly demanded (and the demand be not withdrawn), it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the Meeting may direct, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may (and if so requested shall), appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of taking and declaring the result of the poll.

59. Chairman's Casting Vote

In the case of an equality of votes, whether on a show of hands or poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

60. Time for Taking a Poll

A poll demanded on the election of a Chairman of the Meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately."

REQUEST TO SHAREHOLDERS

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Form of Proxy (Non-Voting Shareholders) – Extraordinary General Meeting (EGM)

I/We ..... of .....

..... being a shareholder/s of Commercial Bank of Ceylon PLC (the 'Bank') hereby appoint

..... (NIC No. .....) of ..... whom failing:

Mr Sharhan Muhseen	whom failing
Mr Raja Senanayake	whom failing
Mr Sanath Chandima Udayakumara Manatunge	whom failing
Ms Judy Lee	whom failing
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Dr Sivakumar Selliah	whom failing
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Mr Diyalanthonige Nimal Lucias Fernando	whom failing
Mr Palitha Mendis Kumarasinghe	whom failing
Mr Pathiranage Yohan Srineth Perera	whom failing
Ms Romany Maryse Aurora Sita Parakrama	

as my/our Proxyholder to represent me/us and to speak at the Meeting and to vote on a show of hands or on a poll on my/our behalf as indicated below (and strictly in relation to the matter set out hereunder) at the Extraordinary General Meeting (EGM) of Commercial Bank of Ceylon PLC which will be held immediately after the conclusion of the Annual General Meeting (AGM) convened for Tuesday, March 31, 2026 at 2.30 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our Proxy to vote on my/our behalf in accordance with the preference as indicated below. (Please indicate your preference with a "✓" in the relevant box.)

Items in the Notice of Meeting:

To consider and if thought fit to pass the following resolutions set out in the attached Notice of Meeting:

	For	Against
DEBENTURE ISSUE 2026		
(i) Resolution No. 3 - Approve in pursuance of Section 99 of the Companies Act No. 07 of 2007 (as amended) and Article 10 of the Articles of Association of the Company, the issue of Ordinary Voting Shares to the holders of Basel III Compliant Debentures to the extent of the amounts due and payable on such Debentures the event the Governing Board of the Central Bank of Sri Lanka determines that a Trigger Event as defined in the Circular to Shareholders pertaining to the proposed issue of Basel III compliant Debentures has occurred	☐	☐
EMPLOYEE SHARE OPTION PLAN 2026 (ESOP-2026)		
(ii) Resolution No. 3 - Approve the issue of Ordinary Voting Shares under Section 99 of the Companies Act No.07 of 2007 and Article 10 of the Articles of Association of the Company in relation to the ESOP-2026	☐	☐

Signed on this ..... day of ..... Two Thousand and Twenty Six.

.....	.....	.....
Folio Number	Signature/s of shareholder/s	NIC/PP/Co. Reg. No. of shareholder/s

Note that further instructions as to completion of this Form of Proxy are given below.

(i). Shareholders of non-voting shares are entitled only to attend and speak at the Meeting and to vote only in respect of the Resolutions set out above.

(ii). With regards to voting on the above Resolutions indicated in the Form of Proxy, if no words are struck out or there is, in the view of the Proxyholder doubt (by reason of the way in which the instructions in the Form of Proxy have been stated by the Shareholder) as to the way in which the Proxyholder should vote, the Proxyholder will vote as he/she thinks fit.

(iii). If the Form of Proxy is signed by an attorney, the relative Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the Company.

*(iv). If the Shareholder is a company or a corporate body, the Form of Proxy should be executed under its common seal or in such other manner as provided for in its Constitutional Documents, if any, or be signed by its attorney or by an officer on behalf of the company/ corpo*rate body, in accordance with its Articles of Association/ Statute.

(v). Every alte*ration or addition to the Form of Proxy must be duly authenticated by the full signature of the Shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.*

(vi). The use of the word "Member/s" herein is a reference to "Shareholder/s".

Instructions as to completion of Form of Proxy

(a) Article 68 of the Articles of Association of the Company provides that: "An instrument appointing a proxy shall be in writing, and

(i) In the case of an individual shall be signed by the appointor or by his attorney; or in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer authorised to do so on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.

(ii) A proxy need not be a member of the Company".

(b) In terms of Article 63 of the Articles of Association of the Company:

"In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the name stands in the Register of Members in respect of the joint holding".

(c) The full name and address of the Proxy holder and of the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy

(d) The completed Form of Proxy should be deposited at the Registered Office of Commercial Bank of Ceylon PLC "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka or email to companysecretary@combank.net, not later than forty-eight (48) hours before the time appointed for the holding of the meeting.

(e) Articles 57 to 60 of the Articles of Association of the Company, dealing with voting are quoted below, for information of the Shareholders:

"57. Method of Voting

At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(i) The Chairman of the Meeting; or

(ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

(iii) A member or members present in person or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting.

A demand for a poll may be withdrawn. Unless a poll be demanded (and the demand be not withdrawn), a declaration by the Chairman of the Meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

58. How a Poll is to be Taken

If a poll is duly demanded (and the demand be not withdrawn), it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the Meeting may direct, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may (and if so requested shall), appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of taking and declaring the result of the poll.

59. Chairman's Casting Vote

In the case of an equality of votes, whether on a show of hands or poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

60. Time for Taking a Poll

A poll demanded on the election of a Chairman of the Meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately."

REQUEST TO SHAREHOLDERS

SHAREHOLDERS ARE KINDLY REQUESTED TO INDICATE THE "FOLIO NUMBER" APPEARING IN THE ADDRESS LABEL (PASTED ON THE ENVELOPE) IN THE SPACE PROVIDED FOR "FOLIO NUMBER" IN THE FORM OF PROXY. THIS IS FOR THE CONVENIENCE OF THE REGISTRARS. PLEASE NOTE THAT NON-INDICATION OF THE "FOLIO NUMBER" WILL NOT INVALIDATE THE FORM OF PROXY, UNDER ANY CIRCUMSTANCES.

Stakeholder Feedback Form

Dear Reader,

Your opinion matters. Please share your views with us.

WHICH STAKEHOLDER GROUPS DO YOU BELONG TO? (You may tick more than one)

☐ Shareholder	☐ Customer	☐ Community	☐ Public Authority
☐ Investor	☐ Employee	☐ Student	☐ Regulatory Body
☐ Journalist	☐ Supplier	☐ Analyst	☐ NGO
☐ Service Provider	☐ Special Interest Group	☐ Other	

DOES THE REPORT ADDRESS ISSUES OF GREATEST INTEREST TO YOU?

☐ Comprehensively ☐ Partially ☐ Not at all

RATE YOUR OVERALL IMPRESSION OF THIS REPORT IN TERMS OF:

	Excellent	Good	Fair	Poor
Informative	☐	☐	☐	☐
Transparent	☐	☐	☐	☐
Trustworthy	☐	☐	☐	☐
Comprehensive	☐	☐	☐	☐
User friendly	☐	☐	☐	☐
Design and layout	☐	☐	☐	☐
Style of language	☐	☐	☐	☐
Overall rating	☐	☐	☐	☐

PLEASE IDENTIFY ANY ADDITIONAL MATTERS THAT YOU THINK SHOULD BE REPORTED ON:

.....

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.....

DO YOU HAVE ANY ADDITIONAL COMMENTS ON THE REPORT – OR ON BANK'S PERFORMANCE IN GENERAL?

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To request information or submit a comment/query to the Bank, please provide the following details and return this page to –

The Company Secretary
Commercial Bank of Ceylon PLC
"Commercial House"
No. 21, Sir Razik Fareed Mawatha
P.O. Box 856
Colombo 01
Sri Lanka

Name :

Permanent Mailing Address :

Contact Details

- Tel : Country Code : ..... Area Code : ..... Direct Number : ..... Mobile Number : .....
- Fax :
- Email :

Name of Company (If applicable) :

Designation (If applicable) :

Company address (If applicable) :

Please tick (✓) the appropriate box

	Yes	No
Would you like to receive soft copies of the Commercial Bank's Interim Financial Reports via email?	☐	☐
Would you like to receive news and press releases of Commercial Bank via email?	☐	☐
Would you like to receive any news on our products/services?	☐	☐

QR Based
Stakeholder Feedback Form

Corporate information

General

Name of Company

Commercial Bank of Ceylon PLC

Company Registration Number

PQ 116

Legal Form

A public limited liability Company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted in the Colombo Stock Exchange in March 1970.

The Company was re-registered under the Companies Act No. 07 of 2007. Commercial Bank of Ceylon PLC is a Licensed Commercial Bank under the Banking Act No. 30 of 1988.

Accounting Year-end

December 31

Tax Payer Identification Number (TIN)

124006007

Registered Office

"Commercial House"
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856,
Colombo 01, Sri Lanka.
Telephone (General):
+94 11 248 6000-5 (6 lines), +94 11 448 6000,
+94 11 748 6000, +94 11 548 6000
SWIFT Code – Sri Lanka: CCEYLKLX
SWIFT Code – Bangladesh: CCEYBDDH
E-mail: info@combank.net
Web: https://www.combank.lk

Head Office

"Commercial House",
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856, Colombo 01,
Sri Lanka.

Stock Exchange Listing

The Ordinary Shares, the Unsecured Subordinated Redeemable Debentures and Green Bonds of the Bank are listed on the Colombo Stock Exchange.

Compliance Officer

Mrs R M C K Siyambalagastenne
Assistant General Manager – Compliance

Information Centre

Telephone: +94 11 235 3333, +94 11 735 3333

Credit Ratings

Sri Lanka Operation

- National Long-term rating: AA-(lka)/ Outlook Stable by Fitch Ratings Lanka Limited in September 2025.
- Basel III Subordinated Debentures: A(lka) by Fitch Ratings Lanka Limited in September 2025.

Bangladesh Operation

- AAA was re-affirmed by Credit Rating Information & Services Limited in June 2025.

Professional Expertise

Lawyers

Messrs Julius & Creasy,
No. 371, R A de Mel Mawatha,
Colombo 03,
Sri Lanka.

Auditors

Messrs KPMG,
Chartered Accountants,
No. 32A,
Sir Mohammed Macan Markar Mawatha,
P. O. Box 186, Colombo 03,
Sri Lanka.

Registrars

Messrs S S P Corporate Services (Private) Limited,
No. 101, Inner Flower Road,
Colombo 03, Sri Lanka.
Telephone: +94 11 257 3894, +94 11 257 6871
Facsimile: 257 3609
E-mail: sspsec@sltnet.lk
(Kindly direct any queries about the administration of the shareholding to the above Company)

Subsidiaries and Associate

Local Subsidiaries

Commercial Development Company PLC
Orysys Limited
CBC Finance PLC
Commercial Insurance Brokers (Pvt) Limited

Foreign Subsidiaries

Commercial Bank of Maldives Private Limited
CBC Myanmar Microfinance Company Limited

Associate

Equity Investments Lanka Limited
(Divested subsequent to the reporting date)

Board of Directors and Board Committees

Board of Directors

Mr S Muhseen – *Chairman*
Mr R Senanayake – *Deputy Chairman*
Mr S C U Manatunge –
Managing Director/Chief Executive Officer
Ms J Lee
Ms D L T S Wijewardena
Dr S Selliah
Mr S Prabagar –
Director/Chief Operating Officer
Mr D N L Fernando
Mr P M Kumarasinghe
Mr P Y S Perera
Ms R M A S Parakrama

Company Secretary

Mr R A P Rajapaksha

Mandatory Board Committees

Board Audit Committee

Mr P Y S Perera – *Chairman*
Mr R Senanayake
Mr P M Kumarasinghe
Ms R M A S Parakrama
Mr S C U Manatunge – *(By Invitation)*
Mr S Prabagar – *(By Invitation)*

Board Integrated Risk Management Committee

Mr R Senanayake – *Chairman*
Mr S C U Manatunge – *(By Ex-officio basis)*
Ms J Lee
Ms D L T S Wijewardena
Mr D N L Fernando
Mr P Y S Perera
Mr S Prabagar – *(By Invitation)*

Board Nominations and Governance Committee

Ms J Lee – *Chairperson*
Mr S Muhseen
Mr R Senanayake
Dr S Selliah
Mr S C U Manatunge – *(By Invitation)*

Board Human Resources and Remuneration Committee

Dr S Selliah – *Chairman*
Mr S Muhseen
Mr R Senanayake
Ms J Lee
Mr S C U Manatunge – *(By Invitation)*

Board Related Party Transactions Review Committee

Mr P M Kumarasinghe – *Chairman*
Ms D L T S Wijewardena
Mr P Y S Perera
Mr S C U Manatunge – *(By Invitation)*
Mr S Prabagar – *(By Invitation)*

Board Capital Expenditure Review Committee

(This was established for a two years period and dissolved during the year following the expiration of its term)

Voluntary Board Committees

Board Credit Committee

Mr S Muhseen – *Chairman*
Mr S C U Manatunge
Mr S Prabagar
Mr D N L Fernando
Mr P M Kumarasinghe
Ms R M A S Parakrama

Board Investment Committee

Dr S Selliah – *Chairman*
Mr S Muhseen
Mr S C U Manatunge
Ms J Lee
Mr S Prabagar
Mr P Y S Perera
Ms R M A S Parakrama

Board Technology Committee

Ms D L T S Wijewardena – *Chairperson*
Mr S C U Manatunge
Mr S Prabagar
Mr D N L Fernando
Mr P M Kumarasinghe
Mr P Y S Perera
Ms R M A S Parakrama

Board Strategy Development Committee

Mr S Muhseen – *Chairman*
Mr R Senanayake
Mr S C U Manatunge
Ms J Lee
Dr S Selliah

Board Sustainability Committee

Mr S Muhseen – *Chairman*
Mr R Senanayake
Ms J Lee
Ms R M A S Parakrama
Mr S C U Manatunge – *(By Ex-officio basis)*
Mr S Prabagar – *(By Invitation)*

FATCA GIIN Number

GIIN 3TU322.00000.LE.144 (for CBC-CMB)

GIIN 3TU322.00000.BR.050 (for CBC Dhaka)

For Investor Relations and clarifications on this Report please write to:
Chief Financial Officer
Commercial Bank of Ceylon PLC,
"Commercial House",
No. 21, Sir Razik Fareed Mawatha,
P.O. Box: 856, Colombo 01, Sri Lanka.
Telephone: +94 11 248 6550
Email: finance_division@combank.net

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