



## **NATIONS TRUST BANK PLC AND ITS SUBSIDIARIES**

BASEL III Market Discipline – Minimum  
Disclosure Requirement Under Pillar 3 as per  
the Banking Act Direction No. 01 of 2016

December 31, 2024

# Risk Management Review

Nations Trust's Risk Management Framework is underpinned by formal structures, a comprehensive policy framework and established processes and systems to ensure risks are managed in alignment with the Board-defined risk appetite.

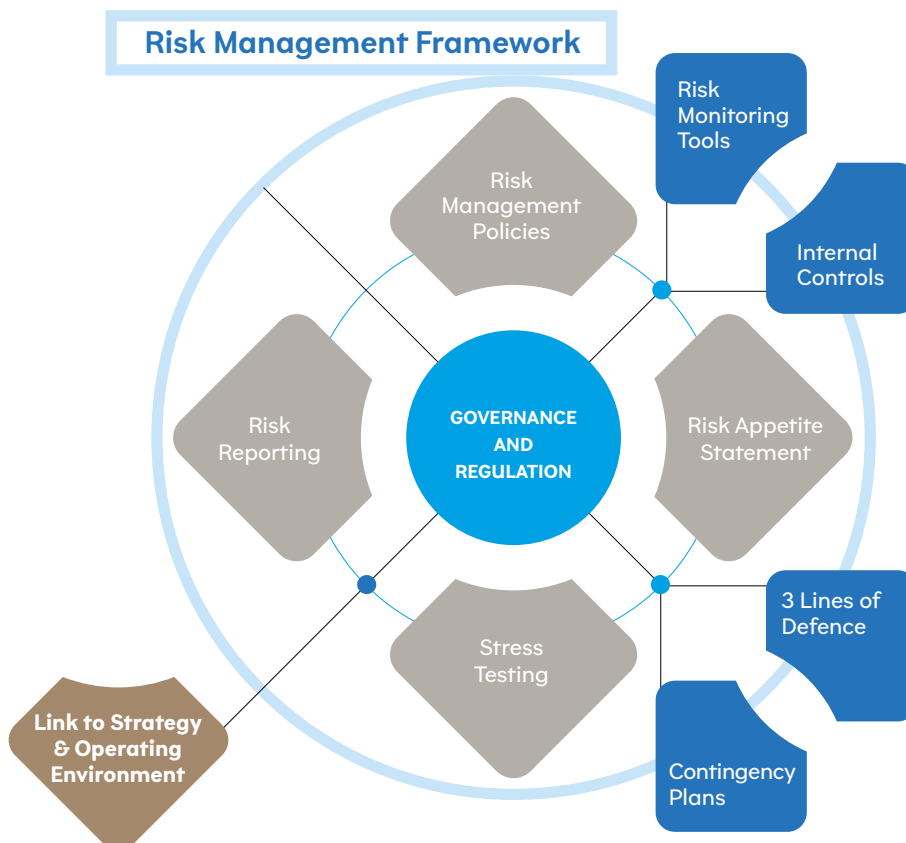
## Risk Management Framework

Nations Trust Bank has implemented a robust and structured Risk Management Framework to effectively identify, assess, monitor and mitigate risks that could impact its operations and stability. The Framework encompasses all activities of the Bank and is aligned with industry best practice while maintaining compliance with all regulatory risk management requirements.

Nations Trust Bank's Risk Management Framework is underpinned by formal structures, a comprehensive policy framework and established processes and systems to ensure risks are managed in alignment with the Board-defined risk appetite. The Bank periodically reviews and updates its risk management framework, adopting a data-driven approach supported by digital and advanced analytical tools to effectively capture the evolving risk landscape.

In 2024, as part of aligning its processes with the requirements of SLFRS Sustainability Standards S1 and S2, Nations Trust Bank incorporated environmental and social risks into its Risk Management Framework, enabling a holistic approach to risk management and enhancing its long-term resilience.

Key features of the Bank's Risk Management Framework are given below.



## Compliance with SLFRS S1 and S2

In 2024, the Bank updated its Risk Management Framework to incorporate the requirements of SLFRS Sustainability Standards S1 and S2.

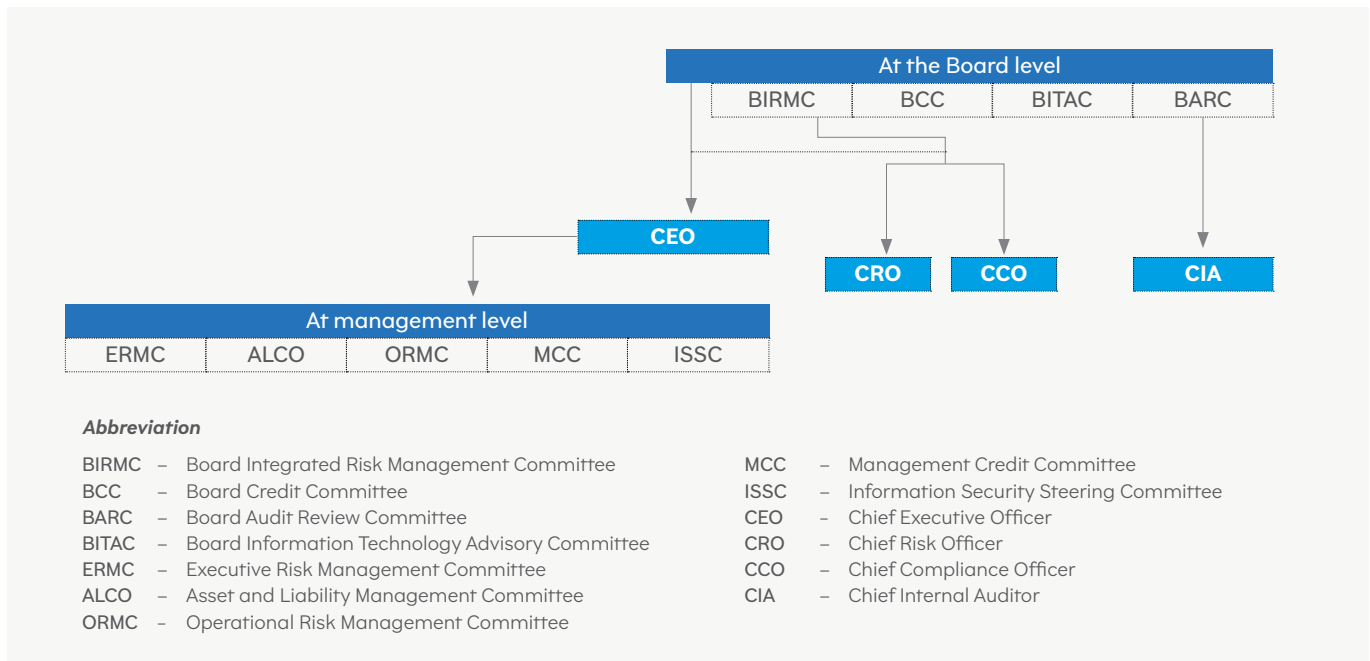
While the Bank has routinely considered social and environmental risks in its risk assessments, these considerations were formally incorporated into the Bank's Risk Management Framework in 2024, to fulfil the requirements of SLFRS Sustainability Standards and facilitate disclosure of the Bank's key sustainability and climate related risks and opportunities. Furthermore, the Bank also commenced quantifying the financial impacts of its identified sustainability and climate related risks and opportunities.

This report outlines the progress the Bank made in 2024 towards aligning its processes and reporting with the SLFRS Sustainability Standards. The Bank intends to continue these efforts in the year ahead to ensure full compliance by 2025.

## Risk Governance

The Board of Directors holds ultimate responsibility for the effective management of risk at Nations Trust Bank, and is assisted by the Board Integrated Risk Management Committee in this regard. Other Board Committees also provide oversight in managing specific risks and contribute to the overall risk management of the Bank. At the monthly Board meetings, risk management is consistently addressed and includes a review of reports from Board Sub-Committees to evaluate risk exposures, performance and the financial stability.

The Bank's risk governance structure is given below.



The roles and responsibilities with regard to risk management of these committees are set out below:

Board Committees	Responsibilities
<b>Board Integrated Risk Management Committee (BIRMC)</b>	<p>The BIRMC is responsible for overseeing the Bank's risk management functions. This includes;</p> <ul style="list-style-type: none"> <li>Monitoring risk exposures against the Board-approved Risk Appetite Statement, metrics and limits.</li> <li>Reviewing risk management policies, risk concentrations, stress testing results, risk grids, compliance reports and programme, remediation of breaches, review internal capital adequacy assessment process, recovery plans and making appropriate recommendations to the Board.</li> <li>Oversees the Management Committees involved in risk management and reviews the performance of the Chief Risk Officer and Chief Compliance Officer.</li> <li>In 2024, the BIRMC was also assigned the responsibility of providing oversight of the Bank's sustainability and climate related risks.</li> </ul>
<b>Board Credit Committee (BCC)</b>	<p>The BCC provides oversight of credit risk which is the largest risk exposure of the Bank. This includes;</p> <ul style="list-style-type: none"> <li>Recommending credit policies and monitoring credit risk.</li> <li>Reviewing the credit strategies of Corporate Banking, Off-Shore Lending, Structured Finance, Commercial Banking, Consumer Banking and Counterparty limits.</li> <li>Providing strategic direction to Business Units regarding high-risk industries and vulnerable customer segments.</li> </ul>

## Risk Management Review

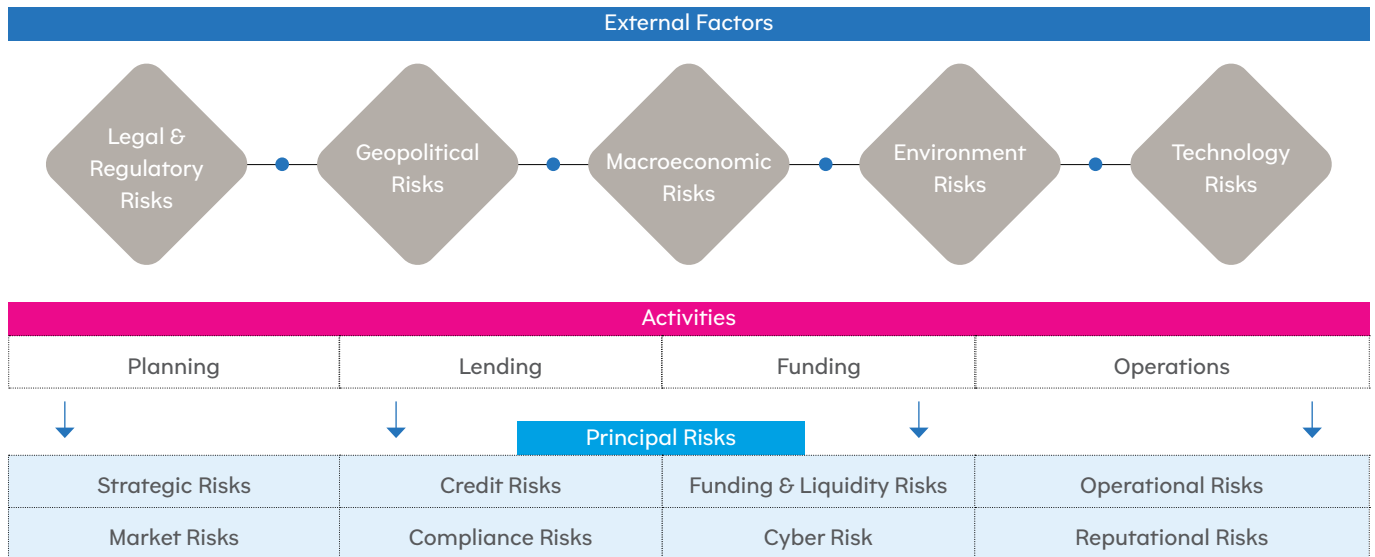
Board Committees	Responsibilities
Board Audit Review Committee (BARC)	<p>Key risk management related responsibilities of the BARC include,</p> <ul style="list-style-type: none"> <li>Ensuring the integrity of the Bank's financial statements, prior to its submission to the Board of Directors.</li> <li>Reviewing internal control framework.</li> <li>Appointing the external auditors and reviewing statutory audit.</li> <li>Ensuring the independence of the Internal Audit function.</li> <li>Overseeing the Bank's whistleblowing policy framework.</li> </ul>
Board IT Advisory Committee (BITAC)	<p>The BITAC provides oversight of the Bank's information security and cyber related risks</p> <ul style="list-style-type: none"> <li>Making policy recommendations, monitoring threats and compliance.</li> <li>Optimising the Bank's technology investments.</li> <li>Ensuring availability of the required skills and competencies for the implementation of the Bank's technology strategy.</li> </ul>
Executive Committees	Responsibilities
Executive Risk Management Committee (ERMC)	ERMC supports the BIRMC in its activities and is responsible for the effective implementation of the policy framework in monitoring and managing risk.
Asset and Liability Management Committee (ALCO)	ALCO manages market risk and financial stability, ensuring it stays within the risk appetite set by the Board. It reviews liquidity forecasts to identify and manage gaps, assesses the adequacy of funding plans and stress testing results.
Operational Risk Management Committee (ORMC)	ORMC is responsible for implementing the operational risk management policies of the Bank, identifying, measuring and monitoring operational risks and recommending revisions and new policies as deemed necessary.
Management Credit Committee (MCC)	The primary responsibilities of the MCC are recommending policy guidelines, approving credit facilities and managing the health of the credit portfolio of the Bank.
Information Security Steering Committee (ISSC)	The ISSC is responsible for the management of information and cyber security risks.

In line with best practice, Nations Trust Bank's risk management structure is based on the three lines of defence approach with clearly defined roles and responsibilities at the three levels of risk management.

1st Line of Defence BUSINESS LINES	2nd Line of Defence RISK MANAGEMENT & COMPLIANCE	3rd Line of Defence INTERNAL AUDIT
Heads of business units, operations and corporate support are tasked with identifying, assessing, monitoring, managing and reporting risks within their respective areas of responsibilities.	The Risk Management Department is responsible for implementing policy, monitoring and reporting key risks, while the Compliance Department monitors compliance with regulations. Both functions report directly to the BIRMC.	Provides independent assurance of the adequacy and effectiveness of internal controls, including overall risk exposures, and reports independently to BARC.

### Link to Strategy & Operating Environment

Strategy and the operating environment are deeply interconnected with risk management, and this relationship is embedded in our strategic planning and risk management processes, as outlined below.



### Risk Management Policies

Aligned with the Basel III regulatory framework, the Bank's Board-approved risk management policy framework aims to establish robust processes for identifying, measuring, monitoring, and managing risks. These policies are formulated within the Bank's defined Risk Appetite supporting its strategic objectives.

### Nations Trust Bank's Risk Management Policy Framework

Risk Type	Related Policies
Credit risk	<ul style="list-style-type: none"> <li>Credit Policies</li> <li>Counterparty Risk Policy</li> <li>Expected Credit Loss Policy</li> <li>Credit Risk Rating Policy</li> <li>Loan Review Mechanism Policy</li> </ul>
Market risk <ul style="list-style-type: none"> <li>Exchange rate risk</li> <li>Interest rate risk</li> <li>Liquidity risk</li> </ul>	<ul style="list-style-type: none"> <li>Market Risk Management Policy</li> <li>Investment Policy</li> <li>Asset Liability Management (ALM) Policy</li> <li>Liquidity Risk Management Policy</li> </ul>
Operational risks	<ul style="list-style-type: none"> <li>Operational Risk Management Policy</li> <li>Fraud Risk Management Policy</li> </ul>
Information and cyber security risks	<ul style="list-style-type: none"> <li>Information Security Management System Policy</li> <li>Cyber Security Incidents Response Policy</li> </ul>
Compliance and regulatory risks	<ul style="list-style-type: none"> <li>Financial Crime Compliance Policy</li> <li>Compliance Charter</li> </ul>
Sustainability and climate related risks	<ul style="list-style-type: none"> <li>Sustainability Policy</li> </ul>
General	<ul style="list-style-type: none"> <li>Business Continuity Management Policy</li> <li>Integrated Risk Management Framework Policy</li> <li>Financial Consumer Protection Policy</li> <li>Stress Testing Policy</li> <li>Market Risk Disclosure Policy</li> </ul>

## Risk Management Review

### RISK APPETITE

A clearly defined Risk Appetite Statement guides the Bank's executive management in their daily risk management activities. The Risk Appetite Statement is reviewed annually or more frequently if deemed necessary and recommendations are made by the BIRMC to the Board for deliberation and approval. The Bank's risk appetite in 2024 for key risks is given below.

Key Risk Indicator	Position as at 31.12.2024	Position as at 31.12.2023
<b>Credit Risk</b>		
Stage 3 Ratio (Gross)	6.20%	7.39%
Impairment (Stage 3) to Stage 3 Loans Ratio	60.55%	55.30%
<b>Market Risk</b>		
Sensitivity of trading portfolio to interest rate	1.91%	1.58%
<b>Operational Risk</b>		
Operational losses to operating expenses	0.48%	0.10%
<b>Liquidity Risk</b>		
Liquidity Coverage Ratio (LCR)	320.56%	274.10%

### STRESS TESTING

To proactively manage risks, the Bank conducts continuous stress testing to assess the potential impacts of realistic stress scenarios and prepare contingency plans in the event they materialise. The Bank has established a governance framework for stress testing which provides guidance for material risks including credit, market, operational and liquidity risks. Different degrees of stress levels are assessed according to the Bank's Stress Testing Policy which broadly categorises these as Minor, Moderate and Severe. Numerous stress testing techniques including sensitivity analysis and scenario analysis are used to serve different objectives and enhance the Bank's risk understanding. Results of stress testing are reported to the BIRMC quarterly, along with recommendations. The BIRMC in turn provides oversight, guidance and resources to management as appropriate.

Risk Type	Stress Test	Potential Impact on Bank
Credit Risk	<ul style="list-style-type: none"> <li>Portfolio growth along with a deterioration in asset quality.</li> <li>Increase in stage shifts.</li> <li>Increase in loss rates and scenario based simulation of Expected Credit Loss (ECL).</li> </ul>	Potential impact on cashflows and earnings.
Interest Rate Risk	Parallel movement in interest rates across portfolios.	Implications on earnings through margin mismatches.
Foreign Exchange Risk	Exchange rate shocks of different magnitudes to the Bank's Forex Net Open Position.	Potential impact on earnings from forex trading losses.

Risk Type	Stress Test	Potential Impact on Bank
Liquidity Risk	In a liquidity stress scenario, the capacity to fund a cash outflow for up to one month with linking to macro-economic variables.	Implications on the Bank's capital adequacy and liquidity position.
Operational Risk	Scenarios based on historical events from internal loss data, Shocks of different magnitude to the operating loss.	Implications on earnings, Implications on the capital charge for operational risk.

## RISK REPORTING AND MEASUREMENT

The Bank produces regular reports on key risks to support decision making, potential impact monitoring as well as evaluating emerging risk by key management personnel of the Bank which includes the senior management, executive committees, Board sub-committees and the Board. This also enables the Bank's three lines of defence to effectively discharge its duties with regard to risk management. These reports are designed to convey the Bank's key risks and its potential implications through a clear, structured and comprehensive format enabling a holistic understanding of the Bank's risk landscape. To further enhance clarity, quality and timeliness of risk reporting, the Bank continuously evolves its risk reporting practices by integrating advanced visualisation techniques and tools.

### Tools and Techniques Used for Reporting Different Categories of Risks

Risk Exposure	Tools and Techniques for Risk Reporting
Credit Risk	Probability of Default (PD), Loss Given Default (LGD), Exposure At Default (EAD), Risk Rating, Risk Scoring, Portfolio concentration management towards economic sectors, countries and geographies, Stage 3 Ratio, Impairment Coverage Ratio, Early Warnings Signal Monitoring and Significant Increase in Credit Risk assessments, Stress Testing, Risk Grid.
Market Risk	Maturity/Interest Rate Risk Gap analysis, Interest Rate Risk Ratio, PVBP, Duration Analysis, Sensitivity Analysis, and Stress Testing on IRR in Trading/Banking book (EAR and EVE), Risk Grid
Liquidity Risk	Maturity Mismatch, Concentration of Funding, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) Liquidity Early Warning Signals, Intraday Liquidity Management, Liquidity Stress Testing, Contingency Funding Plan, Liquidity Transfer Pricing, Liquidity Simulations, Risk Grid
Operational Risk	Transaction In Difficulty, Risk Control Self-Assessment, Risk Control Matrices, Scenario Analysis, Stress testing, Key Risk Indicators, Risk and Control reviews, Business Continuity Management and Recovery Plans, Risk Grid
Information & Cyber Risk	Vulnerability Assessments, Security Reviews, Compliance Reviews, Security Incident and Event Management (SIEM) and Key Risk Indicators, Risk Grid
Reputational Risk	Customer feedback/complaints, Positive/Negative publicity through Qualitative Scorecard Approach
Strategic Risk	Risk Appetite for Sectors, Segments, Products, Macro, Industry and Competitor Analysis, Strategic Initiatives through Qualitative Scorecard Approach, Budgeting, Capital Plan, Risk Grid
Environmental & Social Risks	Risk Grid, KRI Dashboards

## Risk Management Review

### RISK CULTURE

The Board and Senior Management are committed to fostering a culture of risk awareness across the Bank, empowering business line employees to grow their portfolios within the defined risk appetite. This is supported by a clear delegation of authority, enabling effective risk acceptance and management aligned with the Bank's strategic objectives. Regular training programmes and meetings at various levels, play a key role in reinforcing and enhancing risk awareness. Additionally, case studies of significant loss events provide practical insights for understanding and managing risk.

Risk culture is further strengthened through Risk and Control Self-Assessments conducted by departmental heads, which are reviewed and constructively challenged by the Risk Management Department to ensure consistency across all departments and alignment with the overarching Integrated Risk Management Framework of the Bank.

Employee performance evaluations incorporate risk management criteria, incentivising sound decision-making, adherence to corporate values, and appropriate risk behaviors. The integration of risk considerations into performance assessments helps reinforce the Bank's risk culture.

Nations Trust Bank considers cultivating a strong risk culture on an ongoing process that includes addressing multiple qualitative aspects. Accordingly, the Bank invests significant resources in strengthening its risk culture, recognising it as a vital component in maintaining the Bank's financial stability and resilience. This entails ongoing communication, mandatory risk-related and technical training to manage specific types of risks and shape the values, attitudes and awareness of employees, alongside standardised procedures and robust internal controls to support daily operations.

#### Improvements to overall risk management framework 2024

- Developed risk management tools on integrated engaging platforms for enhanced insights and collaboration with multiple stakeholders.
- Automated processes within the governance, risk and control clusters for more effective risk identification and monitoring.
- Physically reallocated the governance risk and control units to one location to foster collaboration and build cross functional capabilities.

### MANAGING THE MATERIAL RISKS

#### Capital Management

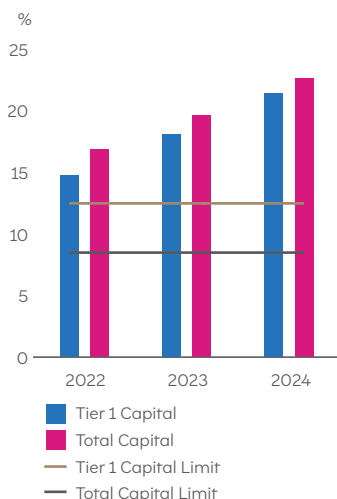
The Bank's capital management strategy ensures adequate capital is available to meet regulatory requirements and support business expansion, taking into considering its risk profile and exposures. The Bank manages its capital position within the regulatory requirements of the Banking Act Direction No. 1 of 2016 Capital Requirements Under Basel III for Licensed Commercial Banks and Licensed Specialised Banks. This sets out the minimum capital ratios and buffers in respect of total risk weighted assets.

The Bank's capital management strategy is also aligned to industry best practices and includes ongoing oversight of safeguards, alignment of capital needs with medium term business plans, strategies and evaluation of budgeted and forecasted capital plans. Furthermore capital allocation to business units, reviews of the Bank's risk appetite and risk goals are carried out to ensure the Bank remains well-capitalised.

The table below summarises the Bank's capital position in 2024.

Components of Capital (Group)	Regulatory Limit	2024	2023
Common Equity Tier 1 Capital	7.00%	21.47%	18.14%
Tier 1 Capital	8.50%	21.47%	18.14%
Total Capital	12.50%	22.66%	19.68%



**Capital Ratio**

### Risk Weighted Assets

Capital requirements are measured as a percentage of Risk Weighted Assets which are calculated on the following basis as per CBSL Direction No.1 of 2016:

- Credit Risk – The Standardised Approach
- Market Risk – The Standardised Measurement Method
- Operational Risk – Basic Indicator Approach

### ICAAP Framework

#### Credit Risk Exposures

	2024 LKR. 000's	2023 LKR. 000's	Change %
Loans & Advances	308,858,789	292,574,972	5.57%
Gross Stage 03 Loans	19,137,102	21,606,986	-11.43%
Gross Stage 03 Loans %	6.20%	7.39%	-16.10%
Loan Impairment Charge	1,760,467	5,651,667	-68.85%
Loan Impairment Provision	20,725,588	20,819,532	-0.45%
Off Balance Sheet Amount (After Credit Conversion Factor)	21,032,497	20,109,897	4.59%
Off Balance Sheet Impairment Charge	7,551	324,154	-97.67%
Off Balance Sheet Impairment Provision	1,291,885	1,290,742	0.09%

The ICAAP forms part of the Basel III Pillar II guidelines issued by the Basel Committee on Banking Supervision. Its main purpose is to identify additional risks which are material to a bank and establish requirements to strengthen capital adequacy by estimating economic capital to account for unexpected losses.

The risk profile assessment of Nations Trust Bank includes the assessment of all material risks i.e. Credit Risk, Market Risk, Operational Risk, Credit Concentration Risk, Residual Credit Risk, Interest Rate Risk in the Banking Book (IRRBB), Liquidity Risk, Strategic Risk, Reputational Risk, Governance/ Compliance Risk, and Technology Risk including Cyber Security Risk.

The ICAAP helps the Bank to periodically evaluate its capital requirements for the next three years and develop capital augmentation plans based on identified requirements. This is submitted for Board approval and to the regulator.

### Recovery Plan

As per Banking Act Direction No. 09 of 2021 issued by CBSL, all banks are required to establish and maintain a Recovery Plan (RCP). This plan outlines credible measures to manage a range of severe but plausible stress scenarios and addresses governance, escalation procedures, critical function continuity, trigger points to activate recovery options, and internal and external communications. Nations Trust Bank's Recovery Plan is aligned with its overall risk management framework, liquidity contingency plans, capital plans and business continuity plans. The Bank's recovery plan was reviewed during the year and approved by the Board.

### Credit Risk

Credit Risk is the largest risk exposure of the Bank. It is managed in line with the Credit Risk Management Framework with significant resources allocated to monitoring and managing this risk.

#### Credit Risk Components

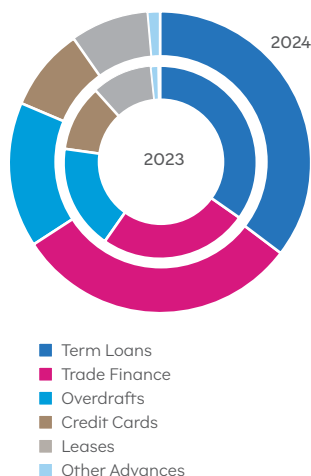
- Default Risk
- Counterparty Risk
- Concentration Risk

### KEY INITIATIVES IN 2024

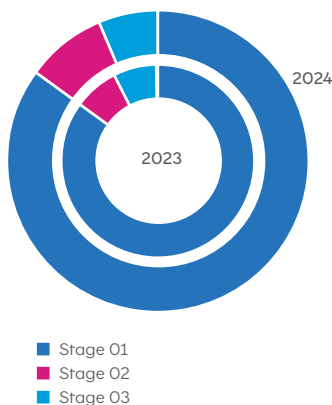
- Development and implementation of a comprehensive system solution to manage data and perform computations related to Expected Credit Loss (ECL) for all lending products across the Bank.

## Risk Management Review

Product-wise Distribution



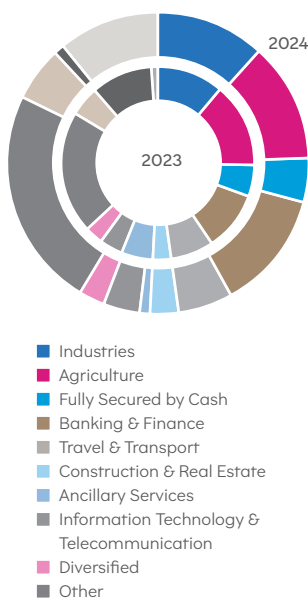
Stage Breakdown



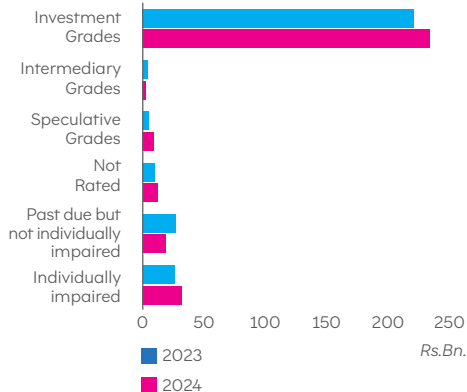
### Credit Risk Review

The Bank maintained its stringent oversight of credit risk to detect early warning signs and proactively implement measures to manage key exposures. As economic activity gradually recovered, a focused lending strategy that carefully optimised returns while maintaining portfolio quality resulted in a credit growth of 5.8% in 2024. Stage 3 loans amounted to 6.2% of the total loan book as at end-December 2024 (end-December 2023: 7.4%) while impairment charges declined by 68.9% to LKR 1,760 Mn in 2024 (2023: LKR 5,652 Mn). Provision cover over Stage 3 exposures improved to 60.5% as at end-December 2024.

Sectoral Distribution of Loans

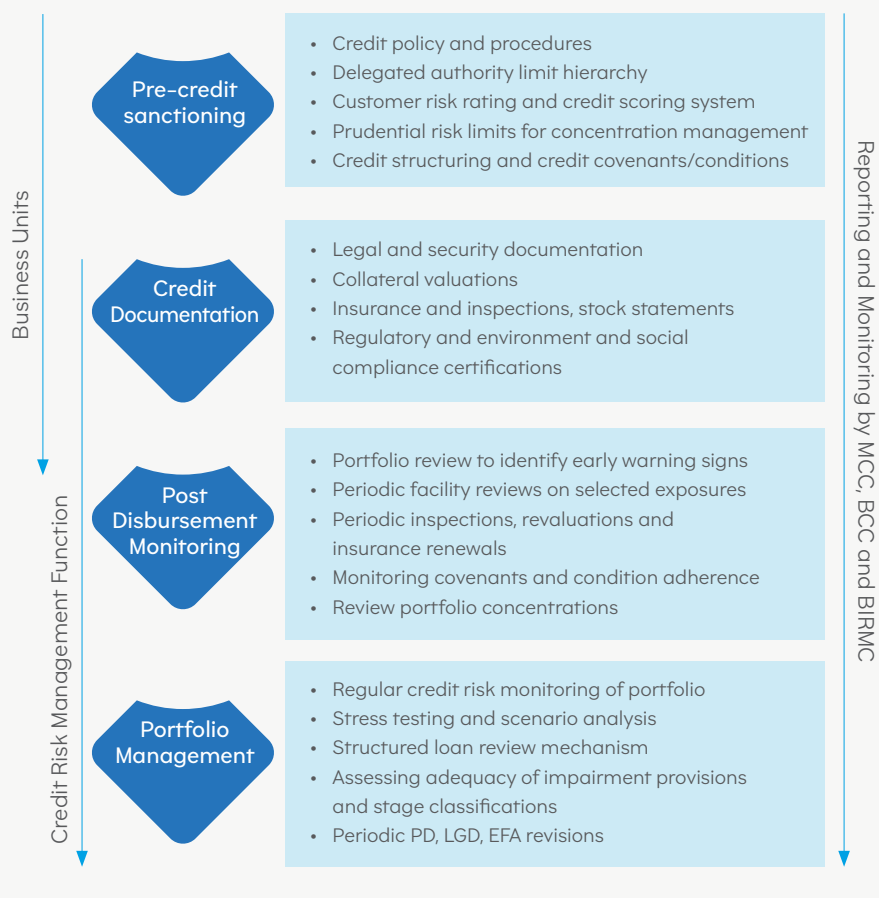


Credit Quality



### Credit Risk Management Processes

Key credit risk management structures, tools, controls and processes are summarised below:



### Oversight

BIRMC is supported by a dedicated Board Credit Committee which has oversight responsibility for credit risk in addition to the reviews by BIRMC. Additionally, the Management Credit Committee (MCC) which is chaired by the CEO and comprises Chief Credit Officer, heads of business units, is responsible for monitoring and management of credit risk. The CRO is invited to attend meetings of the MCC as an independent participant.

### Credit Policy Framework

The Bank has a comprehensive credit policy framework covering the entire credit risk management process including clearly-defined segregation of duties, limits, delegation of authority, single borrower and group exposure limits, overall credit quality and other prudential indicators. The framework is reviewed and updated regularly and tightened or eased as deemed appropriate by the BCC and the Board, based on the recommendation by the management.

### Risk Scoring

Customised risk scorecards, based on advanced statistical data analytics, are used to assess risks when underwriting consumer credit facilities.

### Risk Rating

Internal risk ratings are assigned to borrowers to facilitate assessment of the overall quality of the portfolio.

### Culture of Responsible Lending

Comprehensive training is provided to frontline employees to ensure that risk attitudes are aligned to the Bank's risk appetite and target risk profile. This is regularly reinforced through business review meetings, awareness programmes and post credit reviews etc.

The Bank has also incorporated an Environmental and Social Management System (ESMS) into credit assessments to identify and mitigate environmental and social risks associated with lending activities. Accordingly, all project loans exceeding LKR 50 Mn are subject to an environmental and social risk assessment under the ESMS.

### Segregation of Duties and Delegated Authority

Authority has been delegated to committees and individuals holding specified roles in the Bank for approval and other credit related activities. Clear outline of roles in the credit process serves as a check and balance in managing credit risk.

### Concentration Risk

Concentration risk is managed by maintaining a well-diversified portfolio under various dimensions of customer segments, customer rating, products, geographics, industries and large exposures. Furthermore, credit concentration risk is quantified using HHI model to derive additional capital requirements under Pillar 2 during the ICAAP computation.

### Default Risk

Default risk eased somewhat in 2024, as economic conditions gradually improved. However, Nations Trust Bank remained prudent, carefully selecting customer and industry segments for growth. Moreover, the Bank proactively engaged with customers enabling early intervention for those identified as vulnerable.

### Market Risk

Improving macro-economic conditions contributed to a more stable market environment in 2024. Interest rates continued their downward trajectory due to accommodative monetary

policy measures while the Sri Lankan Rupee appreciated against the US Dollar. Prudent oversight, a balanced risk management approach and well-aligned policies enabled the Bank to navigate market developments effectively while optimising opportunities for growth.

### Managing Market Risks

Market risk is inherent in most transactions, while external factors can also impact the valuations of portfolios of assets and liabilities. The Bank ensures that its exposures are within the limits defined in its Risk Appetite Statement, optimising profitability while preserving financial stability. Nations Trust Bank's market risk exposure primarily stems from its Banking Book. Interest Rate Risk (IRR) and Foreign Exchange (FX) Risk are the key components of the Bank's market risk as its commodity and equity risk exposures are minimal.

### Foreign Exchange Risk (Forex)

Forex risk is the risk of potential loss arising from fluctuations in the value of assets and liabilities denominated in foreign currency, due to changes in foreign exchange rates. Managing the Bank's forex risk is the responsibility of the Treasury Unit, which operates with a clear segregation of duties across the front, middle and back-office functions to maintain effectiveness of robust internal control framework. Forex risk is managed through defined limits which includes exposures to currencies on an individual and aggregate basis and dealer and counterparty limits. The TMO monitors forex exposures to ensure they are maintained within approved limits.

## Risk Management Review

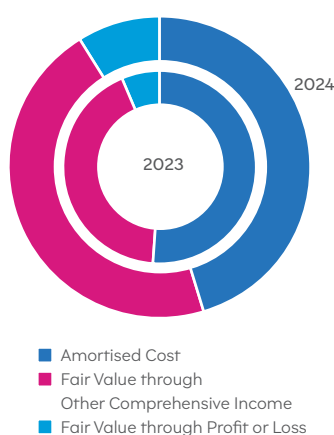
### Market Risk Management

Oversight and Supervision	<p><b>Asset and Liability Management Committee (ALCO):</b> Responsible for overseeing the Bank's Market Risk exposures and Liquidity and balance sheet management.</p> <p><b>Treasury Unit:</b> Manages market risk on a day to day basis operating within the market risk management framework.</p> <p><b>Treasury Middle Office (TMO):</b> Operates independently from the Treasury and measures, monitors and reports on market risk exposures using market risk dashboards, The TMO also assists in reviewing the Bank's market risk related policies and exposure limits and supports decision making of the ALCO, ERM, BIRM and the Board.</p> <p><b>Treasury Back Office (TBO):</b> Treasury Back Office performs settlement, reconciliation of transactions and escalates key issues as needed.</p>
Policy Framework	<p><b>The Market Risk Management Framework policy:</b> The Board-approved policy framework provides guidance to manage market risks.</p> <p><b>Other relevant policies:</b> The Investment Policy, Asset and Liability Management Policy, and the Stress Testing Policy collectively provide guidance on systems, procedures, tools and techniques to identify, assess, monitor and report on all market related risks.</p>
Risk Limits	<p>Limits have been clearly defined for the Bank's Treasury activities with respect to FX positions and Government Securities Portfolio.</p> <p>Treasury plays an important role in managing the asset and liability position of the Bank. TMO ensures that the Treasury Front Office operates within the limits defined by the Bank's risk appetite.</p>
Stress Testing	Stress testing is conducted by the TMO on interest rates and exchange rates using scenario analysis to test the resilience of the Bank's exposures to potential shocks and to design suitable responses.
Internal Model Approach	In compliance with CBSL Direction No.1 of 2016, which is aligned with Basel III requirements, the Bank uses the Standardised Measurement Method, for computing regulatory capital for market risk.

#### KEY INITIATIVES IN 2024

1. Robust risk analytics and risk dashboards to reflect market dynamics enabling swift decision making
2. Improved risk reporting & process efficiency through automation
3. Strengthening the Market Risk monitoring function through ongoing training and development and knowledge sharing.

#### Government Securities Portfolio Composition



#### Interest Rate Risk (IRR)

IRR refers to the potential impact on future cashflows and fair values of financial instruments arising from movements in interest rates. The Bank's exposure to interest rate risk arises from its lending, securities trading and deposit activities. The Bank manages this risk primarily by repricing its interest rate sensitive assets and liabilities with reference to their maturity profiles with defined limits. The management of IRR is overseen by the ALCO, with support from the Treasury Unit.

#### Interest Rate Risk in Banking Book (IRRBB)

IRRBB is the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's banking book positions. Changes in interest rates

influence the present value and timing of future cashflows, which in turn affects the underlying value of the Bank's assets, liabilities and off-balance sheet items.

The Bank uses the following indicators to measure IRRBB:

- Economic Value of Equity (EVE) – used to measure the impact of changes in interest rates on Capital

### Liquidity Risk

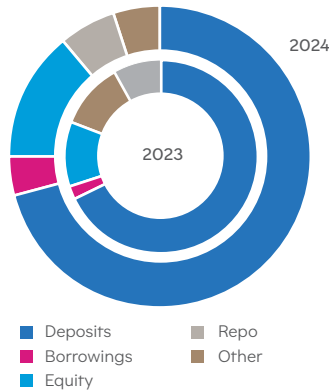
Liquidity risk refers to the Bank's potential inability to meet its payment obligations as they fall due or that it can do so only at an excessive cost.

### Liquidity Risk Management

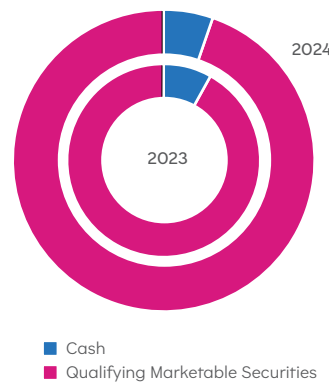
Liquidity risk management enables the Bank to maintain sufficient funds which are appropriately diversified in terms of tenor, quality and currency.

BIRMC is tasked with the oversight of liquidity risk management within the approved liquidity risk limits and framework. While the Treasury Unit is responsible for the day-to-day management of liquidity of the Bank, ALCO is responsible for the management of liquidity risk and takes into consideration the Bank's cashflow projections, funding capabilities, pricing decisions, liquidity levels, contingency funding plans, regulatory and prudential concerns with support from TMO and Finance. The Bank continued to maintain healthy levels of liquidity in 2024.

**Funding Composition**



**High Quality Liquid Asset (HQLA) Composition**



### Operational Risk

Operational risk is inherent in all transactions undertaken by the Bank and plays a vital role in optimising economic capital allocation to support business growth. The Bank proactively assesses and monitors its operational risk through a structured approach, to minimise losses arising from operational risk. Information and Cyber Security risk included in the Basel III definition of operational risk is segregated as a separate pillar, reflecting resources allocated to manage this key risk due to its increasing importance.

### Operational Risk Components

- People Risk
- Process Risk
- Systems/Technology Risk
- Compliance and Legal Risk

Liquidity Ratios	2024	2023
Net Stable Funding Ratio	154.73%	158.59%
Liquidity Coverage Ratio	320.56%	274.10%
Net Advances to Deposit Ratio	75.60%	76.70%
Net Loans to Total Assets	53.00%	51.20%
Purchased Funds to Total Assets	27.20%	29.80%
Commitments to Total Loans	10.78%	10.82%

### Operational Risk Management

<b>Governance and Oversight</b>	<p><b>Board:</b> The Board is assisted by the BIRMC and the Board Audit Review Committee in providing oversight over the adequacy and effectiveness of internal controls.</p> <p><b>Risk Management Committees:</b> ERM is supported by the ORMC who addresses concerns regarding operational risk and the Bank's risk culture.</p> <p><b>Risk Management Department:</b> An Operational Risk Management Unit is established to measure, monitor and manage operational risk. The Risk Management Department reports directly to the BIRMC.</p>
<b>Operational Risk Management Policy Framework</b>	Operational Risk Management policies are revised periodically to ensure that they are fit for purpose in this rapidly evolving area of risk.

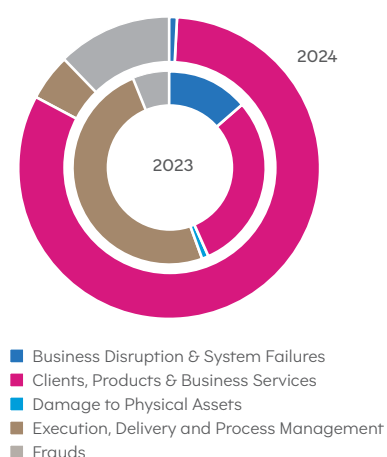
## Risk Management Review

<b>Limits &amp; Tolerance Levels</b>	Limits and tolerance levels have been defined for specific aspects of operational risk that serve as mitigates to excessive risk exposures. Exceptions are reviewed and reported to the relevant Executive Committees and the BIRMC, and may be escalated to the Board if required.
<b>Risk and Control Self Assessments (RCSA)</b>	RCSAs are conducted by all key business and operational units to evaluate exposures to risks and controls established to mitigate them. The Key Risk Indicators identified through this process are monitored to note exceptions and anomalies for investigation, and serve as an input to determining internal audit scope.
<b>Risk Reporting</b>	An operational risk loss database is maintained based on Basel requirements, which also captures near misses. This is a key input in modelling future risk exposures while providing other insights. Operational risk dashboards are made available to ORMC, ERM, BIRMC and the Board enabling monitoring of operational risk. Loss events are linked to RCSA and Key Risk Indicators to minimise repeat errors.
<b>Outsourced Services</b>	Outsourced activities are governed by a Monitoring Committee and periodical visits are made to verify the abilities of service providers to maintain agreed services levels and to ensure Business Continuity Plans are established for the outsourced activities. Critical shared services are also reviewed under the Bank's recovery procedure.
<b>Insurance</b>	All insurable risks are managed through insurance, by transferring the risk.
<b>Business Continuity Management (BCM)</b>	Periodic BCP/DR are conducted to improve business resilience in all operationally critical activities. The IT Disaster Recovery Centers and the Primary Data Centers are also well-governed and tested on its capabilities to manage any unplanned interruptions.

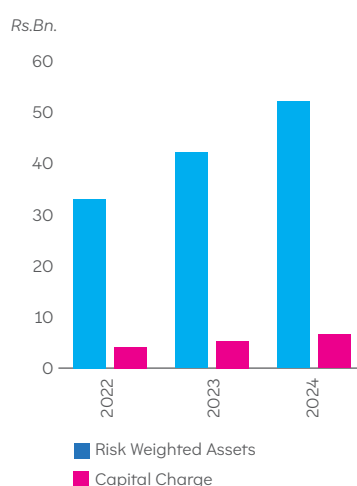
### KEY INITIATIVES IN 2024

- Strengthening controls related to fraud prevention and monitoring with emphasis on digital fraud.
- Enhancing the Risk and Control Self-Assessment to improve the identification of risks.
- Aligning the Bank's Business Continuity Management with ISO BCM standard.
- Continuous training to improve the competencies of the Risk and Compliance Coordinators for identifying enterprise level risks.

**Operational Losses by Type**



**Risk Weighted Assets & Capital Charge for Operational risk**



## Information Security and Cyber Risk

Technology plays a central role in the Bank's operations, necessitating an increased focus on Information Security and Cyber Security Risk. The escalating sophistication and severity of cyber threats have made it a key business risk. The most common forms of cybercrime in 2024 included phishing which targets consumers' confidential banking information and identity theft. Recognising the elevated threat level and potential impact, the Bank considers it as a separate pillar from operational risk to effectively safeguard its customers and assets. Given the Bank's digital banking focus, information security and cyber security risks are continually assessed, monitored and appropriate mitigation strategies implemented.

### Information Security Management

<b>Governance and Oversight</b>	<p><b>Board:</b> The Board is assisted in information technology governance aspects of information technology by the Board Information Technology Advisory Committee (BITAC) and the BIRMC.</p> <p><b>Chief Information Security Officer:</b> Ensures the Bank's IT risk management strategy is operationalised throughout the Bank.</p> <p><b>IT Governance and Information Security Units:</b> Ensures compliance with the established governance framework.</p> <p><b>IT Division:</b> Ensures that systems are run smoothly, while safeguarding the information assets of the Bank.</p> <p><b>IT Risk Management unit operating under the Chief Risk Officer (CRO):</b> This pillar provides insights and feedback on technology risk resilience. Efforts focus on enhancing information security on an ongoing basis while ensuring compliance with regulatory requirements across the Bank.</p>
<b>Certification</b>	The Bank has obtained ISO 27001:2013 certification and is aligned to International Cyber Security Standards, supporting a structured and disciplined approach to the management of risk.
<b>Vulnerability Assessments and Penetration Tests</b>	The Bank conducts vulnerability assessments quarterly for internal and external assets within the Bank's infrastructure, while annual penetration testing exercises are conducted by external experts.
<b>Monitoring and controls against cyber threats</b>	The 24/7 Security Operation Centre continually monitors cyber threats with procedures for action. Cyber security tools and processes have been established to detect, prevent and respond to cyber events.
<b>IT Disaster Recovery Plan</b>	Disaster Recovery plans are tested regularly and revised if required.
<b>Data Security controls</b>	Data leakage prevention tools and processes have been implemented to protect sensitive data.

### KEY INITIATIVES IN 2024

- Initiated the implementation of a new Security Information and Event Management solution (SIEM) tool with enhanced monitoring capabilities.
- Revamped the Information and Data Security eLearning Modules
- Aligned processes with the Zero Trust Framework, a global cyber security framework designed to safeguard against cyber security threats
- Privilege Access management solution was operationalised.



## Risk Management Review

### Strategic Risk

Strategic risk is the risk that the Bank's future business plans and strategies may result in financial loss or be inadequate to protect the Bank's competitive position and shareholder returns. It occurs when strategies fail to align with the operating environment or are impacted by significant events.

### Strategic Risk Management

The Board holds collective responsibility for setting the Bank's strategic direction, carefully evaluating and deliberating alternative strategies to determine the most effective course of action. The Bank's strategic planning process rigorously tests key assumptions to ascertain potential challenges and areas of concern. A robust compliance function ensures adherence to regulatory requirements while monitoring emerging trends, enabling the anticipation of new regulations and a proactive understanding of their potential implications. The Bank views the effective balance of risk and return through a comprehensive understanding of risks and opportunities, an essential part of managing strategic risk effectively.

### Reputation Risk

The Bank's reputation is vital in building and maintaining the trust of its customers, who rely on the institution as a reliable custodian of their wealth. This trust enables the Bank to mobilise funds and disburse the same as loans. Sound corporate governance, regulatory compliance, sustainable performance, innovation, and service quality significantly influence its reputation. Therefore, safeguarding its reputation is a top priority at Nations Trust Bank, with every effort directed toward its preservation.

### Mitigation

The Bank's leadership establishes a strong foundation by promoting a culture of transparency, integrity, and accountability throughout the organisation. This commitment is further supported by key measures, including:

- A comprehensive Code of Ethics, distributed to all employees, which clearly communicates the Bank's core values and expected standards of behavior across all levels.
- Engagement strategies designed to identify and address stakeholder concerns effectively and in a timely manner.
- A robust training and development programme that supports compliance.
- Implemented a comprehensive Anti-Corruption Policy which has been communicated across the organisation from the Board to all employees, including business partners and stakeholders. Regular training on anti-corruption is provided to members of governance bodies and employees to ensure awareness and adherence to the policy. During the year under review, the Bank conducted a thorough assessment of all its operations. There were no recorded incidents related to anti-corruption during the year.

### Sustainability and Climate Risks

#### Governance

Effectively addressing the implications of sustainability and climate related risks is a key priority at Nations Trust Bank. Accordingly, the Bank's Board of Directors holds overall responsibility for overseeing the effective management of these risks. In 2024, Board-level oversight

of sustainability and climate related risk management was further strengthened with responsibility for effectively managing these assigned to both the BIRMC and the ESG & CSR Steering Committee. Additionally, the Board also approved the Terms of Reference of the ESG & CSR Steering Committee.

The CEO is responsible for the implementation of the sustainability strategy within the Bank. The CEO is assisted by the Bank's Sustainability Team, which is led by the Chief Marketing Officer and comprises a cross-functional team of senior management. In 2024, the capabilities of the Sustainability Team were enhanced by the appointment of an Sustainability Manager, to oversee the implementation of the Bank's ESG strategy under the guidance of the Chief Marketing Officer and the Board Supervisory Committee. Representatives from each functional unit were also identified to liaise with the Sustainability Team to embed the Bank's sustainability strategy within daily operations and support data collection for performance monitoring.

The Board Supervisory Committee and the ESG Steering Committee monitors the Bank's ESG performance of the Bank.

The IRM Unit is tasked with identifying and reviewing the Bank's sustainability and climate related risks and developing risk mitigation strategies. These are reported to BIRMC and the Board periodically. Unit also collaborates closely with functional units and the Bank's branch network to ensure risk mitigation strategies are implemented. During the year under review, the Bank's sustainability and climate related risks were incorporated into the Bank's Risk Grid assessment conducted by the



Chief Risk Officer and the risk team. This included an assessment of all existing and potential risks, risk events, their implications on the Bank, adequacy of control measures and areas for improvement. Periodically these risk implication strategies are reviewed and presented to BIRMC and Board.

The Internal Audit and Compliance Units perform audits to assess compliance with the Bank's sustainability related policies and regulatory requirements. The Sustainability Unit complements these efforts by conducting internal assurance to ascertain compliance with SOPs and management approaches formulated to address the Bank's impacts on broader stakeholder groups. External assurance is also sought for Sustainability Disclosures.

to effectively identify and mitigate sustainability and climate related risks.

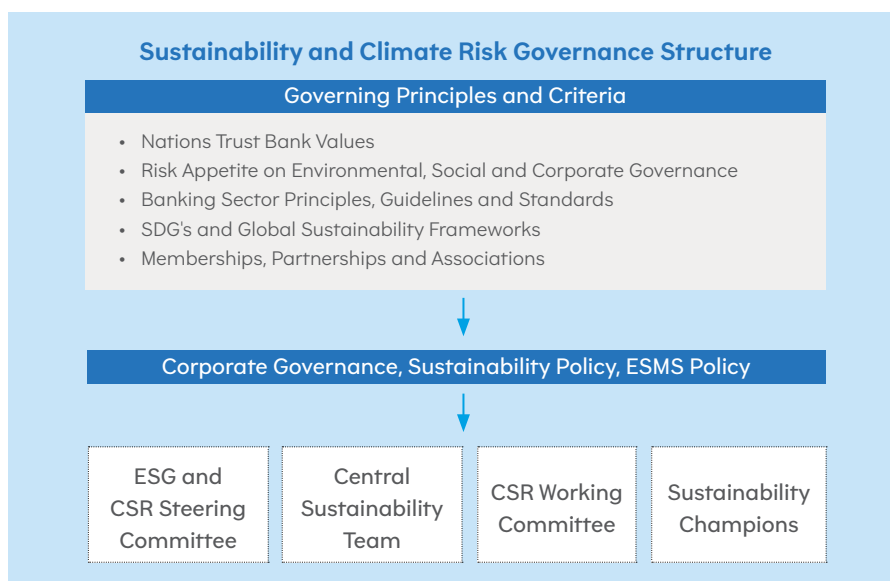
### Risk Management

The Bank utilised its materiality assessment for the identification of its sustainability and climate related risks and opportunities as it considers the Bank's impacts on the environment, society and employees while also considering its dependencies on the external environment and social resources. Nations Trust Bank's materiality assessment incorporates the principles of the GRI Universal Standards, the Accountability AA1000AS Standards and the key principles of the COSO Risk Management Framework. The sustainability team reassessed its material topics along with an impact assessment. The material topics were then prioritised based on the "Likelihood of Occurrence" and "Impact Severity" using the standard risk rating framework applicable for prioritising all risks within the Bank. Based on this assessment the identified sustainability and climate related risks were incorporated into the Bank's overall risk grid for monitoring alongside the Bank's other key risk categories.

The Bank's approach to managing its sustainability and climate-related risks are guided by its Board approved Sustainability Policy which comprises the ESG Management Framework for Operations and the Environmental and Social Management System (ESMS). The ESG Management Framework guides the Bank's approach in managing its sustainability and climate related risks within its internal processes while the ESMS addresses sustainability and climate related considerations in credit approvals.

ESG dashboards have also been developed to capture the Bank's sustainability related and climate related performance and facilitate analysis. This is reviewed by the Board Supervisory Committee on a quarterly basis with key insights reported to the Board.

Nations Trust Bank continued to invest in building the sustainability and climate related risk management capabilities of its team. Members at all levels of the Bank attended training programmes to enhance the competencies required



The Bank's Sustainability Management Framework and Risk Management Framework also supports the oversight and review of SRROs. Identification of sustainability and climate related risks and opportunities during the year under review was performed focusing on the Bank's operations. Nations Trust Bank intends on extending this assessment along its value chain in the future.

## Risk Management Review

The Bank's sustainability and climate related risks and opportunities, the time horizon for its potential occurrence, its current and anticipated impact on the Bank's financial position and mitigation strategies are presented below.

Sustainability risks and risk events	Time horizon of potential occurrence	Current effect on financial position	Anticipated effects on financial position	Mitigation strategy
<b>Environmental risks:</b> <ul style="list-style-type: none"> <li>• Pollution</li> <li>• Increased energy use and wastage</li> </ul>	Immediate	Low	Low	<ul style="list-style-type: none"> <li>• Implement proper waste management processes</li> <li>• Install solar and energy efficient ACs/lighting in bank premises</li> <li>• Reduce carbon footprint/material usage</li> </ul>
<b>Staff health and safety related risks:</b> <ul style="list-style-type: none"> <li>• Poor workplace ergonomics</li> <li>• Fire and electrical hazards</li> <li>• Risks of bank robberies, attacks, hostage situations and customer aggressions</li> </ul>	Immediate based on occurrence	Low	Low	<ul style="list-style-type: none"> <li>• Provide improved infrastructure and furniture for employees</li> <li>• Create staff awareness on fire safety measures &amp; security hazards</li> <li>• Provide with insurance covers for occupational injuries &amp; other personal health conditions</li> <li>• Physical &amp; remote monitoring of security levels at all locations</li> </ul>
<b>Customer health and safety related risks:</b> <ul style="list-style-type: none"> <li>• Inability to serve differently abled customers</li> <li>• Damage to properties and human health</li> <li>• Cyber security breaches and data privacy violations</li> </ul>	Immediate	Low	Medium	<ul style="list-style-type: none"> <li>• Ensure all customers are treated fairly, ethically &amp; equitably</li> <li>• Provide disability access to branches/ATMs across the country</li> <li>• Strengthen security surveillance at all customer accessible locations</li> <li>• Ensure robust cyber security measures to safeguard customer data and prevent unauthorised access</li> <li>• Implement data privacy policies, consent mechanisms, and data breach response plans in the event of a security incident.</li> </ul>
<b>Climate risk – Physical:</b> <ul style="list-style-type: none"> <li>• Floods, extreme weather, heat waves</li> <li>• Health impacts</li> </ul>	Immediate upon occurrence	Low	Medium	<ul style="list-style-type: none"> <li>• Minimise damage to infrastructure &amp; to ensure recoverability upon destruction</li> <li>• Avoid loss of business/ disruptions to banking operations.</li> <li>• Minimise credit risk due to deterioration of repayment capacity affecting asset quality</li> <li>• Identification of climate-risk sensitive portfolio for better estimation of Impairment provisions</li> </ul>

Sustainability risks and risk events	Time horizon of potential occurrence	Current effect on financial position	Anticipated effects on financial position	Mitigation strategy
<b>Climate risk – Transitional:</b> <ul style="list-style-type: none"> <li>Government policies and regulations aimed at reducing greenhouse gas emissions</li> <li>Investor preference to fund sustainable investments while divesting from carbon intensive industries</li> </ul>	Short to medium term	Low	Medium	<ul style="list-style-type: none"> <li>Increase investments in low-carbon technologies and sustainable ventures, while divesting from carbon-intensive industries.</li> <li>Climate Risk considerations to be built into risk management, data and modelling capabilities</li> <li>Minimise reputational damage due to high carbon footprint</li> <li>Create public awareness</li> </ul>
<b>Staff Attrition:</b> <ul style="list-style-type: none"> <li>High staff turnover resulting in draining of expertise</li> </ul>	Immediate upon occurrence	High	High	<ul style="list-style-type: none"> <li>Develop &amp; retain highly-skilled top performers through various target programmes &amp; progression planning.</li> <li>Provide competitive remuneration coupled with other employee benefits &amp; engagement activities.</li> </ul>

#### Opportunities arising from sustainability and climate change related risks

Sustainability related opportunities	Time horizon of potential occurrence	Current effect on financial position	Anticipated effects on financial position
<b>Environmental opportunities</b> International concessionary funding lines for sustainable businesses that will expand lending portfolio	Short to medium term	Low	Medium
<b>Staff health and safety related opportunities</b> Enhanced employer reputation and branding	Short to medium term	Low	Low
<b>Customer health and safety related opportunities</b> Business continuity and resilience	Short to medium term	Low	Medium
<b>Climate related opportunities</b> Funding lines for renewable energy, solar power	Short to long term	Medium	High

1. Short term: 1–3 years

2. Medium term: 3– 5 years

3. Long term: over 5 years

The Bank monitors its operating environment on an ongoing basis for changes to the risk grading of identified sustainability and climate related risks and opportunities as well as new sustainability and climate related risks that may emerge and continues to implement strategic interventions to respond to these developments effectively.

Moreover, sustainability considerations form an integral part of the Bank's strategy formulation process and incorporates the necessity for potential trade-offs in ensuring long term sustainable value creation.

## Risk Management Annexures

### Credit Risk

Table 1

#### Gross Loans & Advances – Individual Impairment

2024	Exposure			Impairment		Age Analysis		
	On Balance Sheet	Off Balance Sheet	Impairment Provision	Net Present Value of Future Cash Flows*	Write Offs During the period	0 – 30 Days	31 –90 Days	Above 90 Days
Total Loans & Advances	31,551,952	–	10,245,247	21,306,705	208,673	18,160,136	2,552,637	10,839,179

\*Sum of net present value of cash flows expected through normal business activities and collateral liquidation.

Table 2

#### Gross Loans & Advances – Collective Impairment

2024	Exposure		Impairment		Age Analysis		
	On Balance Sheet	Off Balance Sheet	Impairment Provision	Write Offs During the period	0 – 30 Days	31 –90 Days	Above 90 Days
Total Loans & Advances	273,488,686	–	10,480,341	1,571,289	259,172,330	7,701,452	6,614,904

\* Staff Loans exposures are not assessed for impairment.

## Market Risk

Table 1

### Composition of Trading and Non-Trading Book

	2024		
	Trading book (LKR million)	Non-trading book (LKR million)	Total (LKR million)
<b>Assets</b>			
Cash and Cash Equivalents	-	20,814	20,814
Balances with Central Bank of Sri Lanka	-	1,183	1,183
Reverse Repurchase Agreements	-	2,389	2,389
Derivative Financial Instruments	224	-	224
Financial Assets	17,195	107,015	124,210
Financial Assets at Amortised Cost - Debt Instruments	-	96,796	96,796
Financial Assets at Amortised Cost - Loans and Advances	-	287,363	287,363
Other Assets	-	4,957	4,957
Investments in Subsidiaries	-	679	679
Fixed Assets (PPE, ROU & Intangibles)	-	5,712	5,712
Deferred Tax Assets	-	1,114	1,114
<b>Total</b>	<b>17,419</b>	<b>528,022</b>	<b>545,441</b>
<b>Liabilities</b>			
Due to Banks	-	27,403	27,403
Derivative Financial Instruments	372	-	372
Due to Depositors	-	384,785	384,785
Repurchase Agreements	-	21,985	21,985
Due to other Borrowers	-	9,111	9,111
Debt Securities Issued	-	5,980	5,980
Retirement Benefit Obligations	-	1,458	1,458
Current Tax Liabilities	-	4,591	4,591
Other Liabilities	-	12,870	12,870
Equity & Other Reserves	-	76,886	76,886
<b>Total</b>	<b>372</b>	<b>545,069</b>	<b>545,441</b>
<b>Contingent Liabilities &amp; Commitments</b>	<b>140,467</b>	<b>266,246</b>	<b>406,713</b>
Commitment & Guarantees	-	266,246	266,246
Forward on Government Securities	260	-	260
Derivative Assets- Held for Trading (Net)	140,207	-	140,207

## Risk Management Annexures

Table 2

Net Open Position of Foreign Currency Denominated Assets and Liabilities of Domestic Banking Unit \*  
(in millions of respective currency)

CCY		Up to One month	1 - 3 months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Over 5 Years	NOP
USD	Assets (On & Off Balance sheet)	231.001	70.182	44.141	55.690	3.750	1.100	1.804	
	Liabilities (On & Off Balance sheet)	63.762	44.993	59.832	100.715	101.990	16.652	23.565	(3.840)
	Periodic Gap	167.239	25.189	(15.691)	(45.025)	(98.240)	(15.552)	(21.760)	
GBP	Assets (On & Off Balance sheet)	4.516	3.001	0.004	-	-	-	-	
	Liabilities (On & Off Balance sheet)	0.868	0.908	1.524	2.541	0.648	0.253	0.795	(0.016)
	Periodic Gap	3.648	2.093	(1.520)	(2.541)	(0.648)	(0.253)	(0.795)	
EUR	Assets (On & Off Balance sheet)	6.555	-	0.021	0.009	-	-	0.028	
	Liabilities (On & Off Balance sheet)	1.018	0.869	0.750	1.634	0.926	0.348	1.078	(0.010)
	Periodic Gap	5.537	(0.869)	(0.729)	(1.625)	(0.926)	(0.348)	(1.050)	

## Liquidity Risk

Table 1

### Maturity Gaps in Major Currencies (in millions of respective currency)

CCY		Up to One month	1 - 3 months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Over 5 Years
LKR	Assets (On & Off Balance sheet)	95,862	105,315	42,429	25,624	113,416	48,567	38,597
	Liabilities (On & Off Balance sheet)	106,268	61,559	34,517	34,251	42,635	23,792	195,048
	Periodic Gap	(10,406)	43,756	7,912	(8,627)	70,781	24,775	(156,451)
	Cumulative Gap	(10,406)	33,350	41,262	32,635	103,416	128,191	(28,260)
USD	Assets (On & Off Balance sheet)	130	90	51	18	70	17	23
	Liabilities (On & Off Balance sheet)	65	43	53	99	96	18	68
	Periodic Gap	65	47	(2)	(81)	(26)	(1)	(45)
	Cumulative Gap	65	112	110	29	3	2	(43)
GBP	Assets (On & Off Balance sheet)	5	3	-	-	-	-	-
	Liabilities (On & Off Balance sheet)	1	-	1	1	1	-	9
	Periodic Gap	4	3	(1)	(1)	(1)	-	(9)
	Cumulative Gap	4	7	6	5	4	4	(5)
EUR	Assets (On & Off Balance sheet)	7	-	-	-	-	-	-
	Liabilities (On & Off Balance sheet)	1	1	-	1	1	-	4
	Periodic Gap	6	(1)	-	(1)	(1)	-	(4)
	Cumulative Gap	6	5	5	4	3	3	(1)

## Risk Management Annexures

### Interest Rate Risk

Table 1

Interest Rate Sensitive gap Analysis (in millions of respective currency)

CCY		Up to One month	1 - 3 months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Over 5 Years	Total
LKR	Assets	124,640	59,205	23,422	21,881	91,626	88,273	41,147	450,194
	Liabilities	132,267	62,393	48,752	43,264	42,887	7,505	3,398	340,466
	Periodic Gap	(7,627)	(3,188)	(25,330)	(21,383)	48,739	80,768	37,749	109,728
USD	Assets	160	113	81	54	-	-	-	408
	Liabilities	103	46	63	117	84	10	5	428
	Periodic Gap	57	67	18	(63)	(84)	(10)	(5)	(20)
GBP	Assets	3	3	-	-	-	-	-	6
	Liabilities	3	1	1	2	-	-	-	7
	Periodic Gap	-	2	(1)	(2)	-	-	-	(1)
EUR	Assets	7	2	-	-	-	-	-	9
	Liabilities	5	1	1	2	-	-	-	9
	Periodic Gap	2	1	(1)	(2)	-	-	-	-

Table 2

Interest Rate Risk in Banking Book- Economic Value of Equity (EVE) - in LKR Millions

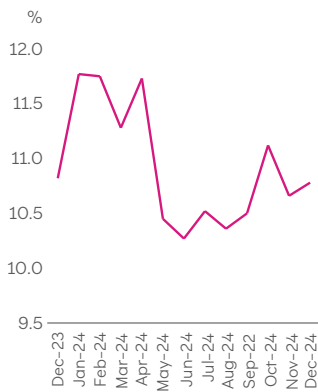
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Up by 100bp	(7)	(24)	72	275	(593)	(1,806)	(1,364)	(3,447)
Down by 100bp	7	24	(72)	(275)	593	1,806	1,364	3,447

Note : Interest sensitivity is on 100bps increase/decrease, excluding trading book

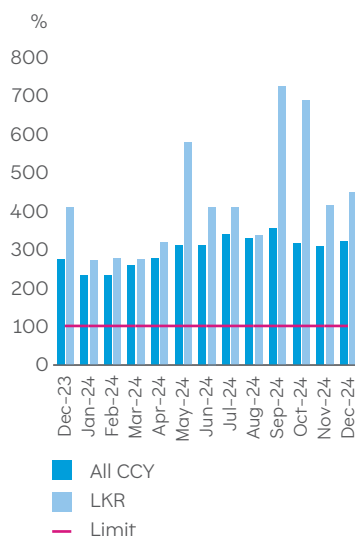


## Liquidity Risk Trend Analysis

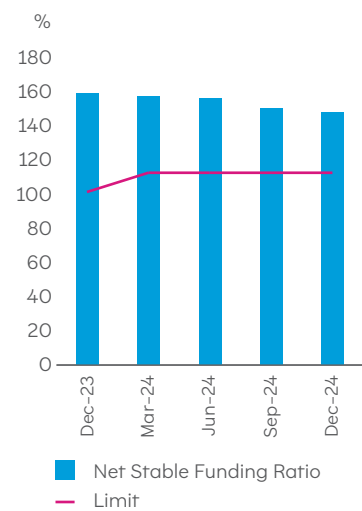
### Commitments to Total Loans



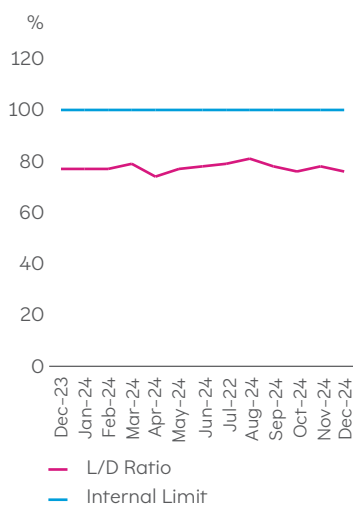
### Liquidity Coverage Ratio



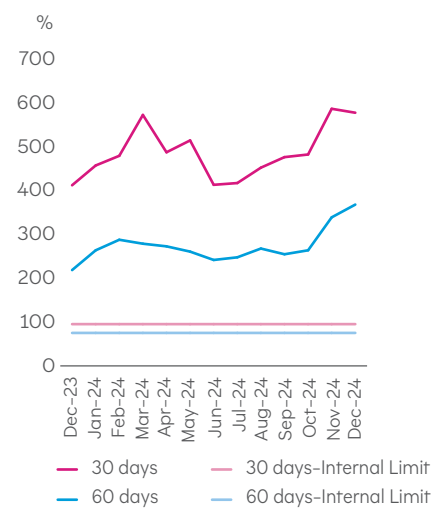
### Net Stable Funding Ratio



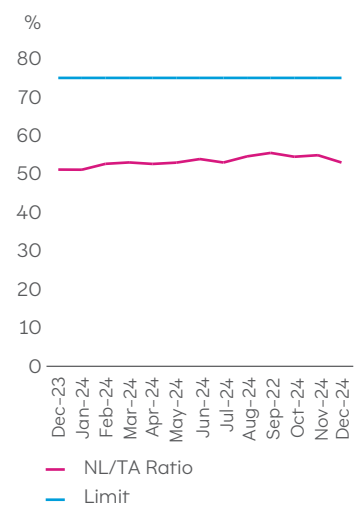
### Loan to Deposit Ratio



### Liquid Assets to Short term Liabilities Ratio



### Net loans to Total Assets Ratio



## Risk Management Annexures

Table 1

### Key Regulatory Ratios – Capital and Liquidity

Item	Bank		Group	
	31-December-24	31-December-23	31-December-24	31-December-23
<b>Regulatory Capital (LKR '000)</b>				
Common Equity Tier 1	70,822,110	51,747,926	73,081,874	53,681,235
Tier 1 Capital	70,822,110	51,747,926	73,081,874	53,681,235
Total Capital	74,851,471	56,330,223	77,111,235	58,263,532
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 7.00%)	20.87%	17.52%	21.47%	18.14%
Tier 1 Capital Ratio (Minimum Requirement – 8.50%)	20.87%	17.52%	21.47%	18.14%
Total Capital Ratio (Minimum Requirement – 12.50%)	22.05%	19.07%	22.66%	19.68%
Leverage Ratio (Minimum Requirement – 3%)	12.57%	9.72%	12.96%	10.08%
<b>Regulatory Liquidity</b>				
Total Stock of High-Quality Liquid Assets (LKR'000)	210,135,367	150,385,533		
Liquidity Coverage Ratio (%)				
Rupee (Minimum Requirement – 100%)	447.74%	410.23%		
All Currency (Minimum Requirement – 100%)	320.56%	274.10%		
Net Stable Funding Ratio (Minimum Requirement – 100%)	154.73%	158.59%		

Table 2

## Basel III Computation of Capital Ratios

Item	Bank		Group	
	LKR '000		LKR '000	
	31-December-24	31-December-23	31-December-24	31-December-23
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	70,822,110	51,747,926	73,081,874	53,681,235
<b>Common Equity Tier 1 (CET1) Capital</b>	73,344,877	56,435,616	75,354,251	58,179,078
Equity Capital (Stated Capital)/Assigned Capital	12,106,271	11,426,882	12,106,271	11,426,882
Reserve Fund	3,610,419	2,783,805	3,610,418	2,783,805
Published Retained Earnings/(Accumulated Retained Losses)	53,907,156	39,879,971	55,916,529	41,623,434
Published Accumulated Other Comprehensive Income (OCI)	3,721,032	2,344,958	3,721,033	2,344,958
General and other Disclosed Reserves	-	-	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
<b>Total Adjustments to CET1 Capital</b>	2,522,767	4,687,690	2,272,377	4,497,842
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,408,451	1,353,420	1,408,927	1,353,909
Deferred tax assets (net)	1,114,316	3,334,269	863,450	3,143,934
Shortfall of the Cumulative Impairment to Specific Provisions	-	-	-	-
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	-	-	-	-
<b>Additional Tier 1 (AT1) Capital</b>	-	-	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
<b>Total Adjustments to AT1 Capital</b>	-	-	-	-
Investment in Own Shares	-	-	-	-
Others (specify)	-	-	-	-
<b>Tier 2 Capital after Adjustments</b>	4,029,361	4,582,297	4,029,361	4,582,297
<b>Tier 2 Capital</b>	4,029,361	4,582,297	4,029,361	4,582,297
Qualifying Tier 2 Capital Instruments	514,286	1,311,429	514,286	1,311,429
Revaluation Gains	473,067	397,935	473,067	397,935
Loan Loss Provisions	3,042,008	2,872,933	3,042,008	2,872,933
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
<b>Total Adjustments to Tier 2</b>	-	-	-	-
Investment in Own Shares	-	-	-	-
Others (specify)	-	-	-	-
<b>CET1 Capital</b>	70,822,110	51,747,926	73,081,874	53,681,235
<b>Total Tier 1 Capital</b>	70,822,110	51,747,926	73,081,874	53,681,235
<b>Total Capital</b>	74,851,471	56,330,223	77,111,235	58,263,532

## Risk Management Annexures

Table 2 (Cond.)

### Basel III Computation of Capital Ratios (Contd.)

Item	Bank		Group	
	LKR '000		LKR '000	
	31-December-24	31-December-23	31-December-24	31-December-23
<b>Total Risk Weighted Assets (RWA)</b>	<b>339,408,904</b>	<b>295,327,703</b>	<b>340,341,174</b>	<b>295,984,497</b>
RWAs for Credit Risk	243,360,644	229,834,668	243,717,114	229,955,508
RWAs for Market Risk	43,871,249	23,161,667	43,871,249	23,161,667
RWAs for Operational Risk	52,177,012	42,331,368	52,752,811	42,867,323
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>20.87%</b>	<b>17.52%</b>	<b>21.47%</b>	<b>18.14%</b>
of which: Capital Conservation Buffer (%)	2.500%	2.500%	2.500%	2.500%
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	20.87%	17.52%	21.47%	18.14%
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>22.05%</b>	<b>19.07%</b>	<b>22.66%</b>	<b>19.68%</b>
of which: Capital Conservation Buffer (%)	2.500%	2.500%	2.500%	2.500%
of which: Countercyclical Buffer (%)				
of which: Capital Surcharge on D-SIBs (%)				

Table 3

### Basel III Computation of Leverage Ratio

Item	Bank		Group	
	LKR '000		LKR '000	
	31-December-24	31-December-23	31-December-24	31-December-23
<b>Tier 1 Capital</b>	<b>70,822,110</b>	<b>51,747,926</b>	<b>73,081,874</b>	<b>53,681,235</b>
<b>Total Exposures</b>	<b>563,561,779</b>	<b>532,168,660</b>	<b>563,956,956</b>	<b>532,328,218</b>
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	540,304,796	509,944,875	540,699,973	510,104,432
Derivative Exposures	2,169,806	2,158,130	2,169,806	2,158,130
Securities Financing Transaction Exposures	2,389,147	1,502,215	2,389,147	1,502,215
Other Off-Balance Sheet Exposures	18,698,030	18,563,440	18,698,030	18,563,440
<b>Basel III Leverage Ratio (%) (Tier 1/Total Exposure)</b>	<b>12.57%</b>	<b>9.72%</b>	<b>12.96%</b>	<b>10.08%</b>

Table 4

## Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Total Un-weighted Value LKR '000	Total Weighted Value LKR '000	Total Un-weighted Value LKR '000	Total Weighted Value LKR '000
	31-December-24	31-December-24	31-December-23	31-December-23
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	210,135,367	210,135,367	150,385,533	150,385,533
<b>Total Adjusted Level 1A Assets</b>	210,975,078	210,975,078	150,792,353	150,792,353
<b>Level 1 Assets</b>	210,135,367	210,135,367	150,385,533	150,385,533
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2A Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	-	-	-	-
<b>Level 2B Assets</b>	-	-	-	-
<b>Total Cash Outflows</b>	668,310,071	108,454,888	575,928,016	97,755,977
Deposits	280,955,251	28,095,525	249,565,293	24,956,529
Unsecured Wholesale Funding	105,166,155	51,644,653	103,762,600	54,844,535
Secured Funding Transactions	24,052	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	274,865,780	21,415,878	219,707,737	15,062,527
Additional Requirements	7,298,832	7,298,832	2,892,386	2,892,386
<b>Total Cash Inflows</b>	81,122,355	42,902,459	111,412,306	42,890,605
Maturing Secured Lending Transactions Backed by Collateral	2,391,168	-	1,502,215	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	68,281,588	41,705,884	81,238,992	42,397,427
Operational Deposits	9,253,025	-	27,687,557	-
Other Cash Inflows	1,196,575	1,196,575	983,542	493,178
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		320.56%		274.10%

Table 5

## Basel III Computation of Net Stable Funding Ratio

Item	Bank	
	Amount (LKR'000)	
	31-December-24	31-December-23
<b>Total Available Stable Funding</b>	403,664,648	370,510,951
Required Stable Funding – On Balance Sheet Assets	250,879,941	226,295,980
Required Stable Funding – Off Balance Sheet Items	10,007,542	7,326,529
<b>Total Required Stable Funding</b>	260,887,483	233,622,509
<b>Net Stable Funding Ratio</b> (Minimum Requirement – 100%)	154.73%	158.59%

## Risk Management Annexures

**Table 6**  
**Main Features of Regulatory Capital Instruments**

Description of the Capital Instrument	Ordinary Shares (Voting)	Ordinary Shares (Non Voting)
Issuer	Nations Trust Bank PLC	Nations Trust Bank PLC
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	LK0309N00001	LK0309N00001
Governing Law(s) of the Instrument	Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act
Original Date of Issuance	3-May-99	20-Feb-18
Par Value of Instrument	N/A	N/A
Perpetual or Dated	Perpetual	Perpetual
Original Maturity Date, if Applicable	N/A	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	8,642,017	3,464,255
Accounting Classification (Equity/Liability)	Equity	Equity
<b>Issuer Call subject to Prior Supervisory Approval</b>		
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A
<b>Coupons/Dividends</b>		
Fixed or Floating Dividend/Coupon	Discretionary dividend amount	Discretionary dividend amount
Coupon Rate and any Related Index	Distributable profit that has been declared as dividend	Distributable profit that has been declared as dividend
Non-Cumulative or Cumulative	Non-Cumulative	Non-Cumulative
<b>Convertible or Non-Convertible</b>		
If Convertible, Conversion Trigger (s)	Non-Convertible	Starting from last market date of quarter ending 30th June and forward
If Convertible, Fully or Partially	Non-Convertible	Fully or Partially
If Convertible, Mandatory or Optional	Non-Convertible	Optional
If Convertible, Conversion Rate	Non-Convertible	1:1

Subordinated Debt (Debentures)	Senior Debt (Debentures)	Senior Debt (Debentures)
Nations Trust Bank PLC	Nations Trust Bank PLC	Nations Trust Bank PLC
NTB-BD-23/12/26 - C2442 - 12.9	N/A	N/A
Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act	Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act
23-Dec-19	9-Jul-21	9-Jul-21
100	100	100
Dated	Dated	Dated
23-Dec-26	9-Jul-26	9-Jul-26
514,286	N/A	N/A
Liability	Liability	Liability
N/A	N/A	N/A
N/A	N/A	N/A
Fixed	Fixed	Fixed
12.90%	8.90%	9.15%
Non-Cumulative	Non-Cumulative	Non-Cumulative
Convertible	Non-Convertible	Non-Convertible
As per Banking Act Direction No. 1 of 2016	N/A	N/A
Fully or Partially	N/A	N/A
Mandatory	N/A	N/A
Simple Average of Volume WA Price of ordinary voting shares published by the CSE, during the 3 months period, immediately preceding the date of the Trigger Event.	N/A	N/A

## Risk Management Annexures

Table 7

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

Asset Class	Bank					
	LKR'000 as at -31-December-24					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)
Claims on Central Government and CBSL	97,465,351	38,332,150	97,465,351	766,643	-	0%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	4,177,883	-	4,177,883	-	3,676,489	88%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	9,278,877	65,522,801	9,278,650	1,436,141	2,311,870	22%
Claims on Financial Institutions	24,568,793	27,402,183	13,939,043	506,231	8,121,009	56%
Claims on Corporates	158,876,171	153,878,955	143,095,726	14,167,185	150,476,346	96%
Retail Claims	98,713,817	90,999,559	73,404,301	4,149,437	58,604,848	76%
Claims Secured by Residential Property	5,673,669	-	5,673,669	-	2,488,421	44%
Claims Secured by Commercial Real Estate	287,842	-	287,842	-	287,842	100%
Non-Performing Assets (NPAs)(i)	7,000,179	-	6,757,871	6,861	7,192,106	106%
Higher-risk Categories	25,803	-	25,803	-	64,507	250%
Cash Items and Other Assets	21,700,802	-	21,700,802	-	10,137,206	47%
<b>Total</b>	<b>427,769,187</b>	<b>376,135,647</b>	<b>375,806,940</b>	<b>21,032,497</b>	<b>243,360,644</b>	<b>61%</b>

Asset Class	Group					
	LKR'000 as at -31-December-24					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)
Claims on Central Government and CBSL	97,465,351	38,332,150	97,465,351	766,643	-	0%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	4,177,883	-	4,177,883	-	3,676,489	88%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	9,278,650	65,522,801	9,278,650	1,436,141	2,311,870	22%
Claims on Financial Institutions	24,569,019	27,402,183	13,939,043	506,231	8,121,009	56%
Claims on Corporates	158,876,171	153,878,955	143,095,726	14,167,185	150,476,346	96%
Retail Claims	98,713,817	90,999,559	73,404,301	4,149,437	58,604,848	76%
Claims Secured by Residential Property	5,673,669	-	5,673,669	-	2,488,421	44%
Claims Secured by Commercial Real Estate	287,842	-	287,842	-	287,842	100%
Non-Performing Assets (NPAs)(i)	7,000,179	-	6,757,871	6,861	7,192,106	106%
Higher-risk Categories	-	-	-	-	-	0%
Cash Items and Other Assets	22,121,782	-	22,121,782	-	10,558,183	48%
<b>Total</b>	<b>428,164,364</b>	<b>376,135,647</b>	<b>376,202,117</b>	<b>21,032,497</b>	<b>243,717,114</b>	<b>61%</b>

**Note:**

- (i) NPAs – As per Banking Act Directions on Classification of loans and advances, income recognition and provisioning.  
(ii) RWA Density – Total RWA/Exposures post CCF and CRM.



Bank						
LKR'000 as at -31-December-23						
Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)		
On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)	
94,678,257	39,391,500	94,678,257	787,830	634,167	1%	
4,849,318	-	4,849,318	-	-	0%	
5,807,726	-	5,807,726	-	5,305,233	91%	
-	-	-	-	-	0%	
29,201,123	39,017,994	27,698,908	749,886	5,779,765	20%	
21,152,491	23,454,194	10,042,957	1,526,506	7,374,440	64%	
139,872,128	113,264,851	127,600,265	13,261,737	131,870,367	94%	
97,204,771	78,262,770	71,637,176	3,646,819	56,576,201	75%	
6,339,488	-	6,339,488	-	2,998,761	47%	
315,257	-	315,257	-	315,257	100%	
10,263,039	-	10,031,748	137,119	10,990,352	108%	
25,803	-	25,803	-	64,507	250%	
20,423,269	-	20,423,269	-	7,925,620	39%	
430,132,669	293,391,310	379,450,171	20,109,897	229,834,668	58%	

Group						
LKR'000 as at -31-December-23						
Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)		
On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)	
94,678,257	39,391,500	94,678,257	787,830	634,167	1%	
4,849,318	-	4,849,318	-	-	0%	
5,807,726	-	5,807,726	-	5,305,233	91%	
-	-	-	-	-	0%	
27,698,908	39,017,994	27,698,908	749,886	5,779,765	20%	
22,654,706	23,454,194	10,042,957	1,526,506	7,374,440	64%	
139,872,128	113,264,851	127,600,265	13,261,737	131,870,367	94%	
97,204,771	78,262,770	71,637,176	3,646,819	56,576,201	75%	
6,339,488	-	6,339,488	-	2,998,761	47%	
315,257	-	315,257	-	315,257	100%	
10,263,039	-	10,031,748	137,119	10,990,352	108%	
-	-	-	-	-	0%	
20,608,617	-	20,608,617	-	8,110,966	39%	
430,292,215	293,391,310	379,609,717	20,109,897	229,955,508	58%	

## Risk Management Annexures

Table 8

### Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Description	Bank										
	LKR'000 as at 31-December-2024 (Post CCF & CRM)										
Risk Weight Asset Classes	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	98,231,994	-	-	-	-	-	-	-	-	-	98,231,994
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	1,002,787	-	-	3,175,096	-	-	4,177,883
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	-	10,322,333	-	304,405	-	-	73,758	14,296	-	10,714,792
Claims on Financial Institutions	-	-	-	-	12,648,530	-	-	1,796,744	-	-	14,445,273
Claims on Corporates	-	-	4,255,522	-	6,764,294	-	-	146,243,095	-	-	157,262,911
Retail Claims	-	-	-	-	-	7,039,336	64,532,622	5,981,780	-	-	77,553,738
Claims Secured by Residential Property	-	-	-	4,900,382	-	-	-	773,288	-	-	5,673,669
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	287,842	-	-	287,842
Non-Performing Assets (NPAs)	-	-	-	-	137,604	-	-	5,634,775	992,352	-	6,764,731
Higher-risk Categories	-	-	-	-	-	-	-	-	-	25,803	25,803
Cash Items and Other Assets	11,563,596	-	-	-	-	-	-	10,137,206	-	-	21,700,802
<b>Total</b>	<b>109,795,590</b>	<b>-</b>	<b>14,577,855</b>	<b>4,900,382</b>	<b>20,857,620</b>	<b>7,039,336</b>	<b>64,532,622</b>	<b>174,103,583</b>	<b>1,006,648</b>	<b>25,803</b>	<b>396,839,438</b>

Description	Group										
	LKR'000 as at 31-December-2024 (Post CCF & CRM)										
Risk Weight Asset Classes	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	98,231,994	-	-	-	-	-	-	-	-	-	98,231,994
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	1,002,787	-	-	3,175,096	-	-	4,177,883
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	-	10,322,333	-	304,405	-	-	73,758	14,296	-	10,714,792
Claims on Financial Institutions	-	-	-	-	12,648,530	-	-	1,796,744	-	-	14,445,273
Claims on Corporates	-	-	4,255,522	-	6,764,294	-	-	146,243,095	-	-	157,262,911
Retail Claims	-	-	-	-	-	7,039,336	64,532,622	5,981,780	-	-	77,553,738
Claims Secured by Residential Property	-	-	-	4,900,382	-	-	-	773,288	-	-	5,673,669
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	287,842	-	-	287,842
Non-Performing Assets (NPAs)	-	-	-	-	137,604	-	-	5,634,775	992,352	-	6,764,731
Higher-risk Categories	-	-	-	-	-	-	-	-	-	-	-
Cash Items and Other Assets	11,563,599	-	-	-	-	-	-	10,558,183	-	-	22,121,782
<b>Total</b>	<b>109,795,593</b>	<b>-</b>	<b>14,577,855</b>	<b>4,900,382</b>	<b>20,857,620</b>	<b>7,039,336</b>	<b>64,532,622</b>	<b>174,524,560</b>	<b>1,006,648</b>	<b>-</b>	<b>397,234,615</b>

Bank										
LKR'000 as at 31-Dec-2023 (Post CCF & CRM)										
0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
92,295,254		3,170,833		-	-	-	-	-	-	95,466,087
4,849,318		-		-	-	-	-	-	-	4,849,318
-		-		1,004,986	-	-	4,802,740	-	-	5,807,726
-		-		-	-	-	-	-	-	-
-		28,270,784		120,175	-	-	42,462	15,372	-	28,448,794
-		-		8,390,047	-	-	3,179,416	-	-	11,569,463
-		7,347,770		6,226,838	-	-	127,287,395	-	-	140,862,002
-		-		-	6,074,749	65,111,576	4,097,670	-	-	75,283,995
-		-	5,139,579	-	-	-	1,199,909	-	-	6,339,488
-		-		-	-	-	315,257	-	-	315,257
-		-		214,475	-	-	8,096,948	1,857,444	-	10,168,867
-		-		-	-	-	-	-	25,803	25,803
12,497,649		-		-	-	-	7,925,620	-	-	20,423,269
109,642,221	-	38,789,387	5,139,579	15,956,521	6,074,749	65,111,576	156,947,416	1,872,816	25,803	399,560,068

Group										
LKR'000 as at 31-Dec-2023 (Post CCF & CRM)										
0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
92,295,254		3,170,833		-	-	-	-	-	-	95,466,087
4,849,318		-		-	-	-	-	-	-	4,849,318
-		-		1,004,986	-	-	4,802,740	-	-	5,807,726
-		-		-	-	-	-	-	-	-
-		28,270,784		120,175	-	-	42,462	15,372	-	28,448,794
-		-		8,390,047	-	-	3,179,416	-	-	11,569,463
-		7,347,770		6,226,838	-	-	127,287,395	-	-	140,862,002
-		-		-	6,074,749	65,111,576	4,097,670	-	-	75,283,995
-		-	5,139,579	-	-	-	1,199,909	-	-	6,339,488
-		-		-	-	-	315,257	-	-	315,257
-		-		214,475	-	-	8,096,948	1,857,444	-	10,168,867
-		-		-	-	-	-	-	-	-
12,497,652		-		-	-	-	8,110,966	-	-	20,608,617
109,642,224	-	38,789,387	5,139,579	15,956,521	6,074,749	65,111,576	157,132,762	1,872,816	-	399,719,614

## Risk Management Annexures

Table 9

### Market Risk under Standardised Measurement Method

Item	Bank		Group	
	RWA (LKR'000)		RWA (LKR'000)	
	31-December-24	31-December-23	31-December-24	31-December-23
<b>(a) RWA for Interest Rate Risk</b>	5,366,381	2,855,031	5,366,381	2,855,031
General Interest Rate Risk	5,366,381	2,855,031	5,366,381	2,855,031
(i) Net Long or Short Position	5,366,381	2,855,031	5,366,381	2,855,031
(ii) Horizontal Disallowance	-	-	-	-
(iii) Vertical Disallowance	-	-	-	-
(iv) Options	-	-	-	-
Specific Interest Rate Risk	-	-	-	-
<b>(b) RWA for Equity</b>	-	-	-	-
(i) General Equity Risk	-	-	-	-
(ii) Specific Equity Risk	-	-	-	-
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	117,525	40,177	117,525	40,177
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	43,871,249	23,161,667	43,871,249	23,161,667

Table 10

### Operational Risk under Basic Indicator Approach/ The Standardised Approach/ The Alternative Standardise Approach

Business Lines	Bank									
	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31-December-24			Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31-December-23		
			1st Year	2nd Year	3rd Year			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		38,423,370	44,471,082	47,548,077	15%		22,933,969	38,423,370	44,471,082
The Standardised Approach			-	-	-			-	-	-
Corporate Finance	18%		-	-	-	18%		-	-	-
Trading and Sales	18%		-	-	-	18%		-	-	-
Payment and Settlement	18%		-	-	-	18%		-	-	-
Agency Services	15%		-	-	-	15%		-	-	-
Asset Management	12%		-	-	-	12%		-	-	-
Retail Brokerage	12%		-	-	-	12%		-	-	-
Retail Banking	12%		-	-	-	12%		-	-	-
Commercial Banking	15%		-	-	-	15%		-	-	-
The Alternative Standardised Approach			-	-	-			-	-	-
Corporate Finance	18%		-	-	-	18%		-	-	-
Trading and Sales	18%		-	-	-	18%		-	-	-
Payment and Settlement	18%		-	-	-	18%		-	-	-
Agency Services	15%		-	-	-	15%		-	-	-
Asset Management	12%		-	-	-	12%		-	-	-
Retail Brokerage	12%		-	-	-	12%		-	-	-
Retail Banking	12%	0.035	-	-	-	12%	0.035	-	-	-
Commercial Banking	15%	0.035	-	-	-	15%	0.035	-	-	-
Capital Charges for Operational Risk (LKR'000)										
The Basic Indicator Approach	6,522,126					5,291,421				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				
Risk Weighted Amount for Operational Risk (LKR'000)										
The Basic Indicator Approach	52,177,012					42,331,368				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				

Table 10 (Contd.)

## Operational Risk under Basic Indicator Approach/ The Standardised Approach/ The Alternative Standardise Approach (Contd.)

Business Lines	Group									
	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31-December-24			Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31-December-23		
			1st Year	2nd Year	3rd Year			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		38,867,315	45,031,613	47,983,099	15%		23,269,379	38,867,315	45,031,613
The Standardised Approach			-	-	-			-	-	-
Corporate Finance	18%		-	-	-	18%		-	-	-
Trading and Sales	18%		-	-	-	18%		-	-	-
Payment and Settlement	18%		-	-	-	18%		-	-	-
Agency Services	15%		-	-	-	15%		-	-	-
Asset Management	12%		-	-	-	12%		-	-	-
Retail Brokerage	12%		-	-	-	12%		-	-	-
Retail Banking	12%		-	-	-	12%		-	-	-
Commercial Banking	15%		-	-	-	15%		-	-	-
The Alternative Standardised Approach			-	-	-			-	-	-
Corporate Finance	18%		-	-	-	18%		-	-	-
Trading and Sales	18%		-	-	-	18%		-	-	-
Payment and Settlement	18%		-	-	-	18%		-	-	-
Agency Services	15%		-	-	-	15%		-	-	-
Asset Management	12%		-	-	-	12%		-	-	-
Retail Brokerage	12%		-	-	-	12%		-	-	-
Retail Banking	12%	0.035	-	-	-	12%	0.035	-	-	-
Commercial Banking	15%	0.035	-	-	-	15%	0.035	-	-	-
Capital Charges for Operational Risk (LKR'000)										
The Basic Indicator Approach	6,594,101					5,358,415				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				
Risk Weighted Amount for Operational Risk (LKR'000)										
The Basic Indicator Approach	52,752,811					42,867,323				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				