

Basel III - Disclosures Under Pillar 3 as per the Banking Act Direction No.01 of 2016

Disclosure 1

Key Regulatory Ratios - Capital and Liquidity

| | Group | | Bank | |
|---|-------------|-------------|-------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Regulatory Capital (Rs. '000) | | | | |
| Common equity | 234,946,503 | 166,649,326 | 223,991,979 | 156,847,378 |
| Tier 1 capital | 234,946,503 | 166,649,326 | 223,991,979 | 156,847,378 |
| Total capital | 296,922,313 | 218,423,196 | 285,627,033 | 207,684,979 |
| Regulatory Capital Ratios (%) | | | | |
| Common Equity Tier 1 capital ratio (Minimum requirement - 8.50%) | 13.968 | 11.513 | 14.227 | 11.442 |
| Tier 1 capital ratio (Minimum requirement - 10.00%) | 13.968 | 11.513 | 14.227 | 11.442 |
| Total capital ratio (Minimum requirement - 14.00%) | 17.653 | 15.090 | 18.142 | 15.151 |
| Leverage ratio (Minimum requirement - 3%) | 6.94 | 5.29 | 6.79 | 5.10 |
| Regulatory Liquidity | | | | |
| Total Stock of High Quality Liquid Assets (Rs. '000) | | | 898,246,022 | 760,373,663 |
| Liquidity coverage ratio - Rupee (Minimum requirement : 100%) (%) | | | 529.20 | 491.61 |
| Liquidity coverage ratio - All currency (Minimum requirement : 100%) (%) | | | 454.36 | 516.27 |
| Net stable funding ratio (Minimum requirement : 100%) (%) | | | 187.29 | 193.70 |

Disclosure 2

Basel III Computation of Capital Ratios

| | Group | | Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Common Equity Tier 1 (CET 1) Capital after Adjustments | 234,946,503 | 166,649,326 | 223,991,979 | 156,847,378 |
| Total Common Equity Tier 1 (CET 1) Capital | 251,756,623 | 204,935,930 | 243,568,568 | 198,223,532 |
| Equity Capital (Stated Capital) / Assigned Capital | 88,017,094 | 62,948,003 | 88,017,094 | 62,948,003 |
| Reserve fund | 16,469,686 | 13,586,534 | 15,079,582 | 12,375,906 |
| Published retained earnings/ (Accumulated retained losses) | 4,912,773 | 3,576,101 | 2,768,834 | 2,250,494 |
| Published Accumulated Other Comprehensive Income (OCI) | 1,133,795 | 11,661,476 | (38,552) | 9,819,529 |
| General and other disclosed reserves | 137,741,610 | 110,829,600 | 137,741,610 | 110,829,600 |
| Unpublished current year's profit/ (losses) and gains reflected in OCI | - | - | - | - |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 | 3,481,665 | 2,334,216 | - | - |
| Total Adjustments to CET 1 Capital | 16,810,120 | 38,286,604 | 19,576,589 | 41,376,154 |
| Goodwill (net) | 445,147 | 445,147 | - | - |
| Intangible Assets (net) | 4,312,756 | 3,844,254 | 4,221,131 | 3,736,504 |
| Revaluation losses of property, plant and equipment | - | - | - | - |
| Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity | - | - | 3,269,615 | 3,563,126 |
| Deferred tax assets (net) | 12,052,217 | 33,997,203 | 12,085,843 | 34,076,524 |
| 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 per cent 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 per cent of the issued ordinary share capital of the entity | - | - | - | - |
| Regulatory adjustments applied to AT 1 due to insufficient Tier 2 capital to cover adjustments | - | - | - | - |
| Tier 2 Capital after Adjustments | 61,975,810 | 51,773,870 | 61,635,054 | 50,837,601 |
| Total Tier 2 Capital | 61,975,810 | 51,773,870 | 61,635,054 | 50,837,601 |
| Qualifying Tier 2 Capital Instruments | 44,536,817 | 30,893,843 | 44,536,817 | 30,893,843 |
| Revaluation gains | 5,172,941 | 4,245,025 | 5,172,941 | 4,245,025 |
| Eligible Impairment | 12,266,052 | 16,635,002 | 11,925,296 | 15,698,733 |
| 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 | 234,946,503 | 166,649,326 | 223,991,979 | 156,847,378 |
| Total Tier 1 Capital | 234,946,503 | 166,649,326 | 223,991,979 | 156,847,378 |
| Total Capital | 296,922,313 | 218,423,196 | 285,627,033 | 207,684,979 |
| | | | | |
| | Group | | Bank | |
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Total Risk Weighted Amount (RWA) | 1,682,005,762 | 1,447,512,263 | 1,574,422,917 | 1,370,781,562 |
| Risk Weighted Amount for Credit Risk | 1,492,194,560 | 1,330,800,123 | 1,387,338,967 | 1,255,898,647 |
| Risk Weighted Amount for Market Risk | 104,976,721 | 35,042,071 | 104,883,229 | 35,024,836 |
| Risk Weighted Amount for Operational Risk | 84,834,481 | 81,670,069 | 82,200,721 | 79,858,079 |
| CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D - SIBs) (%) | 13.968 | 11.513 | 14.227 | 11.442 |
| 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 (%) | 13.968 | 11.513 | 14.227 | 11.442 |
| Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 17.653 | 15.090 | 18.142 | 15.151 |
| 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 | |
|--|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Tier 1 Capital | 234,946,503 | 166,649,326 | 223,991,979 | 156,847,378 |
| Total Exposures | 3,386,553,765 | 3,152,965,394 | 3,298,097,216 | 3,073,624,948 |
| On-balance sheet items (excluding derivatives and securities financing transactions, but including collateral) | 2,823,157,761 | 2,576,134,591 | 2,734,178,713 | 2,497,761,245 |
| Derivative exposures | 315,230,352 | 334,113,106 | 315,230,352 | 334,113,106 |
| Securities financing transaction exposures | 112,178,004 | 151,689,691 | 113,574,397 | 151,689,691 |
| Other off-balance sheet exposures | 135,987,648 | 91,028,006 | 135,113,754 | 90,060,906 |
| Basel III Leverage Ratio (Minimum requirement 3%) (%) | 6.94 | 5.29 | 6.79 | 5.10 |

Disclosure 4

Liquidity Coverage Ratio (LCR)

| | 2024 | | 2023 | |
|---|-------------------------|----------------------|-------------------------|----------------------|
| | Total Un-weighted Value | Total weighted Value | Total Un-weighted Value | Total weighted Value |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Total stock of High Quality Liquid Assets (HQLA) | 910,208,767 | 898,246,022 | 770,542,166 | 760,373,663 |
| Total Adjusted Level 1 Assets | 840,715,102 | 840,715,102 | 722,696,096 | 722,696,096 |
| Level 1 Assets | 834,622,332 | 834,622,332 | 704,528,042 | 704,528,042 |
| Total Adjusted Level 2A Assets | 73,801,348 | 62,731,146 | 65,253,025 | 55,465,071 |
| Level 2A Assets | 73,801,348 | 62,731,146 | 65,253,025 | 55,465,071 |
| Total Adjusted Level 2B Assets | 1,785,087 | 892,544 | 761,099 | 380,550 |
| Level 2B Assets | 1,785,087 | 892,544 | 761,099 | 380,550 |
| Total Cash outflows | 2,669,746,702 | 479,790,581 | 2,449,592,965 | 479,455,036 |
| Deposits | 1,642,443,925 | 164,244,392 | 1,469,116,533 | 146,911,654 |
| Unsecured wholesale funding | 619,016,220 | 279,379,191 | 643,914,363 | 289,926,471 |
| Secured funding transaction | - | - | - | - |
| Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations | 380,104,262 | 7,984,702 | 300,966,514 | 7,021,356 |
| Additional requirements | 28,182,296 | 28,182,296 | 35,595,555 | 35,595,555 |
| Total Cash Inflows | 397,144,685 | 282,093,675 | 496,833,149 | 332,174,095 |
| Maturing secured lending transactions backed by the collateral | 156,875,959 | 154,057,111 | 152,142,219 | 150,857,303 |
| Committed facilities | - | - | - | - |
| Other inflows by counterparty which are maturing within 30 calendar days | 194,054,012 | 123,718,383 | 255,940,175 | 176,047,187 |
| Operational deposits | 37,578,353 | - | 78,211,545 | - |
| Other cash inflows | 8,636,361 | 4,318,181 | 10,539,210 | 5,269,605 |
| Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100 (Minimum requirement - 100%) | | 454.36 | | 516.27 |

Disclosure 5**Net Stable Funding Ratio (NSFR)**

| | Bank | |
|---|----------------------|----------------------|
| | 2024 | 2023 |
| | Rs. '000 | Rs. '000 |
| Total available stable funding (ASF) | 2,122,713,417 | 1,933,461,907 |
| Total required stable funding (RSF) | 1,133,370,760 | 998,198,064 |
| Required stable funding - On-balance sheet assets | 1,125,454,695 | 992,172,206 |
| Required stable funding - Off-balance sheet items | 7,916,065 | 6,025,858 |
| NSFR (Minimum requirement - 100%) (%) | 187.29 | 193.70 |

Disclosure 6

Main Features of Regulatory Capital Instruments

| Description of the Capital Instrument | Stated Capital | Basel III Compliant - Tier 2 Capital Instruments (Listed, Rated, Unsecured, Subordinated, Redeemable Debentures) | | | | | | | | | | | | | | | | | |
|--|-----------------|--|------------------|-----------------|--------------------|-----------------------------------|-------------------|-----------------|--------------------|-----------------|--------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|
| | | Without Non - viability Conversion | | | | With a Non - viability Conversion | | | | | | | | | | | | | |
| | | Commercial Bank | | Commercial Bank | | Commercial Bank | | Commercial Bank | | Commercial Bank | | Commercial Bank | | Commercial Bank | | Commercial Bank | | | |
| Issuer | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | Commercial Bank | 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 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | | |
| Governing Law(s) of the Instrument | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | Sri Lanka | | | |
| Original Date of Issuance | N/A | March 9, 2016 | October 28, 2016 | July 23, 2018 | September 21, 2021 | December 12, 2022 | December 20, 2023 | July 10, 2024 | | | | | | | | | | | |
| Par Value of Instrument | | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | Rs. 100/- | | | |
| Perpetual or Dated | Perpetual | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | Dated | | | |
| Original Maturity Date, if Applicable | N/A | Type | Date | Type | Date | Type | Date | Type | Date | Type | Date | Type | Date | Type | Date | Type | Date | | |
| | | B | March 8, 2026 | B | October 27, 2026 | B | July 22, 2028 | A | September 20, 2026 | B | September 20, 2028 | A | December 11, 2027 | B | December 19, 2028 | A | July 9, 2029 | | |
| | | | | | | | | | | | | | B | December 11, 2029 | B | December 19, 2028 | B | July 9, 2029 | |
| | | | | | | | | | | | | | C | December 11, 2032 | C | December 19, 2030 | C | July 9, 2031 | |
| | | | | | | | | | | | | | | D | December 19, 2030 | D | December 19, 2030 | D | July 9, 2031 |
| | | | | | | | | | | | | | | E | December 19, 2033 | E | December 19, 2033 | E | July 9, 2034 |
| | | | | | | | | | | | | | | F | December 19, 2033 | F | December 19, 2033 | F | July 9, 2034 |
| Amount Recognised in Regulatory Capital (in Rs. '000 as at the Reporting Date) | 88,017,094 | Type | Amount | Type | Amount | Type | Amount | Type | Amount | Type | Amount | Type | Amount | Type | Amount | Type | Amount | | |
| | | B | 437,273 | B | 771,280 | B | 1,204,620 | A | 1,483,115 | A | 4,034,808 | A | 1,705,920 | A | 1,427,250 | | | | |
| | | | | | | | | | | | | | B | 6,046,472 | B | 12,455,160 | | | |
| | | | | | | | | | | | | | C | 11,500 | C | 139,670 | | | |
| | | | | | | | | | | | | | D | 817,760 | D | 368,890 | | | |
| | | | | | | | | | | | | | E | 30,840 | E | 73,040 | | | |
| | | | | | | | | | | | | | F | 1,427,930 | F | 5,535,990 | | | |
| Accounting Classification (Equity/Liability) | Equity | Liability | Liability | Liability | Liability | Liability | Liability | Liability | Liability | Liability | Liability | Liability | Liability | 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 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | | |
| Subsequent Call Dates, if Applicable | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | | |
| Coupons/Dividends | | | | | | | | | | | | | | | | | | | |
| Fixed or Floating Dividend/Coupon | N/A | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | Fixed | | | |
| Coupon Rate and any Related Index | | Type | Rate | Type | Rate | Type | Rate | Type | Rate | Type | Rate | Type | Rate | Type | Rate | Type | Rate | | |
| | | B | 11.25% p.a. | B | 12.25% p.a. | B | 12.50% p.a. | A | 9.00% p.a. | A | 28.00% p.a. | A | 14.50% p.a. | A | 12.60% p.a. | | | | |
| | | | | | | | | | | | | | B | 15.00% p.a. | B | 13.00% p.a. | | | |
| | | | | | | | | | | | | | C | 13.75% p.a. | C | 12.85% p.a. | | | |
| | | | | | | | | | | | | | | D | 14.25% p.a. | D | 13.25% p.a. | | |
| | | | | | | | | | | | | | | E | 13.50% p.a. | E | 13.00% p.a. | | |
| | | | | | | | | | | | | | | F | 14.00% p.a. | F | 13.50% p.a. | | |
| Non-Cumulative or Cumulative | Non-Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | Cumulative | | | |
| Convertible or Non-Convertible | | | | | | | | | | | | | | | | | | | |
| If Convertible, Conversion Trigger (s) | N/A | Not Convertible | Not Convertible | * | * | * | * | * | * | * | * | * | * | * | * | * | | | |
| If Convertible, Fully or Partially | N/A | N/A | N/A | Fully | Fully | Fully | Fully | Fully | Fully | Fully | Fully | Fully | Fully | Fully | Fully | 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 Monetary 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 Monetary 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 Monetary 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 Monetary Board."

(**) Optional. At the discretion of the monetary 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.

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.

A comprehensive analysis of "Strengthening funding and liquidity management with ALCO oversight" given on page 88.

Disclosure 8

Credit Risk under Standardised Approach
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

| As at December 31, 2024 | Group | | | | | |
|--|---|------------------------------|-----------------------------|------------------------------|-------------------------|-----------------------------|
| | Exposures before Credit Conversion Factor (CCF) and CRM | | Exposures post CCF and CRM | | RWA and RWA Density (%) | |
| | On-Balance Sheet Amount (a) | Off-Balance Sheet Amount (b) | On-Balance Sheet Amount (c) | Off-Balance Sheet Amount (d) | RWA (e) | RWA Density (%) [e / (c+d)] |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | |
| Claims on Central Government and Central Bank of Sri Lanka | 926,191,781 | 24,905,000 | 926,191,781 | 805,750 | 14,760,270 | 1.59 |
| Claims on Foreign Sovereigns and their Central Banks | 161,605,795 | - | 161,605,795 | - | 134,122,152 | 82.99 |
| Claims on Public Sector Entities (PSEs) | 25,253,483 | - | 25,253,483 | - | 23,187,812 | 91.82 |
| Claims on Official Entities and Multilateral Development Banks(MDBs) | - | - | - | - | - | - |
| Claims on Banks Exposures | 153,652,159 | 172,187,702 | 153,652,159 | 10,804,041 | 61,407,501 | 37.34 |
| Claims on Financial Institutions | 31,299,311 | - | 31,299,311 | - | 16,534,427 | 52.83 |
| Claims on Corporates | 762,201,242 | 491,977,040 | 704,996,198 | 94,608,100 | 771,318,668 | 96.46 |
| Retail Claims | 484,819,558 | 46,503,662 | 418,850,830 | 20,043,261 | 321,089,437 | 73.16 |
| Claims Secured by Residential Property | 89,624,758 | - | 89,624,758 | - | 49,643,395 | 55.39 |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - |
| Non-Performing Assets (NPAs) | 44,318,252 | - | 44,318,252 | - | 50,974,484 | 115.02 |
| Higher-risk Categories | - | - | - | - | - | - |
| Cash Items and Other Assets | 106,120,207 | - | 106,120,207 | - | 49,156,414 | 46.32 |
| Total | 2,785,086,546 | 735,573,404 | 2,661,912,774 | 126,261,152 | 1,492,194,560 | 53.52 |

Disclosure 8

**Credit Risk under Standardised Approach
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

| As at December 31, 2024 | Bank | | | | | |
|--|---|------------------------------|-----------------------------|------------------------------|-------------------------|-----------------------------|
| | Exposures before Credit Conversion Factor (CCF) and CRM | | Exposures post CCF and CRM | | RWA and RWA Density (%) | |
| | On-Balance Sheet Amount (a) | Off-Balance Sheet Amount (b) | On-Balance Sheet Amount (c) | Off-Balance Sheet Amount (d) | RWA (e) | RWA Density (%) [e / (c+d)] |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | |
| Claims on Central Government and Central Bank of Sri Lanka | 924,392,529 | 24,905,000 | 924,392,529 | 805,750 | 14,760,270 | 1.60 |
| Claims on Foreign Sovereigns and their Central Banks | 117,444,066 | - | 117,444,066 | - | 67,879,558 | 57.80 |
| Claims on Public Sector Entities (PSEs) | 25,253,483 | - | 25,253,483 | - | 23,187,812 | 91.82 |
| Claims on Official Entities and Multilateral Development Banks(MDBs) | - | - | - | - | - | - |
| Claims on Banks Exposures | 150,452,826 | 172,187,702 | 150,452,826 | 10,804,041 | 58,214,396 | 36.10 |
| Claims on Financial Institutions | 32,648,967 | - | 32,648,967 | - | 17,209,255 | 52.71 |
| Claims on Corporates | 726,981,272 | 491,084,811 | 670,984,001 | 93,734,206 | 736,432,577 | 96.30 |
| Retail Claims | 483,718,288 | 46,503,662 | 417,749,560 | 20,043,261 | 320,870,802 | 73.29 |
| Claims Secured by Residential Property | 89,624,758 | - | 89,624,758 | - | 49,643,395 | 55.39 |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - |
| Non-Performing Assets (NPAs) | 41,876,226 | - | 41,876,226 | - | 47,536,828 | 113.52 |
| Higher-risk Categories | 2,272,616 | - | 2,272,616 | - | 5,681,540 | 250.00 |
| Cash Items and Other Assets | 101,513,854 | - | 101,513,854 | - | 45,922,534 | 45.24 |
| Total | 2,696,178,885 | 734,681,175 | 2,574,212,886 | 125,387,258 | 1,387,338,967 | 51.39 |

Disclosure 9

**Credit Risk under Standardised Approach
Exposures by Asset Classes and Risk Weights (Post CCF & CRM)**

| As at December 31, 2024 | Group | | | | | | | | | |
|---|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|----------------------|-------------------|----------|-------------------------------|
| | 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 | 853,196,183 | 73,801,348 | - | - | - | - | - | - | - | 926,997,531 |
| Claims on Foreign Sovereigns and their Central Banks | 49,564,508 | - | - | - | - | - | 67,879,558 | 44,161,729 | - | 161,605,795 |
| Claims on Public Sector Entities (PSEs) | - | - | - | 4,131,342 | - | - | 21,122,141 | - | - | 25,253,483 |
| Claims on Official Entities and Multilateral Development Banks (MDBs) | - | - | - | - | - | - | - | - | - | - |
| Claims on Banks Exposures | - | 98,708,045 | - | 48,220,686 | - | - | 17,471,310 | 56,159 | - | 164,456,200 |
| Claims on Financial Institutions | - | - | - | 29,529,769 | - | - | 1,769,542 | - | - | 31,299,311 |
| Claims on Corporates | - | 18,204,605 | - | 27,445,668 | - | - | 753,952,249 | 1,776 | - | 799,604,298 |
| Retail Claims | 28,380,693 | 15,896,935 | - | - | 91,866,037 | 159,839,992 | 142,910,434 | - | - | 438,894,091 |
| Claims Secured by Residential Property | - | - | 61,509,790 | - | - | - | 28,114,968 | - | - | 89,624,758 |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - | - | - | - | - |
| Non-Performing Assets (NPAs) | - | - | - | 54,200 | - | - | 30,897,389 | 13,366,663 | - | 44,318,252 |
| Higher-risk Categories | - | - | - | - | - | - | - | - | - | - |
| Cash Items and Other Assets | 50,183,587 | 8,475,257 | - | - | - | - | 47,461,363 | - | - | 106,120,207 |
| Total | 981,324,971 | 215,086,190 | 61,509,790 | 109,381,665 | 91,866,037 | 159,839,992 | 1,111,578,954 | 57,586,327 | - | 2,788,173,926 |

Disclosure 9

Credit Risk under Standardised Approach
Exposures by Asset Classes and Risk Weights (Post CCF & CRM)

| As at December 31, 2024 | Bank | | | | | | | | | Total Credit Exposures Amount |
|---|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|----------------------|-------------------|------------------|-------------------------------|
| | 0% | 20% | 35% | 50% | 60% | 75% | 100% | 150% | >150% | |
| | 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 | 851,396,931 | 73,801,348 | - | - | - | - | - | - | - | 925,198,279 |
| Claims on Foreign Sovereigns and their Central Banks | 49,564,508 | - | - | - | - | - | 67,879,558 | - | - | 117,444,066 |
| Claims on Public Sector Entities (PSEs) | - | - | - | 4,131,342 | - | - | 21,122,141 | - | - | 25,253,483 |
| Claims on Official Entities and Multilateral Development Banks (MDBs) | - | - | - | - | - | - | - | - | - | - |
| Claims on Banks Exposures | - | 98,700,260 | - | 48,220,686 | - | - | 14,279,762 | 56,159 | - | 161,256,867 |
| Claims on Financial Institutions | - | - | - | 30,879,425 | - | - | 1,769,542 | - | - | 32,648,967 |
| Claims on Corporates | - | 18,204,605 | - | 27,445,668 | - | - | 719,066,158 | 1,776 | - | 764,718,207 |
| Retail Claims | 28,372,596 | 14,803,762 | - | - | 91,866,037 | 159,839,992 | 142,910,434 | - | - | 437,792,821 |
| Claims Secured by Residential Property | - | - | 61,509,790 | - | - | - | 28,114,968 | - | - | 89,624,758 |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - | - | - | - | - |
| Non-Performing Assets (NPAs) | - | - | - | 54,200 | - | - | 30,446,622 | 11,375,404 | - | 41,876,226 |
| Higher-risk Categories | - | - | - | - | - | - | - | - | 2,272,616 | 2,272,616 |
| Cash Items and Other Assets | 48,811,114 | 8,475,257 | - | - | - | - | 44,227,483 | - | - | 101,513,854 |
| Total | 978,145,149 | 213,985,232 | 61,509,790 | 110,731,321 | 91,866,037 | 159,839,992 | 1,069,816,668 | 11,433,339 | 2,272,616 | 2,699,600,144 |

Disclosure 10

Market Risk under Standardised Measurement Method

| | Group | | Bank | |
|---|--------------------|-------------------|--------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| (a) Capital charge for Interest Rate Risk | 12,689,418 | 3,466,433 | 12,689,418 | 3,466,433 |
| General Interest Rate Risk | 696,843 | 291,455 | 696,843 | 291,455 |
| i) Net Long or Short Position | 696,843 | 291,455 | 696,843 | 291,455 |
| ii) Horizontal Disallowance | - | - | - | - |
| iii) Vertical Disallowance | - | - | - | - |
| iv) Options | - | - | - | - |
| Specific Interest Rate Risk | 11,992,575 | 3,174,978 | 11,992,575 | 3,174,978 |
| (b) Capital charge for Equity | 1,060,990 | 698,085 | 1,060,990 | 698,085 |
| i) General Equity Risk | 551,065 | 357,724 | 551,065 | 357,724 |
| ii) Specific Equity Risk | 509,925 | 340,361 | 509,925 | 340,361 |
| (c) Capital charge for Foreign Exchange & Gold | 946,333 | 741,372 | 933,244 | 738,959 |
| (d) Capital charge for market risk [(a) + (b) + (C)] | 14,696,741 | 4,905,890 | 14,683,652 | 4,903,477 |
| Total risk - weighted amount for Market Risk [(d) * 100 / minimum total CAR] | 104,976,721 | 35,042,071 | 104,883,229 | 35,024,836 |

Disclosure 11

Operational Risk under The Alternative Standardised Approach - (ASA) - Group

| | Capital Charge Factor | Fixed Factor | 2024 | | | 2023 | | |
|--|-----------------------|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | Gross Income | | | Gross Income | | |
| | | | 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% | | 173,645 | 450,187 | 200,112 | 285,894 | 385,666 | 910,506 |
| Trading and Sales | 18% | | (16,756,412) | (13,578,729) | 12,851,992 | 18,704,206 | (8,868,815) | (9,297,481) |
| Payment and Settlement | 18% | | 1,110,697 | 1,396,515 | 1,474,716 | 1,575,958 | 1,140,451 | 1,521,134 |
| Agency Services | 15% | | - | - | - | - | - | - |
| Asset Management | 12% | | - | - | - | - | - | - |
| Retail Brokerage | 12% | | - | - | - | - | - | - |
| Sub Total (a) | | | (15,472,070) | (11,732,027) | 14,526,820 | 20,566,058 | (7,342,698) | (6,865,841) |
| Retail Banking (Loans & Advances) | 12% | 0.035 | 588,196,576 | 574,202,213 | 707,222,764 | 550,644,113 | 604,715,367 | 593,447,143 |
| Commercial Banking (Loans & Advances) | 15% | 0.035 | 1,509,866,445 | 1,623,035,579 | 1,660,096,497 | 1,220,373,745 | 1,531,114,412 | 1,677,950,039 |
| Sub Total (b) | | | 2,098,063,021 | 2,197,237,792 | 2,367,319,261 | 1,771,017,858 | 2,135,829,779 | 2,271,397,182 |
| Total (a) + (b) | | | 2,082,590,951 | 2,185,505,765 | 2,381,846,081 | 1,791,583,916 | 2,128,487,081 | 2,264,531,341 |
| Capital Charge for Operational Risk | | | 10,397,225 | 10,932,586 | 14,300,671 | 12,421,557 | 10,578,156 | 11,301,716 |
| Average Capital Charge (c) | | | | | 11,876,827 | | | 11,433,810 |
| RWA for Operational Risk [(c)*100/minimum total CAR] | | | | | 84,834,481 | | | 81,670,069 |

Disclosure 11

Operational Risk under The Alternative Standardised Approach - (ASA) - Bank

| | Capital Charge Factor | Fixed Factor | 2024 | | | 2023 | | |
|---|-----------------------|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | Gross Income | | | Gross Income | | |
| | | | 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% | | 173,645 | 450,187 | 200,112 | 285,894 | 385,666 | 910,506 |
| Trading and Sales | 18% | | (17,249,910) | (13,897,891) | 12,020,846 | 18,457,281 | (9,362,315) | (9,616,643) |
| Payment and Settlement | 18% | | 1,110,697 | 1,396,515 | 1,474,716 | 1,575,958 | 1,140,451 | 1,521,134 |
| Agency Services | 15% | | - | - | - | - | - | - |
| Asset Management | 12% | | - | - | - | - | - | - |
| Retail Brokerage | 12% | | - | - | - | - | - | - |
| Sub Total (a) | | | (15,965,568) | (12,051,189) | 13,695,674 | 20,319,133 | (7,836,198) | (7,185,003) |
| Retail Banking (Loans & Advances) | 12% | 0.035 | 579,990,934 | 563,499,521 | 692,883,629 | 542,594,578 | 596,509,725 | 583,448,471 |
| Commercial Banking (Loans & Advances) | 15% | 0.035 | 1,459,568,655 | 1,568,322,273 | 1,609,501,772 | 1,199,495,133 | 1,480,967,025 | 1,633,485,970 |
| Sub Total (b) | | | 2,039,559,589 | 2,131,821,794 | 2,302,385,401 | 1,742,089,711 | 2,077,476,750 | 2,216,934,441 |
| Total (a) + (b) | | | 2,023,594,021 | 2,119,770,605 | 2,316,081,075 | 1,762,408,844 | 2,069,640,552 | 2,209,749,438 |
| Capital Charge for Operational Risk | | | 10,098,697 | 10,600,390 | 13,825,216 | 12,233,690 | 10,280,418 | 11,026,285 |
| Average Capital Charge (c) | | | | | 11,508,101 | | | 11,180,131 |
| RWA for Operational Risk [(c)*100 / minimum total CAR] | | | | | 82,200,721 | | | 79,858,079 |

Disclosure 12

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank

| As at December 31, 2024 | Bank | | | | |
|---|---|---|----------------------------------|----------------------------------|--|
| | 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 | 2,789,780,288 | 2,789,780,288 | 2,696,178,885 | 91,677,346 | 19,576,590 |
| Cash and cash equivalents | 86,848,291 | 86,848,291 | 86,848,291 | - | - |
| Balances with Central Banks | 45,702,086 | 45,702,086 | 45,702,086 | - | - |
| Placements with banks | 99,300,303 | 99,300,303 | 99,300,303 | - | - |
| Securities purchased under re-sale agreements | 28,655,962 | 28,655,962 | 28,655,962 | - | - |
| Derivative financial assets | 4,264,271 | 4,264,271 | 4,264,271 | - | - |
| Financial assets recognised through profit or loss – measured at fair value | 91,677,346 | 91,677,346 | - | 91,677,346 | - |
| Financial assets at amortised cost – Loans and advances to other customers | 1,384,524,660 | 1,384,524,660 | 1,402,177,186 | - | - |
| Financial assets at amortised cost – Debt and other financial instruments | 667,709,691 | 667,709,691 | 667,709,691 | - | - |
| Financial assets measured at fair value through other comprehensive income | 301,584,142 | 301,584,142 | 301,584,142 | - | - |
| Investments in subsidiaries | 5,808,429 | 5,808,429 | 2,538,814 | - | 3,269,615 |
| Investment in associate | 44,331 | 44,331 | 44,331 | - | - |
| Property, plant and equipment and right-of-use assets | 27,600,648 | 27,600,648 | 27,600,648 | - | - |
| Intangible assets | 4,221,131 | 4,221,131 | - | - | 4,221,131 |
| Deferred tax assets | 12,085,844 | 12,085,844 | - | - | 12,085,844 |
| Other assets | 29,753,153 | 29,753,153 | 29,753,153 | - | - |
| | | | | | |
| Liabilities | 2,514,518,542 | 2,514,518,542 | - | - | - |
| Due to banks | 21,306,752 | 21,306,752 | - | - | - |
| Derivative financial liabilities | 837,497 | 837,497 | - | - | - |
| Securities sold under repurchase agreements | 112,470,392 | 112,470,392 | - | - | - |
| Financial liabilities at amortised cost - due to depositors | 2,236,566,800 | 2,236,566,800 | - | - | - |
| Financial liabilities at amortised cost - other borrowings | 14,273,156 | 14,273,156 | - | - | - |
| Current tax liabilities | 13,145,697 | 13,145,697 | - | - | - |
| Deferred tax liabilities | - | - | - | - | - |
| Other liabilities | 58,064,777 | 58,064,777 | - | - | - |
| Due to subsidiaries | 145,794 | 145,794 | - | - | - |
| Subordinated liabilities | 57,707,677 | 57,707,677 | - | - | - |
| | | | | | |
| Off- Balance Sheet Liabilities | 743,964,900 | 743,964,900 | 734,681,175 | - | - |
| Guarantees | 89,948,697 | 89,948,697 | 83,919,152 | - | - |
| Performance bonds | 50,275,438 | 50,275,438 | 50,275,438 | - | - |
| Letter of credit | 81,328,161 | 81,328,161 | 81,328,161 | - | - |
| Other contingent items | 324,806,556 | 324,806,556 | 323,026,987 | - | - |
| Undrawn loan commitments | 196,131,437 | 196,131,437 | 196,131,437 | - | - |
| Other commitments | 1,474,611 | 1,474,611 | - | - | - |
| | | | | | |
| Shareholders' Equity | 275,261,746 | 275,261,746 | - | - | - |
| Equity capital (stated capital)/assigned capital: | | | | | |
| Of which amount eligible for CET1 | 88,017,094 | 88,017,094 | - | - | - |
| Of which amount eligible for AT1 | - | - | - | - | - |
| Retained earnings | 13,720,940 | 13,720,940 | - | - | - |
| Accumulated other comprehensive income | 2,996,347 | 2,996,347 | - | - | - |
| Other reserves | 170,527,365 | 170,527,365 | - | - | - |

There were no differences between accounting and regulatory scopes.

Disclosure 13

Bank Risk Management Approach

Effective risk management is at the core of the Bank's value creation model as we accept 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 254 to 284.

Disclosure 14

Risk management related to key risk exposures

The quantitative disclosures relating to key risk areas such as credit, market, liquidity, operational, and interest rate risk in the banking book are presented and discussed in the Section on "Risk Governance and Management" on pages 254 to 284 and in Note 66 of the Financial Statements on Financial Risk Review on pages 426 to 457.