

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, 2025



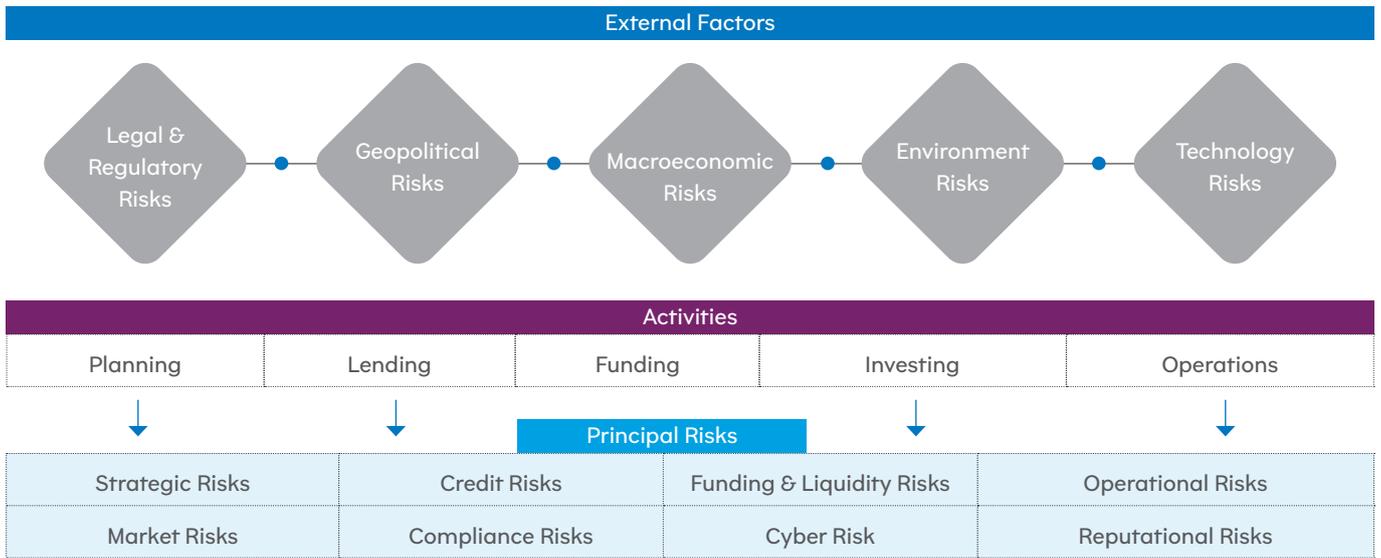
Risk Management Report

Integrated Risk Management Framework

As a licensed commercial bank regulated by the Central Bank of Sri Lanka (CBSL), Nations Trust’s approach to risk management is based on the Integrated Risk Management (IRM) Framework which ensures risk management is fully embedded into organisation wide decision making processes in line with the Bank’s strategic objectives and risk appetite.

Link to Strategy and 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:



By integrating risk considerations across business units and support functions the IRM Framework enables the Bank to adopt a holistic view of risks to ensure all risks within the risk universe are systematically identified, assessed, monitored and managed in a consistent and coordinated manner across the Bank. In this way, the integrated approach facilitates proactive management of both existing and emerging risks to minimise the likelihood and impact of adverse events that could affect the Bank’s customers, shareholders, employees, regulators and the broader financial system.

The key objectives of Nations Trust’s Integrated Risk Management Framework are to:

- Safeguard financial soundness and resilience by managing all material risks that could impact the Bank’s capital adequacy, liquidity, earnings stability and long term sustainability.
- Support strategic decision making by ensuring risk considerations are embedded into strategy formulation, business planning, product development and capital allocation processes.
- Support regulatory compliance, including Banking Act Directions and CBSL supervisory guidelines, while aligning with global risk management best practices.
- Translating the Board approved risk appetite into measurable limits, policies and controls to promote appropriate risk taking behaviour at all levels of operation.
- Enable early risk identification and mitigation through continuous monitoring, stress testing, scenario analysis and the use of key risk indicators to detect emerging and evolving risks.
- Drive accountability and ownership of risk by clearly defining roles and responsibilities across the three lines of defense.
- Foster a strong risk culture that encourages transparency, ethical conduct, timely escalation of issues and informed risk taking consistent with the Bank’s values.

Risk Management Process

A robust Risk Management Process underpins Nations Trust's Integrated Risk Management (IRM) Framework. Structured around a disciplined four step approach, the process supports the proactive identification, assessment, control and monitoring of risks across all levels of the Bank, in line with strategic objectives, risk appetite and regulatory expectations.

Risk Management Process



Risk Identification

Regular scans identify internal and external risks. Top down and bottom up approaches are used.



Risk Measurement

Risks are assessed using qualitative and quantitative techniques.



Risk Control

Risks are managed within the risk appetite. This safeguards assets and supports reliable performance.



Risk Monitoring

Risk exposures are monitored through risk indicators and limits. Risk reports are reviewed by management.

The three lines of defence mechanism forms an integral part of the Risk Management Process

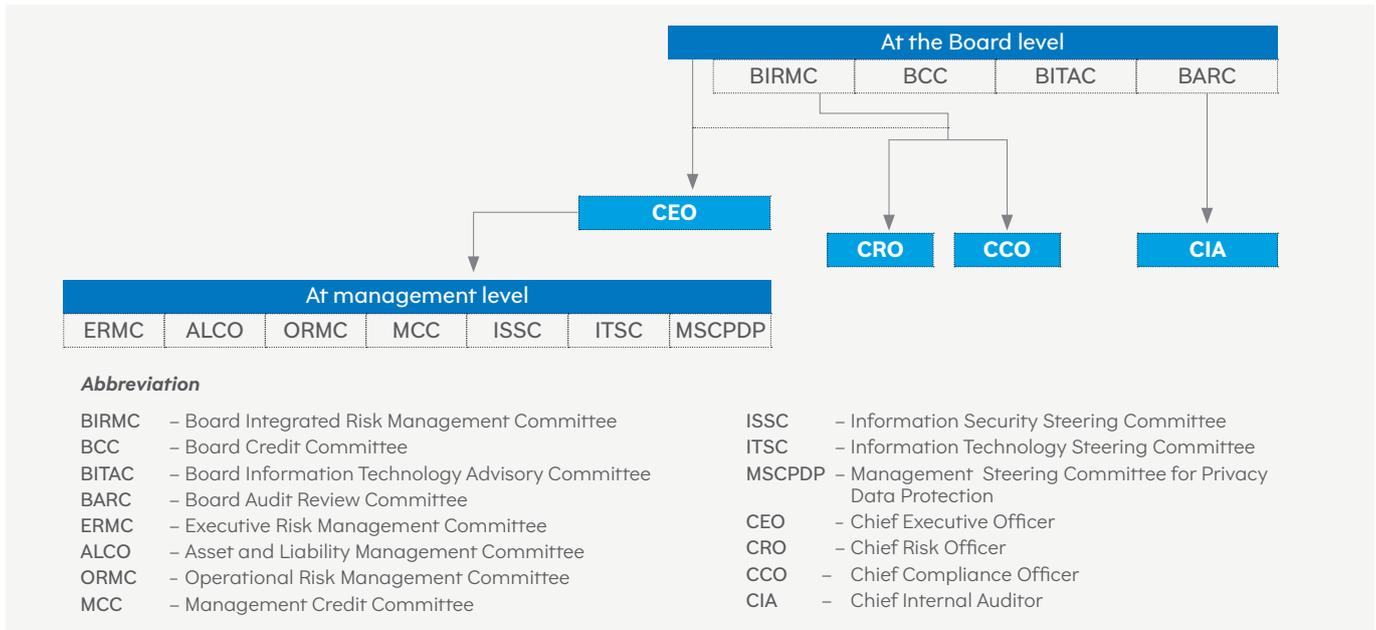


Risk Management Report

Risk Governance and Oversight

The success of the IRM Framework is supported by a solid risk governance and oversight structure, led by the Board of Directors.

Risk Governance Structure



Authority	Risk Category	Risk Governance and Oversight Responsibilities
Board of Directors	All Risks	As the Bank’s highest governance authority, the Board is responsible for; Setting the Bank’s risk strategy and defining Nations Trust’s risk appetite in line with the Bank’s short, medium and long term strategic objectives. Establishing risk policies and tolerance limits for each material risk category.
Board Integrated Risk Management Committee (BIRMC)	All Risks	Monitoring risk exposures against the Board-approved Risk Appetite Statement, metrics and limits. 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. Overseeing the Management Committees involved in risk management and reviews the performance of the Chief Risk Officer and Chief Compliance Officer.
Board Credit Committee (BCC)	Credit Risk	Recommending credit policies and monitoring credit risk. Approving credit facilities. Reviewing the credit strategies of Corporate Banking, Off Shore Lending, Structured Finance, Commercial Banking, Consumer Banking and Counterparty limits. Providing strategic direction to Business Units regarding high-risk industries and vulnerable customer segments.
Board Audit Review Committee (BARC)	Operational Risk	Ensuring the integrity of the Bank’s financial statements, prior to its submission to the Board of Directors.
	Compliance Risk	Reviewing internal control framework.
	Reputation Risk	Ensuring the independence of the Internal Audit function. Overseeing the Bank’s Whistleblowing policy framework.

Authority	Risk Category	Risk Governance and Oversight Responsibilities
Board IT Advisory Committee (BITAC)	Strategic Risk	Making policy recommendations and providing oversight of management's approach to technology risks, including cyber threat management and regulatory compliance.
	Cyber Risks	Optimising the Bank's technology investments. Ensuring availability of the required skills and competencies for the implementation of the Bank's technology strategy.
Executive Risk Management Committee (ERMC)	All Risks	Supporting the BIRMC in its activities and is responsible for the effective implementation of the policy framework in monitoring and managing risk.
Management Credit Committee (MCC)	Credit Risk	Review and Recommending policy guidelines, approving credit facilities within the Delegated Authority (DA) granted by Board Credit Committee and managing the health of the credit portfolio of the Bank.
Asset and Liability Management Committee (ALCO)	Market/Liquidity Risk	Managing 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)	Operational Risk	Implementing the operational risk management policies, identifying, measuring and monitoring operational risks and recommending revisions and new policies as deemed necessary. The Operational Risk Management Committee provides governance and oversight by monitoring the effectiveness of the operational risk management framework, ensuring adherence to risk appetite and overseeing significant operational risks, controls, incidents and remediation actions across the organization.
Information Security Steering Committee (ISSC)	Cyber Risks	Provides oversight of the Bank's information security, data governance, technology risk and related operational matters to ensure compliance with ISO/IEC 27001:2022 and the regulatory requirements of the Central Bank of Sri Lanka.
Information Technology Steering Committee (ITSC)	Information Technology Risk	Oversight of the organization's Information Technology digital governance by defining and overseeing how IT policies, resources and system designs are created, used, managed and followed. This helps ensure that technology supports business goals and that technology risks are properly managed.
Management Steering Committee for Privacy Data Protection (MSCPDP)	Privacy Risk	The Management Steering Committee on Privacy Data Protection provides governance oversight of the Bank's privacy risk management policy framework, ensuring robust implementation of data protection policies and controls. It monitors the identification and mitigation of key privacy and data handling risks in line with regulatory expectations and the Bank's risk appetite. The Committee oversees material incidents, control effectiveness and remediation actions to strengthen the Bank's overall privacy data protection posture.

Risk Management Tools

Risk management tools operate in tandem with the Risk Management Process to provide a structured and disciplined approach to enable consistent risk measurement, timely reporting and effective escalation, while enhancing management's ability to anticipate emerging risks and ensure alignment with the Bank's risk appetite and strategic objectives.

Risk Appetite

The risk appetite which articulates the level and type of risk that Nations Trust is prepared to accept in pursuit of its strategic, financial and operational objectives. The risk appetite is a Board approved framework that establishes clear tolerance thresholds across key risk categories, including credit, market, liquidity, operational and cyber risks, thereby serving as a guiding framework to ensure that risks are managed prudently within defined boundaries. Strategic initiatives, product offerings and investment decisions are evaluated against the Bank's risk appetite to balance the Bank's growth ambitions with the need to maintain financial stability and resilience, thereby enabling sustainable growth while preserving capital and maintaining regulatory compliance.

Risk Management Report

The Board of Directors reviews and approves the risk appetite on an annual basis.

Key Risk Indicator	Position as at 31.12.2025	Position as at 31.12.2024
Credit Risk		
Stage 3 Ratio (Gross)	3.85%	6.20%
Impairment (Stage 3) to Stage 3 Loans Ratio	66.69%	60.55%
Market Risk		
Interest Rate Risk in Banking Book (EVE)	7.88%	9.39%
Operational Risk		
Operational losses to Operating expenses	0.51%	0.05%
Liquidity Risk		
Liquidity Coverage Ratio (LCR)	203.40%	320.56%

Policies and Procedures

Comprehensive risk policies and procedures play a vital role in translating the Board-approved risk appetite and tolerance limits into actionable guidance for day-to-day operations. Well-designed policies and procedures accompanied with clearly delineated roles, responsibilities and decision making protocols, provide a practical mechanism to ensure employees at all levels perform their day-to-day operational responsibilities in line with Nations Trust's strategic objectives and risk culture.

Risk and Control Self Assessments (RCSA)

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. In this context, RCSA is to provide a structured and consistent framework to:

- Document and categorise risks based on their nature, potential impact and likelihood.
- Assign risk ownership, mitigation measures and control mechanisms implemented to manage each risk.

- Track changes in risk exposure over time and highlight emerging or evolving risks.
- Support decision making by providing management and the Board with a clear overview of the Bank's risk profile.
- Facilitate alignment with the Bank's risk appetite, tolerance levels and regulatory expectations.
- Serve as a foundation for reporting to senior management, the Board Integrated Risk Management Committee and the Board.

Stress Testing

Stress testing is a critical tool used to monitor and measure potential vulnerabilities that could potentially affect the Bank's balance sheet, capital adequacy, liquidity and earnings. The Stress Testing Policy establishes the systems, methodologies, tools and techniques used to identify, assess, monitor and report risks.

Stress testing techniques typically used include sensitivity analysis and scenario analysis which are conducted for all material risk categories, to assess the potential impact of both stressed and normal conditions on the Bank's financial and operational stability. Different degrees of stress levels are applied in accordance with the Bank's Stress

Testing Policy, broadly categorised as Minor, Moderate and Severe, to capture a spectrum of plausible adverse scenarios.

Stress testing outcomes are reported quarterly to the Board Integrated Risk Management Committee, along with actionable recommendations. The BIRMC, in turn, provides oversight, guidance and resources to management to ensure that appropriate mitigating actions are implemented effectively.

Capital Planning

Nations Trust's capital management framework is designed to ensure that the Bank maintains adequate capital to meet regulatory requirements, support business growth and absorb potential losses arising from its risk exposures. The framework aligns with the Banking Act Direction No. 1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks, which stipulates minimum capital ratios and buffers relative to total risk weighted assets.

Capital requirements are measured as a percentage of Risk Weighted Assets (RWAs), calculated in accordance with CBSL guidelines as follows:

- **Credit Risk:** Standardised Approach
- **Market Risk:** Standardised Measurement Method
- **Operational Risk:** Basic Indicator Approach

The Bank's capital position is monitored continuously to ensure capital allocation aligns with strategic priorities, business plans and risk appetite. Regular reviews of capital needs, forecasted plans and business unit requirements ensure Nations Trust remains well capitalised, resilient and positioned to deliver sustainable growth while safeguarding stakeholder interests.

Components of Capital (Group)	Regulatory Limit	2025	2024
Common Equity Tier 1 Capital	7.00%	19.61%	21.47%
Tier 1 Capital	8.50%	19.61%	21.47%
Total Capital	12.50%	20.72%	22.66%

Internal Capital Adequacy Assessment Process (ICAAP)

The Internal Capital Adequacy Assessment Process forms a critical component of Basel III Pillar II guidelines for identifying all material risks, estimating their impact and guiding capital augmentation plans in order to strengthen capital adequacy to absorb unexpected losses.

Periodic ICAAP assessments enable the Bank to evaluate its capital requirements over a three year horizon. These plans are submitted for Board approval and communicated to the regulator.

Recovery Plan

Banking Act Direction No. 01 of 2025 issued by the Central Bank of Sri Lanka requires all banks to develop and maintain a Recovery Plan (RCP). The RCP identifies credible options to survive a range of severe but plausible stressed scenarios. It covers governance, escalation process, continuity of critical functions, identification of trigger points to activate recovery options and internal and external communications. It is aligned with the Bank's overall risk management framework, liquidity contingency plans, capital plans and business continuity plans. The recovery plan covers both Bank and the subsidiaries of Nations Trust.

Resolution Data Templates (RDTs)

In line with regulatory expectations, Bank continues to maintain comprehensive and up-to-date Resolution Data Templates (RDTs) as required under the resolution regime established by the Central Bank of Sri Lanka under the Banking (Special Provisions) Act No. 17 of 2023 (BSPA) and the Central Bank of Sri Lanka Act No. 16 of 2023.

Accordingly, the Bank ensures that RDTs capture accurate and timely financial, operational and structural information necessary to support effective resolution planning and execution by the regulator.

Consistent with CBSL's expectations for licensed banks, the RDTs facilitate assessment of the Bank's critical functions, intra group interdependencies, funding structures and loss-absorbing capacity. The Bank has implemented strong internal governance over resolution data, including defined ownership, validation processes and periodic reconciliations with core systems to ensure accuracy, completeness and consistency. Ongoing enhancements to data quality, documentation and reporting capabilities further strengthen the Bank's preparedness for orderly resolution, in line with CBSL's broader financial system stability objectives.

Risk Awareness Culture

The effectiveness of Nations Trust's Integrated Risk Management (IRM) Framework is underpinned by a robust culture of risk awareness. The Board sets the tone at the top, consistently emphasising the importance of proactive risk management and reinforcing accountability across all levels of the organisation. In support of this mandate, the Risk Management Department conducts training and capacity building initiatives to ensure employees clearly understand their responsibilities in managing risk and cultivate the behaviors, decision making practices and mindsets necessary to embed risk conscious thinking throughout day-to-day operations.

Credit Risk

Credit risk refers to the potential for financial loss resulting from a borrower or counterparty failing to meet their contractual obligations. As a licensed commercial bank with significant lending operations, credit risk represents Nations Trust's most material risk. For Nations Trust, credit risk is presented in the form of Default Risk, Counterparty Risk and Concentration Risk.

Credit Risk Management Framework Policies and Procedures

Credit Risk at Nations Trust is governed by a comprehensive set of Board approved policies which aim to promote prudent risk taking in alignment with the Bank's strategic objectives, risk appetite and regulatory requirements.

At the core of this framework are the Credit Policy and the Credit Risk Rating Policy, which together provide the overarching structure for credit risk management across the Bank. These policies define clear standards governing segregation of duties, delegated credit approval authorities, exposure and concentration limits (including single borrower and group limits), portfolio quality benchmarks and other key prudential indicators. The Credit Policy translates the Bank's credit strategy into operational practices within the approved risk appetite and is supported by structured risk scorecards, internal risk rating models and advanced statistical and data analytics. This integrated approach enables consistent, objective assessment of obligor credit risk and facilitates effective measurement and proactive management of its impact on overall portfolio quality.

The Bank's credit assessment framework is further enhanced through the integration of its Environmental and Social Management System (ESMS), which enables systematic identification and evaluation of environmental and social risks arising from lending activities.

Risk Management Report

In line with this framework, all project loans with a value exceeding LKR 50 million which is the current individually significant threshold are subject to a comprehensive environmental and social risk assessment in accordance with the ESMS.

All credit related policies, standards and procedures are subject to at least annual review and are updated as necessary to reflect changes in the operating environment, regulatory developments, portfolio performance and emerging risks.

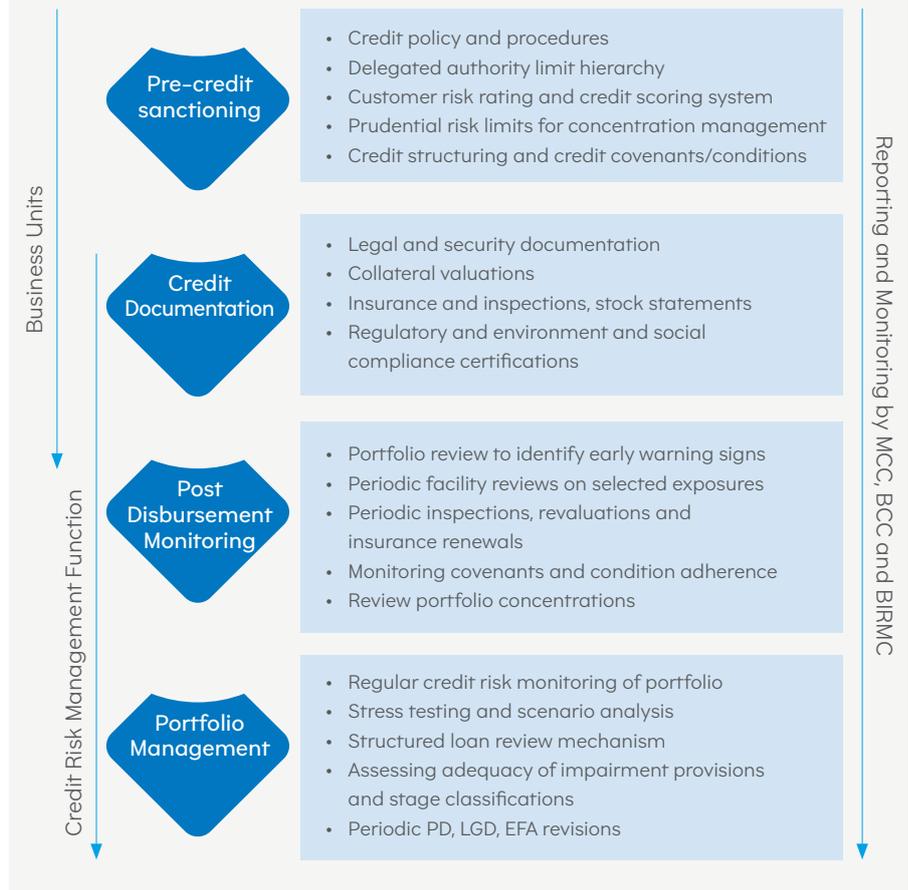
Complementing the credit policy framework, is the Loan Review Mechanism Policy (LRM) which institutionalises the governance structure and oversight mechanisms to support post disbursement monitoring. In compliance with the CBSL directives, at least 30% of the Bank's lending portfolio is subjected to LRM review annually, with key findings reported to BIRMC on a quarterly basis.

Key indicators employed for credit risk monitoring and reporting include Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD), Stage 3 ratio, impairment coverage ratio, early warning signal indicators, significant increase in credit risk (SICR) assessments etc. In addition, large exposures are subject to enhanced monitoring and stricter oversight in line with internally defined thresholds for industry sector concentrations and offshore country exposures, thereby mitigating concentration risk and supporting portfolio diversification.

Further, the Bank conducts regular stress testing to assess the resilience of its credit portfolio under adverse conditions. These stress tests incorporate a range of scenarios, including accelerated portfolio growth combined with asset quality deterioration, increased stage migrations, higher default and loss rates and scenario based simulations of Expected Credit Losses (ECL). The results

Credit Risk Management Processes

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



are used to evaluate the potential impact on capital adequacy, cash flows and earnings and to inform strategic decision making and risk mitigation strategies.

Governance and Oversight

Oversight of credit risk at Nations Trust is exercised through a well defined governance structure involving both Board level and Management level committees. Board level oversight is vested in the Board Integrated Risk Management Committee and the Board Credit Committee, both jointly responsible for setting strategic direction, approving policies and monitoring adherence to the Bank's approved risk appetite and credit risk parameters.

At the Management level, the Management Credit Committee, chaired by the Chief Executive Officer and comprising the Chief Credit Officer and Heads of Business Units, is tasked with the day-to-day monitoring and management of credit risk.

The Chief Risk Officer participates in MCC meetings in an independent capacity, providing objective risk oversight and ensuring alignment with the Bank's overall risk management framework.

Credit Risk Context and Strategy in FY 2025

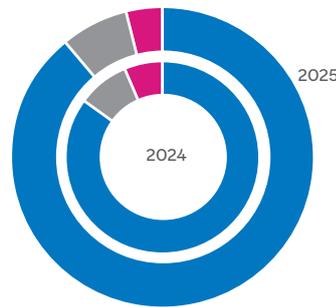
Nations Trust’s credit risk management in 2025 was driven by the gradual improvement in macroeconomic conditions supported by the broad based recovery across key sectors of the economy. While this environment created fresh opportunities for credit expansion, the Bank maintained a prudent and selective growth strategy, focusing mainly on its chosen customer and industry segments, coupled with close monitoring of early warning signals to support the identification and management of default risk.

Meanwhile, credit concentration risk continued to be managed through a well diversified portfolio spread across sectors, geographies and customer segments. Meanwhile, credit concentration risk continued to be prudently managed through a well-diversified portfolio spanning across sectors, geographies and customer segments. As part of the Bank’s ongoing efforts to strengthen concentration risk oversight, the existing credit risk appetite limits were comprehensively reviewed during 2025 and several focused limits were refined. These enhancements are expected to further reinforce portfolio resilience and support disciplined, sustainable growth in the years ahead.

Stress testing was conducted to assess the Bank’s resilience to adverse scenarios involving large borrower defaults. This included simulating the migration of individually significant exposures to Stage 3, with the top decile of borrowers by exposure size used as a proxy for assessing the potential impact of large borrower stress on asset quality and capital adequacy. In addition, concentration risk was quantitatively assessed using the Herfindahl Hirschman Index (HHI), with outputs incorporated into Pillar II capital requirements under the Internal Capital Adequacy Assessment Process.

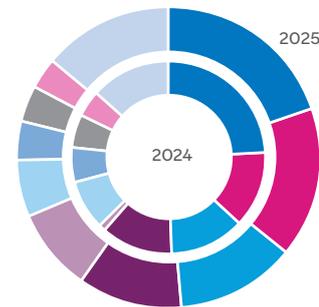
The Bank recognises Environmental, Social and Governance (ESG) risks as emerging risk drivers with potential implications for financial performance, resilience and reputation. ESG considerations are progressively embedded into the Bank’s risk management framework, particularly within credit risk assessment and portfolio monitoring processes. Governance structures, policies and internal controls are being strengthened to ensure effective identification, assessment and oversight of material ESG risks, in line with regulatory expectations and international best practices.

Stage Breakdown



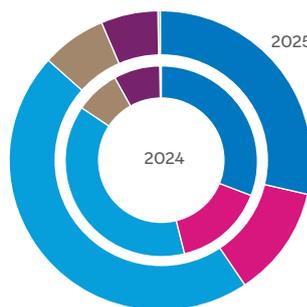
- Stage 01
- Stage 02
- Stage 03

Sectoral Distribution of Loans



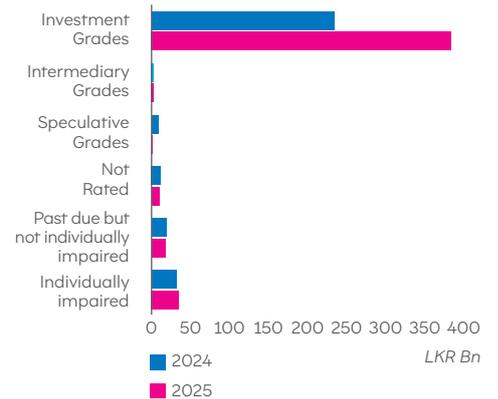
- Industries
- Banking & Finance
- Agriculture
- Fully Secured By Cash
- Diversified
- Travel & Tourism
- Information Technology & Telecommunication
- Construction & Real Estate
- Ancillary Services
- Other

Product-wise Distribution



- Trade Finance
- Overdrafts
- Term Loans
- Leases
- Credit Cards
- Other Advances

Credit Quality



Risk Management Report

Credit Risk Forecast and Management Priorities for 2026

The credit risk environment in 2026 is expected to be impacted by a combination of factors, including the pace of economic recovery, interest rate movements, exchange rate stability, fiscal consolidation measures and sector specific performance following amidst geopolitical uncertainties. Against this backdrop, a gradual normalisation of credit quality is anticipated, with modest increases in non performing loans.

Nations Trust for its part, will continue to pursue measured loan growth while prioritising asset quality supported by risk-based credit underwriting standards to minimise potential adverse impact on credit quality over time. This will be coupled with heightened risk oversight and disciplined concentration risk management to enhance portfolio resilience in the year ahead.

Market Risk

Market Risk is the likelihood of incurring losses as a result of changes in the value of Nations Trust's assets and liabilities owing to movements in policy interest rates, fluctuations in the exchange rate, performance of the local equities market and global commodity prices.

Material Market Risks for Nations Trust include; Interest Rate Risk and Foreign Exchange Risk. The Bank's exposure to commodity and equity risk is minimal.

Interest Rate Risk (IRR)

IRR represents the potential impact on future cash flows and fair values of financial instruments arising from movements in interest rates. Nations Trust's exposure to interest rate risk arises primarily from its lending, Investments, securities trading, and deposit taking activities. The Bank manages this risk primarily by repricing its interest rate sensitive assets and liabilities with reference to their maturity profiles with defined IRR maturity mismatch limits.

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.

Market Risk Management Framework

Policies and Procedures

The Board approved Market Risk Management Policy provides the overarching framework governing the identification, measurement, monitoring and control of market risk exposures. The policy defines clear governance structures, risk limits and control mechanisms to ensure that exposures arising from interest rate risk and foreign exchange risk remain within the Bank's approved risk appetite and applicable regulatory thresholds.

The Investment Policy sets out the strategic parameters for managing the Bank's local and foreign currency denominated investment portfolio. The main objective of the policy is to guide the pursuit of investment opportunities that generate optimal risk adjusted returns while ensuring full compliance with statutory and regulatory requirements applicable to investment activities.

The Asset and Liability Management Policy serves as the fundamental pillar for managing IRR associated with the Bank's lending and funding activities. The policy sets out a structured framework to optimise assets and liabilities, manage repricing mismatches and ensure financial stability under varying interest rate scenarios.

Governance and Oversight

The Asset and Liability Management Committee stand as the primary body charged with monitoring IRR and forex risk exposures in line with the Bank's approved risk appetite and strategic objectives.

The day-to-day management of both IRR and foreign exchange risk is undertaken by the Treasury Unit. Within the Treasury value chain, the Treasury Front Office executes market transactions within clearly defined limits, including currency specific and aggregate exposure limits, as well as dealer and counterparty thresholds.

Independent oversight of market risk is provided by the Treasury Middle Office (TMO), which is responsible for measuring, monitoring and reporting interest rate and foreign exchange risk exposures to ensure compliance with approved limits. The TMO conducts regular stress testing using interest rate and exchange rate scenario Analysis to assess the resilience of the Bank's positions under adverse market conditions. In addition, the TMO periodically reviews market risk-related policies, methodologies and exposure limits, providing independent risk insights to ALCO, the Executive Risk Management Committee, the Board Integrated Risk Management Committee and the Board.

The Treasury Back Office (TBO) supports the control environment by ensuring the accurate settlement and reconciliation of treasury transactions. It also escalates material discrepancies and control issues in accordance with established procedures, thereby reinforcing operational integrity within Treasury operations.

Market Risk Context and Strategy in FY 2025

Market risk dynamics in 2025 were influenced largely by shifts in domestic interest rates and the performance of the Sri Lankan Rupee against the USD. Domestic interest rates, which continued its downward trend in the first half of 2025, driven by the CBSL's monetary policy reforms alongside easing of inflationary pressures, began to stabilise from mid 2025 onwards with minimal volatility experienced for the remainder of the year.

Meanwhile the Sri Lankan Rupee also demonstrated relative stability following progress in sovereign debt restructuring alongside improved tourism earnings and rising worker remittances, while easing of import restrictions and strengthening investor sentiment led to a notable increase in foreign exchange market activity.

In response to these evolving conditions, Nations Trust refined its market risk appetite and control parameters during the year. Key Risk Indicators (KRIs) and portfolio limits were recalibrated to reflect lower interest rate volatility and improved liquidity conditions. Scenario-based limits were introduced to better capture tail risks arising from geopolitical events and potential market disruptions, while foreign exchange exposure limits were aligned with the Bank's updated strategic priorities and balance sheet positioning. The stress testing framework was further enhanced to assess the impact of market disruptions on interest rate risk in both the trading and banking books, using measures such as Earnings at Risk (EaR) and Economic Value of Equity (EVE).

Foreign exchange risk was evaluated through exchange rate shock scenarios of varying magnitudes applied to the Bank's Net Open Position. Ongoing monitoring also incorporated maturity and interest rate gap analysis, duration and PVBP measures, sensitivity analysis and revised KRIs to track emerging trends and exposures.

Governance over market risk was further strengthened during the year. Oversight by the Board Integrated Risk Management Committee was enhanced, alongside a more clearly articulated three lines of defense framework to ensure effective segregation of roles and responsibilities. Board level oversight over risk appetite was also reinforced, including closer integration of product governance considerations. Reporting mechanisms were strengthened through the introduction of more focused market risk dashboards for Treasury and Risk teams.

The market risk policies were also updated to reflect changes in market conditions and the evolving regulatory guidelines linked to the Central Bank of Sri Lanka's revised monetary policy framework. In parallel, more emphasis on ensuring continued alignment with the FX Global Code.

Market Risk Ratios	2025	2024
Sensitivity of trading portfolio to interest rate (PVBP)	0.02%	0.02%
Interest Rate Risk in Banking Book (EVE)	7.88%	9.39%
NOP Sensitivity (@ 5% rate shock)	0.21%	0.19%

Market Risk Forecast and Management Priorities for 2026

Looking ahead, market risk mitigation strategies will focus on maintaining a well diversified trading and investment portfolio across instruments and tenors, thereby reducing concentration risk and sensitivity to market movements. At the same time, the Bank will continue to explore the use of hedging instruments, including forward contracts and swaps, to manage interest rate and foreign exchange exposures.

Other priorities for the year ahead include strengthening scenario planning and risk analytics. Further, as the Bank introduces new products and expands its portfolio, market risk management will remain closely aligned with strategic growth objectives and regulatory expectations to ensure sustainable, risk adjusted performance.

Liquidity Risk

Liquidity Risk arises in the event the Bank fails to efficiently convert assets into cash or secure adequate funding to meet its obligations as they fall due, without incurring material losses.

Liquidity Risk Management Framework

Policies and Procedures

The Board approved Liquidity Risk Management Policy establishes the framework for managing liquidity risk at Nations Trust. The Policy sets out clear principles, governance arrangements and control mechanisms to safeguard the balance sheet by ensuring the Bank

maintains an adequate liquidity profile at all times, in order to meet contractual obligations and regulatory requirements under both normal and stressed market conditions. The policy is complemented by a Board approved Contingency Funding Plan to minimise potential liquidity pressures on the Bank's balance sheet.

Liquidity stress testing forms a core component of the Bank's liquidity risk management practices. Stress testing is conducted to assess the Bank's ability to withstand significant cash outflows and sustain funding for a minimum period of up to one month. Key indicators include maturity mismatch analysis, concentration of funding, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity early warning signals and intraday liquidity measures. These stress scenarios are linked to adverse macroeconomic conditions and market disruptions, to evaluate the robustness of existing liquidity buffers, funding sources and contingency actions under severe but plausible conditions. In addition, liquidity stress testing, liquidity simulations and risk grid assessments are undertaken to identify emerging vulnerabilities.

Governance and Oversight

Governance and oversight of liquidity risk falls under the purview of the Board Integrated Risk Management Committee. The BIRMC is responsible for providing oversight of liquidity risk management within the Bank's approved Liquidity Risk Management Framework and tolerance limits.

Risk Management Report

The day-to-day management of liquidity is undertaken by the Treasury Unit, which ensures that funding and cash flow requirements are met in line with operational needs.

The Asset and Liability Management Committee plays a central role in managing liquidity risk by reviewing cash flow projections, funding capacity, pricing strategies, liquidity buffers, contingency funding arrangements and regulatory and prudential considerations. In discharging this responsibility, ALCO is supported by the Treasury Middle Office and the Finance division, which provide independent monitoring, analysis and reporting.

Liquidity Risk Context and Strategy in FY 2025

Key factors impacting liquidity risk in 2025 were the stronger deposit inflows on the back of the gradual recovery in economic activity, while the easing of import restrictions increased foreign currency demand and related liquidity outflows. At the same time, the Central Bank of Sri Lanka's accommodative monetary policy stance contributed to lower funding costs, creating the space for banks to further strengthen its liquidity buffers.

Nations Trust's liquidity risk mitigation strategy in 2025 focused on maintaining a diversified and stable funding profile. Funding sources were broadened through a mix of retail deposits, longer tenor instruments and engagements with multilateral funding lines. Considering the improved liquidity environment, the Liquidity Risk Management Policy was revised to incorporate updated risk parameters and with Key Liquidity Risk Indicator thresholds recalibrated to align with prevailing market conditions. In parallel, the Contingency Funding Plan was further enhanced to better address potential foreign currency liquidity stress scenarios, while limits on interbank exposures were strengthened to further mitigate concentration and counterparty risks.

Risk monitoring mechanisms were also enhanced, with additional sensitivity Analysis covering deposit outflows and balance sheet shocks, multi scenario liquidity stress testing and closer monitoring of maturity gaps and funding concentration risks. To support effective oversight and regulatory compliance, dedicated liquidity dashboards were introduced for Treasury, ALCO and BIRMC, complemented by periodic regulatory reporting to the CBSL under the Liquidity Monitoring Framework.

From a governance perspective, the role of the ALCO was reinforced under the overall oversight of the BIRMC, with increased Board level engagement on liquidity stress testing outcomes and funding strategy. In line with this enhanced governance framework, the Bank strengthened its internal escalation protocols, formalised more frequent review cycles and ensured that strategic decisions relating to balance sheet optimisation and liquidity risk were aligned with the institution's broader risk appetite and long term sustainability objectives.

Liquidity Ratios	2025	2024
Liquidity Coverage Ratio	203.40%	320.56%
Net Stable Funding Ratio	138.33%	154.73%
Net Advances to Deposit Ratio	87.40%	75.60%
Net Loans to Total Assets	61.10%	53.00%
Purchased Funds to Total Assets	28.40%	27.20%
Commitments to Total Loans	9.43%	10.78%

Liquidity Risk Forecast and Management Priorities for 2026

In 2026, Nations Trust's liquidity risk strategy will continue to focus on supporting growth initiatives while preserving balance sheet stability. Emphasis will be placed on optimising liquidity and funding structures, including in the context of potential inorganic growth opportunities. The Bank will also continue to align its liquidity management practices with Basel III standards, ensuring robust buffers, strong governance and sustained resilience in a dynamic operating environment.

Operational Risk

Operational risk is the possibility of incurring losses as a result of inadequate or failed internal processes, people, systems, or from external events.

Operational Risk Management Framework

Policies and Procedures

Nations Trust's Operational Risk Management Framework is anchored by a comprehensive Operational Risk

Management Policy, which defines limits and tolerance levels for key aspects that could potentially give rise to operational risk. The Policy also establishes clear escalation and exception handling mechanisms, with breaches and material issues reviewed by the relevant Executive Committees and the Board Integrated Risk Management Committee and escalated to the Board where necessary.

Supporting this overarching policy, is a range of area specific policies and procedures that provide detailed guidance on identifying, assessing and managing transactions or incidents that may result in operational losses. These policies enable early detection, timely intervention and effective remediation, thereby minimising potential financial, operational and reputational impacts.

Business Continuity Management System (BCMS) forms a critical pillar of Nations Trust's operational risk framework. The BCMS is underpinned by a Board approved BCMS policy and supporting procedures have been developed in line with the ISO 22301:2019 Business Continuity Management Standard.

Accordingly, Nations Trust's BCMS includes Business Impact Analysis and enterprise-wide risk assessments, which are formally documented and serve to inform the design of continuity and recovery strategies. The BCMS is regularly tested and periodically reviewed to ensure continued relevance amid changes in operations, technology and the external risk environment.

Operational risk identification, measurement and monitoring are supported by a comprehensive suite of tools and reporting mechanisms. These include Transaction in Difficulty reporting, Risk and Control Self Assessments (RCSAs), Risk Control Matrices (RCM), scenario analysis and stress testing based on historical loss events and varying shock magnitudes, Key Risk Indicators (KRIs), risk and control reviews, Business Continuity and Recovery Plans and risk grids.

RCSAs are conducted annually across all key business and operational units to assess inherent risks and the effectiveness of mitigating controls. KRIs derived from this process are continuously monitored to identify exceptions and anomalies, which are investigated and also forms the scope of internal audit activities. Loss events are systematically linked back to RCSAs and KRIs to address root causes and reduce the likelihood of recurrence.

In line with Basel requirements, Nations Trust maintains a centralised operational risk loss database that captures both actual loss events and near misses, that provide the basis for formulating strategies for managing future risk exposures.

Operational risk dashboards, incorporating loss data, RCSA outcomes and KRI trends, are made available to the Operational Risk Management Committee (ORMC), ERM, BIRMC and the Board, enabling effective oversight.

Governance and Oversight

The Board retains ultimate responsibility for the oversight of operational risk management. Governance and oversight for operational risk is further reinforced through clearly defined roles and responsibilities across the organisation. Acting under authority delegated by the Board, the Board Integrated Risk Management Committee and the Board Audit Review Committee collectively oversee and ensure the adequacy and effectiveness of the Bank's internal control environment.

At the management level, the Executive Risk Management Committee, supported by the Operational Risk Management Committee, oversees operational risk exposures, emerging risk issues and the strengthening of the Bank's risk culture.

The Risk Management Department, through its dedicated Operational Risk Management Unit, is responsible for the independent measurement, monitoring and management of operational risk across the Bank and reports directly to the BIRMC.

Operational execution of the BCMS is overseen by the Disaster Management Implementation Team, led by the Chief Operating Officer, while enterprise level risk oversight is provided by the Chief Risk Officer in conjunction with the BIRMC. At the business unit level, Business Continuity Management Committees ensure ownership and accountability for continuity responsibilities, promoting consistency and alignment between enterprise-wide risk considerations and functional preparedness.

Outsourced activities are subject to a structured governance framework overseen by a dedicated Monitoring Committee. Periodic reviews and on-site visits are conducted to assess service providers' ability to meet agreed service levels and to confirm the existence and adequacy of Business Continuity Plans for outsourced functions. In addition, critical shared services are reviewed under the Bank's recovery procedures,

ensuring that dependencies on third parties do not compromise the Bank's operational resilience.

Operational Risk Context and Strategy in FY 2025

The increasingly complex and interconnected operating environment continued to influence operational risk management strategies in 2025, prompting a series of mitigation measures to reinforce the operational risk management framework.

Most notably, the Risk and Control Self Assessment (RCSA) process was enhanced through targeted capacity building for unit level Risk and Compliance Coordinators aimed at improving the quality and consistency of risk identification and control evaluation. Reporting and collaboration were further enhanced through the use of an automated engaging platform to manage RCSA and Risk Control Matrix processes. This enabled improved data quality, consistency and visibility of operational risk exposures to support more informed management and Board level oversight.

All operational risk related policies and procedures were reviewed during the year to ensure continued alignment with evolving regulatory and operational requirements. Risk monitoring was also further strengthened through enhanced tracking of Key Risk Indicators across business units, enabling early identification of emerging risks and adverse trends. Simultaneously, the incident review process was reinforced to ensure comprehensive root cause analysis and timely remediation, while reporting on Management Self Identified Issues was strengthened through closer integration with the RCSA process.

Likewise, product governance processes were tightened to ensure appropriate risk assessment and oversight throughout the product lifecycle. In parallel, automation of selected transaction processing limits was introduced to reduce manual intervention and associated operational risks.

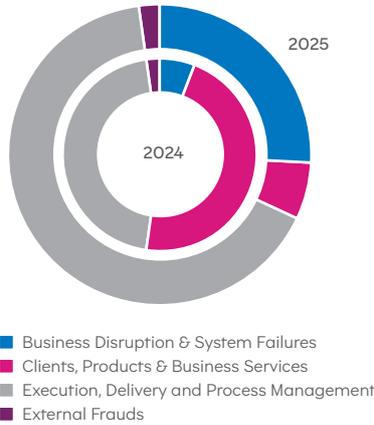
Risk Management Report

Operational risk governance was further strengthened through expanded engagement across existing management and Board level forums, including the ORMC, ERM, BIRMC, RPTRC, Consequence Management Committee (CMC), Product Governance Committee, Outsourcing Monitoring Committee and Procurement Committee. In response to heightened data protection requirements, operational risk oversight was also extended through the PDPA Working Committee, ensuring closer coordination on data related risks and controls.

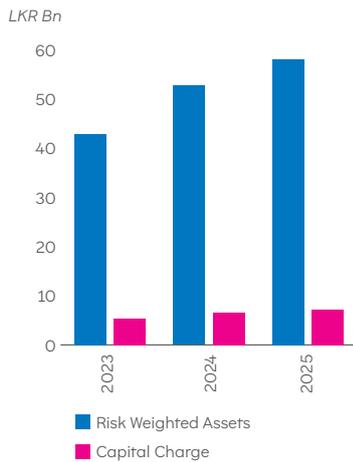
Business continuity arrangements were also enhanced through updated Business Impact Analysis, strengthening contingency planning for service disruptions and further aligning the Business Continuity Management System with ISO 22301:2019 requirements. Business Impact Analysis were refreshed across mission critical units, incorporating updated third party linkages and interdependencies. Coordination between business continuity, IT and critical operations teams was strengthened to ensure recovery strategies remained aligned with emerging risk scenarios, while control design weaknesses identified through BCMS audits and incident reviews were promptly addressed.

Alternate work arrangements were formalised through defined remote access protocols and resource reallocation plans, supported by IT disaster recovery capabilities to maintain operational continuity where access to primary locations may be constrained. Preparedness was reinforced through regular testing and monitoring, including quarterly self assessments for Tier I mission critical units, scenario-based drills, alternate site activation exercises and call tree testing to validate escalation and communication mechanisms.

Operational Losses by Type



Risk Weighted Assets and Capital Charge for Operational risk



Operational Risk Forecast and Management Priorities for 2026

In the year ahead, the Bank will continue to strengthen its operational risk management framework by embedding operational resilience considerations more deeply into the day-to-day operations to ensure operational risk management practices remain robust and capable of withstanding unforeseen disruptions.

To that end, the focus will be on data-driven decision making facilitated through enhanced analytics, improved risk dashboards and greater integration of risk data across functions to support earlier identification of emerging risks, more effective scenario analysis and stronger management and Board-level oversight.

Additionally, Nations Trust will continue to strengthen its Business Continuity Management System (BCMS), with a clear objective of achieving full ISO: 22301:2019 certification by 2026, thereby reinforcing organisational resilience and preparedness for disruptive events. Equally important, the Bank will focus on strengthening governance frameworks around third party risk and conduct risk, with efforts focused on aligning outsourced service providers with evolving regulatory expectations through more rigorous oversight of service provider performance to promote greater compliance across the value chain.

Information and Cybersecurity Risk

As a Bank, Nations Trust is inherently exposed to a range of IT and cybersecurity risks that threaten the confidentiality, integrity and availability of critical information assets and systems. With the rapid digitisation of financial services and increasing reliance on third party service providers, the threat landscape has become more complex, heightening the potential for unauthorised access, data breaches, system outages and non-compliance with data protection regulations.

Information and Cybersecurity Risk Management Framework

Policies and Procedures

Nations Trust’s Information Security Management System (ISMS) integrates international and local regulatory standards along with global best practices as set out under ISO 27001 Information Security Standard and is operationalised through Board-approved policies and procedures designed to safeguard information assets, ensure system resilience and manage cyber threats effectively. With the transition of ISO 21007:2013 version to ISO 27001:2022 version, the Bank ensures the policies, procedure and process are ready to handle modernized and evolved risks that new digital and artificial intelligence era banking systems face.

The Information Security Management System (ISMS) Policy serves as the central pillar of this framework by establishing the principles, controls and governance mechanisms required to protect the confidentiality, integrity and availability of information. This is complemented by a range of supporting policies, including the Acceptable Usage Policy and the Encryption Policy, that collectively aim to ensure consistent application of security controls across the Bank and promote responsible behaviour in the use of technology and information resources.

Additionally, the Fraud Risk Management Policy addresses risks arising from internal and external fraud and the Cyber Security Incident Response Policy defines structured processes for identifying, responding to and recovering from cybersecurity incidents.

Monitoring of information and cybersecurity risks follows a multi layered approach encompassing routine vulnerability assessments, security and compliance reviews and continuous monitoring through the Bank's Security Information and Event Management (SIEM) systems. Key Risk Indicators (KRIs) and risk grids are also used to track risk trends, identify emerging threats and escalate issues in a timely manner, thereby enabling proactive risk management and informed decision-making. CBSL mandated disaster recovery drills are also conducted annually.

Governance and Oversight

The Board of Directors retains ultimate responsibility for information and cybersecurity risk management, supported by key Board sub committees, including the Board Integrated Risk Management Committee, Board Audit Review Committee and the Board Information Technology Advisory Committee, who together provide focused oversight of cyber risks, regulatory compliance and strategic technology initiatives.

Executive oversight is led by the Chief Information Security Officer (CISO), who is responsible for the design, implementation and ongoing compliance with ISO 27001 standard as well for monitoring emerging cyber threats, ensuring CBSL compliance requirements and other regulatory reporting related to information security.

A cross-functional Information Security Steering Committee, comprising representatives from IT, Risk, Compliance and business units, provides enterprise-wide coordination. At the operational level, specialised teams execute and maintain security controls: the IT governance, risk management and compliance functions oversee ISMS processes and audits, IT Security Operations implement and monitor technical security controls and the Privacy team oversees PDPA compliance and data protection practices.

Information and Cybersecurity Risk Context and Strategy in FY 2025

The information and cybersecurity risk landscape in 2025 reflected ongoing changes in technology adoption. The use of third party service providers, particularly cloud based and outsourced services, remained an area of focus in managing systemic and concentration risk considerations. At the same time, regulatory scrutiny intensified, with greater emphasis placed on data privacy, conduct risk and operational resilience. While the Bank's digital transformation initiatives continued to enhance efficiency and customer experience, they also introduced additional risks linked to legacy system dependencies, accelerated technology deployments and the potential for service disruptions.

Against a backdrop of escalating cyber threats, Nations Trust strengthened its preventive and detective controls. Quarterly vulnerability assessments and penetration testing were implemented for critical systems and mobile applications, alongside the adoption of advanced threat detection tools to improve early identification of cyber

risks. These measures are designed to enhance the Bank's ability to anticipate, detect and respond to increasingly sophisticated threat vectors.

Addressing operational resilience remained a key strategic priority, prompting disaster recovery capabilities to be further enhanced. Real time incident response protocols were implemented, through the Security Operations Centre established in 2025 to support 24/7 threat monitoring, detection and response capabilities. In parallel, a comprehensive Cloud Service Management Procedure was introduced to reinforce governance and risk management over cloud based environments and outsourced services.

The completion of the ISO 27001 certification audit, the Bank successfully transitioned to the latest ISO 27001 standard in 2025, further reinforcing the robustness and maturity of its ISMS. In addition, an external ISO/IEC 27001 pre certification audit and a SWIFT Customer Security Programme audit and firewall review were conducted by third parties.

Regulatory compliance requirements issued by the Central Bank of Sri Lanka, particularly the Technology Resilience Guidelines and the Payment-Related Mobile Application Guidelines, remained a key focus during the year. Comprehensive gap assessments were conducted, followed by periodic progress reviews to ensure timely and effective compliance. Internally, the Bank's audit function undertook detailed reviews to assess the efficacy of Nations Trust's information security governance, compliance with CBSL directives and the scope and adequacy of penetration testing activities.

Meanwhile, in compliance with the Personal Data Protection Act (PDPA), existing data governance structures, consent management processes, access controls and breach response protocols, were all reviewed and updated based on PDPA focused gap assessments conducted in line with evolving regulatory expectations and best practices.

Risk Management Report

Revised data governance structure provides clear and precise visibility into data collected, process and stored as per the Bank's operational requirement and helps controls of data transmission by advanced data classification and data loss prevention measures.

Information and Cybersecurity Risk Forecast and Management Priorities for 2026

Moving forward, the key priority will be to enhance preventive controls, deployment of advanced monitoring tools and closer collaboration between business units, risk, compliance and technology teams to ensure timely detection and mitigation of potential fraud risks. In parallel, the Bank will seek to further improve its user access review processes and exception monitoring mechanisms to reduce the likelihood of unauthorised access and control lapses.

Strong emphasis will also be placed on compliance with the Personal Data Protection Act, specifically in relation to strengthening data governance frameworks, establishing stricter controls over data access and usage and implementing more robust breach detection and response protocols to safeguard customer and employee information.

Additionally, Nations Trust plans to implement advanced security technologies to strengthen its cybersecurity posture, including File Integrity Monitoring (FIM), Network Detection and Response (NDR) and an Email Threat Prevention solution to further reinforce the Bank's resilience against evolving cyber threats and ensure alignment with regulatory requirements and global best practices.

The Bank's security focus also extends to protecting its customers through the adoption of state of the art mobile application protection technologies, ensuring that Nations Trust mobile application provides proactive resilience against modern mobile malware and spyware that target banking customers.

Strategic Risk

Strategic risk arises from factors such as regulatory changes, economic fluctuations, disruptive technologies, competitive pressures, or suboptimal strategic decisions that could negatively affect the Bank's long term objectives.

At Nations Trust, strategic risk is overseen directly by the Board of Directors. The Board sets the overall strategic direction and monitors the execution of the Bank's strategy. Each planning cycle begins with a comprehensive assessment of internal and external environments, enabling the Board and senior leadership to identify key risks and opportunities. Insights from this analysis inform the Bank's strategic priorities, which are translated into corporate goals and cascaded down to business units through detailed business plans and further into departmental objectives and KPIs.

Performance against these strategic objectives is continuously monitored by the Board and its committees, particularly the Board Integrated Risk Management Committee. The Board and the BIRMC received regular progress updates covering key performance metrics, risk dashboards and operational updates to ensure effective implementation and timely identification of emerging risks. Deviations or potential issues are discussed at Board level to determine the need for corrective action to safeguard the Bank's strategic trajectory.

Looking ahead to 2026, Nations Trust will strengthen its strategic planning and risk oversight processes to ensure that decision-making remains agile and responsive, enabling the Bank to navigate an increasingly complex and dynamic risk landscape while safeguarding long term objectives.

Reputation Risk

As a Bank, a sound reputation is central to safeguarding Nations Trust's license to operate. In striving to build a solid reputation, the Bank's leadership sets the tone from the top to promote a culture of

transparency, integrity and accountability, collectively aimed at earning and retaining the trust of customers and all other stakeholders. Moreover, structured stakeholder engagement strategies ensure concerns are identified and addressed promptly and effectively.

These commitments are further reinforced through the Bank's Code of Ethics that clearly communicates Nations Trust's core values and expected standards of behaviour to all employees. In addition, a formal Anti Corruption Policy is in place and applies to all Board members, employees, business partners and other stakeholders. Regular training ensures continued awareness and adherence. 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.

Complementing these efforts, the Bank's compliance function monitors adherence to regulatory requirements while keeping track of emerging trends to anticipate new regulations and ensure the Bank adapts as needed to prevent potential reputational damage.

ESG Risk

The Bank recognises Environmental, Social and Governance (ESG) risks as a key component of its overall risk profile and integrates ESG considerations into its risk management framework in line with global best practices. ESG risks may materialise independently or amplify traditional financial risks, including credit, market, operational, reputational and strategic risks. Accordingly, the Bank adopts a structured, forward looking and prudent approach to identifying, assessing, monitoring and managing ESG related risks supported by the established Sustainable Policy and ESMS framework across all business lines. In terms of ESG, additional information on the applicable disclosure requirements are provided in the S1 and S2 disclosure section.

Emerging Risks

Nations Trust continues to proactively identify and manage emerging risks within a rapidly evolving regulatory and operating environment. The Central Bank of Sri Lanka has strengthened sector wide expectations through updated requirements such as mandatory reporting of technology and cyber security incidents under Circular No. 2 of 2025, highlighting the growing importance of operational resilience and cyber risk oversight for licensed banks. In parallel, CBSL's Sustainable Finance Roadmap 2.0 places greater emphasis on integrating climate related financial risks into risk management practices, reflecting national priorities around resilience, data quality and sustainable finance adoption amidst increasing climate-driven disruptions.

As digital ecosystem dependencies deepen, enhanced technology risk management and third party oversight expectations particularly concerning data protection, cloud governance and business continuity management systems further reshape banks' operational risk profiles, in line with CBSL's evolving technology risk framework. Meanwhile, Sri Lanka's post crisis economic recovery presents opportunities as well as vulnerabilities tied to interest rate movements, fiscal consolidation efforts and external sector pressures, necessitating continued strengthening of Nations Trust's stress testing, capital planning and early warning mechanisms to navigate potential volatility in credit, liquidity and market conditions.

Against this backdrop, Nations Trust remains committed to enhancing its forward looking risk identification, scenario analysis and horizon scanning capabilities to ensure resilience, regulatory compliance and long term stability in the face of emerging and rapidly evolving risks.

Risk Management Annexures

Risk Management Annexures

Credit Risk

Table 1

Gross Loans & Advances – Individual Impairment

2025	Exposure		Impairment Provision	Impairment Net Present Value of Future Cash Flows*	Write Offs During the period	Age Analysis		
	On Balance Sheet	Off Balance Sheet				0 - 30 Days	31 -90 Days	Above 90 Days
Total Loans & Advances	35,028,783	-	9,751,368	25,277,414	368,512	21,901,521	2,342,549	10,784,713

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

Table 2

Gross Loans & Advances – Collective Impairment

2025	Exposure		Impairment Provision	Impairment Net Present Value of Future Cash Flows*	Write Offs During the period	Age Analysis		
	On Balance Sheet	Off Balance Sheet				0 - 30 Days	31 -90 Days	Above 90 Days
Total Loans & Advances	411,173,577	-	10,136,289	746,364	398,453,993	7,271,924	5,447,660	

* Staff Loans exposures are not assessed for impairment.

Risk Management Annexures

Market Risk

Table 1

Composition of Trading and Non-Trading Book

	2025		
	Trading book (LKR million)	Non-trading book (LKR million)	Total (LKR million)
Assets			
Cash and Cash Equivalents	-	19,865	19,865
Balances with Central Bank of Sri Lanka	-	2,046	2,046
Placements with Banks	-	1,438	1,438
Reverse Repurchase Agreements	-	646	646
Derivative Financial Instruments	613	-	613
Financial Assets	11,590	133,113	144,703
Financial Assets at Amortised Cost – Debt Instruments	-	88,898	88,898
Financial Assets at Amortised Cost – Loans and Advances	-	430,368	430,368
Other Assets	-	2,413	2,413
Investments in Subsidiaries	-	679	679
Fixed Assets (PPE, ROU & Intangibles)	-	7,779	7,779
Deferred Tax Assets	-	1,127	1,127
Total	12,203	688,372	700,575
Liabilities			
Due to Banks	-	42,773	42,773
Derivative Financial Instruments	38	-	38
Due to Depositors	-	502,606	502,606
Repurchase Agreements	-	23,479	23,479
Due to other Borrowers	-	10,006	10,006
Debt Securities Issued	-	5,974	5,974
Retirement benefit obligations	-	1,659	1,659
Current Tax Liabilities	-	5,568	5,568
Other Liabilities	-	14,581	14,581
Equity & Other Reserves	-	93,891	93,891
Total	38	700,537	700,575
Contingent Liabilities & Commitments	176,317	310,330	486,647
Commitment & Guarantees	-	309,411	309,411
Forward on Government Securities	-	919	919
Derivative Assets- Held for Trading (Net)	176,317	-	176,317

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)	341.064	58.332	101.001	35.533	3.588	1.676	1.887	
	Liabilities (On & Off Balance sheet)	102.481	47.946	99.781	96.421	50.187	30.579	113.027	2.659
	Periodic Gap	238.583	10.386	1.220	(60.888)	(46.599)	(28.903)	(111.140)	
GBP	Assets (On & Off Balance sheet)	7.240	-	0.003	0.001	-	-	-	
	Liabilities (On & Off Balance sheet)	0.703	0.424	0.498	1.007	0.648	0.244	3.710	(0.010)
	Periodic Gap	6.537	(0.424)	(0.495)	(1.006)	(0.648)	(0.244)	(3.710)	
EUR	Assets (On & Off Balance sheet)	5.704	0.718	0.001	0.009	-	-	0.027	
	Liabilities (On & Off Balance sheet)	0.695	0.980	0.330	0.774	0.682	0.246	2.749	0.003
	Periodic Gap	5.009	(0.262)	(0.329)	(0.765)	(0.682)	(0.246)	(2.722)	

Risk Management Annexures

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)	123,791	124,586	57,286	44,045	126,956	57,806	51,762
	Liabilities (On & Off Balance sheet)	132,847	60,600	67,464	45,393	46,669	28,188	230,951
	Periodic Gap	(9,056)	63,986	(10,178)	(1,348)	80,287	29,618	(179,189)
	Cumulative GAP	(9,056)	54,930	44,752	43,404	123,691	153,309	(25,880)
USD	Assets (On & Off Balance sheet)	139	93	138	54	116	38	8
	Liabilities (On & Off Balance sheet)	117	52	99	116	57	24	140
	Periodic Gap	22	41	39	(62)	59	14	(132)
	Cumulative GAP	22	63	102	40	99	113	(19)
GBP	Assets (On & Off Balance sheet)	5	3	-	-	-	-	-
	Liabilities (On & Off Balance sheet)	1	-	-	1	1	-	11
	Periodic Gap	4	3	-	(1)	(1)	-	(11)
	Cumulative GAP	4	7	7	6	5	5	(6)
EUR	Assets (On & Off Balance sheet)	7	-	-	-	-	-	-
	Liabilities (On & Off Balance sheet)	1	-	-	-	1	-	5
	Periodic Gap	6	-	-	-	(1)	-	(5)
	Cumulative GAP	6	6	6	6	5	5	-

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	220,583	40,193	21,051	31,493	122,685	50,136	72,730	558,871
	Liabilities	176,923	63,256	85,322	63,989	31,884	5,510	1,346	428,230
	Periodic Gap	43,660	(23,063)	(64,271)	(32,496)	90,801	44,626	71,384	130,641
USD	Assets	230	140	181	33	-	-	-	584
	Liabilities	153	59	117	153	43	47	-	572
	Periodic Gap	77	81	64	(120)	(43)	(47)	-	12
GBP	Assets	6	-	-	-	-	-	-	6
	Liabilities	3	1	1	2	-	-	-	7
	Periodic Gap	3	(1)	(1)	(2)	-	-	-	(1)
EUR	Assets	-	1	-	-	-	-	-	1
	Liabilities	3	1	1	2	-	-	-	7
	Periodic Gap	(3)	-	(1)	(2)	-	-	-	(6)

Table 2

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

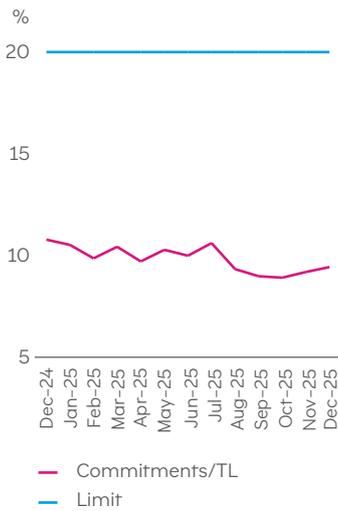
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Up by 100bp	(40)	4	147	498	(1,306)	(759)	(3,040)	(4,496)
Down by 100bp	40	(4)	(147)	(498)	1,306	759	3,040	4,496

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

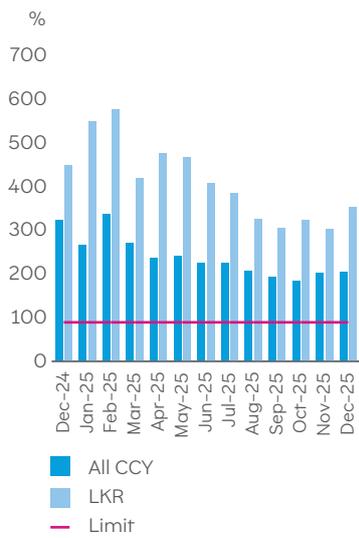
Risk Management Annexures

Liquidity Risk Trend Analysis

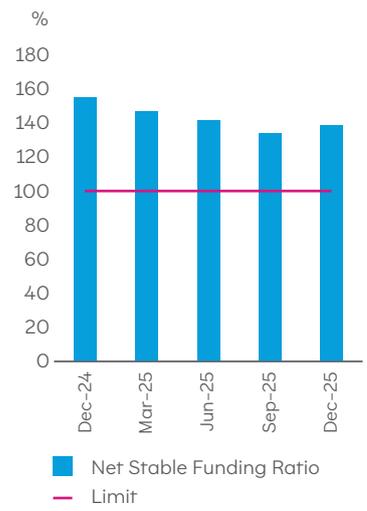
Commitments to Total Loans



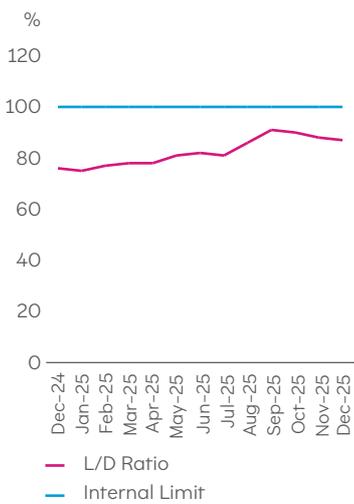
Liquidity Coverage Ratio



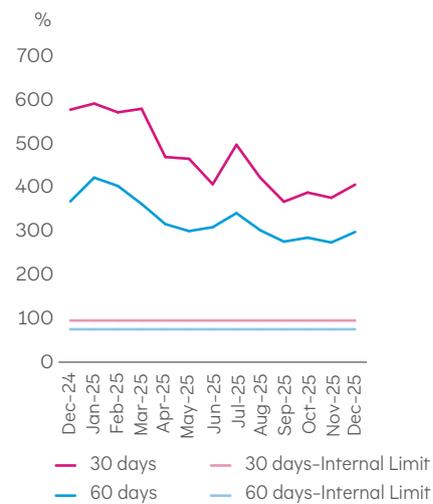
Net Stable Funding Ratio



Loan to Deposit Ratio



Liquid Assets to Short term Liabilities Ratio



Net Loans to Total Assets Ratio

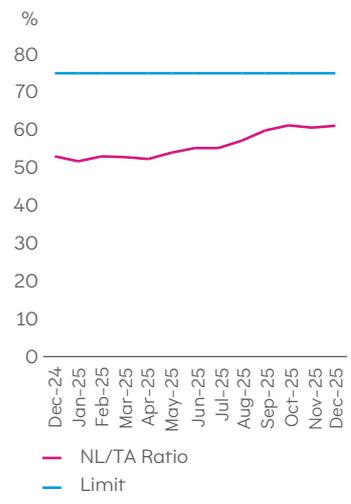


Table 1
Key Regulatory Ratios – Capital and Liquidity

Item	Bank		Group	
	31-December-25	31-December-24	31-December-25	31-December-24
Regulatory Capital (LKR '000)				
Common Equity Tier 1	87,652,886	70,822,110	90,315,275	73,081,874
Tier 1 Capital	87,652,886	70,822,110	90,315,275	73,081,874
Total Capital	92,768,154	74,851,471	95,430,133	77,111,235
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 7.00%)	19.06%	20.87%	19.61%	21.47%
Tier 1 Capital Ratio (Minimum Requirement – 8.50%)	19.06%	20.87%	19.61%	21.47%
Total Capital Ratio (Minimum Requirement – 12.50%)	20.17%	22.05%	20.72%	22.66%
Leverage Ratio (Minimum Requirement – 3%)	12.14%	12.57%	12.51%	12.96%
Regulatory Liquidity				
Total Stock of High-Quality Liquid Assets (LKR'000)	211,183,595	210,135,367		
Liquidity Coverage Ratio (%)				
Rupee (Minimum Requirement – 100%)	351.44%	447.74%		
All Currency (Minimum Requirement – 100%)	203.40%	320.56%		
Net Stable Funding Ratio (Minimum Requirement – 100%)	138.33%	154.73%		

Risk Management Annexures

Table 2

Basel III Computation of Capital Ratios

Item	Bank		Group	
	LKR '000		LKR '000	
	31-December-25	31-December-24	31-December-25	31-December-24
Common Equity Tier 1 (CET1) Capital after Adjustments	87,652,886	70,822,110	90,315,275	73,081,874
Common Equity Tier 1 (CET1) Capital	90,562,910	73,344,877	92,953,208	75,354,251
Equity Capital (Stated Capital)/Assigned Capital	13,007,641	12,106,271	13,007,640	12,106,271
Reserve Fund	4,554,406	3,610,419	4,554,407	3,610,418
Published Retained Earnings/(Accumulated Retained Losses)	69,679,493	53,907,156	72,069,791	55,916,529
Published Accumulated Other Comprehensive Income (OCI)	3,321,370	3,721,032	3,321,370	3,721,033
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	-	-	-	-
Total Adjustments to CET1 Capital	2,910,024	2,522,767	2,637,933	2,272,377
Goodwill (net)	-	-	-	-
Intangible Assets (net)	1,782,628	1,408,451	1,782,965	1,408,927
Deferred tax assets (net)	1,127,396	1,114,316	854,968	863,450
Shortfall of the Cumulative Impairment to Specific Provisions	-	-	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Additional Tier 1 (AT1) Capital	-	-	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Investment in Own Shares	-	-	-	-
Others (specify)	-	-	-	-
Tier 2 Capital after Adjustments	5,115,268	4,029,361	5,114,858	4,029,361
Tier 2 Capital	5,115,268	4,029,361	5,114,858	4,029,361
Qualifying Tier 2 Capital Instruments	257,143	514,286	257,143	514,286
Revaluation Gains	473,067	473,067	473,067	473,067
Loan Loss Provisions	4,385,058	3,042,008	4,384,649	3,042,008
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
Total Adjustments to Tier 2	-	-	-	-
Investment in Own Shares	-	-	-	-
Others (specify)	-	-	-	-
CET1 Capital	87,652,886	70,822,110	90,315,275	73,081,874
Total Tier 1 Capital	87,652,886	70,822,110	90,315,275	73,081,874
Total Capital	92,768,154	74,851,471	95,430,133	77,111,235

Table 2 (Cond.)

Basel III Computation of Capital Ratios (Contd.)

Item	Bank		Group	
	LKR '000		LKR '000	
	31-December-25	31-December-24	31-December-25	31-December-24
Total Risk Weighted Assets (RWA)	459,956,687	339,408,904	460,512,934	340,341,174
RWAs for Credit Risk	350,804,655	243,360,644	350,771,890	243,717,114
RWAs for Market Risk	51,655,336	43,871,249	51,655,336	43,871,249
RWAs for Operational Risk	57,496,696	52,177,012	58,085,707	52,752,811
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.06%	20.87%	19.61%	21.47%
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 (%)	19.06%	20.87%	19.61%	21.47%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	20.17%	22.05%	20.72%	22.66%
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-25	31-December-24	31-December-25	31-December-24
Tier 1 Capital	87,652,886	70,822,110	90,315,275	73,081,874
Total Exposures	721,992,938	563,561,779	721,998,881	563,956,956
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	696,405,746	540,304,796	696,411,688	540,699,973
Derivative Exposures	2,468,434	2,169,806	2,468,434	2,169,806
Securities Financing Transaction Exposures	645,794	2,389,147	645,794	2,389,147
Other Off-Balance Sheet Exposures	22,472,964	18,698,030	22,472,964	18,698,030
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	12.14%	12.57%	12.51%	12.96%

Risk Management Annexures

Table 4
Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
	LKR '000		LKR '000	
	31-December-25		31-December-24	
Total Stock of High-Quality Liquid Assets (HQLA)	211,183,595	211,183,595	210,135,367	210,135,367
Total Adjusted Level 1A Assets	212,769,923	212,769,923	210,975,078	210,975,078
Level 1 Assets	211,183,595	211,183,595	210,135,367	210,135,367
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	839,714,181	163,077,741	668,310,071	108,454,888
Deposits	328,739,571	32,873,957	280,955,251	28,095,525
Unsecured Wholesale Funding	177,072,237	92,393,133	105,166,155	51,644,653
Secured Funding Transactions	-	-	24,052	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	321,547,489	25,455,766	274,865,780	21,415,878
Additional Requirements	12,354,885	12,354,885	7,298,832	7,298,832
Total Cash Inflows	97,854,920	59,251,180	81,122,355	42,902,459
Maturing Secured Lending Transactions Backed by Collateral	648,360	-	2,391,168	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	91,337,319	59,170,475	68,281,588	41,705,884
Operational Deposits	5,788,536	-	9,253,025	-
Other Cash Inflows	80,704	80,704	1,196,575	1,196,575
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Next 30 Calendar Days) * 100		203.40%		320.56%

Table 5
Basel III Computation of Net Stable Funding Ratio

Item	Bank	
	Amount (LKR'000)	
	31-December-25	31-December-24
Total Available Stable Funding	496,647,134	403,664,648
Required Stable Funding – On Balance Sheet Assets	346,935,029	250,879,941
Required Stable Funding – Off Balance Sheet Items	12,104,325	10,007,542
Total Required Stable Funding	359,039,354	260,887,483
Net Stable Funding Ratio (Minimum Requirement - 100%)	138.33%	154.73%

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)	9,421,143	3,586,498
Accounting Classification (Equity/Liability)	Equity	Equity
Issuer Call subject to Prior Supervisory Approval		
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A
Coupons/Dividends		
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
Convertible or Non-Convertible		
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
257,143	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-25					
	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	89,811,121	87,738,526	89,811,121	2,655,171	-	0%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	12,332,490	-	12,332,490	-	6,166,239	50%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	9,793,762	57,702,102	9,793,762	1,188,938	2,299,708	21%
Claims on Financial Institutions	67,235,386	227,404	45,511,310	159,310	29,008,597	64%
Claims on Corporates	226,401,059	218,730,479	207,564,797	16,750,059	216,071,027	96%
Retail Claims	121,741,968	96,283,170	93,989,106	4,703,977	75,931,253	77%
Claims Secured by Residential Property	5,642,186	-	5,642,186	-	2,559,042	45%
Claims Secured by Commercial Real Estate	1,659,764	-	1,659,764	-	1,659,764	100%
Non-Performing Assets (NPAs)(i)	5,477,441	6,278	5,193,390	2,696	5,421,158	104%
Higher-risk Categories	774,719	-	774,719	-	1,936,796	250%
Cash Items and Other Assets	21,287,879	-	21,287,879	-	9,751,070	46%
Total	562,157,775	460,687,959	493,560,522	25,460,152	350,804,655	68%

Asset Class	Group					
	LKR'000 as at -31-December-25					
	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	89,811,121	87,738,526	89,811,121	2,655,171	-	0%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	12,332,490	-	12,332,490	-	6,166,239	50%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	9,793,762	57,702,102	9,793,762	1,188,938	2,299,708	21%
Claims on Financial Institutions	67,235,386	227,404	45,511,310	159,310	29,008,597	64%
Claims on Corporates	226,401,059	218,730,479	207,564,797	16,750,059	216,071,027	96%
Retail Claims	121,741,968	96,283,170	93,989,106	4,703,977	75,931,253	77%
Claims Secured by Residential Property	5,642,186	-	5,642,186	-	2,559,042	45%
Claims Secured by Commercial Real Estate	1,659,764	-	1,659,764	-	1,659,764	100%
Non-Performing Assets (NPAs)(i)	5,477,441	6,278	5,193,390	2,696	5,421,158	104%
Higher-risk Categories	748,916	-	748,916	-	1,872,290	250%
Cash Items and Other Assets	21,319,624	-	21,319,624	-	9,782,812	46%
Total	562,163,717	460,687,959	493,566,465	25,460,152	350,771,890	68%

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-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)	
97,465,351	38,332,150	97,465,351	766,643	-	0%	
-	-	-	-	-	0%	
4,177,883	-	4,177,883	-	3,676,489	88%	
-	-	-	-	-	0%	
9,278,877	65,522,801	9,278,650	1,436,141	2,311,870	22%	
24,568,793	27,402,183	13,939,043	506,231	8,121,009	56%	
158,876,171	153,878,955	143,095,726	14,167,185	150,476,346	96%	
98,713,817	90,999,559	73,404,301	4,149,437	58,604,848	76%	
5,673,669	-	5,673,669	-	2,488,421	44%	
287,842	-	287,842	-	287,842	100%	
7,000,179	-	6,757,871	6,861	7,192,106	106%	
25,803	-	25,803	-	64,507	250%	
21,700,802	-	21,700,802	-	10,137,206	47%	
427,769,187	376,135,647	375,806,940	21,032,497	243,360,644	61%	

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)	
97,465,351	38,332,150	97,465,351	766,643	-	0%	
-	-	-	-	-	0%	
4,177,883	-	4,177,883	-	3,676,489	88%	
-	-	-	-	-	0%	
9,278,650	65,522,801	9,278,650	1,436,141	2,311,870	22%	
24,569,019	27,402,183	13,939,043	506,231	8,121,009	56%	
158,876,171	153,878,955	143,095,726	14,167,185	150,476,346	96%	
98,713,817	90,999,559	73,404,301	4,149,437	58,604,848	76%	
5,673,669	-	5,673,669	-	2,488,421	44%	
287,842	-	287,842	-	287,842	100%	
7,000,179	-	6,757,871	6,861	7,192,106	106%	
-	-	-	-	-	0%	
22,121,782	-	22,121,782	-	10,558,183	48%	
428,164,364	376,135,647	376,202,117	21,032,497	243,717,114	61%	

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-2025 (Post CCF & CRM)										
	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	92,466,292	-	-	-	-	-	-	-	-	-	92,466,292
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	19	-	12,332,471	-	-	-	-	-	12,332,490
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	-	10,816,402	-	75,081	-	-	75,881	15,337	-	10,982,701
Claims on Financial Institutions	-	-	-	-	33,324,046	-	-	12,346,574	-	-	45,670,620
Claims on Corporates	-	-	3,672,867	-	10,611,070	-	-	210,030,919	-	-	224,314,856
Retail Claims	-	-	87,855	-	-	7,548,847	78,688,032	12,368,350	-	-	98,693,083
Claims Secured by Residential Property	-	-	-	4,743,299	-	-	-	898,887	-	-	5,642,186
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	1,659,764	-	-	1,659,764
Non-Performing Assets (NPAs)	-	-	-	-	61,884	-	-	4,622,172	512,029	-	5,196,086
Higher-risk Categories	-	-	-	-	-	-	-	-	-	774,719	774,719
Cash Items and Other Assets	11,536,808	-	-	-	-	-	-	9,751,070	-	-	21,287,879
Total	104,003,100	-	14,577,142	4,743,299	56,404,552	7,548,847	78,688,032	251,753,617	527,367	774,719	519,020,675

Description	Group										
	LKR'000 as at 31-December-2025 (Post CCF & CRM)										
	0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and Central Bank of Sri Lanka	92,466,292	-	-	-	-	-	-	-	-	-	92,466,292
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	19	-	12,332,471	-	-	-	-	-	12,332,490
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	-	10,816,402	-	75,081	-	-	75,881	15,337	-	10,982,701
Claims on Financial Institutions	-	-	-	-	33,324,046	-	-	12,346,574	-	-	45,670,620
Claims on Corporates	-	-	3,672,867	-	10,611,070	-	-	210,030,919	-	-	224,314,856
Retail Claims	-	-	87,855	-	-	7,548,847	78,688,032	12,368,350	-	-	98,693,083
Claims Secured by Residential Property	-	-	-	4,743,299	-	-	-	898,887	-	-	5,642,186
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	1,659,764	-	-	1,659,764
Non-Performing Assets (NPAs)	-	-	-	-	61,884	-	-	4,622,172	512,029	-	5,196,086
Higher-risk Categories	-	-	-	-	-	-	-	-	-	748,916	748,916
Cash Items and Other Assets	11,536,811	-	-	-	-	-	-	9,782,812	-	-	21,319,624
Total	104,003,103	-	14,577,142	4,743,299	56,404,552	7,548,847	78,688,032	251,785,359	527,367	748,916	519,026,617

Bank											
LKR'000 as at 31-Dec-2024 (Post CCF & CRM)											
0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount	
98,231,994	-	-	-	-	-	-	-	-	-	98,231,994	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	1,002,787	-	-	3,175,096	-	-	4,177,883	
-	-	-	-	-	-	-	-	-	-	-	
-	-	10,322,333	-	304,405	-	-	73,758	14,296	-	10,714,792	
-	-	-	-	12,648,530	-	-	1,796,744	-	-	14,445,273	
-	-	4,255,522	-	6,764,294	-	-	146,243,095	-	-	157,262,911	
-	-	-	-	-	7,039,336	64,532,622	5,981,780	-	-	77,553,738	
-	-	-	4,900,382	-	-	-	773,288	-	-	5,673,669	
-	-	-	-	-	-	-	287,842	-	-	287,842	
-	-	-	-	137,604	-	-	5,634,775	992,352	-	6,764,731	
-	-	-	-	-	-	-	-	-	25,803	25,803	
11,563,596	-	-	-	-	-	-	10,137,206	-	-	21,700,802	
109,795,590	-	14,577,855	4,900,382	20,857,620	7,039,336	64,532,622	174,103,583	1,006,648	25,803	396,839,438	

Group											
LKR'000 as at 31-Dec-2024 (Post CCF & CRM)											
0%	10%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount	
98,231,994	-	-	-	-	-	-	-	-	-	98,231,994	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	1,002,787	-	-	3,175,096	-	-	4,177,883	
-	-	-	-	-	-	-	-	-	-	-	
-	-	10,322,333	-	304,405	-	-	73,758	14,296	-	10,714,792	
-	-	-	-	12,648,530	-	-	1,796,744	-	-	14,445,273	
-	-	4,255,522	-	6,764,294	-	-	146,243,095	-	-	157,262,911	
-	-	-	-	-	7,039,336	64,532,622	5,981,780	-	-	77,553,738	
-	-	-	4,900,382	-	-	-	773,288	-	-	5,673,669	
-	-	-	-	-	-	-	287,842	-	-	287,842	
-	-	-	-	137,604	-	-	5,634,775	992,352	-	6,764,731	
-	-	-	-	-	-	-	-	-	-	-	
11,563,599	-	-	-	-	-	-	10,558,183	-	-	22,121,782	
109,795,593	-	14,577,855	4,900,382	20,857,620	7,039,336	64,532,622	174,524,560	1,006,648	-	397,234,615	

Risk Management Annexures

Table 9

Market Risk under Standardised Measurement Method

Item	Bank		Group	
	RWA (LKR'000)		RWA (LKR'000)	
	31-December-25	31-December-24	31-December-25	31-December-24
(a) RWA for Interest Rate Risk	6,296,602	5,366,381	6,296,602	5,366,381
General Interest Rate Risk	6,296,602	5,366,381	6,296,602	5,366,381
(i) Net Long or Short Position	6,296,602	5,366,381	6,296,602	5,366,381
(ii) Horizontal Disallowance	-	-	-	-
(iii) Vertical Disallowance	-	-	-	-
(iv) Options	-	-	-	-
Specific Interest Rate Risk	-	-	-	-
(b) RWA for Equity	-	-	-	-
(i) General Equity Risk	-	-	-	-
(ii) Specific Equity Risk	-	-	-	-
(c) RWA for Foreign Exchange & Gold	160,315	117,525	160,315	117,525
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	51,655,336	43,871,249	51,655,336	43,871,249

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-25			Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31-December-24		
			1st Year	2nd Year	3rd Year			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		44,471,082	47,548,077	51,722,581	15%		38,423,370	44,471,082	47,548,077
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	7,187,087					6,522,126				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				
Risk Weighted Amount for Operational Risk (LKR'000)										
The Basic Indicator Approach	57,496,696					52,177,012				
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-25			Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31-December-24		
			1st Year	2nd Year	3rd Year			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		45,031,613	47,983,099	52,199,555	15%		38,867,315	45,031,613	47,983,099
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	7,260,713					6,594,101				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				
Risk Weighted Amount for Operational Risk (LKR'000)										
The Basic Indicator Approach	58,085,707					52,752,811				
The Standardised Approach	-					-				
The Alternative Standardised Approach	-					-				