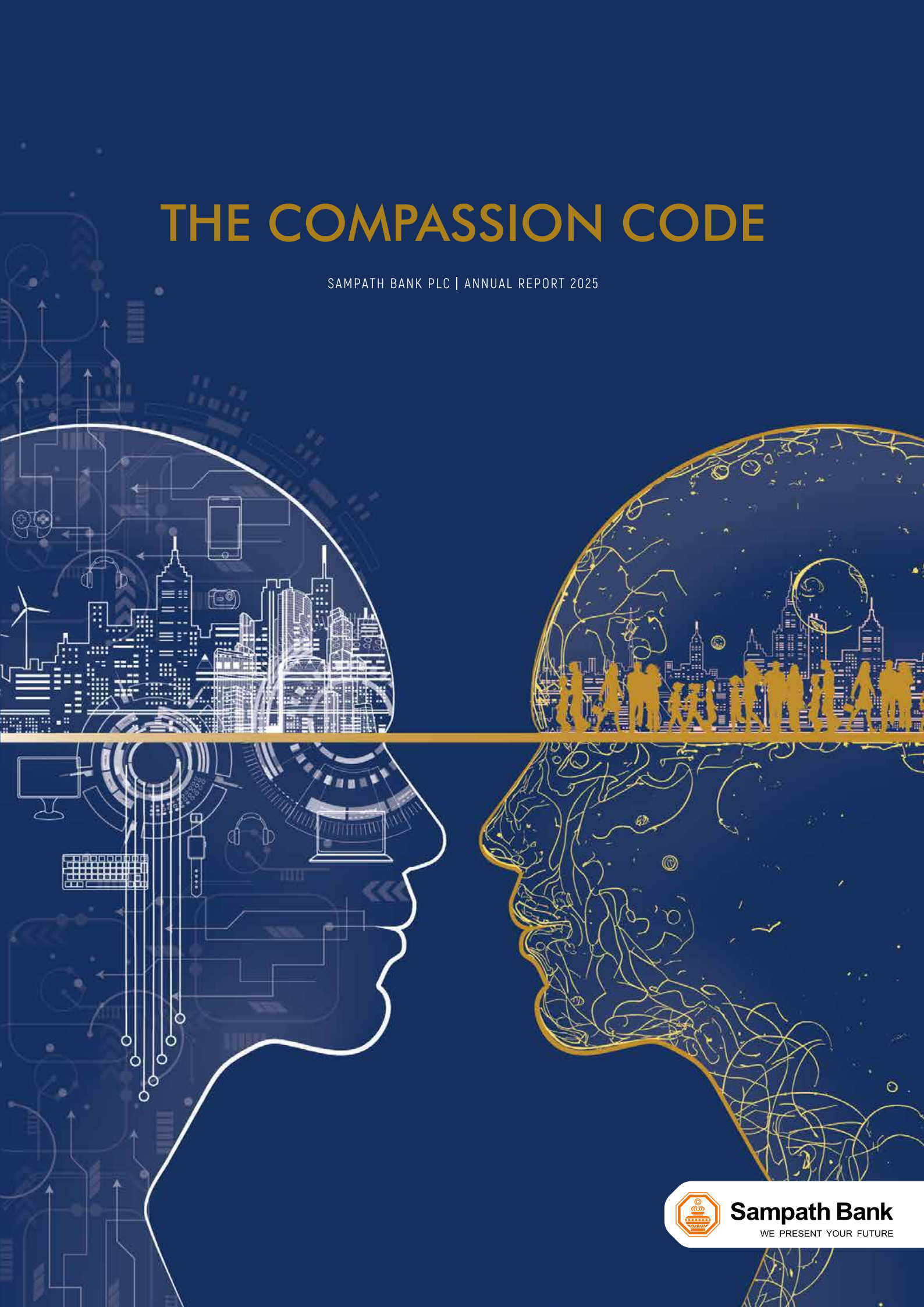
THE COMPASSION CODE

SAMPATH BANK PLC | ANNUAL REPORT 2025



Sampath Bank
WE PRESENT YOUR FUTURE


ESG

THE COMPASSION CODE

At Sampath Bank, compassion is the foundation upon which we build our collective progress. It is embedded into our DNA and shapes our ethos – while guiding the way we live and work every day. It defines how we care for people, safeguard the planet, and empower the communities we serve.

Technology enables us, but empathy leads the way—enabling us to anticipate needs, deliver timely support, and craft experiences that are both personal and impactful. Every solution we create is designed to offer convenience, simplify life, and open pathways to opportunity, ensuring that every stakeholder's journey with us is defined by stability, security, and trust.

By uniting innovation with human understanding and insight, we are shaping a future in which individuals flourish, businesses advance, and communities thrive in harmony with the environment. From driving financial inclusion and enabling sustainable practices to fostering connections that transcend transactions, we are building far more than a bank—we are creating a movement of benevolence and shared prosperity.

In every interaction, we reaffirm our promise: to nurture an ecosystem of growth where innovation serves humanity, progress is shared, and care defines our path forward.

This is our Compassion Code.

Sampath Bank
WE PRESENT YOUR FUTURE



TABLE OF CONTENTS

4 Welcome to Our 12th Integrated Annual Report

WHO WE ARE

10 Sampath Bank at a Glance
13 Performance Highlights
16 Key Events 2025
18 Shaping the Way Sri Lankans Bank

LEADERSHIP INSIGHTS

22 Chairman's Message
26 Managing Director/ Chief Executive Officer's Review

PURPOSEFUL STRATEGY

34 Our Strategy
41 Our Approach to Sustainability
50 Our Value Creating Business Model
52 Our Sustainability Journey
54 Materiality
58 Engaging with Our Stakeholders

Report on SLFRS S1 and S2 Sustainability-Related Financial Disclosures

66 Interview with the Chairperson of Board Sustainability Committee
68 Independent Practitioner's Assurance Report to the Board of Directors of Sampath Bank PLC on the SLFRS Sustainability-Related Financial Disclosures Presented in the Integrated Annual Report 2025
70 SLFRS Sustainability-Related Financial Disclosures

MANAGEMENT DISCUSSION AND ANALYSIS

102 Operating Environment

Capital Management Reports

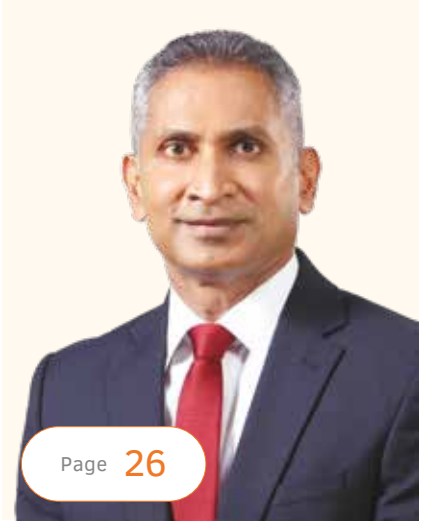
112 Financial Capital
118 Manufactured Capital
124 Intellectual Capital
131 Human Capital
142 Social and Relationship Capital
169 Natural Capital

Business Reports

192 SME and Retail Banking
202 Corporate Banking
209 Treasury
212 Performance of Subsidiaries


Page 22

Chairman's Message


Page 26

Managing Director/ Chief Executive Officer's Review

> 2025 will undoubtedly be remembered as a year of exceptional significance in our growth journey and a defining chapter in the Bank's annals.

> Our winning strategy, which delivered resilient results in 2025, is anchored on Customer Centricity, Operational Excellence, Digital Leadership, and Sustainable Growth.

Page 112 → Financial Capital
Page 118 → Manufactured Capital
Page 124 → Intellectual Capital
Page 131 → Human Capital
Page 142 → Social and Relationship Capital
Page 169 → Natural Capital
Page 66 → Report on SLFRS S1 and S2 Sustainability-Related Financial Disclosures
Page 285 → Board Sustainability Committee Report
Page 13 → Performance Highlights
Page 34 → Our Strategy

SCAN ME!

View the PDF Version of this Annual Report Online
https://www.sampath.lk/investor-relations?section=Annual-Reports

GOVERNANCE AND RISK MANAGEMENT

Corporate Governance Reports

217 Chairman's Message on Corporate Governance
218 Corporate Governance at Sampath Bank
232 Governance Structure

Governance Leadership

234 Board of Directors
238 Corporate Management
241 Chief Managers
244 Report by the Senior Independent Director

Committee Reports

245 Board Nominations and Governance Committee Report
256 Board Audit Committee Report
264 Board Human Resources and Remuneration Committee Report
271 Board Integrated Risk Management Committee Report
279 Board Related Party Transactions Review Committee Report
285 Board Sustainability Committee Report
291 Board Credit Committee Report
295 Board Strategic Planning Committee Report
299 Board Shareholder Relations Committee Report
303 Board Treasury Committee Report
306 Board Marketing Committee Report
311 Board IT Committee Report

316 Compliance Report
317 Risk Management Report

FINANCIAL INFORMATION

350 Financial Calendar
351 Annual Report of the Board of Directors on the Affairs of the Company
358 Directors' Interest in Contracts with the Bank
360 Directors' Statement on Internal Control Over Financial Reporting
362 Independent Assurance Report to the Board of Directors of Sampath Bank PLC
363 Managing Director/Chief Executive Officer's and Executive Director/ Chief Financial Officer's Responsibility Statement
364 Statement of Directors' Responsibility for Financial Reporting
366 Independent Auditor's Report to the Shareholders of Sampath Bank PLC
369 Key Financial Highlights

Financial Statements

370 Statement of Profit or Loss
371 Statement of Comprehensive Income
372 Statement of Financial Position
374 Statement of Changes in Equity
376 Statement of Cash Flows
379 Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

522 Ten Years at a Glance
524 Quarterly Statistics
526 Statement of Profit or Loss in US$
527 Statement of Comprehensive Income in US$
528 Statement of Financial Position in US$
529 Investor Relations
539 Direct Economic Value Generated and Distributed - Bank
540 Annexures to Corporate Governance Report
541 Basel III Disclosure Requirements
551 GRI Content Index
555 SLFRS S1 and S2 Taxonomy
558 Sustainability Accounting Standards Board (SASB) Index
559 Independent Practitioner's Assurance Report to the Board of Directors of Sampath Bank PLC on the Integrated Annual Report 2025
561 Independent Practitioner's Assurance Report to the Board of Directors of Sampath Bank PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report FY 2025
563 Glossary of Financial and Banking Terms
567 Acronyms and Abbreviations
569 Notice of Annual General Meeting
570 Notes
571 Stakeholder Feedback Form

IBC Corporate Information
Encl. - Form of Proxy

SCAN ME!

View the AI Powered Digital Version of this Annual Report Online

In 2025, Sampath Bank further strengthened its digital reporting ecosystem with the launch of the upgraded AI-Powered Digital Annual Report. Purpose-built to deliver key corporate information in a seamless, accessible, and user-centric format, the enhanced platform integrates a suite of advanced AI-driven capabilities. These include an Interactive AI Avatar with Voice-enabled Engagement, an Intelligent PDF Search Tool for faster information retrieval, a Concise Video Animation highlighting the year's key achievements, and an Improved Chart Generator that enables intuitive and dynamic data visualisation. Through these innovations, Sampath Bank reaffirms its commitment to transparency, accessibility, and meaningful stakeholder engagement, setting new benchmarks in digital corporate reporting.

Page 50 → Our Value Creating Business Model
Page 191 → Business Reports
Page 217 → Corporate Governance Reports
Page 317 → Risk Management Report
Page 370 → Financial Statements
Page 529 → Investor Relations

WELCOME TO OUR 12TH INTEGRATED ANNUAL REPORT

The Board of Directors is pleased to present Sampath Bank PLC's 12th Integrated Annual Report for the financial year ended 31st December 2025. This Integrated Report provides a concise and balanced overview of how we directed the implementation of EvolveX, our refreshed 5-year strategy for the Bank to deliver enhanced value to stakeholders. The Report also provides information about our corporate governance and risk management practices while reaffirming our consistent commitment to sustainability across our value chain.



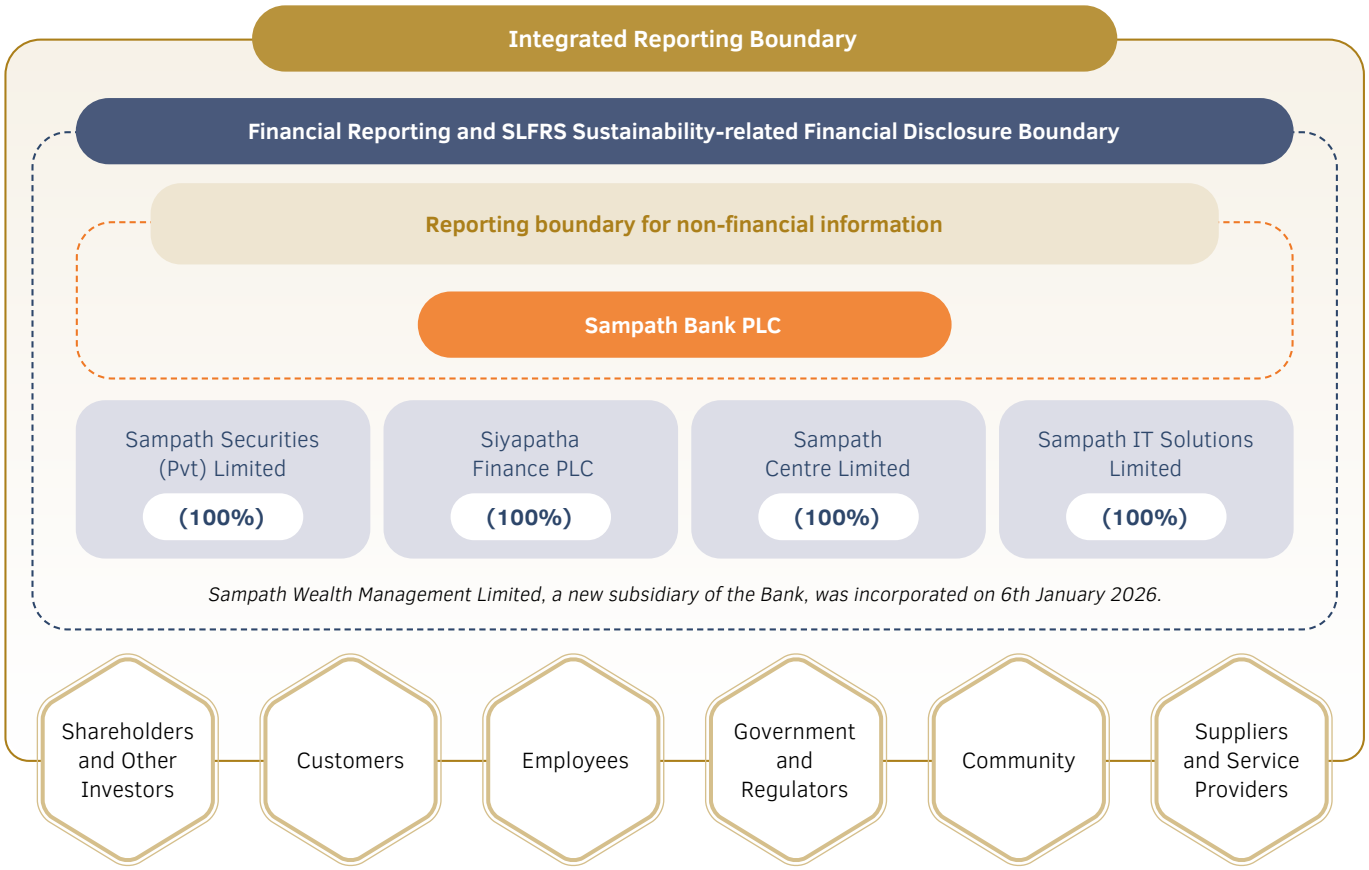
BASIS OF PREPARATION

Scope and Boundary

GRI 2-2

This Report covers the operations of Sampath Bank PLC. The narrative, which includes strategy, materiality, risk management, corporate governance and other non-financial information, pertains only to the Bank unless otherwise stated. However, financial information in the financial statements has been presented for both the Bank and the Group which comprises Sampath Bank PLC and its four subsidiaries. Reporting on the SLFRS Sustainability Standards S1 and S2 also cover the operations of the Sampath Bank Group.

Sampath Bank PLC is the largest entity within the Group accounting for 96% of assets as at 31st December 2025 and contributing 93% of both operating income and profit after tax for the year. The Bank operates primarily in Sri Lanka. The reporting boundary for financial and non-financial information disclosed in this Report is presented alongside.



GRI 2-3

Reporting Period

The Bank adopts an annual reporting cycle for its financial and non-financial reporting. This Report covers the financial year from 1st January to 31st December 2025 and builds on its previous report for the financial year ended 31st December 2024. Material developments within its operating context and post balance sheet events up to the date of Board approval on 19th February 2026 have also been included in this Integrated Report.

Report Preparation

Information from multiple internal and external sources were considered during the preparation of this Integrated Report. This included internal data, interviews with the Bank's Chairman, Managing Director/CEO and Corporate Management team as well as verified external sources. A dedicated internal team oversaw the preparation of this Integrated Report.

GRI 2-4,6

Changes to Reporting

No major changes to the Bank's size, shareholding, structure or operations took place during the year under review. There were also no major restatements of financial or non-financial information disclosed in the previous Annual Report.

REPORTING FRAMEWORKS

Aligning with the Requirements of Sri Lanka Sustainability Disclosure Standards, SLFRS S1 and S2

Complying with the requirements of SLFRS Sustainability Disclosure Standards, S1 and S2, the localised versions of ISSB's IFRS Sustainability Disclosure Standards, S1 and S2 came into mandatory effect for the first 100 listed entities based on market capitalisation as of 1st January 2025 on the main board of the Colombo Stock Exchange, from 1st January 2025.

Accordingly, Sampath Bank strengthened its sustainability-related governance and processes as summarised below to align with the requirements of SLFRS Sustainability Disclosure Standards, S1 and S2 while applying the transitional relief provided by the standard for first time adopters.

Governance

- Established the Board Sustainability Committee and management-level ESG Committee to support effective management of sustainability and Climate Related Risks and Opportunities (CRROs).
- Competency development to support effective integration of sustainability principles into strategy and business operations.
- Developed climate linked ESG KPIs for Key Management Personnel and integrated to the Reward Management Policy.

Strategy

- Identified the Bank's key CRROs.
- Developed strategies to manage the identified CRROs.
- Aligned its business operations with ISO 14001:2015 Environmental Management System (EMS) standard.
- Assessed the impact of CRROs in our business model and value chain.

Risk Management

- Systematic integration of CRROs into the Bank's Integrated Risk Management Framework.
- In the process of developing a model to integrate ESG risks into the Internal Capital Adequacy Assessment Process (ICAAP).
- Digitalised and strengthened an Environmental and Social Risk Management System (ESMS) to manage sustainability risks in lending.
- Developed a platform under the Sampath Document Approval System (SDAS) to facilitate the monthly submission of energy and water related data.
- Commenced the development of a sustainability dashboard to monitor the Bank's sustainability performance on a monthly basis.

Metrics and Targets

- Established targets to expand the Bank's renewable energy portfolio by 50% in 2026.
- Partnered with Partnership for Carbon Accounting Financials (PCAF) for the quantification of financed emissions.
- Increase solar power generation by installing roof-top solar panels in 5 branches.
- Established a Target Setting Process to determine targets.

Refer to SLFRS Sustainability-related Financial Disclosures on pages 70 to 100 for more detailed disclosures.

WELCOME TO OUR 12TH INTEGRATED ANNUAL REPORT

The 2025 Annual Report aligns with the following regulatory and voluntary reporting standards.

Financial Reporting (Regulatory)

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007 and its amendments
- Banking Act No. 30 of 1988 and its amendments
- Listing Rules of the Colombo Stock Exchange (CSE)
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995

Corporate Governance, Compliance and Risk Management Reporting (Regulatory)

- Listing Rule No. 9 of the Colombo Stock Exchange
- Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks in Sri Lanka
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023)
- Banking Act Direction No. 01 of 2016 on Capital Requirements under BASEL III and its amendments
- Banking Act No. 30 of 1988 and its amendments
- Companies Act No. 07 of 2007 and its amendments

Integrated Reporting (Voluntary)

- The International Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC)
- "A Preparer's Guide to Integrated Reporting" issued by the Institute of Chartered Accountants of Sri Lanka

Sustainability Reporting (Voluntary unless otherwise stated)

- SLFRS Sustainability Disclosure Standards - SLFRS S1 and S2 (Regulatory)
- United Nations (UN) Sustainable Development Goals (SDGs)
- 10 principles of UN Global Compact
- Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board (GSSB)
- Sustainability Accounting Standards for Commercial Banks issued by the Sustainability Accounting Standards Board (SASB) of the IFRS Foundation
- Guideline on Environmental, Social and Governance (ESG) reporting issued by the CSE
- IWA 48:2024 Framework for implementing Environmental, Social and Governance (ESG) principles
- National Green Reporting System of Sri Lanka issued by the Government of Sri Lanka
- Banking Act Direction No. 05 of 2022 on Sustainable Finance Activities of Licensed Banks (Regulatory)
- ISO 14064-1:2018 Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals
- ISO 14001:2015 Environmental Management System
- GHG Protocol Corporate Accounting and Reporting Standard (Regulatory)

ASSESSING MATERIALITY

GRI 3-1

Our materiality determination process is anchored in a rigorous, comprehensive assessment framework. We develop a list of potential material topics considering insights from multiple sources including a review of the topics considered material last year, an analysis of our value chain, an assessment of sustainability-related topics in internationally recognised standards and feedback gained from stakeholders through multiple engagement channels. We also conducted an extensive stakeholder survey including a broad range of stakeholders to validate our potential material topics. We then ranked the list of potential material topics using a double materiality lens considering impact materiality and financial materiality to arrive at the Bank's material topics for 2025. Refer to Materiality on pages 54 to 57 for more information.

Improvements to the Annual Report 2025

1

Sustainability Reporting

- A dedicated section for SLFRS Sustainability-related Financial Disclosures, outlining the Bank's approach to identifying and managing its CRROs.
- Obtained an Independent Limited Assurance from Messrs Ernst & Young, Chartered Accountants, on SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025.
- Complied with the requirements of the Sustainability Accounting Standards Board (SASB) standards for Commercial Banks.

2

Risk Management

Enhanced the Risk Management Report by presenting a risk landscape that enhances users' understanding of risk dynamics while providing context for the Bank's risk management strategies.

3

Corporate Governance

Compliance with the corporate governance requirements under Banking Act Direction No. 05 of 2024, the Code of Best Practice on Corporate Governance 2023 issued by CASL and the Listing Rules of the CSE relating to each Board-level Sub-Committee is presented together with the relevant Sub-Committee reports, under two distinct pillars: Performance and Conformance.

4

Digital Innovation

The Bank's Digital version of the Annual Report has been significantly enhanced by incorporating features such as a single main page with key highlights, an AI avatar with voice interaction, AI-powered PDF search, a chart generator, and a summarised video animation.

SCAN ME!

View the AI Powered Digital Version of this Annual Report Online

COMBINED ASSURANCE

GRI 2-5

The Bank applies combined assurance to uphold the integrity of the information presented in this Integrated Annual Report. The Bank's Management oversees the reporting process and reviews the financial and non-financial information presented in this Integrated Report, thereby providing internal assurance. Messrs Ernst & Young, Chartered Accountants provides external assurance on the Bank's Financial Statements (pages 366 to 368), Directors' Statement on Internal Control Over Financial Reporting (page 362), Sustainability Reporting (pages 561 and 562), Integrated Reporting (pages 559 and 560) and SLFRS Sustainability Related Financial Reporting (pages 68 and 69). The Bank also obtained independent assurance from Sri Lanka Climate Fund on the Bank's GHG Inventory Report 2025 to ensure the alignment with ISO 14064-1:2018 Standard Organisation Level for Quantification and Reporting of GHG Emissions and Removals (page 176). The Bank engaged SGS Lanka (Pvt) Limited to provide certification on our internal operations, including processes, procedures and environmental management practices, to confirm alignment with the ISO 14001:2015 EMS Standard (page 173).

How to Navigate the Report

CAPITALS

- Financial Capital *(Pages 112 to 117)*
- Manufactured Capital *(Pages 118 to 123)*
- Intellectual Capital *(Pages 124 to 130)*
- Human Capital *(Pages 131 to 141)*
- Social and Relationship Capital *(Pages 142 to 168)*
- Natural Capital *(Pages 169 to 190)*

STAKEHOLDERS

- Shareholders and Other Investors *(Page 59)*
- Employees *(Page 60)*
- Customers *(Page 61)*
- Community *(Page 62)*
- Government and Regulators *(Page 63)*
- Suppliers and Service Providers *(Page 64)*

STRATEGY

- Business *(Pages 35 and 36)*
- People *(Page 37)*
- Technology *(Page 38)*
- Sustainability *(Page 39)*

RISK MANAGEMENT AND GOVERNANCE

- Risk Management *(Pages 317 to 347)*
- Governance *(Pages 217 to 315)*

WELCOME TO OUR 12TH INTEGRATED ANNUAL REPORT

FORWARD-LOOKING STATEMENTS

This Integrated Annual Report includes forward-looking statements to provide insights into the Bank's potential for value creation in the short-to-medium term. While these statements were considered reasonable at the time of publication, they remain subject to uncertainty as they relate to future events, outcomes and events that are beyond the control of the Bank. Therefore, users are advised to interpret forward-looking statements with caution. The Board and preparers of the Annual Report accept no liability for any reliance placed on forward-looking statements.

EVOLUTION OF OUR SUSTAINABILITY AND ESG REPORTING

The Bank's unending commitment to reporting excellence has urged the Bank to progressively enhance the scope and scale of its reporting disclosures with each successive Annual Report. To that end, the Annual Report for financial year 2025 represents another important milestone in the Bank's efforts to improve transparency and accessibility of information in line with globally accepted reporting best practices.



2011

- Stand-alone Report
- GRI 3.1 Level B External Assurance Provided



2012

- Incorporated in Annual Report
- GRI 3.1 Level B External Assurance Provided



2013

- Stand-alone Report
- GRI G4 -Comprehensive External Assurance Provided

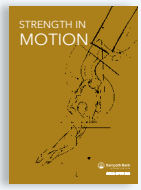






2014 - 2016

- Integrated Report
- GRI G4 - Comprehensive External Assurance Provided



2022

- Integrated Report
- In Accordance with the GRI Standards
- External Assurance Provided
- Key Highlights from the Integrated Annual Report are Available in Video form, Accessible on the Corporate Website



2023

- Integrated Annual Report
- In Accordance with the GRI Standards
- External Assurance Provided



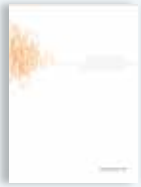
2024

- Integrated Report
- In Accordance with the GRI Standards
- Enhanced TCFD Reporting
- Initiated Reporting on the SASB Standards
- External Assurance Provided
- AI Powered Digital Version of the Annual Report



2017 - 2021

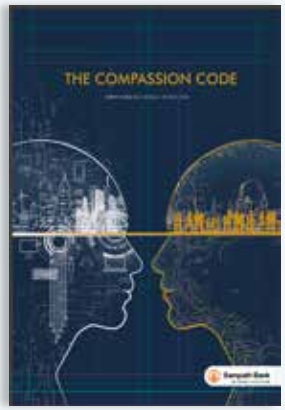
- Integrated Report
- GRI Standards - Comprehensive External Assurance Provided











2025

- Integrated Report
- In Accordance with the GRI Standards
- Reported on the SASB Standard (Commercial Banks)
- Reported on SLFRS Sustainability Disclosure Standards, S1 and S2
- External Assurance Provided
- Enhanced Digital Version of the Annual Report

Board Responsibility Statement

GRI 2-14

Sampath Bank PLC's Board of Directors is responsible for the integrity of the Integrated Annual Report. The Board confirms that the Integrated Annual Report for the financial year ended 31st December 2025 represents a balanced view of the Bank's performance and addresses all material issues that are likely to impact the Bank's ability to create value in the short term.

Feedback

GRI 2-3

The Board welcomes stakeholder feedback on this Integrated Annual Report 2025 and requests readers to utilise the Feedback Form provided on pages 571 and 572 of this Report to share suggestions. Thank you for your valuable input.

WHO WE ARE

Sampath Bank at a Glance | 10
Performance Highlights | 13
Key Events 2025 | 16
Shaping the Way Sri Lankans Bank | 18

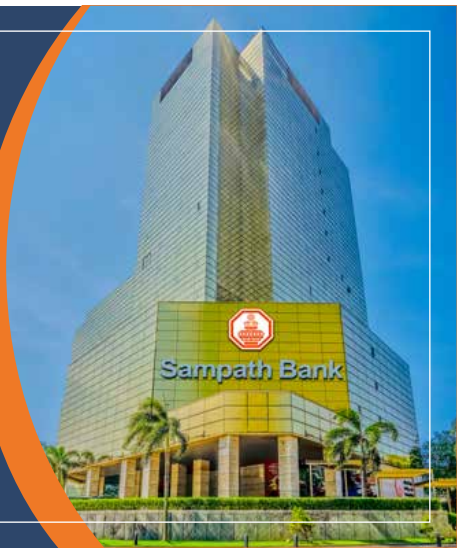
A VALUE FRAMEWORK

Our foundation is built on a culture that transcends transactions, encompassing values of empathy, integrity, and service. This framework is the code that defines who we are, powering innovation with purpose and shaping the way Sri Lankans bank.



SAMPATH BANK AT A GLANCE

As a leading private bank in Sri Lanka, Sampath Bank continuously innovates to deliver financial solutions that respond to the evolving needs of its extensive base of corporate, small and medium scale enterprise and retail customers. By combining digital innovation with inclusive financial value propositions, we strive to expand opportunity and empower the aspirations of all Sri Lankans while contributing to the development of a stronger, more resilient national economy.



OUR PURPOSE

Empower dreams and enrich lives.

OUR VISION

To be the leader in transforming lives by unlocking financial potential with innovation, integrity and empathy, while nurturing financial well-being, sustainable growth and economic prosperity.

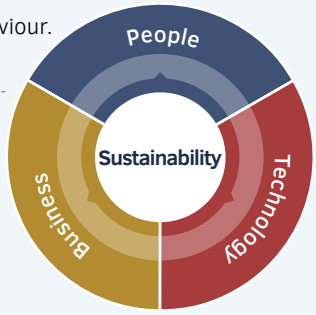
GRI 2-1,6

OUR VALUES

- Create a learning culture that promotes individual and organisational development as well as promoting innovation and value for customers.
- Treat all internal and external customers the way we would like to be treated.
- Encourage and promote teamwork in all aspects of behaviour.
- Open to feedback and demonstrate an eagerness for personal development.
- Monitor and demonstrate an impressive commitment to results.
- Uncompromising ethical and professional standards of behaviour.

OUR STRATEGY

We strive to deliver on our vision and create sustainable long-term value for all our stakeholders through our strategic priorities of Business, People, Technology and Sustainability.



FINANCIAL HIGHLIGHTS

Total assets
Rs 1,978 Bn
11% ▲
2024: Rs 1,778 Bn

Deposit base
Rs 1,647 Bn
12% ▲
2024: Rs 1,469 Bn

Profit after tax
Rs 30.2 Bn
11% ▲
2024: Rs 27.3 Bn

Impaired loans (Stage 3) ratio
3.31%
2024: 4.69%

Total capital adequacy ratio
17.65%
Regulatory minimum requirement: 13.5%

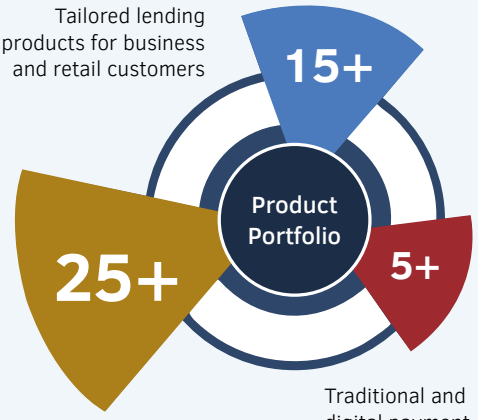
Liquidity coverage ratio - All currency
239.79%
Regulatory minimum requirement: 100%

A National Long-Term Rating of AA-(lka) (Stable Outlook) by Fitch Ratings (Lanka) Ltd.

Classified as a Domestic Systemically Important Bank (D-SIB) by the Central Bank of Sri Lanka with effect from 17th April 2025.

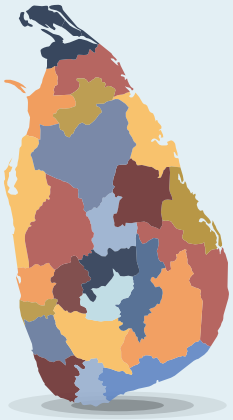
GRI 2-1,6

We offer a comprehensive suite of products delivered through a customer-centric omni-channel service experience





Omni-Channel Island-Wide Service Delivery



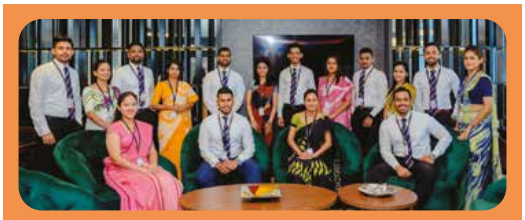
- Sampath Vishwa
- Sampath WePay
- PayEasy.lk
- Sampath Internet Payment Gateway
- Sampath API Platform

12% Customers transacted through digital channels in 2025

23% Transaction volumes on digital channels in 2025

19% Transaction values on digital channels in 2025

(Sampath Vishwa and WePay)



Our strategy is delivered by an engaged team of **4,917** employees

Our strategy is delivered through three business verticals which have been structured to serve the unique needs of specific customer segments

SME and Retail

- Lending
- Deposits
- Credit cards
- Private banking
- Remittances
- Life lead operations
- Transaction banking

Corporate

- Corporate credit
- Corporate finance
- International trade
- FCBU

Treasury

- Treasury bills and bonds
- Repo and reverse repo
- SLISBs
- FX spot, forward and Swap contracts
- US treasuries

Contribution to	Asset Base	Profit before Tax
SME and Retail Banking	56%	49%
Corporate Banking	20%	24%
Treasury	24%	27%

We consistently deliver value to our communities while preserving the environment

14,780 Beneficiaries

40 Tank restoration projects undertaken (to-date)



Rs 125 Mn (+108%) Investment in CSR initiatives in 2025

124,119 Beneficiaries from CSR initiatives

Rs 6,165 Mn (+328%) Financing for renewable energy projects

1,635 (+97%) Borrowers screened for environmental and social due diligence

SAMPATH BANK AT A GLANCE

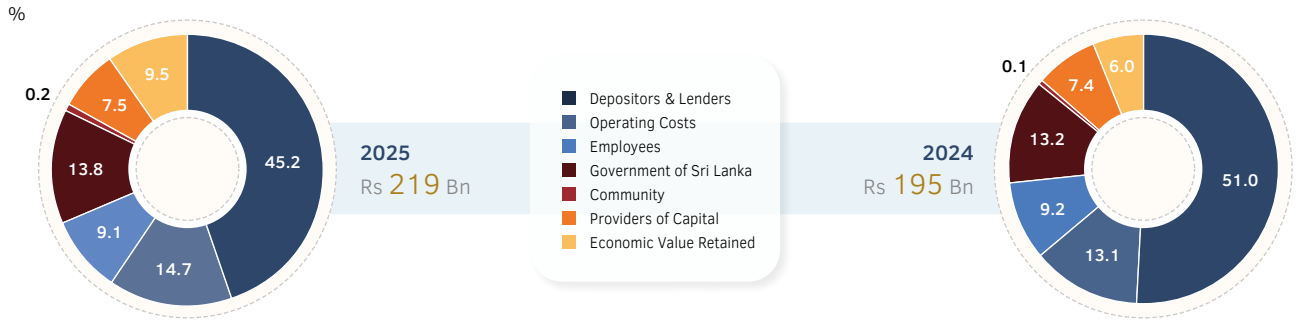
VALUE CREATION AND DISTRIBUTION IN 2025

GRI 201-1

Value Creation in 2025

Direct Economic Value Created	2025 Rs Mn	2024 Rs Mn	Change %
Interest income	181,059	183,055	(1.1)
Exchange gain/(loss)	5,293	(4,220)	225.4
Commission income	27,241	22,289	22.2
Gain/(loss) from investments	4,041	(7,015)	157.6
Other income	1,249	1,207	3.5
	218,883	195,316	12.1

Value Distribution in 2025



Economic Value Distributed	2025 Rs Mn	2024 Rs Mn	Change %
Depositors and lenders	99,022	99,552	(0.5)
Operating costs	32,180	25,593	25.7
Employees	19,946	18,057	10.5
Government of Sri Lanka	30,153	25,715	17.3
Community	345	190	81.6
Providers of capital	16,334	14,460	13.0
	197,980	183,567	7.9
Economic value retained (after payment of dividend to shareholders)	20,903	11,749	77.9
	218,883	195,316	12.1

Non-financial Value Delivered to Key Stakeholders

Shareholders and Other Investors

Consistent commitment to sustainable business practices, strengthening business resilience and long term value creation.

Customers

Delivered tailored financial solutions that integrated customer needs with sustainability principles.

Employees

Invested in developing the skills and competencies of our team while creating opportunities for growth within an inclusive work environment.

Government and Regulators

Contributed to the integrity and stability of the financial system by complying with all regulatory requirements.

Community

Empowered and uplifted communities by facilitating access to finance and market linkages.

Suppliers and Service Providers

Delivered mutual value and promoted the adoption of sustainable business practices through supplier assessments and feedback.

PERFORMANCE HIGHLIGHTS

Financial Snapshot

GRI 2-6

	BANK			GROUP		
	2025	2024	Change %	2025	2024	Change %
Profitability (Rs Mn)						
Gross income	218,780	195,321	12.0	232,457	206,569	12.5
Total operating income	109,498	87,494	25.1	117,883	94,089	25.3
Impairment reversal	(637)	(11,728)	(94.6)	(643)	(11,871)	(94.6)
Operating expenses	46,768	39,333	18.9	50,403	42,802	17.8
Operating profit before taxes on financial services	63,367	59,889	5.8	68,123	63,158	7.9
Taxes on financial services	14,077	13,167	6.9	15,077	13,970	7.9
Profit before income tax	49,290	46,722	5.5	53,046	49,188	7.8
Income tax expense	19,079	19,402	(1.7)	20,475	20,485	(0.1)
Profit for the year	30,211	27,321	10.6	32,571	28,703	13.5
Assets and Liabilities (Rs Mn)						
Deposits from banks and customers	1,647,343	1,469,222	12.1	1,683,236	1,500,506	12.2
Gross loans and advances	1,223,641	964,576	26.9	1,294,141	1,009,261	28.2
Total equity	178,874	166,538	7.4	193,764	177,882	8.9
Total liabilities	1,799,379	1,611,403	11.7	1,870,443	1,659,113	12.7
Total assets	1,978,253	1,777,941	11.3	2,064,207	1,836,995	12.4
Investor Information						
Net asset value per share (Rs)	152.53	142.01	7.4	165.23	151.69	8.9
Market price per share (Rs)	146.50	118.25	23.9			
Price to book value (times)	0.96	0.83	15.7	0.89	0.78	14.1
Earnings per share - Basic/Diluted (Rs)	25.76	23.30	10.6	27.77	24.48	13.4
Earnings yield (%)	17.58	19.70	(10.8)	18.96	20.70	(8.4)
Price earning ratio (times)	5.69	5.08	12.0	5.28	4.83	9.3
Total dividend per share (Rs)	10.30	9.35	10.2			
Cash dividend per share (Rs)	10.30	9.35	10.2			
Dividend yield (%)	7.03	7.91	(11.1)			
Dividend cover (times)	2.50	2.49	0.4			
Dividend payout ratio (%)	39.98	40.13	(0.4)			
Gross dividend (Rs Mn)	12,079	10,965	10.2			
Market capitalisation (Rs Mn)	171,801	138,672	23.9			
Other Ratios						
Return on average assets (before tax) (%)	2.60	2.84	(8.5)	2.69	2.88	(6.6)
Total impairment on loans as a % of gross loans and advances	7.83	10.83	(27.7)	7.59	10.63	(28.6)
Stage 3 impairment to Stage 3 loans ratio (%)	60.44	60.08	0.6	59.76	59.73	0.1
Impaired loans (Stage 3) ratio (%)	3.31	4.69	(29.4)	3.31	4.70	(29.6)
Cost of risk (%)	(0.09)	0.31	(129.0)	(0.09)	0.28	(132.1)
Cost to income ratio (excluding taxes on financial services) (%)	42.71	44.95	(5.0)	42.76	45.49	(6.0)
CASA ratio (%)	34.66	33.99	2.0	33.91	33.27	1.9
Loans to deposits ratio (%)	74.28	65.65	13.1	76.88	67.26	14.3
Leverage ratio (%)	7.13	7.24	(1.5)	7.47	7.58	(1.4)
Net stable funding ratio (%)	173.00	198.66	(12.9)			
Fitch Rating	AA-(lka)/ Stable	A(lka)/ Stable				

Key Performance Indicators - Bank

Indicator	Goal	ACHIEVEMENT				
		2025	2024	2023	2022	2021
Return on average assets (after tax) (%)	Over 1.00	1.60	1.66	1.22	1.01	1.07
Return on average equity (after tax) (%)	Over 16.00	17.93	17.74	12.65	10.95	11.05
Growth in profit (%)	Over 15.00	10.58	59.40	30.50	5.43	55.23
Growth in total assets (%)	Over 15.00	11.27	15.30	16.42	10.38	8.07
Capital Adequacy Ratios (Basel III)						
- Common equity Tier I (%)	2% buffer over the regulatory minimum requirement	14.75	16.75	16.35	11.92	13.95
- Total Tier I (%)		14.75	16.75	16.35	11.92	13.95
- Total capital (Tier I + Tier II) (%)		17.65	19.38	19.56	14.27	17.02
Liquidity coverage ratio						
- Rupee (%)	Over 120.00	283.45	340.11	453.16	200.78	254.89
- All currency (%)		239.79	307.36	312.47	146.53	213.43

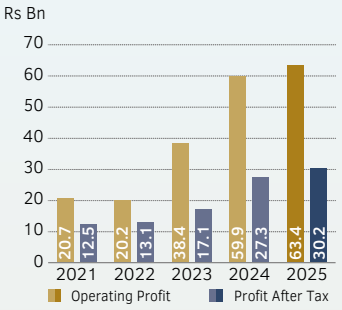
PERFORMANCE HIGHLIGHTS

GRI 2-6

FINANCIAL CAPITAL



Operating Profit & Profit After Tax



17.93% (+19 bps)
Return on equity (after tax)

Rs **25.76** (+10.6%)
Earnings per share

Rs **10.30** (+10.2%)
Dividend per share

17.65%
(Minimum requirement: 13.5%)
Total capital adequacy ratio

239.79%
(Minimum requirement: 100%)
Liquidity coverage ratio (all currency)

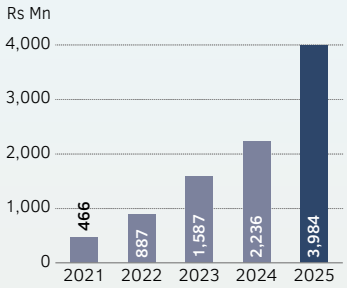
Rs **1,224** Bn (+27%)
Gross loans and advances

3.31 % (-29%)
Impaired loans (Stage 3) ratio

MANUFACTURED CAPITAL



Investment in PPE



40
New CRMs installed replacing ATMs and CDMs

7
Private Banking Units established

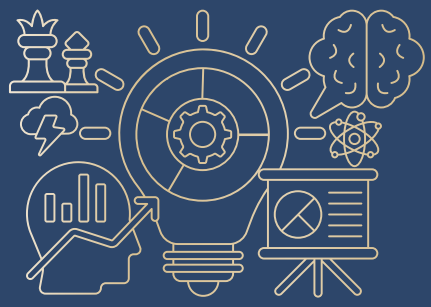
79
Branches relocated and upgraded

Rs **2** Bn (+32%)
Invested in IT infrastructure

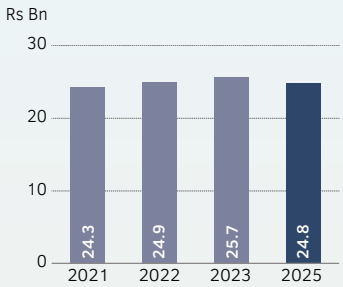
+**19%**
Increase in digital transaction values (Vishwa and WePay)

+**23%**
Increase in digital transaction volumes (Vishwa and WePay)

INTELLECTUAL CAPITAL



Brand Value



Note: Data not Published for 2024 by Brand Finance
Source: www.brandirectory.com

9
New products and services introduced

4
International awards won

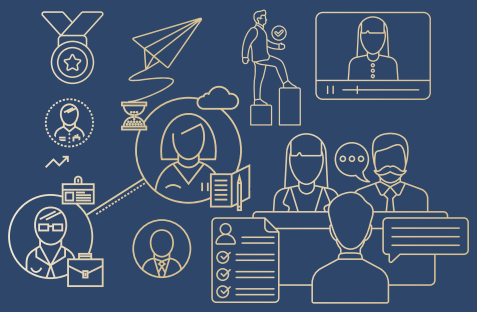
12
Local awards won

Rs **24.8** Bn
Brand value

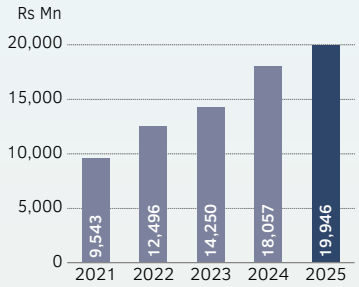
Rs **960** Mn (+83%)
Invested in IT software

GRI 2-6

HUMAN CAPITAL



Payments to Employees



95.6%
Employee retention rate

86%
Employee satisfaction score (2024)

44.54% (+235 bps)
Female representation

Rs **206** Mn (+2%)
Investment in training and professional studies

73 (+62%)
Average training hours per employee

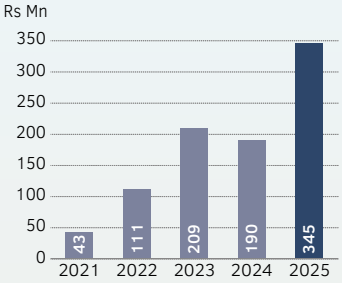
7
Employee well-being programmes

4,917 (+11%)
Number of employees

SOCIAL AND RELATIONSHIP CAPITAL



Economic Value Distributed to the Community



Customers

Over **4** Mn
Customer base

98.3%
Customer complaints resolved

Business partners

524
Correspondent banks

112
Exchange houses

8
Fintechs

739
Registered suppliers

Our communities

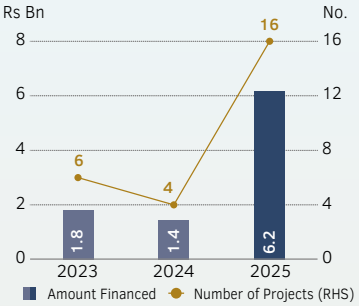
Rs **125** Mn (+108%)
Total investment in CSR initiatives

124,119 (+9%)
Beneficiaries from CSR initiatives

NATURAL CAPITAL



Renewable Energy Projects Financed



1,635 (+97%)
Borrowers screened for environmental and social due diligence

853,710 kWh (+28%)
Renewable energy generated through branch solarisation

Rs **10.9** Bn (+82%)
Financing for electric and hybrid vehicles

31,823 kg (-15%)
of paper recycled

Rs **38** Mn (+242%)
Investment in environmental CSR initiatives

6,763 Metric tons (t) CO_2-e
Carbon footprint (Scope 1 and 2)

Sampath Bank head office and branch network are certified for **ISO 14001:2015** Environmental Management System

KEY EVENTS 2025

GRI 2-6

PASSING OF THE BATON

Mr Sanjaya Gunawardana was appointed as the Managing Director/Chief Executive Officer with effect from 24th September 2025 as Mrs Ayodhya Iddawela Perera completed her term of office. Over 36 years of experience across key banking verticals including retail banking, trade finance, information technology, strategic planning and organisational development and skills honed at prestigious global institutions shape his leadership style as he steers the Bank into an era of people focused innovation and technological transformation.



Winning

Achievements in 2025 that affirmed excellence and leadership in our core business

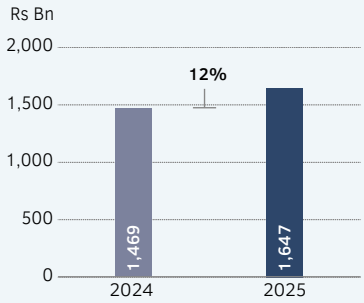
Euromoney Recognises Sampath Bank as Sri Lanka's Best Bank for ESG

Sampath Bank has been crowned as Sri Lanka's Best Bank for ESG at the prestigious Euromoney Awards 2025.

Strong Deposit Growth

Sampath Bank's deposit portfolio recorded significant growth of 12% (Rs 178 Bn), reaching Rs 1,647 Bn as at year-end, reflecting the Bank's sustained ability to attract and retain customer deposits across key market segments.

Total Deposits



Innovation

Sampath Bank continues to innovate, strengthening its competitive edge with purposeful products that shape futures

Launch of Sampath Bank Green Fixed Deposit

This innovative product is a sustainable finance initiative aligned to the International Capital Market Association's (ICMA) Green Bond Principles and Sri Lanka Green Finance Taxonomy.



Private Banking

The Private Banking Unit was launched on 25th July 2025, aimed at strengthening our share of wallet with high-net-worth clients seeking personalised and discreet financial services. The unit introduces sophisticated financial solutions including wealth planning, investment advisory, lending, confidentiality and world-class service.



Nurturing

A journey of sustainable growth is underpinned by institutional resilience, ensuring we walk with our stakeholders and a long-term view–nurturing shared prosperity

Supporting Communities Through Relief and Recovery

Sampath Bank provided essential medical supplies to the Sri Lanka Red Cross Society to assist families affected by the floods and landslides caused by the Ditwah Cyclone. Standing firmly with our communities during challenging times, the Bank extended its support to ensure urgent relief reached those most in need.



Further strengthening national recovery efforts, the Bank donated Rs 100 Mn to the "Rebuilding Sri Lanka" Fund, reaffirming its commitment to driving economic revival, supporting business restoration, and bringing renewed hope to affected communities across the country.

Conserving Our Northern Coral Reefs with IUCN

Sampath Bank PLC unveiled "Conservation of Coral Reefs Associated with the Erumaitivu–Kakkativu Seascape for Community and Ecosystem Resilience," an initiative delivered in collaboration with the International Union for Conservation of Nature and Natural Resources (IUCN). The project spans 5 years with government and academia participating to restore life under water and livelihoods. The first tranche has been released after initial discussions and inspections and the project will be monitored closely to ensure a successful outcome.

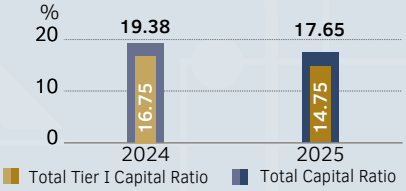
GRI 2-6



AUGMENTING OUR CAPITAL

Issuance of 100,000,000 BASEL III compliant convertible debentures at an AER of 11.75% p.a. for 5 years to strengthen our Tier II capital.

Capital Adequacy Ratios



Excellence in Corporate Reporting and Governance

Recognised for Outstanding Governance Disclosure: Sampath Bank PLC received the Overall Bronze Award at the SAARC Anniversary Awards for Corporate Governance Disclosures 2024, presented by the South Asian Federation of Accountants (SAFA). This regional honour underscores the Bank's unwavering commitment to transparency, accountability, and exemplary reporting standards across South Asia.

Sustainability Reporting Leadership: At the ACCA Sri Lanka Sustainability Reporting Awards 2025, Sampath Bank was named Runner-up in the Banking Category, reaffirming its continued efforts to embed sustainability principles into its reporting practices.

Honoured for Excellence in Annual Reporting: The Bank's Annual Report 2024 earned the Bronze Award in the Private Banking Sector at the TAGS Awards 2025, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).



"Sampath Select" – AI-Powered Instant Personal Loan Solution

The Bank introduced "Sampath Select", an AI powered instant loan solution in 2025. This market-leading innovation is designed to reduce the complexity of obtaining a personal loan through a seamless and secure automated digital process made available to customers through a simple five-click journey on the Sampath Vishwa Mobile App. This product was developed using innovative AI and advanced analytics capabilities and offers responsible, intelligent approvals based on real-time analysis of customer data. This initiative demonstrates our focus on speed, convenience and responsible lending, leveraging AI and advanced analytics to deliver a superior customer experience.



Launch of Standardised Application Programming Interface (API) Platform

This reflects the Bank's steadfast commitment to providing agile, technology-driven solutions for its expanding base of corporate and SME clients. API banking fundamentally transforms traditional banking by exposing core functions and data as web services accessible to third-party applications. This creates a more interconnected and flexible ecosystem that enhances convenience, encourages innovation and improves efficiency in delivering and consuming financial services.

Handing Over Madu Sampatha Floating Market to Community

Sampath Bank partnered with Research Triangle Institute (RTI) in 2024 to establish a floating market for plastic alternatives at the Madu River. This promotes sustainable livelihoods and environmentally friendly products in this mangrove ecosystem which is rich in biodiversity. The project involved capacity building and skills development and the established floating market was handed over to the Madu Sampatha Self-Entrepreneurship Association.



Transforming Weeds Into Wages Through Women-Led Eco Initiative in Karuwalagaswewa

A strategically positioned sales outlet was officially handed over to the Karuwalagaswewa Integrated Rural Welfare Society for a range of environmentally friendly products manufactured by the community using locally available materials, such as invasive weeds like "Ali Mana" and agricultural waste like banana shoots and elephant dung. The centre produces file covers, greeting cards, cake boxes, and items tailored to the tourism sector, boosting income.



SHAPING THE WAY SRI LANKANS BANK

Born from a vision of making banking more convenient, inclusive, and affordable, Sampath Bank has become a catalyst for change-leveraging technology to drive both scale and convenience. Coupled with the belief that the customer must be the focus for relevant innovation, we have earned the confidence of over 4 million customers who rely on us to safeguard their finances. We are deeply appreciative of their loyalty and continue to seek effective and innovative solutions to drive wealth creation.

1986
- Incorporated as Investment & Credit Bank Ltd.

1987
- Commencement of business on 15th May 1987 with Mr N U Jayawardena as the first Chairman and Mr Janaka Silva as General Manager.
- Launch of cheque guarantee scheme.
- Introduced extended banking hours until 3.00 p.m. for the first time in Sri Lanka.

1988
- Sampath Bank became the first bank in Sri Lanka to operate a multi-point network of Automated Teller Machines (ATM), democratising convenient banking.

1989
- Launched Mastercard to Sri Lanka (under license from Mastercard International incorporated in USA).
- Pioneered launch of the Uni-Banking System in Sri Lanka.
- Pioneered launch of Sri Lanka's first-ever standalone ATM at Liberty Plaza shopping complex.

1994
- Sampath Bank becomes one of the first local banks to join the SWIFT network.

1996
- Commenced operations of Sampath Centre Limited, a subsidiary of Sampath Bank that owns and operates the Head Office building at Nawam Mawatha.
- Launched the TELEBANKING facility.

1997
- Headquarters relocated to No. 110, Sir James Peiris Mawatha, Colombo 02.
- Launched the Debit Card in association with CIRRUS and MAESTRO, signifying another first in South Asia.

2000
- Launched "Sampathnet" internet banking facility (later rebranded as 'Sampath Vishwa').
- Pioneered launch of "Call Bank", mobile banking service in partnership with Dialog GSM.

2001
- Commenced operations of SC Securities (Pvt) Limited [rebranded as 'Sampath Securities (Pvt) Limited' in 2025] a subsidiary of Sampath Bank.
- The first Sri Lankan organisation to achieve the "Quality Approved Status" of best practice, awarded by the Chartered Institute of Management Accountants.

2002
- Introduced Visa Platinum Credit Cards to Sri Lanka.

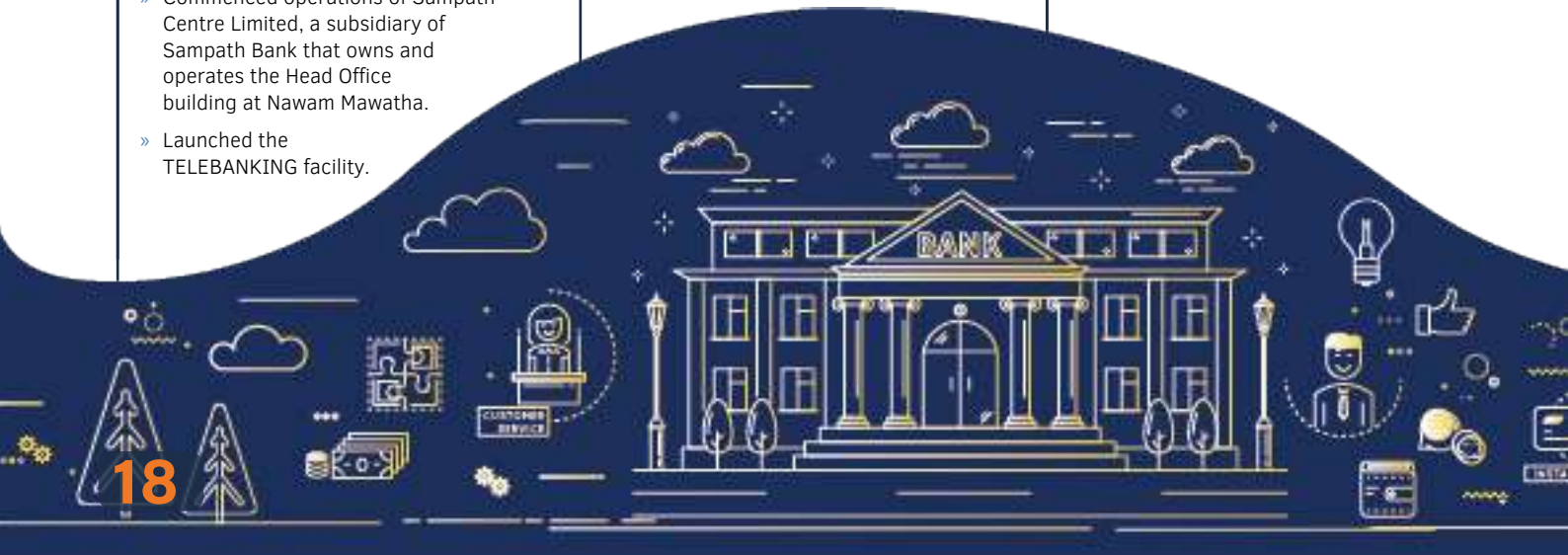
2003
- Sampath Bank footprint expands with 10 new branches opened during the year.
- First bank in Sri Lanka to introduce "One day clearing".

2004
- Pioneered launch of Sri Lanka's first ever Cheque Imaging & Truncating (CIT) site.

2005
- Commenced operations of Sampath Leasing & Factoring Limited (later rebranded as 'Siyapatha Finance PLC'), a fully-owned subsidiary of Sampath Bank.

2006
- Commenced operations of Sampath Information Technology Solutions Limited, a fully-owned subsidiary of Sampath Bank.
- Sampath Bank footprint grows further with 13 branches (3 Branches and 10 Personal Banking Centres) opened.

2007
- ATM network reaches 150 machines across the island.
- 100th Branch opened in Kandy.
- Launch of VISA Mini Debit Card, a first in South Asia.



2009

- Sampath Bank becomes the third largest private sector bank in Sri Lanka in terms of total assets.

2011

- Opened 10 branches across the island in a single day - a first in the local banking industry.
- Introduced the online real time Cheque Deposit ATMs - a first in South Asia.
- Powered the nation's largest ATM network - Access enabled to nearly 1,500 ATMs island-wide.

2012

- Sampath Bank celebrates its Silver Jubilee, marking 25 years of service to the nation.

2013

- Pioneered launch of "Cardless Cash ATM" technology in Sri Lanka.

2016

- Pioneered launch of "Visa payWave" enabled cards in Sri Lanka.

2017

- Launch of the drive-thru ATM.

2018

- Pioneered launch of Slip-less Banking in Sri Lanka.

2020

- Sampath Bank's asset base crosses the One Trillion Rupees mark.

2021

- Pioneered launch of "Touchless Cash Withdrawals" in Sri Lanka.

2022

- Launch of the "eZ Banking" service in partnership with Dialog Axiata PLC, to promote financial inclusion among unbanked and underbanked rural populations.
- First local bank to partner with Paycorp International (Pvt) Limited to facilitate real-time payment and settlement using any LankaQR enabled apps and digital wallets.
- First Sri Lankan bank to introduce e-commerce facilitation services with direct connectivity to the UnionPay International payment gateway, payment processing solution, and payment aggregator services.

2023

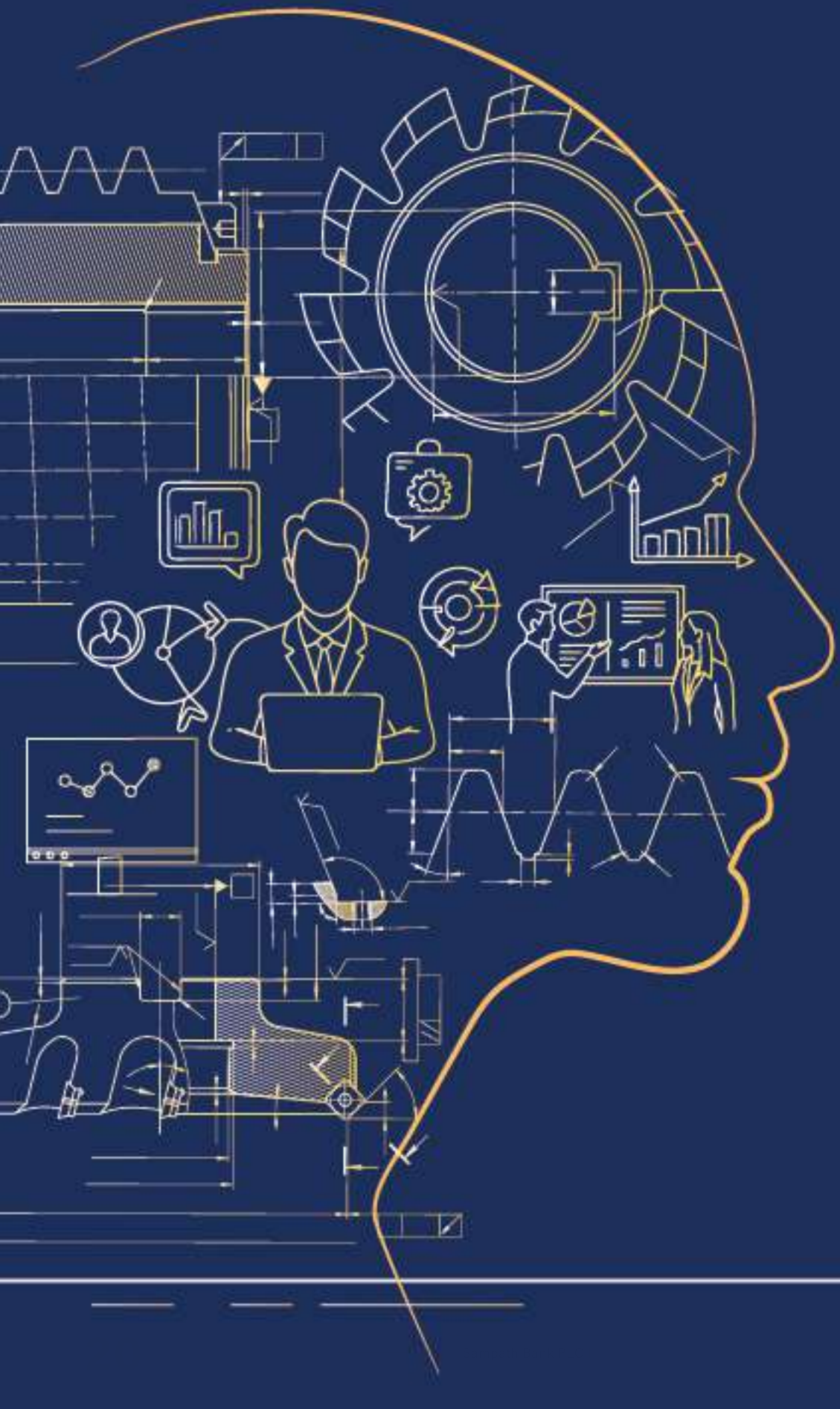
- Industry first to simplify account opening via QR through an interface enabling remote Accounts Opening.
- Sampath Bank becomes one of the first local banks to receive approval by the State Bank of India to facilitate trade with India in INR.
- Launch of the "Sampath Export Partners" initiative to support export oriented SMEs and startups.
- Establishment of special counters for USA, Canada, UK, Germany, Japan, China and India at the Bank's International Trade desk to assist in handling trade documentation.
- Sampath Vishwa Retail introduces a new self-management feature to enable customers to uplift FDs and effect full/ partial settlement of loans.
- Sampath Vishwa Retail reached a significant milestone by recording One Million customers.
- Sampath Bank reached the milestone of One Trillion Rupee Deposits.
- Completion of the Payment Card Industry Data Security Standard (PCI DSS) certification.



For 39 years, Sampath Bank has led the way in financial inclusion and customer centricity as we literally put banking at the fingertips of Sri Lankans. Our efforts have been recognised by a loyal customer base, over 1.9 Trillion Rupees of assets in just 39 years and recognition as a Domestic Systemically Important Bank (D-SIB) – the youngest bank in this classification. We remain committed to nurturing our legacy of inclusive innovation as we shape the future of banking for Sri Lankans.

2024

- Innovation of Sampath Pay Band wearable device for easy payments.
- Issued Sampath Visa Infinite metal credit card for premier cardholders, enhancing customer privacy.
- Issued Sampath Visa Purchasing Card for corporate clients.
- Restore 9 tanks under the "Wewata Jeewayak" programme signifying the highest ever undertaking during a year marking 25th tank restoration.
- Pioneered the introduction of the MiniPOS to facilitate SME access to the credit card payment system.
- Sampath Bank proudly unveiled its new revolutionary mobile application, Sampath Vishwa Retail.



LEADERSHIP INSIGHTS

Chairman's Message | 22
Managing Director/
Chief Executive Officer's Review | 26

A VISIONARY BLUEPRINT

At Sampath Bank, leadership is guided by an innate sense of vision and responsibility. Through foresight and purpose, we engineer a blueprint that unites compassion with innovation, shaping a future of enduring progress.

CHAIRMAN'S MESSAGE



HARSHA AMARASEKERA
Chairman

> **2025 will undoubtedly be remembered as a year of exceptional significance in our growth journey and a defining chapter in the Bank's annals.**

GRI 2-22

Dear Valued Stakeholders

Sampath Bank PLC recorded a Profit after Tax of Rs 30.2 Bn for the financial year 2025, the highest in its history, reflecting the successful pursuit of an ambitious growth strategy. Amid heightened global uncertainty and a fragile but steady recovery in the local economy, the Bank achieved 11% growth in both earnings and total assets, underscoring the strength and effectiveness of our strategy. Importantly, Sampath Bank was designated as a Domestic Systemically Important Bank (D-SIB) thereby affirming the Bank's critical role in safeguarding the country's financial stability. We also laid the foundation for a significant strategic shift aimed at positioning the Bank to capture new opportunities and strengthen resilience in the years ahead. Together with several other notable accomplishments, 2025 will undoubtedly be remembered as a year of exceptional significance in our growth journey and as a defining chapter in the Bank's annals.

POSITIVITY AMIDST UNCERTAINTY

Sri Lanka maintained its positive growth trend witnessed in the latter half of 2024 to record an estimated 3.5% GDP growth in 2025. This performance was underpinned by contributions from the Agriculture, Industry and Services sectors despite the significant challenges presented by geoeconomic conditions, including disruptions to global supply chains. Inflation remained within the target range thereby supporting lower interest rates and contributed to overall financial stability. Growth in tourism and remittances buoyed foreign exchange reserves complemented by the fourth tranche of the IMF Extended Fund Facility Programme. Positive reviews of Sri Lanka's performance on the targets agreed with the IMF have been encouraging, helping to restore investor confidence and stimulate private sector credit growth.

The impact of Cyclone Ditwah served as a stark reminder of the devastation and tragedy that often follow extreme weather events. The Board joins me in offering our deepest condolences to those who lost families, homes and livelihoods. The damage to the country's infrastructure is also significant and initial assessments draw attention to potential adverse impacts on energy and irrigation related infrastructure, and disruptions to supply chains. The Bank provided moratoria and targeted support to customers affected by the cyclone and we will continue our support in the year ahead. We are committed to supporting the country's efforts to rebuild stronger, and welcome the progressive relief measures proposed by the Government.

The Banking sector continued to maintain strong rupee and dollar liquidity during the financial year under review while prudently recalibrating operations to accommodate the increased demand for dollars arising from the resumption of vehicle imports. Overall, banking sector capital buffers remained strong, with the Total Capital Adequacy Ratio improving to 18.6% in Q3 2025, from 18.3% a year earlier. Banking sector asset quality indicators also improved, with the Impaired loans (Stage 3) ratio declining to 9.8% in 2025, supported by better borrower repayment capacity and enhanced sector-wide risk management.

During the year 2025, banking sector profitability rose sharply, supported by strong growth in fee and commission income from higher trade volumes and greater use of digital platforms, which offset the impact of narrowing interest spreads. Encouragingly, the cost efficiency ratio improved significantly reflecting the increased digitalisation of the sector. Liquidity normalised alongside improved credit growth. Assets and funding structures reflect the increase in loan portfolios funded primarily through a reduction in investments and increase in deposits.

DELIVERING RESULTS

The Bank continued to build on the strategic course charted in 2024, further strengthening its value proposition for High Net Worth, Corporate, SME, and Retail customers. Supported by an island wide branch network, a highly motivated team, and robust digital infrastructure, we enhanced our capabilities through targeted investments aimed at delivering meaningful change. These efforts significantly expanded our product and service offering while deepening relationships with our loyal and growing customer base.

The Bank recorded a Profit after Tax of Rs 30.2 Bn for the year ended 31st December 2025, an increase of 11% over 2024. The Return on Equity is 17.93%, marginally higher than the previous year, despite declining interest rates. The returns compare favourably with the interest rate of the 364-day treasury bill which declined from 8.96% at the end of 2024 to 8.19% by the close of 2025. Profit growth was supported by growth in fee-based income, exchange gains and net

Total Assets
Rs 1,978 Bn
11% ↑
2024: Rs 1,778 Bn

Earnings per Share
Rs 25.76
11% ↑
2024: Rs 23.30

Net Asset Value per Share
Rs 152.53
7% ↑
2024: Rs 142.01

gains on derecognition of financial assets but was moderated by comparatively lower impairment reversals, lower net interest income and higher operating costs as we expanded the team and invested in nurturing critical capital targeting the execution of new strategies. The reduction in impairment reversals for the year 2025 is primarily due to the exceptional one off gain recorded in 2024 following the restructuring of Sri Lanka International Sovereign Bonds. Excluding this non recurring item, impairments reflect a substantial reversal, demonstrating the continued improvement in the quality and resilience of the loan portfolio.

STABILITY AND GROWTH

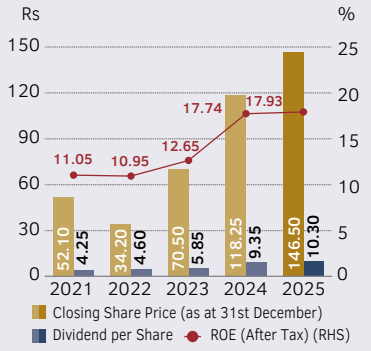
Sustained deposit mobilisation continued to underpin the expansion of the Balance Sheet during the year. Total assets growth of 11% to Rs 1.98 Tn at the close of the year, was funded largely by strong deposit growth. Credit expansion also gained momentum, supported by improving business sentiment and a cautious resurgence in borrowing activity, as businesses continued to assess global macroeconomic conditions and evolving supply chain dynamics. Consequently, the Bank's gross loans and advances portfolio recorded a growth of 27%, reaching Rs 1,224 Bn by year end. The Bank maintained robust capital buffers, reporting a Total Capital Ratio of 17.65% and a Tier 1 Capital Ratio of 14.75% as at end December 2025, comfortably above the elevated regulatory requirement as a D-SIB. Enhanced credit risk management practices contributed to a reduction in Stage 2 and Stage 3 exposures, despite the adverse impacts stemming from Cyclone Ditwah. Fitch Ratings Lanka affirmed the Bank's National Long Term Rating at AA- (lka) with a Stable Outlook in September 2025, reflecting the Bank's strong credit profile and resilient operating fundamentals.

In alignment with its long term capital management strategy, the Bank announced to the Colombo Stock Exchange its intention to issue up to 200 million Basel III compliant, Tier 2 Listed, Rated, Unsecured, Subordinated, Redeemable Debentures and/or Green and/or Sustainability Bonds with a Non Viability Conversion feature, each with a par value of Rs 100, to raise up to Rs 20 Bn through one or more tranches over a two year period, subject to shareholder approval and requisite regulatory clearances. The announcement further indicated that the initial issuance is expected to comprise half of the total amount, with proposed tenures of 5 and 7 years. This capital augmentation initiative is expected to further reinforce the Bank's Total Capital Adequacy Ratio as it transitions into its next phase of growth as a D-SIB, strengthening its resilience through additional capital buffers.

VALUE TO SHAREHOLDERS

The share price increased by 23.9% from Rs 118.25 at the beginning of the year to Rs 146.50 at the end. It is noteworthy that the share price has increased further to Rs 162.25 as at the date of this report, 19th February 2026. Market capitalisation has increased to Rs 171,801 Mn as at the end of the year, with the Bank ranking 11th on the Colombo Stock Exchange accounting for 2.1% of total market capitalisation. I am pleased to report that Sampath Bank has proposed a final dividend of Rs 10.30 per share representing a dividend payout ratio of 39.98%. Net asset value per share increased by 7.4% to Rs 152.53 reflecting the enhanced value to shareholders. With the share price below the book value and a low price-to-earnings ratio, Sampath Bank remains an attractive investment at the current valuations.

Value to Shareholders



LEADERSHIP, GOVERNANCE AND RISK MANAGEMENT

The Board continues to set a strong tone at the top, supported by a highly skilled and experienced team of Directors who bring deep expertise across diverse disciplines and who exercise sound, independent judgement in the stewardship of the Bank. The Board's collective capabilities enable robust and informed deliberation on all matters brought before it. Effective oversight is further strengthened through twelve Board Sub Committees, each mandated to oversee critical regulatory, strategic, and operational areas. The presence of a Senior Independent Director ensures balanced participation across the Board and provides an additional channel for counsel on matters relating to corporate governance.

During the year, the Board Nominations and Governance Committee oversaw the leadership transition arising from the retirement of Mrs Ayodhya Iddawela Perera. Following a comprehensive evaluation process, Mr Sanjaya Gunawardana was appointed as the new Managing Director/Chief Executive Officer, ensuring continuity of leadership and alignment with the Bank's succession planning frameworks.

The Board Sustainability Committee, established in 2024, carried out a clear mandate to ensure that the Bank's sustainability reporting conforms with SLFRS S1 and S2 requirements, embedding the same level of discipline and rigour applied to financial reporting. The Committee, and subsequently the full Board, received periodic updates and engaged in extensive discussions relating to the Bank's sustainability framework, strategy, and risk management practices.

The Board Integrated Risk Management Committee heightened its vigilance during the year in response to pronounced shifts in the global risk environment. The Board also reviewed and noted the annual work plans of all Sub Committees, ensuring that the Bank's strategic execution remains aligned with approved priorities while meeting all regulatory obligations.

SUSTAINABILITY

Sampath Bank's proud legacy of financial inclusion and sustainability continues to be a cornerstone of our growth story. Voluntary adoption of sustainability reporting using the GRI Standards 15 years ago reflects the Bank's commitment to a holistic approach and the transition to SLFRS S1 and S2 further broadens this agenda. Additionally, the Central Bank of Sri Lanka launched its Sustainable Finance Roadmap 2.0 in 2025, aligning the financial sector with the country's climate initiatives and strengthening the financial sector against climate-related risks.





Inauguration ceremony of Devagiriya Tank restoration under the "Wewata Jeewayak" programme

The Bank continued to advance its flagship "Wewata Jeewayak" initiative, which focuses on the restoration of tanks forming part of Sri Lanka's ancient irrigation network—an essential source of water for agriculture in the dry zone. Over the years, the scope of the programme has expanded to encompass capacity building in modern agricultural practices and financial literacy, empowering farming communities to enhance productivity and improve long term economic resilience. During the year under review, the Bank commenced the highest number of restoration projects in its history, marking a significant milestone in the evolution of the initiative. Coastal conservation efforts, specifically mangrove and coral restoration and turtle conservation continued as long term environmental programmes implemented in partnership with local communities and technical experts. Building on the success of earlier phases, these projects were extended further to restore marine ecosystems and enhance climate resilience in vulnerable coastal regions.

In addition, the Bank conceptualised and supported the development of the Madu River Floating Market, a sustainability driven initiative aimed at promoting sustainable livelihoods through responsible tourism. The project combines environmental stewardship with community centered income generation, reinforcing the Bank's commitment to inclusive and sustainable economic development.

Measuring and managing the Bank's carbon footprint remains a strategic priority, with increasing emphasis on assessing emissions arising from financed activities. During the year, the ESMS framework was expanded to cover all lending facilities other than schematised products, forming the foundation for the Bank's transition toward measuring portfolio level financed emissions in line with emerging global standards.

In a further step toward promoting sustainable finance, the Bank launched Green Deposit Scheme, creating a dedicated pool of funding exclusively for green initiatives that support the transition to a low carbon economy. This initiative reinforces the Bank's commitment to integrating climate considerations into its financing decisions while enabling customers to contribute to environmentally sustainable outcomes.

LOOKING AHEAD

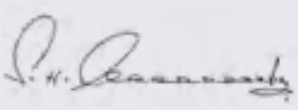
The outlook for global growth remains cautiously optimistic, with the International Monetary Fund projecting a rate of 3.3% in its January 2026 update, despite the volatility reflected in global news flows. Sri Lanka's economic trajectory is also expected to remain broadly on course, although the adverse impact of Cyclone Ditwah may moderate short term recovery momentum. The financial sector is projected to experience measured growth, supported by improving investor sentiment. The continuation of the IMF's Extended Fund Facility programme—critical for ongoing recovery efforts—will play an essential role in maintaining macroeconomic stability, particularly as the country undertakes reconstruction of infrastructure damaged by the cyclone. The IMF review currently underway remains a key determinant of the forward outlook. Regulatory developments are likewise expected to enhance the resilience of the financial sector amid heightened global uncertainty.

Against this backdrop, Sampath Bank will continue to execute its strategic agenda, scaling digitalised solutions tailored to the needs of its priority customer segments. Customer centricity will remain a defining pillar of delivery, with specially trained personnel deployed at strategic touchpoints to address the diverse and evolving needs of our clientele. Advanced data analytics will increasingly shape customer value propositions, enabling the Bank to deliver personalised solutions and innovative digital products—exemplified by the launch of the 10 second personal loan in 2025, the first of its kind in the Sri Lankan banking industry.

Sustainability considerations will underpin core aspects of the Bank's operating model, influencing strategic decision making, product development, risk management frameworks, and stakeholder engagement. As we navigate continued uncertainty, the Bank remains committed to driving responsible growth, strengthening organisational resilience, and delivering long term value for all stakeholders.

APPRECIATION

The Sampath Bank Team has delivered a commendable performance; the Board joins me in thanking all members of this dedicated team for their efforts. We thank Mrs Ayodhya Iddawela Perera, the first female Managing Director of the Bank, who retired after 36 years of loyal service. Mrs Perera made a significant contribution to the Bank during her tenure as the Managing Director. We also welcome Mr Sanjaya Gunawardana as the Managing Director/Chief Executive Officer and are confident that he will be able to steer the Bank along the strategic roadmap that has now been identified. We extend sincere thanks to our customers and business partners for their valued patronage and count on their continued support in the years ahead. I am grateful for the advice and guidance offered by officials from the Central Bank of Sri Lanka. I am particularly grateful and want to acknowledge the continued diligence, discussion, and counsel from my fellow Board members who have all devoted a significant amount of time to the business of the Bank. In closing, I wish to reaffirm that the Bank remains committed to delivering long term value to our shareholders and stakeholders alike.



HARSHA AMARASEKERA
Chairman

19th February 2026
Colombo, Sri Lanka

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW



SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer

> **Our winning strategy, which delivered resilient results in 2025, is anchored on Customer Centricity, Operational Excellence, Digital Leadership, and Sustainable Growth.**

GRI 2-6

Dear Valued Stakeholders

Sampath Bank PLC recorded earnings growth of 11% to deliver Profit After Tax of Rs 30.2 Bn for the financial year ended 31st December 2025. This was supported by growth in Total Assets of 11%, reaching Rs 1,978 Bn as at year-end. The year also saw Sampath Bank designated as a Domestic Systemically Important Bank (D-SIB) affirming our relevance to the country's economy while also underscoring prudential and regulatory obligations to our stakeholders. Having taken on the privilege of leading Sampath Bank since September 2025, I am mindful of our legacy as the catalyst for the digital transformation of the industry with a vision to make banking convenient and affordable at scale. As we go through our digital transformation, we draw inspiration from our roots to deliver that promise for a new era of banking that links Sri Lankans to global opportunities and supply chains.

OPTIMISM AND GROWTH

We moved into 2025 with optimism, buoyed by positive GDP growth across industry, services and agriculture. Although the World Bank has estimated GDP growth for 2025 at 3.5%, a moderation from the 5% growth achieved in 2024, we estimate growth to be between 4% - 5% beating expectations. Increased merchandise exports and imports supported portfolio growth and trade finance growth. Removal of vehicle import restrictions in February 2025 boosted imports, becoming the 4th largest category of imports in 2025. A pro-growth budget introduced in February 2025, coupled with relief measures for vulnerable groups, supported domestic demand. Fiscal policy remained tight, while monetary policy was accommodative, maintaining low interest rates as inflation stayed below target levels. The exchange rate was largely stable but faced pressure from a widening trade deficit following the resumption of vehicle imports. Tourism and remittances continued to bolster foreign exchange inflows, improving consumer confidence and aiding construction sector revival. Overall, while growth persisted, it was tempered by global trade tensions, tariff escalations, and structural impediments, positioning 2025 as a year of consolidation rather than rapid expansion. The uptick in tourist arrivals by 15% to 2.4 Mn supported recovery of this capital-intensive industry although the increase in earnings from tourism recorded only low single digit growth. Worker remittance flows increased by 22.8% driving transaction volumes and values.

It is noteworthy that GDP growth was achieved despite significant geopolitical and geoeconomic shocks that are disrupting global trade flows and institutions, affecting every economy while increasing uncertainties. Cyclone Ditwah highlighted the country's climate vulnerabilities as well as the need for urgent climate action and disaster readiness. Overall, the global events and extreme weather in 2025 underscored the need for resilience through comprehensive risk management frameworks and sound capital management including sufficient capital buffers.

Industry Review

The country's financial sector remained resilient as inflation stabilised and policy interest rates edged down by 25 basis points during the year. This provided a more predictable platform for strategic investment and credit expansion. While challenges such as currency volatility and trade uncertainties persisted, these were met with disciplined risk management and agile financial solutions. The overall industry trend continued towards greater financial deepening, digitalisation, and enhanced regulatory robustness.

We welcome the regulatory developments aimed at strengthening digital payment infrastructures and fostering responsible innovation, viewing them not as constraints, but as essential frameworks that build systemic trust and create a level playing field for sustainable growth.

We capitalised on these conditions, translating macroeconomic stabilisation into tangible growth by prudently expanding our lending portfolio, deepening our deposit base, and investing in the sectors most poised to drive Sri Lanka's recovery and future prosperity.

Total Operating Income
Rs 109.5 Bn
25.1% ↑
2024: Rs 87.5 Bn

Net Loans & Advances
Rs 1,128 Bn
31.1% ↑
2024: Rs 860 Bn

Total Capital Adequacy Ratio
17.65%
Minimum regulatory requirement: 13.5%

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW

Our optimism is rooted in this demonstrated ability to grow in concert with—and in support of—the nation's evolving economic landscape.

PARTNERSHIPS FOR GROWTH

Our intention is to be the partner of choice across the entire economy. These partnerships are now becoming deeper and more supportive, powered by our investment in Advanced Data Analytics, which enables the Bank to offer targeted solutions for key customer segments. For our retail customers, these analytics enable hyper-personalised offerings, from tailored lending plans to pre-approved credit, enhancing financial wellness. For our SMEs, we leverage insights to provide not just capital, but timely, data-driven advice on cash flow management and market opportunities, turning banking into a strategic advantage. For our corporate clients, analytics streamline and expedite service delivery, from faster credit decisions to sophisticated, treasury and trade solutions that improve operational efficiency.

Importantly, our insights inspired relevant innovation. Retail customers benefited from zero equity housing loans in partnership with selected real estate developers supporting individuals to ownership of their own home. Launched in 2025, "Sampath Select" represents a pioneering step in digital lending. This AI-powered instant personal loan provides customers with a seamless and secure application experience, enabling completion in just five clicks via the Sampath Vishwa Mobile App. High net worth customers benefited from enhanced features on digital platforms providing them with enhanced experience. SME customers benefited from increased support through an enlarged and trained team of relationship managers as well as enhanced features via digital platforms. The API Banking platform enabled corporate customers to seamlessly integrate their systems with the Bank, facilitating streamlined transactions across the supply chain.

Critically, this technological advancement directly fuels our mission of financial inclusion and access. By building sophisticated digital profiles, we can responsibly extend services to segments previously deemed underserved, using alternative data to assess creditworthiness beyond traditional metrics. This allows us to reach more first-time entrepreneurs, rural businesses, and individuals, ensuring that growth is not just facilitated, but is also equitable and far-reaching.

A WINNING STRATEGY

Our winning strategy, which delivered resilient results in 2025, is anchored on four enduring strategic pillars: Customer Centricity, Operational Excellence, Digital Leadership, and Sustainable Growth. This framework remains our guiding compass for 2026 and beyond. A critical, cross-cutting enabler of all these pillars is our strategic investment in Advanced Data Analytics, which we have formally elevated as a core strategic capability.

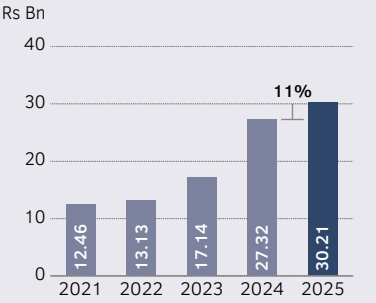
This analytics-driven approach powers our strategy. It deepens Customer Centricity by enabling hyper-personalisation and predictive service. It drives Operational Excellence through intelligent automation and risk foresight. It is the cornerstone of our Digital Leadership, creating smarter platforms and products. And it underpins Sustainable Growth by allowing for portfolio steering and impact measurement.

Executing this strategy has required deliberate and significant upfront investment. We have consciously accelerated our expenditure in talent development—attracting and upskilling data scientists and digital experts—and in foundational IT infrastructure, including our new data lake and core banking system. These essential investments have, in the short term, exerted upward pressure on our cost-to-income ratio. We view this not as a cost, but as a strategic capital allocation. These investments are building scalable, intelligent, and efficient platforms that will generate superior returns, enhance customer lifetime value, and drive significant operational leverage in the coming years, ultimately bringing our cost-to-income ratio to a sustainably lower and more competitive level.

VALUE DELIVERED

The Group delivered increased value to shareholders, recording Profit after Tax (PAT) of Rs 32.6 Bn for the year ended 31st December 2025, a growth of 13% over the previous year. The Bank accounted for PAT of Rs 30.2 Bn, reflecting year-on-year growth of 11%. This was driven by a commendable 21% increase in net fee and commission income, an exchange gain of Rs 5.3 Bn compared to a loss of Rs 4.2 Bn in 2024, and a net gain on derecognition of financial assets amounting to Rs 4.0 Bn. These cushioned the impacts of narrowing Net Interest Margins (NIMs) as the Average Weighted Prime Lending Rate (AWPLR) edged lower and yields from government securities decreased. Operating expenses increased by 19% to Rs 46.8 Bn, primarily due to expenses associated with the alignment of new strategies. Return on Equity (ROE) and Return on Assets (ROA) stood at 17.93% and 2.60% in 2025, compared to 17.74% and 2.84% recorded in 2024, respectively.

Profit After Tax



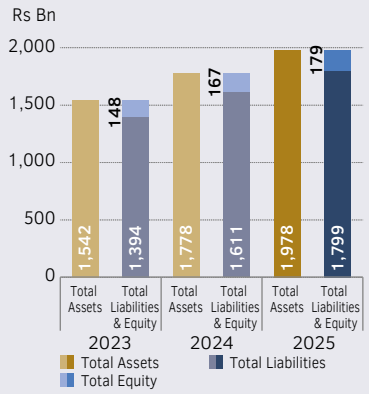
Importantly, the Bank's credit rating was revised upwards from 'A(lka) Stable' to 'AA-(lka) Stable' as Fitch revised the country rating from CCC- to CCC+ affirming the stability of the Bank. The Bank's Common Equity Tier 1 (CET1), Total Tier 1, and Total Capital ratios stood at 14.75%, 14.75%, and 17.65%, respectively. These ratios remained well above the regulatory requirements, even with the additional 1% capital buffer across all tiers following Sampath Bank's designation as a D-SIB in April 2025. Prudent liquidity levels were sustained, with the All-Currency Liquidity Coverage Ratio at 239.79% and the Net Stable Funding Ratio at 173.00%, comfortably exceeding regulatory requirements.

The Sampath Group's Total Assets increased by 12% to Rs 2.06 Tn with the Bank accounting for 96% of the Group's Total Assets. Total assets of the Bank recorded growth of 11% to Rs 1.98 Tn driven by expansion of the Bank's gross loan portfolio by 27% to Rs 1,224 Bn, surpassing the Rs 1 Tn milestone in 2025

in the 2nd quarter. Rupee denominated loan growth was 28% amounting to Rs 226.6 Bn while foreign currency denominated loan growth was 23% recording an increase of Rs 32.5 Bn. Accordingly, the Bank's investment portfolio recorded a decline of 11% to Rs 711.1 Bn, reflecting the strategic reallocation of funds towards lending growth following the maturity of short-term investment securities.

Growth was driven by increased expansion of Group deposits by 12% to Rs 1.68 Tn with the Bank accounting for 98% of deposits which amounted to Rs 1.65 Tn at the close of the year. Rupee denominated deposits increased by 13% to Rs 1.40 Tn while foreign currency denominated deposits increased by 10% to Rs 243.2 Bn. The Bank's CASA base strengthened by Rs 71.5 Bn during the period, with the CASA ratio improving to 34.7% as at 31st December 2025, an increase over 34% at the close of 2024.

Assets, Liabilities & Equity



CONTRIBUTION BY MAIN BUSINESS LINES

All segments of the Bank contributed positively to earnings and balance sheet growth. SME and Retail Banking continue to be the largest and most profitable segment followed by Dealing/Investment, Corporate Banking and Others.

SME and Retail Banking

The SME and Retail Banking gross loan portfolio increased by 20%, driven by a diversified product offering supported by multiple digital platforms as well as an islandwide branch network. For the first time in Sri Lanka, Private Banking was launched under a decentralised model with seven Private Banking units established in key areas, four of which are located outside the capital of Colombo. The value proposition offered has gained market attention due to its unique mix of exclusive privileges, personalised service delivery and tailormade financial and wealth management solutions. A focused customer centric digital transformation strategy has driven accelerated growth in adoption of mobile and other digital applications by customers. The resultant growth in digital transaction volumes supported healthy uplift in net fee and commission income of 18.8%. The relatively moderate increase of 4.5% in net interest income was supported by growth in loans and advances. Increased impairment charges of Rs 1.13 Bn was primarily driven by higher collective impairment as a result of the portfolio growth. In addition, operating expenses increased by 23%, reflecting costs incurred in aligning with new strategic initiatives. The Deposit growth of 12% to Rs 1.65 Tn reflects increasing customer confidence and high levels of customer retention underpinned by strong governance and prudent financial stability indicators.

A strong customer value proposition underpins growth of this key segment which continues to be enhanced with innovative products. Notable product launches this year include the Private Banking proposition and the 10 second loan leveraging AI which enables pre-approved customers to avail themselves of this facility at any time of the day via our digital platforms. Supply chain financing products will support growth of SMEs as we pursue strategic partnerships, leveraging our corporate banking relationships to support growth of the next generation of entrepreneurs and emerging corporates. Zero equity housing loans mentioned above is another example of the Bank's response to needs of key customer segments. The Bank's strategy to drive growth in the High-Net-Worth client segment continues to yield positive results supported by select collaborations, building on a solid base nurtured over the years.

Corporate Banking

The Corporate Banking gross loan portfolio grew by 34.0%, driven by increased exposures to renewable energy, trading, domestic manufacturing, tourism, and export-oriented sectors, supporting the country's development agenda. Increased focus on strengthening recovery and rehabilitation processes led to a reversal of impairment charges amounting to Rs 3.0 Bn in 2025 compared to a charge of Rs 3.3 Bn in 2024.

Growth potential of this segment was tempered by the geoeconomic uncertainty as investors adopted a "wait and see" stance pending an abatement of elevated uncertainties during the year. The Bank continues to enhance Sampath Vishwa Corporate application and also introduce the API Platform in a sandbox environment to support seamless integration with clients. We expect this to gain traction in the year ahead, deepening relationships with our corporate customers.

Dealing/Investment

The Dealing/Investment segment manages liquidity, investment portfolios, and market risks. Volatility in financial markets resulted in a decrease of NII by 20.7% to Rs 20.9 Bn in 2025. The Bank's realised gains on derecognition of financial assets amounted to Rs 4.0 Bn in 2025. Total exchange gains amounted to Rs 5.3 Bn in 2025, driven primarily by the LKR depreciation of Rs 16.63 against the USD. In contrast, in 2024, the LKR appreciated by Rs 30.75 per USD, resulting in an exchange loss of Rs 4.2 Bn.

The segment's PBT for 2024 was elevated to Rs 34.1 Bn following the Rs 15.8 Bn impairment reversal on Sri Lanka International Sovereign Bonds. Consequently, PBT in 2025 reflects a reduction to Rs 24.9 Bn, also driven in part by the contraction of the investment portfolio amid the declining interest rate environment that prevailed during the year.

A disciplined risk management framework supported by efficient processes and diligent oversight ensures that asset management and trading strategies are carefully balanced to deliver stable returns while ensuring optimal liquidity.

Subsidiaries

Our subsidiaries in capital markets, information technology and NBFI sector faced sector-specific headwinds but benefited from Group synergies as a tailwind. The PBT contribution from

Group, subsidiaries increased by 2.1% to Rs 3.8 Bn which is largely attributable to the growth of Siyapatha Finance and Sampath Centre. Siyapatha Finance delivered PBT of Rs 2.7 Bn for the year under review, an increase of 26.3% over the previous year. Profitability was driven through commendable growth in the loan portfolio, with high levels of growth witnessed in vehicle leasing and gold loans. Lending growth was funded by a successful drive to grow deposits which increased by 14.8% to Rs 37 Bn and an increase in borrowings by Rs 17.7 Bn. Collectively, the subsidiaries reached milestones in customer acquisition and product innovation, extending our Group's value proposition and creating cross-selling opportunities.

The Group will continue to enhance its service offering through a more focused, customer centric approach, highlighted by the incorporation of Sampath Wealth Management Ltd. in January 2026.

MANAGING TALENT

Our people are our greatest asset and the primary drivers of our strategy. The team expanded by 489 members as we pursued our strategy of customer centricity, strengthening our front lines and recalibrating skills required for a future ready workforce. In 2025, we made a significant investment of Rs 206 Mn in talent development to future-proof our organisation and fuel our ambitious growth plans. This investment was multifaceted, encompassing intensive upskilling programmes in data analytics, digital banking, and leadership, as well as targeted recruitment of specialist skills. Furthermore, we have proactively aligned our organisational structure to our strategic pillars—Customer Centricity, Operational Excellence, Digital Leadership, and Sustainable Growth—ensuring clear accountability and streamlined execution. This realignment is actively creating new growth opportunities for our staff, opening pathways into emerging fields like Advanced Analytics, ESG advisory, customer relationship development, digital product management, and cybersecurity. While the challenge of attracting and retaining top talent in a competitive market persists, our focused efforts have successfully strengthened our internal talent pipelines through robust recruitment programmes, mentorship, and a culture that promotes internal mobility. The result is a more agile, skilled, and engaged workforce that is directly delivering higher productivity, innovation, and superior service to our customers.



Sampath Bank crowned "Sri Lanka's Best Bank for ESG" at the prestigious Euromoney Awards 2025

Health and wellbeing of employees was a key pillar with a comprehensive range of activities to drive awareness of non-communicable diseases and encourage healthy lifestyles. This was strengthened with diagnostics and access to medical care through clearly specified schemes. 9.1% of the value created was distributed to employees which amounted to Rs 19.9 Bn, an increase of 10.5% over the amount distributed in 2024.

RISK MANAGEMENT

The Bank has strengthened its risk governance framework by realigning the roles of the Board Integrated Risk Management Committee (BIRMC) and the Risk Management Department (RMD) with the CBSL Direction No. 05 of 2024 on Corporate Governance for Licensed Banks. Management of sustainability-related and climate-related risks and opportunities have been enhanced in accordance with SLFRS Sustainability Disclosure Standards S1 and S2, ensuring the Bank remains compliant with evolving regulatory requirements. The Operating Manual for the RMD was also updated to cover all relevant units, supporting a unified approach to risk management. In credit risk, a comprehensive independent validation of the Credit Risk Management IT System is currently ongoing, affirming the soundness of the Bank's credit risk assessment framework. The Credit Risk Management System itself was upgraded for more robust risk assessment and monitoring, and the internal delegated authorities for credit decisions were revised to ensure that expertise and oversight align with the Bank's risk appetite.

In market risk management, the Bank broadened its risk oversight by introducing tolerance limits for additional market risk components and putting in place an independent monitoring mechanism for the Primary Dealer Unit. Operational risk controls were improved by upgrading the Internal Loss Event Data Reporting System, allowing for more structured and detailed data capture and enabling multi-dimensional analysis of operational risk incidents. Liquidity and capital management were further strengthened by incorporating additional regulatory capital requirements resulting from the Bank's classification as a Domestic Systemically Important Bank (D-SIB) into overall capital management strategies. A comprehensive review of the Bank's material risks is being conducted through the ICAAP model validation process, ensuring proactive management of both existing and emerging risks while reinforcing sound capital planning and capital adequacy management. The Bank maintained strong liquidity and capital positions, ensuring ongoing stability and readiness to support future growth, with contingency, recovery, and resolution planning firmly embedded in its approach.

A COMPREHENSIVE SUSTAINABILITY AGENDA

The Bank prepared for the first year of mandatory sustainability reporting in line with the SLFRS S1 and S2 requirements from 2024, with the support of technical guidance. The Board Sustainability Committee established in 2024 together with the management level ESG Committee monitored progress during the year as the Bank undertook a range of activities to ensure compliance by addressing identified gaps. A Climate First Action Plan was prepared with clearly specified milestones for the implementation. Following the extensive stakeholder survey conducted in 2024, the Bank identified climate change and GHG emissions as material topics, and three climate-related risks and opportunities were recognised during the year under review. The results formed the basis of the SLFRS S1 and S2 implementation and the development of an ESG strategy for the Bank.

Green Deposits launched during the year, which operate within the Green Deposit Framework, enabling environmentally conscious customers to participate in the country's transition to a low carbon economy. The Environment and Social Management System (ESMS) was enhanced and the scope widened to cover all lending facilities except for schematised products, ensuring that environmental and social compliance is embedded across the Bank's financing activities. A highlight was the ISO 14000:2015 certification received by the Bank affirming compliance with global best practice in environment management. Capacity building in ESG continues to be a key focus from Board to Executive levels, paving the way for shared understanding of sustainability risks and opportunities as we seek to implement the Bank's sustainability agenda.

The Bank continued its strategic investment in environmental and social projects with community participation to ensure continuity and shared prosperity. "Wewata Jeewayak", our flagship project, is now in its 25th year and undertook the highest number of tank restorations in a single year, benefiting over 8,000 people in the related communities and irrigating over 3,000 acres of farmland. 28 tanks have been restored up to 31st December 2025 benefiting over 16,000 families and irrigating over 4,000 acres of farmland. The Bank also supports these communities enhancing their financial literacy through structured capacity building programmes. Extensions of these projects in partnership with other corporates have enabled many of these communities to thrive as capacity building and access to markets supported socio-economic progress. The "Breath to the Ocean" project has seen over 11 hectare of mangroves and wetland restored protecting endemic flora and fauna in these critical ecosystems. The Bank continues to invest in its coral restoration programme, deepening our commitment to coastal environment restoration. The Bank also implemented a programme to help 200 women-led startups, supporting them through capacity building and access to finance. The Madu Ganga Floating Market was completed during the year and handed over to the community, creating a centre for economic activity which will also serve as a tourist attraction.

REBUILDING STRONGER

The devastating impact of Cyclone Ditwah was a sobering reminder of our shared vulnerability and interconnected fate. Our thoughts and prayers go out to all affected—our employees, our customers, and communities across the nation. The cyclone's toll on lives, livelihoods, and natural capital was profound, creating significant economic dislocation.

Our response was immediate and multifaceted. For our employees, we ensured safety, provided emergency support, and granted flexible working arrangements. For our customers, we launched emergency loan restructuring, fee waivers, and access to fresh capital. At the national level, we actively partnered in relief efforts and provided support through reconstruction financing. Providing essential medical supplies to the Sri Lanka Red Cross Society and donating Rs 100 Mn to the "Rebuilding Sri Lanka" Fund are among the supportive actions taken by the Bank.

From this challenge springs a determined resolve: to Rebuild Stronger. We are integrating climate resilience into our lending and advisory services, believing that our recovery must lay the foundation for a more sustainable and robust future.

TECHNOLOGY TRANSFORMATION

Our technological transformation is a fundamental, multi-year reimagining of how we operate, serve, and compete. In 2025, we executed a critical phase of this journey by making significant, strategic investments to introduce new core systems and technology platforms. This includes the deployment of an upgraded core banking system, an advanced API integration platform, and a unified customer data ecosystem. We are confident that this foundational upgrade will create a decisive competitive advantage in the market by enabling unparalleled speed, personalisation, and scalability in our product development and service delivery.

This transformation is underpinned by robust IT governance, customer privacy, and data security protocols, ensuring resilience and trust as we innovate. We are responsibly adopting AI and machine learning in areas like credit assessment and personalised financial insights, while actively building our team's capacity in data analytics and agile methodologies. Key wins in 2025 include the successful launch of our new API platform, first-to-market 10-second personal loan, and a significant reduction in digital onboarding time. The way forward is a continued commitment to this cloud-ready, API-driven architecture, which will foster a new era of innovation, partnership, and customer-centric growth for the Bank.

THE WAY FORWARD

Global and Sri Lankan forecasts point towards moderate growth, with potential in tourism, domestic manufacturing, tech exports, and a green transition. Agriculture and food security will continue to be a focus given its direct impacts on inflation as demand outstrips supply, exerting pressure on interest rates and external trade balances. Significant downside risks include climate shocks (like Ditwah's lingering impacts), geopolitical confrontation, disruption of established global supply chains, and commodity price volatility. It is worth noting that the interconnectedness of these factors can increase the downside impacts but also enhance the opportunities.

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW

In the short term, driving growth and rebuilding stronger in cyclone affected areas will dominate the country's agenda together with government revenue collection. The medium-term hinges on structural reforms while long-term prosperity is linked to sustainable and inclusive economic policies. On the regulatory front, the decrease in the single borrower limits will present some challenges for larger corporates and conglomerates, limiting growth and investment.

Our plans are clear for the Bank:

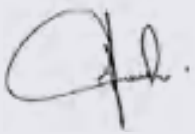
- **Short-term**: We will achieve double-digit growth in advances and launch new ESG-linked loan products while maintaining the capital ratios comfortably above regulatory minimum.
- **Medium-term**: We plan to grow SME and Retail portfolios at double-digit rates, reduce our cost to income ratio to below industry average and achieve a significant digital revenue contribution.
- **Long-term**: Our goal is to be recognised as Sri Lanka's best bank across all customer segments while achieving net-zero in our operational footprint and to consistently deliver above industry Return on Equity.

ACKNOWLEDGEMENTS

As I conclude my first review as Managing Director/Chief Executive Officer of Sampath Bank PLC, I would like to express my sincere appreciation to my predecessor, Mrs Ayodhya Iddawela Perera, whose guidance and support helped ensure a smooth transition in leadership.

> **For the first time in Sri Lanka, Private Banking was launched under a decentralised model with seven Private Banking units established in key areas, four of which are located outside the capital of Colombo. The value proposition offered has gained market attention due to its unique mix of exclusive privileges, personalised service delivery and tailormade financial and wealth management solutions.**

My profound gratitude goes to our dedicated employees, whose resilience and commitment are our inspiration. I thank our loyal customers for their trust, our shareholders and other investors for their steadfast support, and the Chairman, the Board of Directors for their wise guidance. Finally, we extend our thanks to the Central Bank of Sri Lanka, other regulators, and community partners for their collaboration. Together, we will build a stronger, more prosperous future for all.



SANJAYA GUNAWARDANA

Managing Director/Chief Executive Officer

19th February 2026
Colombo, Sri Lanka

PURPOSEFUL STRATEGY

Our Strategy | 34
Our Approach to Sustainability | 41
Our Value Creating Business Model | 50
Our Sustainability Journey | 52
Materiality | 54
Engaging with Our Stakeholders | 58

Report on SLFRS S1 and S2 Sustainability-Related Financial Disclosures

Interview with the Chairperson of Board Sustainability Committee | 66
Independent Practitioner's Assurance Report to the Board of Directors of Sampath Bank PLC on the SLFRS Sustainability-Related Financial Disclosures Presented in the Integrated Annual Report 2025 | 68
SLFRS Sustainability-Related Financial Disclosures | 70

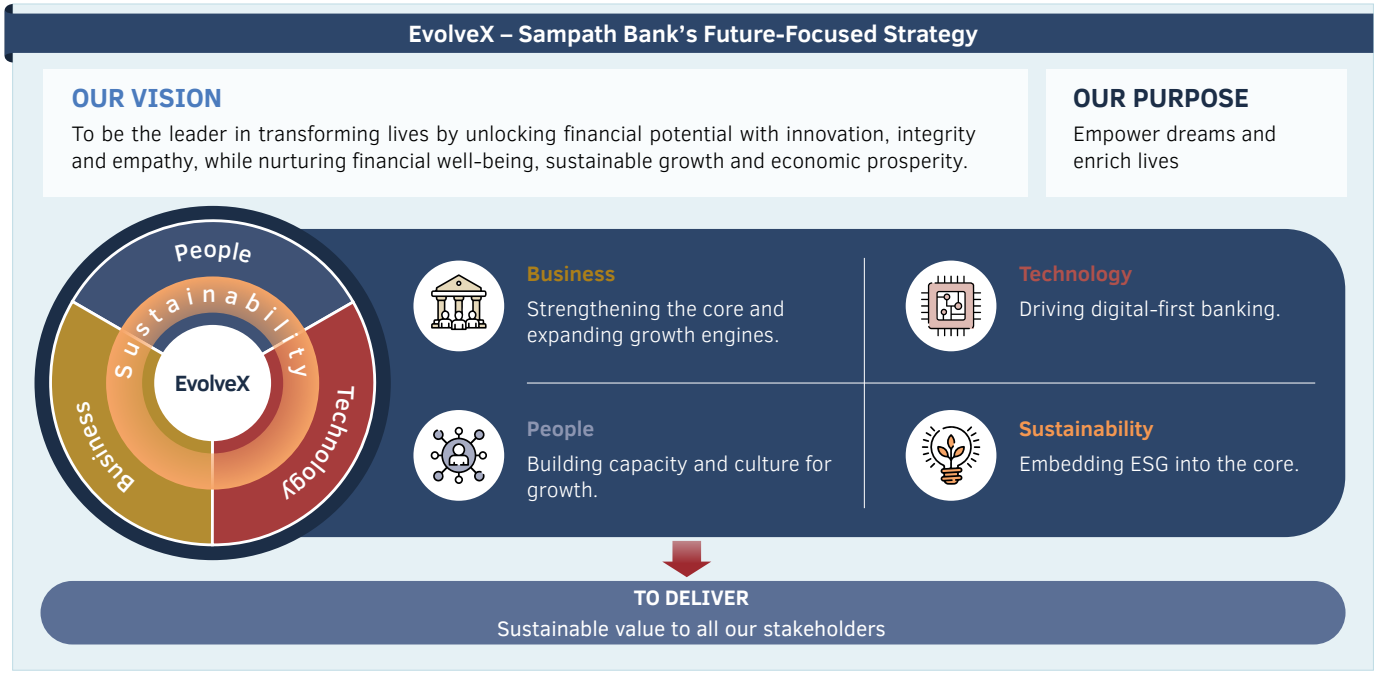


A RESPONSIVE SYSTEM

Our strategy is dynamic, functioning as a responsive system that adapts, evolves, and delivers. Grounded in purpose yet agile in execution, it ensures we remain relevant across diverse communities, resilient in the face of change, and ambitious in our growth trajectory.

OUR STRATEGY

2025 marked the launch of EvolveX, Sampath Bank's refreshed 5-year strategy, to drive its next phase of growth and transformation. Building on its strong market position forged over a 39-year operating history, the new strategy reflects a forward-looking response to the forces shaping the future of banking which include rapid digitalisation, shifting stakeholder expectations, financial inclusion and the increasing imperative for sustainability.



CRAFTING OUR NEW STRATEGY

EvolveX was initiated in 2022 after an evaluation of our external environment, internal strengths, and stakeholder feedback revealed the need for a renewed framework. These insights underscored the importance of a more future-ready approach. Accordingly, EvolveX was designed to support sustainable value creation for all stakeholders.

2022

- Recognised the need for strategic refreshment.

2023-2024

- Extensive evaluation of our operating context, internal strengths and weaknesses, stakeholder expectations, technology trends, strategic aspirations among others.
- Engaged a professional global consultancy firm for specialised expertise in refining our new strategy.
- Strategy formulation including the development of measurable short, medium and long-term goals for the next 5 years, resource allocation and establishing monitoring mechanisms.
- Finalisation of the new strategic plan and Board approval.

2024

- Unveiled our new vision and purpose to guide the implementation of EvolveX.

2024-2028

- Implementation of EvolveX.
- Resource allocation for effective implementation.
- Monitoring implementation to ensure progress remains aligned with the strategic plan.
- Monitoring performance to ensure alignment with strategic objectives.

EXECUTING OUR STRATEGY

Following Board-approval of the new strategy, emphasis was then placed on ensuring a disciplined approach to its execution. Accordingly, during 2025, we implemented numerous strategic interventions to establish the foundation required for effective delivery of our strategic objectives over the next 3 years. This included,

- The roll-out of detailed execution plans across business units that aligned with the goals of each strategic pillar.
- Heads of Business Units were responsible for driving implementation while overall oversight was provided by a designated member of Corporate Management. Progress made against plans were reported to the Board on a quarterly basis.
- Resource allocation for effective implementation of strategic priorities with due consideration to the return on investment.
- Monthly reviews of pre-defined KPIs for each strategic pillar by the Steering Committee, alongside top customer wins, new product launches, and progress made on sustainability commitments. Identified deviations were evaluated for root causes and corrective action was implemented where required.
- Deep engagement with team members to foster commitment to the new strategic objectives.
- Alignment of reward systems with strategic goals to support balanced performance delivery across financial and sustainability commitments.

Progress made on each strategic pillar in 2025 is described in detail below.

BUSINESS

Our Strategic Focus

Accelerate revenue diversification and margin resilience by scaling fee income, deepening customer primacy, and maintaining prudent balance sheet discipline.



Deepening Corporate Relationships

Performance highlights

↑ 34%
Corporate loan growth

↓ 9%
Corporate Stage 3 loan portfolio

Deliver comprehensive, customised solutions to large corporates and mid-market companies in priority industries with a strong emphasis on governance and sustainability-linked products.

Progress made in 2025

- Delivered customised, industry-specific banking solutions to conglomerates, multinational companies and large corporates across key industries.
- Placed emphasis on delivering comprehensive solutions that fulfilled the broad-ranging needs of corporates.
- Maintained strong engagement to understand and deliver tailored solutions.
- Leveraged digital tools to enhance the customer experience and improve service delivery.

Way forward in 2026

- Operationalise the developed solutions to deliver enhanced value to corporate customers.
- Strengthen relationships with corporates through deeper engagement.
- Identify unfulfilled needs of corporate customers and develop tailored solutions.

Scaling Non-Interest Income Streams

Performance highlights

↑ 22%
Fee and commission income growth

↑ 18%
Growth in Sampath Vishwa transaction volumes among corporate and SME customers

Develop comprehensive channels for corporates, SMEs, FinTechs and institutional customers to unlock new streams of fee income and strengthen customer retention.

Progress made in 2025

- Deeply integrated digital banking with corporate and SME channels to support the development of comprehensive solutions for customers. This supported an increase in transaction volumes and strengthened retention among existing customers while supporting the acquisition of new customers.
- Delivered a comprehensive suite of products for cash management, trade finance and liquidity management.

Way forward in 2026

- Introduce new industry-leading technology to corporate and SME customers.
- Revamp existing digital offerings to strengthen value creation for customers.
- Promote the transition to digital banking solutions among corporate and SME customers.

BUSINESS

Engaging the Affluent and Emerging Wealth Segments

Performance highlights

7

Private Banking Centres opened in 2025

6

Innovative service channels introduced

Deliver a customised value proposition that fulfils the unique needs of high-net-worth, affluent and mass affluent individuals.

Progress made in 2025

- Introduced Sampath Bank Private Banking, a comprehensive, personalised value proposition for affluent customers featuring,
  - Personalised service delivery through exclusive engagement channels.
  - Premium lifestyle privileges.
  - An exclusive, premium vertical debit card.
- Implemented a differentiated strategy for growth which consisted of
  - Establishing Private Banking Units aimed at serving previously underserved high-net-worth individuals.
- Enhanced the Sampath Vishwa Mobile app to ensure a seamless customer experience across both physical and digital channels.
- Focused brand-building to strengthen visibility and top-of-the-mind recall.

Way forward in 2026

- Enhance the Private Banking value proposition by introducing wealth management and sustainability-linked offerings and expanding strategic partnerships for exclusive lifestyle privileges among others.
- Improve physical accessibility by establishing new Private Banking hubs.
- Bespoke wealth management solutions.

Building a Distinctive SME Franchise

Performance highlights

▲ 20%

SME and retail loan growth

▼ 75%

Reduction in turnaround time for SME loan approvals

Maintain strong engagement and deliver customised value propositions that promote financial inclusion, nurtures long-term growth and builds resilience.

Progress made in 2025

- Focused interventions to enhance service delivery to the SME sector. This included,
  - Dedicated SME lending teams to obtain deeper insights into specific needs and support the delivery of holistic, tailored value propositions.
  - Digitalising numerous internal processes.
  - Bank-wide implementation of risk-based pricing.
- Introduced specialised features within Sampath Vishwa Corporate, tailored to meet the specific requirements of SMEs.
- Improved turnaround time for the approval of leasing products through internal process improvements.

Way forward in 2026

- Promote the convenience of digital banking by onboarding new customers to Vishwa Corporate.
- Offer tailored financial solutions that fulfil customers' specific needs.
- Leverage dedicated SME lending teams to drive growth and increase market share.

PEOPLE

Our Strategic Focus

People are our greatest competitive advantage. We will invest in developing their skills, aligning performance with strategy and nurturing a culture of collaboration, innovation and accountability.

Performance highlights

86%
Employee satisfaction rate (2024)

95.6%
Employee retention rate

44.5%
Female representation

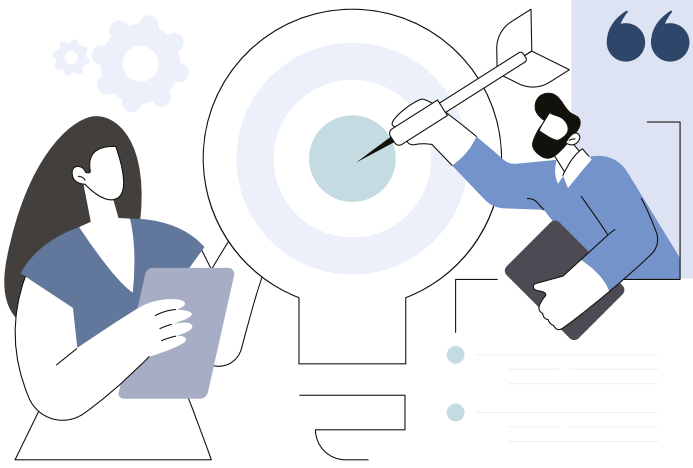
73
Average training hours per employee

Progress made in 2025

- Aligned our people value proposition with the strategic objectives of EvolveX. This included,
  - Extensive team engagement to build awareness and alignment with the new strategic objectives and performance expectations.
  - Refining the organisational structure to deliver on our strategic goals.
  - Introducing a new Performance-Based Reward Scheme that supported collaborative performance.
  - Reviewing and refining the Bank's competency framework to identify new skills required for effective strategy implementation.
  - Upskilling staff in the use of digital tools, risk analytics and sustainability finance.
  - Recruiting talent with specialised skills to support effective strategy implementation.
- Conducted targeted talent programmes for emerging leaders to build leadership pipelines and support greater female representation at senior levels.
- Engagement initiatives to foster a "One Sampath" culture with performance-linked recognition, open communication and innovation forums.

Way forward in 2026

- Ongoing emphasis on delivering a compelling employee value proposition.
- Implement the newly-developed performance-based rewards scheme.
- Improve skills and competencies of key members through structured development programmes.



> Shaped by the forces transforming our industry and evolving stakeholder expectations, our future-focused strategy translates vision into action to deliver sustainable value to all stakeholders.

TECHNOLOGY

Our Strategic Focus

We will embed digitalisation and data analytics at the core of our operations to improve customer experience, drive operational efficiency and support prudent risk management.

Performance highlights

↑ 23%
Digital transaction volumes (Vishwa and WePay)

4
New digital banking products

↑ 12%
Increase in no. of customers transacted through digital channels (Vishwa and WePay)

56
No. of APIs deployed to enable payment services

ZERO
Breaches of data and customer privacy

Progress made in 2025

- Upgraded the Bank's IT infrastructure and systems which included,
  - Migrating the existing cloud database infrastructure to an on-prem cloud database environment.
  - Aligning the Bank's IT infrastructure with the upgraded core banking system to maintain compatibility and performance.
  - Upgraded the IT service management environment to support operational efficiency and improve incident resolution.
  - Migrated data centres to Tier 3 platforms to enhance operational resilience.
- Ongoing investments to enhance the Bank's cybersecurity architecture including the implementation of AI-based technology for proactive threat detection and mitigation.
- Consistent emphasis on delivering a digital-first banking experience to customers. This included,
  - Introduction of new digital customer journeys and new digital payment solutions.
  - Specialised features to Sampath Vishwa mobile app for Private Banking customers.
  - Specialised features for SMEs to Sampath Vishwa Corporate.
- Implemented digital tools to enhance operational efficiency.
- Initiated the upgrade of the CRM and POS network.
- Leveraged advanced data analytics to unlock growth opportunities and drive strategic outcomes.

Way forward in 2026

- Upgrade infrastructure to support next-gen enterprise platforms.
- Transition to a cloud native architecture with considerations given to multi-cloud and hybrid cloud models.
- Invest in predictive threat intelligence and zero-trust architecture.
- Enhance data privacy and compliance frameworks.
- Ongoing focus on enhancing the digital banking experience for customers.
- Expanding the use of advanced data analytics to unlock new growth opportunities.

SUSTAINABILITY

Our Strategic Focus

Sustainability is integral to Sampath Bank's strategy, underpinning long-term operational resilience while contributing to national development and global climate goals. Through this commitment, we aim to reduce our environmental footprint, promote sustainable practices among our customers and empower the communities we serve.

Performance highlights

1,635
Borrowers screened for environmental and social due diligence

Rs 87 Mn
Invested in social and community CSR initiatives

Rs 38 Mn
Invested in environmental CSR initiatives

124,119
Beneficiaries from CSR initiatives

Rs 6,165 Mn
Financing for renewable energy projects

Progress made in 2025

- Consistent oversight of the Bank's sustainability strategy by the Board Sustainability Committee and integration of sustainability related KPIs into relevant Key Management Personnel.
- Implemented Sustainability Disclosure Standards SLFRS S1 and S2 which included,
  - The formal identification of the Bank's CRROs and its implications on the Bank's operations and value chain.
  - Progress on developing a model and conducted baseline development to incorporate ESG risks into ICAAP.
- Maintained focus on green and climate transition financing by launching Green Fixed Deposit including Green Deposit Framework.
- Expanded the scope of the ESMS to all loans (except consumption related lending) to assess and monitor ESG considerations in lending.
- Partnered with PCAF to initiate the quantification of financed emissions across our advances portfolio strengthening our approach to low carbon transition.
- Integrated ESMS into the credit approval system to support the incorporation of ESG considerations in credit evaluation and approval.
- Initiated the implementation of ISO 14001:2015 EMS to identify and reduce the environmental impacts of internal operations.
- Sustained commitment to community engagement through a range of programmes including,
  - The 'Wewata Jeewayak' Tank Restoration Programme
  - The 'Sampath Saviya' Entrepreneurship Development Programme (Agri-entrepreneurs and women entrepreneurs)
  - 'Education for All' programme
- Capacity building with an emphasis on strengthening financial literacy for underserved communities.

Way forward in 2026

- Progressively expand green and transition financing to reach 5% of new corporate lending by 2028. Emphasis will be placed on renewable energy, energy efficiency and climate resilient projects.
- Implement initiatives to reach the Bank's climate transition goals.
- Strengthen customer engagement on executing low carbon transition.
- Maintain commitment to our impactful, long-term focused community engagement programmes.
- Increase our investment on biodiversity projects on land and the ocean to improve carbon sinks.
- Assessing the issuance of green and/or sustainability bonds to support environmentally and socially responsible projects.

SWOT ANALYSIS

S — STRENGTHS

- Public confidence in the Bank's financial strength and stability
- Strong market position in retail banking
- A leader in digital banking innovation in Sri Lanka
- A broad range of innovative banking solutions
- An island-wide presence
- Robust risk management and corporate governance
- An engaged team that identifies strongly with the Bank's vision and values
- Long-standing strategic partnerships with business partners



W — WEAKNESSES

- Reliance on the Sri Lankan market
- Attrition rates remained elevated in recent years, reflecting the challenging economic and social conditions within the country



O — OPPORTUNITIES

- Lead the transition to digital banking in Sri Lanka
- Opportunities for credit expansion given stable macro-economic conditions
- Growth potential of the SME sector
- Drive financial inclusion
- Promote sustainable business practices
- Opportunities for innovative financial solutions given evolving customer preferences



T — THREATS

- Intensifying competition given the growing presence of digitally sophisticated banks/fintechs
- Implications of climate change
- New entrants through trade agreements
- Unforeseen economic and political shocks
- Geopolitical tensions and its implications on customers' credit profiles



OUR APPROACH TO SUSTAINABILITY

Sustainability forms the core of EvolveX, underpinning our strategic priorities across Business, Technology, People and reflecting our commitment to delivering sustainable and inclusive value to all our stakeholders. The integration of economic, social and environmental considerations into our strategy formulation and decision-making processes has strengthened the resilience of our business operations while supporting responsible lending decisions that contribute to a more sustainable future.

Sustainability Context in 2025

- Humanitarian and economic implications of cyclone Ditwah and the resultant flood disasters
- Responsible human capital management
- Financial inclusion amidst rising inequality
- Digital financial inclusion
- Implications of climate change
- Preserving natural ecosystems and responsible consumption
- Increasingly stringent sustainability related regulations and disclosure requirements
- Customer privacy and data security
- Fostering community empowerment and resilience
- Emergency preparedness

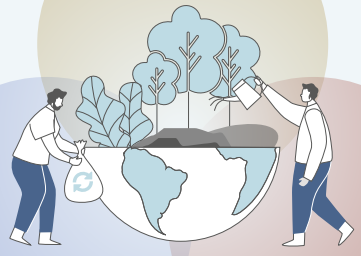
Local and Global Principles, Standards and Guidelines that Inform Our Sustainability Approach

- National Environmental Act
- CBSL Green Finance Taxonomy
- Sri Lanka Banks' Association's Sustainable Banking Principles
- 10 Principles of United Nations Global Compact (UNGC)
- UN Sustainable Development Goals
- IFC Performance Standards
- WHO Health and Safety Standards
- Labour Convention of the International Labour Organisation
- GRI Standards issued by the Global Sustainability Standards Board (GSSB)
- SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2) issued by the Institute of Chartered Accountants of Sri Lanka
- Sustainability Accounting Standards for Commercial Banks – Sustainability Accounting Standards Board (SASB) of the IFRS Foundation
- IWA 48:2024 Framework for implementing ESG principles
- National Green Reporting System (NGRS)
- ISO 27001:2022 Information Security Standard Certification
- ISO 14001:2015 Environmental Management Systems (EMS)
- ISO 14064-1:2018 Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals

OUR APPROACH TO THREE PILLARS OF SUSTAINABILITY

Economic Sustainability

Our Focus
- Good governance
- Ethical business principles
- Digital leadership
- Market share
- Productivity and efficiency



Environmental Sustainability

Our Focus
- Digital solutions
- Paperless operations
- Green lending
- Environmental programmes

Social Sustainability

Our Focus
- Socially responsible products and services
- Equal employment opportunities
- Financial inclusion
- Community empowerment programmes

Enabled by the Bank's ESG Strategy

Sustainability Governance Structure	Strategic Sustainability Framework	Policies and Procedures

TO CREATE VALUE FOR

Shareholders and Other Investors | Employees | Customers | Community | Government and Regulators | Suppliers and Service Providers

GRI 2-9,12,13

Sustainability Governance at Sampath Bank

Developments in 2025

Strengthening Sustainability Leadership and Governance

To accelerate progress across our strategic pillars and ensure enhanced governance and sustainable value creation, the Bank strengthened its sustainability governance structure in 2025. This entailed the appointment of three new members to the management-level Environmental, Social and Governance (ESG) Committee as described below.

New Appointments and Key Responsibilities:

- **Assistant General Manager – Branch Banking**

  Driving Green/Sustainable Finance, Climate Finance and Transition Finance initiatives within Branch Banking

- **Chief Manager – Corporate Banking**

  Driving Green/Sustainable Finance, Climate Finance and Transition Finance initiatives within Corporate Banking

- **Chief Economist/Head of Research**

  Leading ESG strategy development and integration

Members of the ESG Committee were also assigned new duties and responsibilities in alignment with the requirements of SLFRS S1 and S2 and the implementation requirements of ISO 14001:2015 Environmental Management System

The Bank's sustainability related governance structure is presented below.

Role and Responsibilities		
Board level	Board of Directors	Formulates the Bank's sustainability strategy
	Board Sustainability Committee	Provides recommendations to the Board on sustainability related matters
Management level	ESG Committee	Facilitates the implementation of the Board approved sustainability strategy by liaising between the Board Sustainability Committee and the operational teams The Committee is led by the Executive Director/Chief Financial Officer and comprises a cross-functional team of Corporate/Senior Management as presented below: » Senior Deputy General Manager - Life Lead Operation » Chief Human Resource Transformation Officer » Company Secretary » Chief Risk Officer » Assistant General Manager - Branch Banking » Chief Manager - Corporate Banking » Chief Economist/Head of Research The ESG Committee is also responsible for identifying the Bank's CRROs and its related impacts, implementing appropriate mitigation strategies and monitoring performance against pre-defined metrics (Refer to SLFRS Sustainability related Financial Disclosures on pages 70 to 100)
Executive level	Corporate Sustainability Department	Actively plans, implements and monitors the sustainability initiatives and day-to-day operations related to ESG matters of the Bank under the oversight of the ESG Committee
	ESG Working Group	This cross-functional team with representatives from all business lines and support functions provides oversight for the effective implementation of the Bank's ESG agenda. As the central coordinating team, they ensure that sustainability is a shared responsibility throughout the Bank's operations

GRI 2-23,24

SAMPATH BANK'S ESG STRATEGY

The Bank's ESG strategy is designed to embed sustainability into every facet of its operations and value chain, aligning with global best practice and national priorities. Guided by our ESG Policy and Procedure, ESMS Policy and CSR Policy the strategy focuses on creating long-term stakeholder value while addressing material environmental, social and governance matters through a structured framework.

Key Pillars of the ESG Strategy:

- **Environmental Stewardship**

  This entails minimising the environmental impacts stemming from our own operations as well as from our lending activities. Accordingly, emphasis was placed in 2025, on climate risk management and implementing ISO 14001:2015 EMS to manage the environmental impacts arising from our operations. Additionally, we maintained our commitment to green building concepts, installing rooftop solar systems for our branches and promoting digital banking. Managing lending related environmental impacts included emphasis on responsible green financing, promoting renewable energy projects and extending the ESMS to all facilities (except for consumption related loans). Our commitment to Environmental Stewardship extended beyond our operations to the wider community through investments in biodiversity conservation initiatives.

- **Social Responsibility**

  Our social priorities centre on financial inclusion, digital accessibility and community empowerment. We actively support underserved communities through tailored products, financial literacy programmes and SME financing. Internally, we foster diversity, equity and inclusion, ensure employee well-being and uphold ethical customer engagement.

- **Governance Excellence**

  Strong governance underpins our ESG approach. We integrate ESG considerations into strategic planning, risk management and decision-making processes. The Board Sustainability Committee and ESG Committee oversee implementation supported by robust compliance, transparency and ethical business practices. ESG KPIs are embedded into performance scorecards, reinforcing accountability.

Strategic Focus Areas:

- Strengthening ESG disclosures in line with SLFRS S1 and S2 and global standards (GRI, SASB).
- Greening the portfolio and promoting sustainable finance across retail, corporate and SME segments.
- Investing in climate change mitigation and biodiversity restoration through initiatives such as 'Wewata Jeewayak' (tank restoration) and 'A Breath to the Ocean' (coral restoration, mangrove restoration and turtle conservation).
- Mainstreaming ESG across all business functions through capacity building and stakeholder engagement.

At the Bank, we remain dedicated to continuous improvement, innovation and compliance with evolving ESG standards.

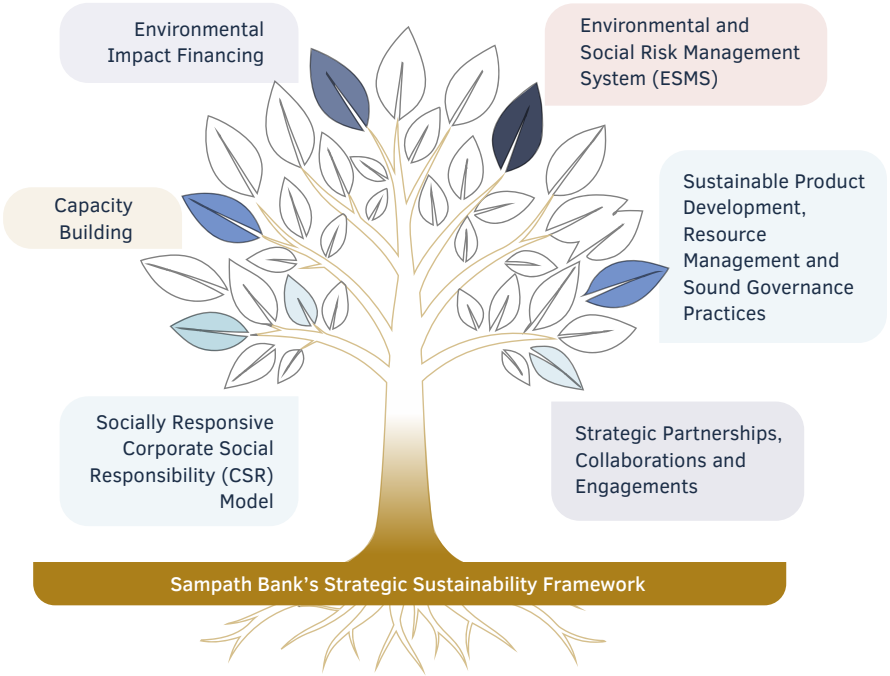
By integrating ESG principles into our core business model, we aim to drive sustainable growth, enhance resilience and contribute positively to the environment, society and economy.

SAMPATH BANK'S ESG POLICY

The Bank's ESG policy aligns fully with its Strategic Sustainability Framework ensuring that sustainability considerations are integrated into all aspects of business operations and decision making. Our ESG policy underpins our commitment to responsible banking by providing a framework for implementing initiatives that address critical sustainability priorities including climate change, financial inclusion, ethical governance and community empowerment. Embedding these principles into our Strategic Sustainability Framework has strengthened the resilience of our business operations while supporting long-term stakeholder value creation and contributing to broader national and international sustainability priorities.

Sampath Bank's Strategic Sustainability Framework

The Bank's Strategic Sustainability Framework, which comprises six pillars, supports the integration of sustainability-related considerations into every aspects of the Bank's business operations.

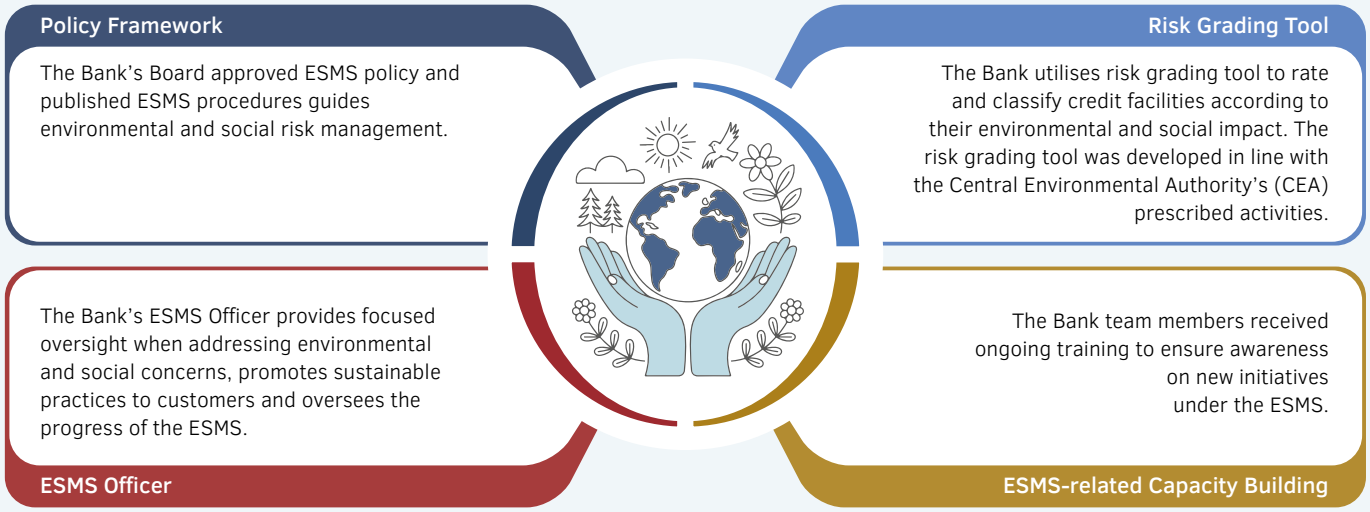


OUR APPROACH TO SUSTAINABILITY

Environmental and Social Risk Management System (ESMS)

The Bank's Environmental and Social Risk Management System (ESMS) provides a robust framework of policies, procedures and systems for identifying and managing environmental and social risks associated with its lending activities. In line with IFC Performance Standards and National Environment Act No. 47 of 1980 Central Environmental Authority, the ESMS facilitates to transition the Bank's portfolio toward low-carbon and green financing, ensure regulatory compliance and integrate ESG risk considerations into core processes such as ICAAP and financed emissions calculations.

The key elements of the Bank's ESMS are summarised below.



Environmental Impact Financing

Maintaining our commitment to supporting the transition to a low carbon economy, we continued to prioritise lending to the Non-Conventional Renewable Energy (NCRE) industry in Sri Lanka. Accordingly, lending to hydro, solar and wind energy generation initiatives in Sri Lanka remained a key strategic priority for Sampath Bank in 2025.

Socially Responsive CSR Model

The Bank adopts a formal and structured approach to corporate social responsibility, ensuring that its CSR programme effectively advances the Bank's broader sustainability priorities. The Bank's CSR policy guides its overall CSR strategy while its Project Management and Evaluation Process (PMEP) conducted by the ESG Committee ensures that sustainability initiatives are selected and designed in line with the Bank's established sustainability priorities. The PMEP also provides an effective mechanism to monitor progress and social impact.

The Bank's project management and evaluation process for CSR initiatives is summarised below.

GRI 2-16





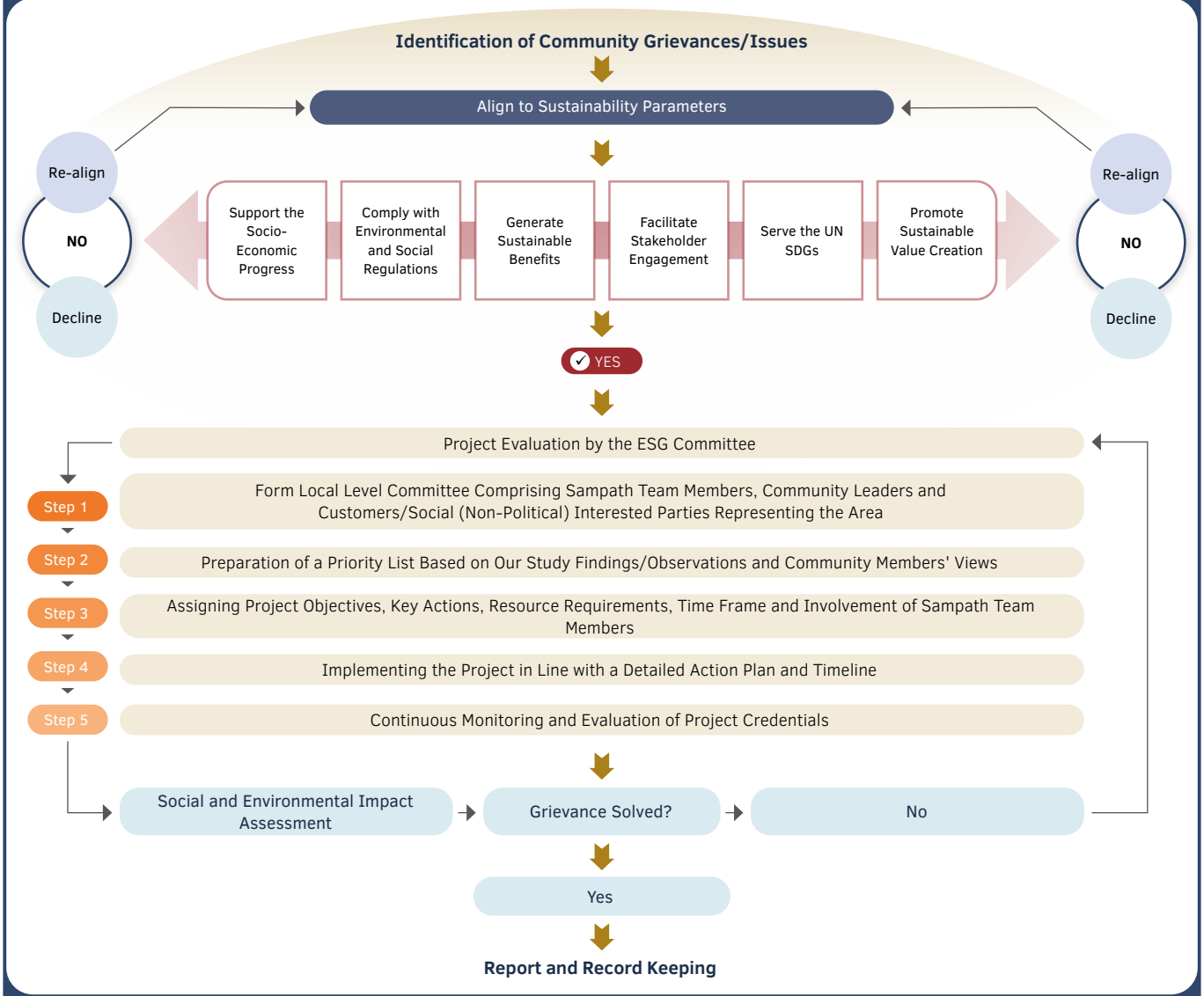
Developments of ESMS in 2025

- The ESMS was extended to all facilities (except consumption loans, leasing, pawning, housing loans and credit cards) strengthening environmental and social risk screening while ensuring a more holistic and inclusive approach to sustainability risk management.
- ESG risk categorisation of all loans was integrated into the Credit Appraisal System and Finacle, the Bank's core banking system enabling enhanced monitoring of ESG risks.
- Capacity building programmes to strengthen internal expertise.

Moving forward, the Bank will continue to expand ESMS coverage, ensuring systematic screening of all applicable facilities and reinforcing its commitment to managing climate-related risks and promoting sustainable growth.

GRI 2-16,25

Comprehensive Project Evaluation Process



The Bank's impactful CSR programmes reinforce our commitment to a unified and impactful sustainability approach. Through these initiatives, we support the implementation of structured, transparent and purpose-drive community engagement programme by consolidating key initiatives under the pillars of Community Empowerment, Education Development, Entrepreneurship Development and Biodiversity Conservation to ensure structured, transparent and purpose driven engagement. In 2025, we continued to strengthen these initiatives, enhancing visibility, stakeholder trust and long term value creation. Through our CSR programmes, we reaffirm our pledge to drive meaningful changes and align our efforts with the Bank's sustainability vision for a better future.

Capacity Building

We continued to invest in strengthening the socio-economic and environmental competencies of our team to support value creation in line with our sustainability related strategic priorities. During the year under review, we leveraged the Vidvan e-learning platform to deliver sustainability related trainings to team members (Refer to Human Capital report on pages 131 to 141).

Strategic Partnerships, Collaborations and Engagements

The Bank continued to build and strengthen partnerships to promote sustainable practices within the Bank and across its value chain. These included,

- Promoting solar energy usage among home owners - Hayleys Fentons (Pvt) Limited
- Recycling of paper waste - Neptune Papers (Pvt) Limited
- Responsible disposal of e-waste - Infinity Green International (Pvt) Limited and N S Green Links Lanka (Pvt) Limited
- GHG verification - Sri Lanka Climate Fund (Pvt) Limited
- Preserving natural ecosystems - Biodiversity Sri Lanka, Wildlife and Nature Protection Society of Sri Lanka, Department of Forest Conservation and International Union for Conservation of Nature and Natural Resources (IUCN)
- Capacity building programmes – National Cleaner Production Centre, Sri Lanka, United Nations Global Compact (UNGC)
- Environmental Management System certification – SGS Lanka (Pvt) Limited
- Calculation of financed emissions - Partnership for Carbon Accounting Financials (PCAF)

Sustainable Product Development, Resource Management and Sound Governance Practices

Sustainability is embedded across the Bank's operations, guiding our approach to product development, resource management and governance. This integrated approach enables us to create long term value while contributing positively to economic growth, social equity and environmental conservation.

- At the Bank, we adopt a holistic approach to product development that integrates customer needs with sustainability principles. Our digital transformation strategy plays a pivotal role in driving innovation, enabling financial solutions that promote financial inclusion, enhance operational efficiency and significantly reduce paper consumption. Guided by a customer centric philosophy, we ensure that all solutions reflect ethical marketing practices, sound lending standards and environmentally conscious financing, including renewable energy projects and rigorous environmental and social risk assessments.

In 2025, we achieved a significant milestone with the launch of the Bank's Green Fixed Deposit, a deposit product dedicated to financing environmentally sustainable projects. Developed under a robust Green Deposit Framework aligned with the International Capital Market Association (ICMA) Green Bond Principles and the Sri Lanka Green Finance Taxonomy, this initiative ensures transparent allocation of funds through four pillars:

- Use of proceeds
- Project evaluation and selection
- Management of proceeds
- Reporting

Independent Limited Pre-issuance Assurance strengthens credibility and mitigates greenwashing risks. Funds raised will initially finance rooftop solar installations across Sri Lanka, with future allocations directed toward other qualifying green projects.

As part of our commitment to sustainable finance, we also expanded financing for electric and hybrid vehicles and introduced the Green Finance Scheme to support businesses adopting eco-friendly practices. Additionally, our Green Energy Solar Loan offers flexible financing with competitive interest rates and customisable repayment terms, catering to homeowners, SMEs and enterprises.

- Minimising our environmental footprint remains a core priority for Sampath Bank. Guided by the findings of the 'Eco Office Audit' conducted in 2022, we implemented comprehensive initiatives across energy, water and waste management to enhance resource efficiency. Key actions included expanding solar power installations across bank-owned buildings resulting in energy savings, a reduction in carbon emissions and lower operational electricity expenses, transitioning to LED lighting, adopting inverter type air conditioners and promoting digital banking solutions to significantly reduce paper consumption. Water conservation measures such as low-flow fixtures, coupled with waste segregation and recycling programmes, further underscore our commitment to environmental stewardship. Complementing these efforts, we remain committed to advancing environmental friendly practices within head office and branch network.

In 2025, we advanced these efforts by initiating the implementation of the ISO 14001:2015 EMS, an internationally recognised standard that provides a structured framework for managing and improving environmental performance across our entire branch network and Head Office. This certification strengthens our ESG policy, streamlines internal processes related to energy, water, waste management and emergency preparedness and positions Sampath Bank as the first Bank in Sri Lanka to adopt ISO 14001:2015 EMS with a broad scope, setting a benchmark for the industry.



- Our Sustainability Governance Framework is designed to uphold transparency, accountability and ethical decision-making across all levels of the organisation. Oversight is provided by the Board Sustainability Committee and the ESG Committee and is supported by well-defined policies and structured reporting

mechanisms. This governance model embeds sustainability into our corporate culture and strategic planning, ensuring that every decision aligns with our long-term vision for responsible banking. Proactive stakeholder engagement and strong leadership further reinforce this approach, enabling us to integrate diverse perspectives and maintain compliance with globally recognised standards, including SLFRS S1 and S2. Through these measures, Sampath Bank continues to strengthen its position as a leader in driving resilience and creating long-term value for all stakeholders.

» Identifying CRROs, the Bank adopts a structured approach to identify, assess, and prioritise climate-related risks and opportunities in line with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2). Our analysis covers both physical risks such as extreme weather events, floods, droughts and rising sea level and transition risks arising from regulatory changes, technological shifts and evolving market expectations. In 2025, we identified three material CRROs:

- Extreme weather events (Physical Risk)
- GHG emission quantification and transition planning (Transition Risk)
- Sustainable finance (Opportunity)

These CRROs are integrated into our Enterprise Risk Management Framework and strategic planning processes to ensure resilience and long-term value creation. Refer to SLFRS Sustainability-related Financial Disclosures on pages 70 to 100.

Our Commitment to the UN SDGs

As a responsible financial institution, Sampath Bank plays a pivotal role in advancing sustainable development by aligning our operations, products, and investments with the UN SDGs. In 2025, we reaffirmed this commitment by focusing on nine priority SDGs that resonate with our business strategy and sustainability vision:

SDG 5 – Gender Equality: Promoting diversity, equity and inclusion across our workforce and ensuring equal opportunities for all

SDG 7 – Affordable and Clean Energy: Financing renewable energy projects and introducing green financial products to accelerate the transition to a low-carbon economy

SDG 8 – Decent Work and Economic Growth: Supporting entrepreneurship, SMEs, and financial inclusion initiatives to foster economic resilience and job creation

SDG 9 – Industry, Innovation and Infrastructure: Driving digital transformation and innovative banking solutions to enhance accessibility and efficiency

SDG 12 – Responsible Consumption and Production: Implementing resource efficiency measures, reducing paper usage through digitalisation, and adopting ISO 14001:2015 Environmental Management System

SDG 13 – Climate Action: Strengthening climate risk management initiating to quantify financed emission through PCAF methodology and promoting sustainable finance

SDG 14 – Life Below Water: Advancing marine ecosystem restoration through initiatives like coral restoration and turtle conservation under our “A Breath to the Ocean” programme

SDG 15 – Life on Land: Supporting biodiversity conservation through reforestation and tank restoration projects

SDG 17 – Partnerships for the Goals: Collaborating with global and local stakeholders to amplify sustainability impact and share best practices

Through these focused efforts, Sampath Bank continues to integrate sustainability into its core business model, creating shared value for stakeholders while contributing meaningfully to national and global development priorities.



> **Identifying CRROs, the Bank adopts a structured approach to identify, assess and prioritise climate-related risks and opportunities in line with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2).**

Strengthening Our Decarbonisation Journey in 2025

Climate change remains one of the most material risks to the Bank's operations, lending portfolio and the communities we serve. In 2025, we reinforced our commitment to Sri Lanka's Net-zero 2050 ambition by prioritising climate change and GHG emissions as a key material topic and identifying GHG emission quantification and transition planning as a critical climate related risk.

Sri Lanka's NDC 3.0 targets a 20.09% reduction in GHG emissions by 2035, requiring rapid transformation across energy, transport, and manufacturing sectors. This transition introduces significant credit and market risks for banks, as carbon-intensive businesses face regulatory, technological, and market pressures. To address these challenges, Sampath Bank is advancing its decarbonisation strategy through:

- Financed Emissions Measurement by Leading the way in Climate Accountability: Recognising the critical role of financial institutions in addressing climate change, we partnered with the PCAF to quantify financed emissions across our lending portfolio. By adopting the globally recognised PCAF methodology and pursuing signatory status, Sampath Bank is strengthening its decarbonisation journey. This milestone ensures regulatory readiness, strengthens investor confidence, and aligns our strategy with global climate targets. It also empowers our customers, particularly those in climate sensitive sectors, to better understand their environmental impact and access innovative, sustainable financing solutions. This establishes a baseline for our transition strategy, with disclosure planned for financial year 2027.
- Transition Aligned Lending: Integrating ESG scoring into credit approvals and shifting portfolio exposure toward renewable energy and low-carbon industries.
- Technology and Capability Building: Investing in systems and analytics for GHG quantification and sector-level emissions assessment, alongside internal training in sustainable finance. Strengthening the credit officer competencies in ESG.
- Customer Engagement: Conducting visits to assess clients' emission profiles and transition plans, ensuring proactive risk management through ESMS process.
- Operational Efficiency: Implementing measures to reduce internal emissions through energy efficiency and low-carbon procurement with the implementation of ISO 14001:2015 EMS within the Bank.

These initiatives position the Bank to mitigate transition risks, unlock green financing opportunities and strengthen resilience in a rapidly evolving regulatory and market landscape. Our decarbonisation journey is not only a compliance imperative but a strategic driver of long-term value creation for stakeholders. For more details, refer to SLFRS Sustainability-related Financial Disclosures on pages 70 to 100.

OUR ESG SCORECARD

GRI 305-1,2,4/413-1

Environment

		2025	2024	2023
Renewable energy sector				
Financing for renewable energy projects	Rs Mn	6,165	1,440	1,819
Projects financed	No.	16	4	6
Transportation sector				
Financing for electric and hybrid vehicles	Rs Bn	10.9	6.0	1.6
Total hybrid/electric vehicles financed	No.	1,325	824	276
Climate action				
Borrowers screened for environmental and social due diligence	No.	1,635	830	n/a
Number of existing loan facilities rated for Sustainability and Climate Risk	No.	47,778	5,992	n/a
Carbon footprint (Scope 1 and 2)	Metric tons (t) CO_2-e	6,763	6,703	7,591
Carbon intensity - per employee (Scope 1 and 2)	Metric tons (t) CO_2-e	1.38	1.51	1.82
Capacity building				
Team members trained on the ESMS/IEE	No.	475	56	388
Team members trained on credit competency development programmes which covered the aspects on environment due diligence	No.	998	1,418	512
Preserving natural ecosystems				
Turtle eggs protected under the 'A Breath to the Ocean' programme	No.	47,283	46,460	50,457
Coral reefs restored under the 'A Breath to the Ocean' programme	No.	3	2	2
School environmental custodians appointed under the 'Gasai Mamai Pubudu Pothai' programme	No.	3,049	5,516	8,146
Team members volunteered in environmental initiatives	No.	2,118	1,850	1,647

UN SDGs Served

GRI 405-1,2/413-1

Social

		2025	2024	2023
Equity and diversity				
Female representation within the Sampath team	%	45	42	39
Remuneration ratio at the entry level (Male : Female)	Ratio	1:1	1:1	1:1
Salary increment granted for all employees	%	10	20	10.5
Supporting the SME sector				
New SME loans disbursed	No.	7,453	6,069	4,774
Total SME loan portfolio	Rs Bn	171.6	159.7	137.7
Total loan portfolio of the Bank	Rs Bn	1,224	965	877
Financial inclusion				
Physical touchpoints island-wide	No.	993	1,050	1,046
Increase in digital transaction volumes	%	22.8	18.1	20.6
Beneficiaries of 'Sampath Saviya' entrepreneurship development programmes	No.	2,414	5,298	4,791
Community engagement				
Investment in 'Wewata Jeewayak' programme	Rs Mn	64	35	24
Internship opportunities provided through corporate leadership programme	No.	664	1,052	975
Beneficiaries from 'Wewata Jeewayak' programme	No.	14,780	6,208	5,316

UN SDGs Served

GRI 2-9

Governance

			2025	2024	2023
Board effectiveness					
Proportion of Independent Directors out of total number of Non-Executive Directors		%	78	77	70
Board meetings		No.	15	14	16
Board meetings with more than 80% of Board members' attendance		%	100	100	100
Female representation at Board level	Period 01.01.2025 - 23.09.2025	%	27	27	25
	Period 24.09.2025 - 31.12.2025	%	18		
Risk management					
Common equity (Tier I) capital ratio		%	14.75	16.75	16.35
Total capital ratio		%	17.65	19.38	19.56
Liquidity coverage ratio - All currency		%	239.79	307.36	312.47
Net stable funding ratio		%	173.00	198.66	184.20
Impaired loans (Stage 3) ratio		%	3.31	4.69	5.87
Impairment (Stage 3) to Stage 3 loan ratio		%	60.4	60.1	57.8
Return on equity (after tax)		%	17.93	17.74	12.65
Compliance					
Taxes paid		Rs Bn	39.2	33.8	32.8
Team members trained on anti-bribery and anti-corruption considerations		No.	4,917	3,276	1,862
Data privacy related incidents reported		No.	Zero	Zero	Zero
Customer complaints resolved		%	98.3	98.2	100

UN SDGs Served

OUR VALUE CREATING BUSINESS MODEL

GRI 2-6

CAPITAL INPUTS

Financial Capital

A strong capital position and diversified funding sources.

- **Rs 179 Bn** shareholders' funds
- **Rs 1,647 Bn** deposits
- **Rs 75.3 Bn** other borrowings
- **Rs 172 Bn** market capitalisation

Human Capital

- **4,917** multi-skilled and engaged employees led by a corporate management team with diverse experience
- **Rs 206 Mn** invested in training and professional studies
- Competitive remuneration

Social and Relationship Capital

- **>4 Mn** customer base
- Relationships with **524** correspondent banks
- Relationships with communities
- Mutually beneficial relationships with **739** registered suppliers
- **Rs 87 Mn** investment in Social and Community CSR initiatives
- Prioritise local sourcing

Intellectual Capital

- **Rs 24.8 Bn** brand value (Brand Finance, 2025)
- Future-ready digital systems and platforms
- Organisational tacit knowledge

Manufactured Capital

- **229** branches island-wide
- **757** ATMs, CDMs and CRMs
- **7** private banking centres
- Information and cyber security
- **Rs 2 Bn** investment in IT infrastructure

Natural Capital

- Robust **data collection mechanism** for energy and water
- **ISO 14001:2015** EMS certified organisation
- Environmental and Social Risk Management System (ESMS)
- **Rs 16.5 Mn** investment in branch solarisation programme
- **Rs 38 Mn** investment in environmental CSR initiatives

VALUE TRANSFORMATION PROCESS

OUR PURPOSE

Empower dreams and enrich lives

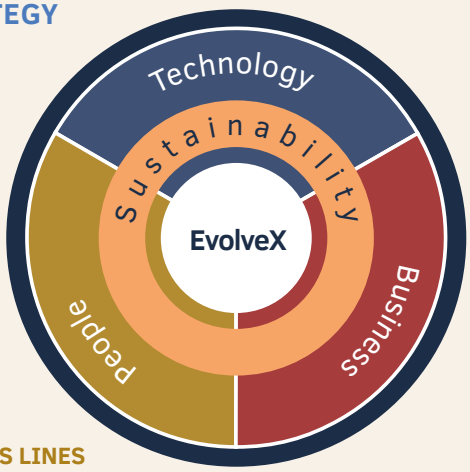
OUR VISION

To be the leader in transforming lives by unlocking financial potential with innovation, integrity and empathy, while nurturing financial well-being, sustainable growth and economic prosperity

VALUES AND CORPORATE CULTURE

Delivered through our strategy and enabled by our business lines

OUR STRATEGY



OUR BUSINESS LINES

- SME and Retail
- Corporate
- Treasury

STRATEGIC OBJECTIVES

- Competitive positioning
- Operational excellence
- Customer experience
- Cost management
- Business resilience
- Corporate citizenship

SUPPORT FUNCTIONS

- IT and data support
- Customer Care Centre
- Other support units
- Operational support
- Legal, Administrative and HR support



UNDERPINNED BY

Robust Corporate Governance | Prudent Risk Management | Compliance

WITHIN THE CONTEXT OF OUR EXTERNAL ENVIRONMENT

Regulatory Landscape | Operating Environment → + Opportunities, − Risks

GRI 2-6

OUTPUTS	CAPITAL OUTCOMES	SDG ALIGNMENT	STAKEHOLDERS IMPACTED
Rs 259 Bn (+27%) Loans and advances growth **Rs 178 Bn** (+12%) Deposits growth	+ Profit after tax **Rs 30.2 Bn** (+11%) + Earnings per share **Rs 25.76** (+11%) + Dividend per share **Rs 10.30** (+10%) + Return on equity (after tax) **17.93%** (+19 bps) + Return on assets (before tax) **2.60%** (-24 bps) + Total equity **Rs 179 Bn** (+7%)		
Rs 30.2 Bn (+11%) Profit generated	+ Payments to employees **Rs 20 Bn** (+10%) + Employee retention rate **95.6%** + Average training hours per employee **73** (+62%) + Health and well-being programmes **7** + Employees received regular performance and career development reviews **98.1%**		
9 New products and services launched **+12%** Increase in no. of customers transacted through digital channels (Vishwa and WePay)	+ Customer complaint resolution: **98.3%** + Beneficiaries of 'Wewata Jeewayak' programme **14,780** + Sanhinda Saver free medical benefits provided **Rs 123.5 Mn** + Social and Community CSR programmes initiated **88** + Beneficiaries of the 'Sampath Saviya' entrepreneurship development programme **2,414** + Internship opportunities provided through Corporate Leadership programme **664**		
+23% Transaction volumes on digital channels (Vishwa and WePay)	+ Awards and accolades **16** + New products and services launched **9** + Invested in IT software **Rs 960 Mn** + **Zero** data privacy related incidents reported		
+19% Transaction values on digital channels (Vishwa and WePay)	+ Invested in PPE **Rs 4 Bn** + Physical customer touchpoints **993** + Millions of ATM, CDM and CRM transaction volumes		
6,763 Metric tonnes (t) CO_2-e Carbon footprint (Scope 1 and 2)	+ Carbon footprint (Scope 1 and 2) **6,763 Metric tonnes (t) CO_2-e** (+0.89%) + Paper recycled **31,823 kg** (-15%) + Beneficiaries of environmental CSR initiatives **71,529** + Solar power generated through the branch network **853,710 kWh** (+28%) + Financing for renewable energy projects **Rs 6,165 Mn** (+328%) + Borrowers screened for environmental and social due diligence **1,635** (+97%) + Biodiversity conservation and other environment related CSR projects conducted **63** + Team members participated in environmental conservation efforts **2,118**		

OUR SUSTAINABILITY JOURNEY

Higher levels of awareness about the impacts of extreme weather is increasing pressure on corporates to report on sustainability across the world. As a Bank that's closely connected to value chains that run from rural communities to global businesses, we saw the urgent need to understand our own impacts and commenced sustainability reporting in 2010. Our journey reflects our understanding that financial stability is connected to environment and social sustainability and that sound governance is required to change course to meet the global sustainability development goals. This is a summary of how our journey continues to evolve with ever increasing commitment to people and the planet.

- Evolving our report
- Sustainability in action
- Sustainability recognition

2013

- Compiled Annual Report using GRI G4 Standards (Comprehensive)
- Compiled the first GHG Inventory Report prepared by Sampath Bank covering Head Office

2014

- Adoption of Integrated Reporting Framework
- Migration to solar energy to manage energy mix of the Bank
- Certification as "Carbon Conscious Bank"

2015

- Annual Report was certified as a 'Carbon Neutral Product' by Sri Lanka Carbon Fund (Pvt) Limited
- Early signatory to the Sri Lanka Banks' Association (SLBA) led Sustainable Banking Initiatives
- Conducted the Carbon Neutral CSR Award Ceremony for employees in the Bank
- The winner of 'Best Corporate Citizen' organised by the Ceylon Chamber of Commerce
- Gold recipient of 'CSR Brand of the Year' organised by Sri Lanka Institute of Marketing

2016

- Launched the first ever Carbon Neutral Hotel Stay programme in Sri Lanka enabling Sampath credit card users to enjoy eco-friendly holidays by fully offsetting the carbon emissions from their hotel stays

2017

- Migrated Annual Report to GRI Standards 'In Accordance – Comprehensive' option
- Scope of GHG Inventory Report expanded to cover the head office and all 229 branches

2018

- Initiated 'Sampath Green Inventor' CSR programme, a national level competition to promote eco-friendly inventions
- Joined hands with Biodiversity Sri Lanka to restore 10 hectares of degraded forest in Halgahawala, Opatha to support conservation of biodiversity

2019

- Conducted a series of special entrepreneurship development workshops for pensioners
- Collaborated with the Provincial Department of Agriculture - North Western Province to facilitate the 'Wayamba Isuru' organic market
- The Bank Head Office was certified as 'Carbon Neutral' by Climate Smart Initiatives (Pvt) Ltd
- Special recognition by the Small Hydro Power Developers Association for the support extended towards sustainable development and energy security of Sri Lanka

2020

- Expanded the 'Sampath Saviya' Entrepreneurship Development Programme to help businesses affected by the pandemic induced economic slowdown, to strengthen their resilience against unforeseen externalities

2021

- Appointed the ESMS Implementation Committee to strengthen the Environmental and Social Risk Management System (ESMS)
- Structured and invested in a 'Deep Discounted Bond' issued by LVL Energy Fund PLC, which is thought to be the first of its kind for a listed corporate in the energy sector
- Launched 'Gasai Mamai Pubudu Pothai' Tree Planting Programme for school children
- Expanded the investment on 'Wewata Jeewayak' Tank Restoration Programme by restoring three tanks in Anuradhapura, Puttalam and Kurunegala districts



2022

- Obtained SLSAE-3000 based Integrated Reporting Assurance Statement
- Commissioned the National Cleaner Production Centre of Sri Lanka (NCPC) to conduct an Eco Office Audit and Waste Audit at the Head Office
- Obtained independent verification to reaffirm that the 2022 GHG Inventory Report is in alignment with ISO 14064-1:2018
- Launched 'A Breath to the Ocean' Oceanic Ecosystem Restoration Programme covering the three pillars of coral replanting, mangrove restoration and turtle conservation
- Appointed a professional consultancy firm to strengthen the ESMS and suggest improvements in line with the Sri Lanka Green Finance Taxonomy and International Finance Corporation (IFC) Performance Standards
- Gold recipient of 'CSR Brand of the Year 2022' organised by Sri Lanka Institute of Marketing
- Recognised as the 'Market Leader - CSR, Sri Lanka' by the Euromoney Magazine 2022 and as the 'Best Bank for CSR, Sri Lanka' by Asiamoney Magazine 2022

2023

- Voluntary compliance with Task Force on Climate-related Financial Disclosure (TCFD) guidelines in the Annual Report
- Launched the Turtle Conservation Project at Rekawa, Tangalle under the 'A Breath to the Ocean' Oceanic Ecosystem Restoration programme
- Strengthened the Environmental and Social Risk Management System with expert knowledge of an external consultancy firm
- Undertook to restore 5 tanks under the 'Wewata Jeewayak' programme
- Signed off as a participatory organisation to the United Nations Global Compact (UNGC)
- Awarded the 'Best Bank for CSR in Sri Lanka 2023' and the 'Best Bank for Environmental, Social and Governance (ESG) in Sri Lanka 2023' by the world renowned Asiamoney Magazine
- Adjudged as the Runner-up in the Banking Category of ACCA Sri Lanka Sustainability Reporting Awards 2023

2024

- Conducted gap analysis for implementation of SLFRS S1 and S2
- Appointment of Manager-ESG Reporting to strengthen the reporting requirements
- Show the readiness for SLFRS S1 and S2 with the guidance of TCFD standard
- Adoption of SASB standard for commercial banks for better transparency
- Continue reporting on Carbon Footprint
- Appointment of Board Sustainability Committee (BSC), Management Level ESG Committee and ESG representatives from each department and branch to strengthen the ESG governance structure
- Appointment of external consultant to strengthen the ESG Policy framework
- Undertook to restore 9 tanks under the 'Wewata Jeewayak' programme signifying the highest ever undertaking during a year making 25th tank restoration
- Re-launched the Sampath Nature Protection Club (SNaPC) with broader objective of contributing towards environmental and social sustainability
- Launched recyclable Sampath Visa Infinite Metal Credit Card for premium offering for top clients
- Ranked among Global Top 3 Banks for Corporate Responsibility by Euromoney
- Awarded as Asia's Best Bank for Corporate Responsibility by Euromoney
- Crowned as the 2nd Runner-Up and Finance Sector Award Winner at the Best Corporate Citizen Sustainability Awards 2024 organised by Ceylon Chamber of Commerce
- Received the Silver Award of the Private Banking Sector at the TAGS Awards 2024 of CA Sri Lanka while securing a spot in Top 10. Honoured with three Certificates of Recognition under Integrated Reporting, Corporate Governance and Sustainability Reporting, showcasing its dedication to transparency, accountability, governance and sustainability for its stakeholders
- Adjudged as the Runner-up in the Banking Category of ACCA Sri Lanka Sustainability Reporting Awards 2024

2025

- Obtained technical assistance on SLFRS S1 and S2 implementation and formed a cross-functional SLFRS team to align disclosures with SLFRS S1 and S2 standards, ensuring compliance with global sustainability reporting frameworks
- Disclosed climate-related risks and opportunities (CRROs) and conducted the Bank's first-ever non-financial interim audit, setting a benchmark for transparency in alignment with sustainability disclosure standards, SLFRS S1 and S2
- Partnered with PCAF (Partnership for Carbon Accounting Financials) to initiate the quantification of financed emissions, strengthening our climate accountability
- Appointed a female Environmentalist to the Bank to enhance environmental initiatives and drive sustainability-focused strategies
- Introduced the Sampath Bank Green Fixed Deposit, a fixed deposit product dedicated to financing environmentally sustainable projects, supported by a published green deposit framework
- Successfully implemented the ISO 14001:2015 EMS standard and obtained certification for the entire branch network and head office, supported by the cross-functional working group formed at the outset to drive and sustain continuous improvement
- Under the Bank's flagship programme 'Wewata Jeewayak', 11 tanks were undertaken for restoration, marking the highest number commenced within a single year and bringing the total number of tank restoration projects undertaken to date to 40 tanks.
- Launched the 'Empowering 200 Women-led Start-ups' programme in collaboration with the University of Sri Jayewardenepura, National Enterprise Development Authority (NEDA) and Ceylon Entrepreneurs' Club (CEC) to foster inclusive economic growth
- Recognised as Sri Lanka's Best Bank for ESG at the Euromoney Awards for Excellence 2025
- Honoured with the Overall Bronze Award at the SAARC Anniversary Awards for Corporate Governance Disclosures 2024, presented by the South Asian Federation of Accountants (SAFA)
- Honoured with the Silver Award in the category of Environmentally Friendly Private Institutions at the Presidential Environmental Awards 2025 organised by Central Environmental Authority, Sri Lanka on our very first attempt
- Honoured as the Winner of the Banking Sector and Runner-up of the extra-large category at the Great HR Awards 2025 by the HR excellence conducted by CIPM
- Honoured with the Bronze Award for the Finance Sector-Large Category at the National Cleaner Production Centre (NCPC) Awards 2025
- Adjudged as the Runner-up in the Banking Category of ACCA Sri Lanka Sustainability Reporting Awards 2025
- At the TAGS Awards 2025 organised by CA Sri Lanka, the Bank was honoured with the Bronze Award in the Private Banking Sector. We also received four Certificates of Recognition for Integrated Reporting, Corporate Governance, Sustainability Reporting, and Digitally Transformative Reporting, underscoring our commitment to transparency, accountability, sustainability, and digital innovation in reporting



MATERIALITY

GRI 3-1,3

Sampath Bank undertakes a materiality assessment annually to identify and prioritise topics that are most significant to the Bank and its stakeholders. We view material topics as critical drivers that align our actions with stakeholder expectations and the dynamic needs of our operating environment.

Our materiality assessment process involves a review of the previous year's material topics, an in-depth analysis of our value chain and an assessment of sustainability-related topics in internationally recognised standards including GRI, SASB and SLFRS Sustainability Disclosure Standards S1 and S2. We also conduct an extensive stakeholder survey annually to gain insights into material concerns of a broad range of stakeholders. Drawing insights from multiple sources in this manner ensures that our materiality assessment is robust and current.

Changes to Material Topics in 2025

- In 2025, the Bank adopted a more focused approach to materiality, selecting the topics that reflect the most significant to our stakeholders and the Bank.
- The materiality assessment process was refined during the year under review to improve the robustness of topic prioritisation by systematically assessing both the Bank's impacts on the economy, environment, society and the financial risks and opportunities affecting the Bank's long-term value creation.
- Following an extensive assessment of stakeholder survey conducted during the last quarter of 2024, 26 Material Topics were initially identified under the lens of Impact Materiality. These topics were then assessed through financial materiality analysis following in-depth management discussions.
- The prioritised and selected 11 material topics were approved by the ESG Committee, Corporate Management, Board Sustainability Committee and the Board of Directors to be considered for next 3 years.

Our materiality assessment process for 2025 is described below.

PREPARE



1 Identification of Material Topics

Potential material topics were identified following a review of material topics in 2024, developments in our operating environment, topics identified as material in local and international sustainability standards and feedback obtained from stakeholder engagement.

2 Clustering and Categorisation

Potential material topics were then categorised and mapped to the capitals.

PLAN



3 Management Discussion

The ESG Committee discussed, analysed and debated the impact of the thematic topics on the Bank, its stakeholders and the environment.

4 Stakeholder Assessment Survey

Insights gained from the robust stakeholder survey conducted during last quarter of 2024 to inform the materiality assessment process.

Stakeholder Assessment Survey

The Bank conducted a Stakeholder Engagement Survey in 2024. The survey reached a broad spectrum of stakeholders and was designed to ascertain the dependence and influence of each stakeholder group on the Bank. Based on the outcomes of this process, a stakeholder prioritisation matrix was developed to identify the Bank's most impactful stakeholders and capture their responses. Accordingly, responses were obtained across a broad range of topics to ensure an in-depth understanding of material concerns specific for each stakeholder group. These insights were incorporated into our materiality assessment process. Accordingly, 26 material topics were identified through the survey under the lens of impact materiality.

Stakeholders Considered

- Government
- Business Partners
- Board of Directors
- NGOs
- Investors and Analysts
- Corporates
- Experts
- Employees
- Suppliers
- Debt Providers
- Local Community
- Lenders
- Retail Customers
- SMEs

ENGAGE

5 Materiality Scoring

ESG Committee members, together with representatives from key departments including Finance, Strategic Planning, Corporate Sustainability, Risk Management, IT, and HR evaluated and scored 26 material topics using financial materiality lens considering their impact on the Bank as per the double materiality. Based on this process 11 thematic topics were selected.

Stakeholders Considered

- Government
- Business Partners
- Board of Directors
- NGOs
- Investors and Analysts
- Corporates
- Experts
- Employees
- Suppliers
- Debt Providers
- Local Community
- Lenders
- Retail Customers
- SMEs

Impact on the Bank

- Financial impact
- Impact on non-monetised capitals
- Opportunity for innovation
- Compliance
- Impact on strategy
- Impact on brand and social license
- Impact on credit rating
- Key risks

Social and Environmental Impact

- Climate change and GHG emissions
- Community development and engagement
- Digitalisation and transformation
- Responsible investment
- Innovative products and service offering
- Responsible financing

6 Verification and Validation

The ESG Committee discussed, debated and reached a consensus on the results obtained from the materiality scoring. Accordingly, 11 broad thematic topics were presented to Corporate Management and Board Sustainability Committee and finally approved by the Board of Directors.

ANALYSE AND EMBED

7 Integration

Results of the Bank's materiality assessment were incorporated into the Bank's strategy formulation process.

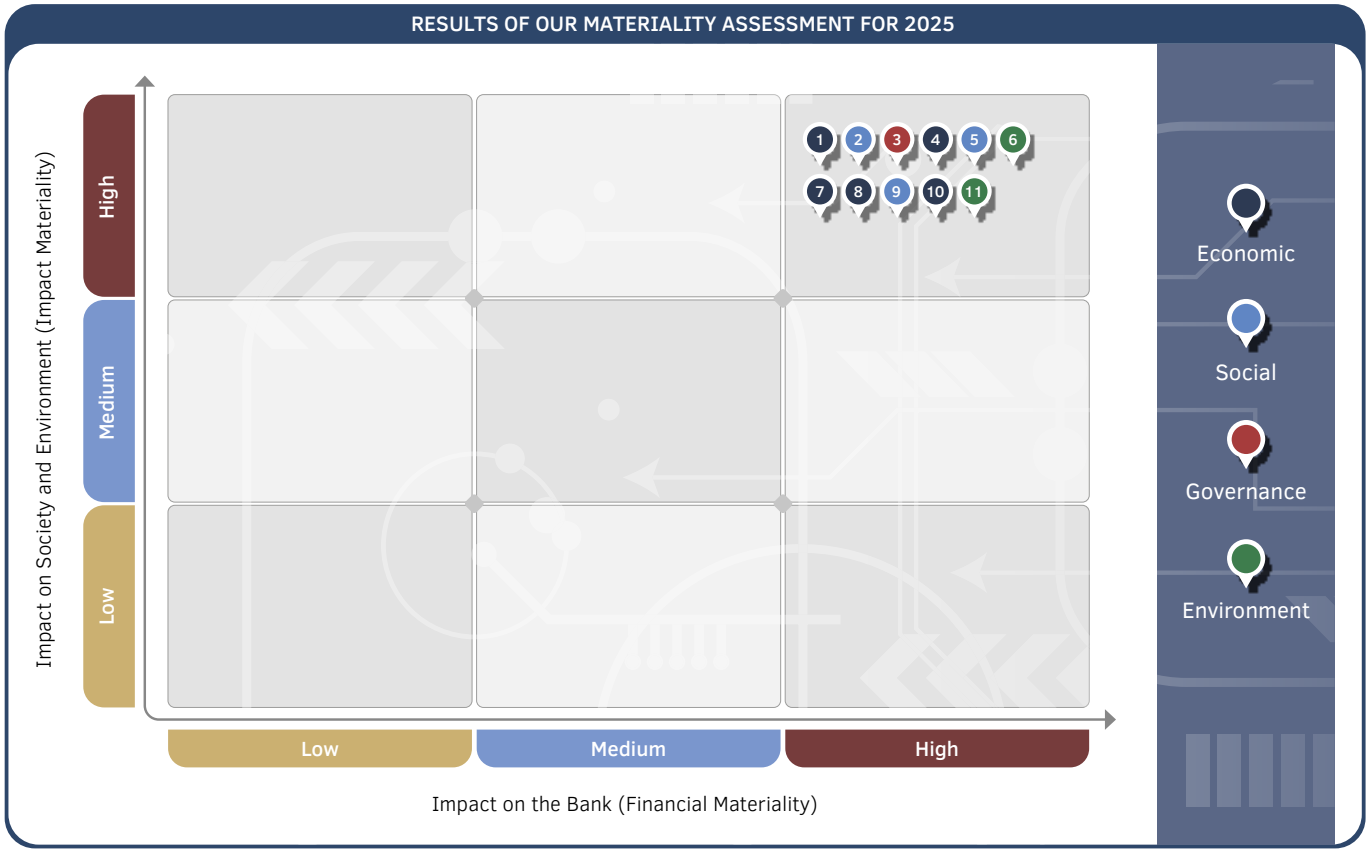
8 Monitor

Developments in the operating environment and stakeholder concerns were actively monitored to identify changes to material topics, enabling a swift response and realignment of the Bank's strategy for long-term value creation.

> Our materiality assessment process involves a review of the previous year's material topics, an in-depth analysis of our value chain, and an assessment of sustainability-related topics in internationally recognised standards including GRI, SASB and SLFRS Sustainability Disclosure Standards S1 and S2.



MATERIALITY



INTEGRATING MATERIAL SUSTAINABILITY PRIORITIES INTO STRATEGY

The Bank has implemented a structured approach to integrate material topics into its strategy and business operations. The BSC provides strategic oversight into the integration of material topics into the Bank's strategic planning, risk management and performance management processes while the management-level ESG Committee chaired by the Executive Director/Chief Financial Officer drives implementation of ESG strategic initiatives. KPIs related to identified material topics will be assigned to Key Management Personnel (KMP) and integrated into their performance scorecards. The recognition of sustainability as a key strategic pillar ensures material topics are effectively integrated into the Bank's operations and resources are allocated to address impacts effectively. Responsibility for implementing initiatives to address our material topics has been assigned to relevant business units.

The Bank's decision-making process is based on triple-bottom-line thinking, balancing economic viability, social responsibility, and environmental stewardship. ESG risks have been systematically integrated into the Bank's Enterprise Risk Management (ERM) framework, with climate considerations embedded into credit policies, lending practices and strategic decision-making. Progress on ESG integration is reported to the Board Sustainability Committee on a quarterly basis, highlighting key ESG risks, strategic opportunities and mitigation measures. The Bank has established structured data collection and reporting mechanisms through the Sampath Document Approval System (SDAS), with quality assurance processes and periodic audits to ensure accuracy and adherence to internationally recognised standards including GRI, SLFRS S1 and S2 and SASB. This rigorous governance framework ensures that the Bank's material topics are effectively managed, strengthening resilience and sustainability while contributing to long-term value creation for all stakeholders.

Our Material Topics for 2025

GRI 3-2

No.	Material Topic	Link to Capital	Link to Strategy	Relevant GRI/ SASB Standard	Link to the CRRO	SDGs	UNGC Principles
1.	Economic Performance	Financial	Business, Technology	GRI 201			
2.	Customer Experience and Marketing	Social and Relationship	Business, Sustainability	GRI 416, 417, 418			
3.	Business Ethics and Compliance	All Six Capitals	Business, Sustainability	GRI 205,207 FN-CB-510a.1 FN-CB-510a.2			1, 2, 3, 4, 5, 6, 7, 8, 9, 10
4.	Digitalisation and Transformation	Manufactured, Intellectual	Technology, Business, Sustainability	FN-CB-230a.1 FN-CB-230a.2			7, 8, 9
5.	Employee Relations	Human	People	GRI 202, 401, 402, 403, 404, 405, 406			1, 2, 3, 4, 5, 6
6.	Climate Change and GHG Emissions	Natural	Sustainability, Business	GRI 302,305 FN-CB-410b.1 FN-CB-410b.2 FN-CB-410b.3 FN-CB-410b.4	CRRO 1, 2 & 3		7, 8, 9
7.	Responsible Investment	Natural	Business, Sustainability		CRRO 3		
8.	Responsible Financing	Natural, Financial	Sustainability, Business	FN-CB-410a.2, FN-CB-240a.1, FN-CB-240a.2, FN-CB-240a.3, FN-CB-240a.4	CRRO 3		7, 10
9.	Community Development and Engagement	Social and Relationship	Sustainability, Business	GRI 203, 413			1, 2, 7, 8, 9
10.	Innovative Products and Service Offerings	Intellectual, Social and Relationship	Business, Sustainability, Technology				8, 9
11.	Responsible Resource Management	Natural, Manufactured	Business, Sustainability	GRI 308, 414			7, 8, 9

The material topics considered in the previous reporting period such as Profitability and Financial Stability, Business Continuity Planning, Corporate Brand Image/Goodwill Building, Macro-economic Headwinds, Information Security, Physical Channels, ESG in Credit Analysis, Environmental Risks to Mortgaged Properties, Selling Practices, Talent Acquisition and Management, Customer Privacy, Financial Inclusion Agenda, Customer Convenience, Anti-corruption Practices, Customer Health and Safety, Complaint Management, Research and Development, Learning and Development, Employee Health and Safety, Employee Engagement, Lending Practices, Corporate Governance were either aggregated or addressed under a broad topic to enable a clearer articulation and focused management of the related impacts and risks.

ENGAGING WITH OUR STAKEHOLDERS

GRI 2-25,29

Engaging with diverse stakeholder groups is integral to our value creation process. Therefore, we have implemented a formal and structured approach to stakeholder engagement which includes tailored engagement mechanisms to promote open and honest dialogue and support deeper insights into varying stakeholder expectations and concerns. Feedback obtained from stakeholders is evaluated regularly and integrated into our strategy formulation process to ensure that value creation aligns with stakeholder priorities.

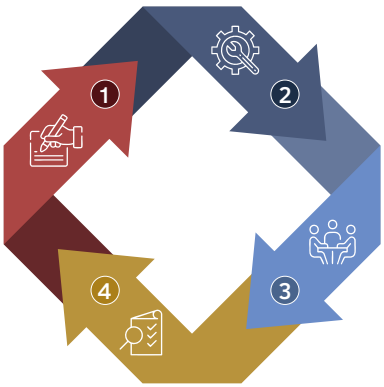
Our stakeholder engagement process is summarised below.

Stakeholder Mapping

- Identification of key stakeholders
- Segmentation of stakeholder categories
- Determine the underpinning management philosophy for each stakeholder group

Designing the Engagement Mechanisms

- Identify frequency of engagement
- Evaluate and review channels of engagement
- Design the engagement model
- Formulate policies and procedures if needed



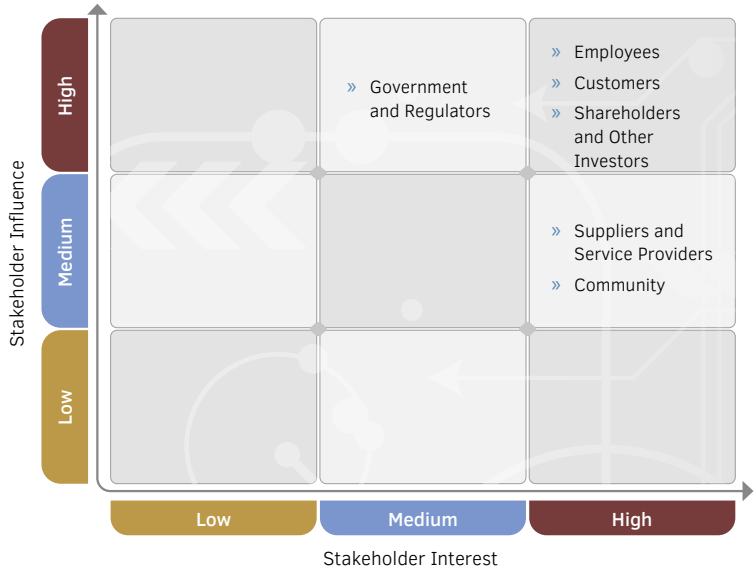
Post-engagement Evaluation

- Measure effectiveness of the engagement model and monitor feedback
- Identify areas for improvement and revise the engagement model accordingly

Engagement

- Engage with stakeholders in accordance with the engagement model

STAKEHOLDER MAPPING



Engagement Method	
High Influence, High Interest Stakeholders having a great deal of influence and significant interest in the Bank	Fully engaged and satisfied
High Influence, Low Interest Stakeholders having a great deal of influence on the Bank but having little interest in it	Keep satisfied
Low Influence, High Interest Stakeholders having little influence but are interested in the Bank	Consult and adequately informed
Low Influence, Low Interest Stakeholders having little influence on the Bank and no interest in its activities	Monitor

STAKEHOLDER ENGAGEMENT SURVEY

The Bank conducted a stakeholder survey in October 2024 considering a broad spectrum of stakeholder groups as listed below.

Internal Stakeholders	External Stakeholders			
Board of Directors	Government	Corporates	Experts	Local Community
Employees	Business Partners	SMEs	Suppliers	Lenders
	Investors and Analysts	Retail Customers	Debt Providers	NGOs

The survey complemented established stakeholder engagement channels in gaining insights into key stakeholder concerns and expectations. Insights gained through the survey were collated with feedback obtained through other engagement channels to inform the Bank's materiality assessment, strategy formulation process and overall business operations ensuring that strategic priorities aligned with stakeholder expectations.

SHAREHOLDERS AND OTHER INVESTORS

Comprising institutional investors and retail investors, our shareholders and investors provide the equity and debt funding required to support the Bank's stability, growth and financial resilience.



Management ethos - Sustainable value creation for shareholders/ investors while safeguarding their rights and supporting a broad shareholder/investor base to support wealth maximisation.

Value Created in 2025

Rs 30.2 Bn (↑ 11%) Profit after tax	Rs 25.76 (↑ 11%) Earnings per share
Rs 10.30 (↑ 10%) Dividend per share	17.93% (↑ 19 bps) Return on equity (after tax)
Rs 172 Bn (↑ 24%) Market capitalisation	Rs 152.53 (↑ 7.4%) Net asset value per share

Key Concerns in 2025

- Long-term, sustainable value creation
- Financial performance and stability
- Robust risk management
- Sound corporate governance
- Compliance with regulatory requirements
- Timely and honest engagement
- Business continuity
- Sustainability and climate risk management
- Response to the prevailing economic, social and environmental uncertainties

Our Strategic Response

- Implemented EvolveX, the Bank's refreshed 5-year strategy to diversify value streams and drive future growth
- Leveraged digitalisation and data analytics for cost optimisation
- Formally identified CRROs and their implications on our operations and the value chain to support effective management for long term resilience
- Effectively balanced risks and rewards to deliver consistent value
- Proactive and prudent risk management
- Maintained full compliance with all regulatory and disclosure requirements
- Alignment with the latest developments in corporate governance

Engagement Mechanism	Engagement Frequency					
	Annually	Quarterly	Periodically	Regularly	24 hours 7 days	As and When Required
Shareholder relations forums			✓			
General meetings	✓		✓			
Annual Report	✓					
Interim Financial Statements		✓				
Disclosures and announcements to the CSE			✓			
Corporate website					✓	
General correspondence				✓		
CSR projects				✓		

Link to Material Topics

1 2 3 6 8 9 10 11

Link to Capitals

Link to Strategy

ENGAGING WITH OUR STAKEHOLDERS

EMPLOYEES

Our team of over 4,900 employees are integral to driving our strategic priorities by delivering value to customers and maintaining operational excellence.



Management ethos - Deliver a compelling employee value proposition that builds a future-ready team that aligns with the Bank's strategic goals.

Value Created in 2025

Rs 20 Bn (↑ 10%) Payments to employees	95.6% Employee retention rate
357,255 (↑ 79%) Total training hours	Rs 206 Mn (↑ 2%) Investment in training and professional studies
96% Female team members return to work after maternity	438 Internal staff promotions

Key Concerns in 2025

- Clarity on new expectations under the refreshed strategy
- Competency development to deliver on new expectations
- Fair remuneration and rewards
- Career progression and growth
- Health, well-being and engagement
- A diverse and inclusive work environment

Our Strategic Response

- Focused engagement strategy to build awareness and alignment with new strategic goals
- Revamped the performance-based reward scheme to align individual performance goals with the Bank's overall strategic goals
- Targeted competency development with specific emphasis on developing skills aligned with new strategies
- Succession planning
- Industry benchmarked remuneration
- A robust policy framework to guide employee interactions
- A formal Grievance Handling Policy and mechanism
- ESG awareness programmes
- Creating opportunities for community engagement

Engagement Mechanism	Engagement Frequency					
	Annually	Quarterly	Periodically	Regularly	24 hours 7 days	As and When Required
Open-door policy				✓		
Employee forums				✓		
Employee suggestion schemes and feedback forms	✓		✓			
Grievance handling procedure						✓
Employee social committees				✓		
Business unit level meetings				✓		
Internal communication channels					✓	
Training programmes				✓		
HR hotline					✓	

Link to Material Topics

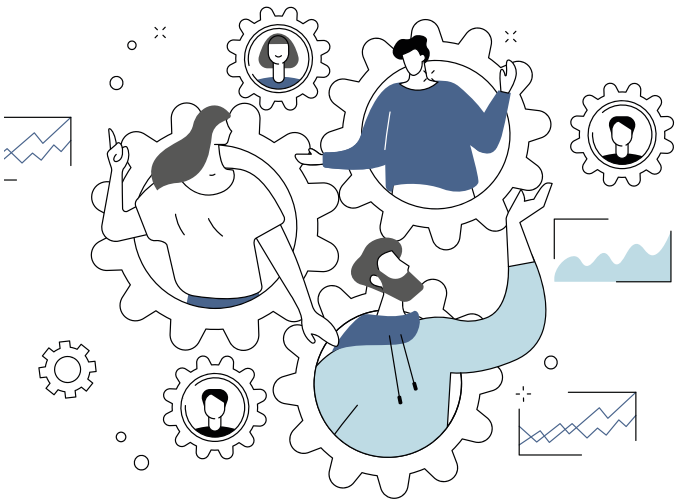
1 3 4 5 6 7 9

Link to Capitals

Link to Strategy

CUSTOMERS

By providing deposits and offering opportunities for lending and fee-based activities, our customer portfolio includes corporates, retail customers and SMEs is vital to sustaining our financial performance and liquidity position.



Management ethos - Deliver innovative, future-focused banking solutions that serve the financing needs of customers across corporates, retail and SMEs while offering tailored and personalised solutions to niche customer segments.

Value Created in 2025

- **9** New products & services launched
- **'Sampath Saviya'** Entrepreneurship Development Programme
- **98.3%** (▲ 10 bps) Customer complaints resolved
- **Rs 123.5 Mn** 'Sanhinda Saver' medical benefits provided
- **Rs 514 Mn** Loyalty points offered to credit cardholders

Key Concerns in 2025

- Comprehensive and tailored solutions that serve a broad range of needs
- Convenience through digitalisation
- Data security and customer data privacy
- Service excellence
- Sustainable financing value propositions
- Timely and accurate product information
- Loyalty recognition
- Strong reputation
- Financial education and literacy
- Support for the recovery of businesses affected by Cyclone Ditwah

Our Strategic Response

- Expanded our product portfolio to include, Private Banking, Life Lead Operations and sustainable financing solutions
- Placed emphasis on delivering holistic bundled offerings that fulfilled corporate and SME customers' broad-ranging needs
- Introduced a range of future-ready digital solutions
- Leveraged digitalisation and data analytics to enhance service excellence
- Customer workshops/customer visits
- Ongoing investments in cyber security architecture
- Formal grievances handling mechanism to effectively resolve customer concerns and complaints
- Responsible business practices and environmental impact awareness
- Deep engagement and tailored solutions to support business recovery
- Ethical and transparent marketing communications
- Initiatives to recognise customer loyalty

Engagement Mechanism	Engagement Frequency					
	Annually	Quarterly	Periodically	Regularly	24 hours 7 days	As and When Required
One-on-one customer engagement at branches				✓		
24/7 Customer Care Centre					✓	
Sampath Vishwa (Internet banking portal)					✓	
Feedback forms and customer surveys			✓	✓		
Formal customer complaints handling mechanism					✓	
Digital platforms and social media interactions					✓	
Corporate website					✓	
CSR projects				✓		
Workshops, webinars and forums			✓			
Relationship banking				✓		
Sponsorships and partnerships on lifestyle engagement			✓			
Loyalty, data driven offers and incentive programmes				✓		

Link to Material Topics 1 2 3 6 9 10

Link to Capitals

Link to Strategy

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITY

Our communities provide the context for developing and delivering value propositions that support inclusive growth.



Management ethos - Leverage partnerships with global and local institutions to preserve our environment, reduce our climate impacts and empower local communities.

Value Created in 2025

Rs 125 Mn (↑ 108%)
Total investment in CSR initiatives

124,119 (↑ 9%)
Beneficiaries from CSR projects

2,377
Employees volunteered

11
Tanks undertaken for restoration

Rs 119 Mn
Investment in corporate leadership programme

Key Concerns in 2025

- Community empowerment and capacity building
- Financial inclusion
- Sustainable business activities
- Support for local businesses and MSMEs
- Building partnerships
- Health and well-being initiatives
- Infrastructure development
- Environmental protection and conservation
- Supporting communities affected by natural calamities

Our Strategic Response

- Sustained commitment to community engagement programmes
- Ongoing commitment to environmental conservation programmes
- Integration of social and environmental considerations into credit evaluations through the ESMS
- Opportunity for collaborative partnerships that promotes inclusive growth
- Initiated the implementation of ISO 14001:2015 EMS to minimise environmental impacts from our operations
- Maintained emphasis on strengthening financial inclusion in underserved communities
- Created employment opportunities

Engagement Mechanism	Engagement Frequency					
	Annually	Quarterly	Periodically	Regularly	24 hours 7 days	As and When Required
Engagement with community leaders and social groups				✓		
Collaboration with Government and community-based organisations				✓		
Grievances handling mechanism				✓		
Digital media interactions				✓		
CSR projects				✓		

Link to Material Topics

1 3 6 7 8 9

Link to Capitals

Link to Strategy

GOVERNMENT AND REGULATORS

The Government of Sri Lanka and other regulatory bodies provide the legal, regulatory and supervisory framework which ensures the stability and integrity of the financial system.



Management ethos - Ensure compliance with all legal and regulatory requirements.

Value Created in 2025

Rs 39.2 Bn (↑ 16%)
Taxes paid

Rs 6,165 Mn (↑ 328%)
Financing for renewable energy projects

Promoting inward remittances

4,917
Team members trained on Anti-bribery and Anti-corruption considerations

Rs 101 Mn
Donations

Key Concerns in 2025

- Comply with all regulations and directives in a timely manner issued by regulators
- Support national economic and sustainable development priorities
- Fulfilling statutory reporting requirements accurately and in a timely manner
- Maintaining the stability of the financial system
- Compliance with environmental regulations and standards

Our Strategic Response

- Maintained full and timely compliance with all laws and regulatory requirements
- Ensured that all statutory requirements were fulfilled in a timely manner
- Incorporated national economic and sustainable priorities into the refreshed strategy
- Focused efforts to support the renewable energy sector and drive financial inclusion
- Implemented initiatives to develop micro and SME entrepreneurship
- Promoted the use of digital payment systems to support the shift to a cashless society

Engagement Mechanism	Engagement Frequency					
	Annually	Quarterly	Periodically	Regularly	24 hours 7 days	As and When Required
Ongoing engagement with regulators				✓		
Timely regulatory reporting			✓	✓		✓
On-site and off-site supervision			✓			✓
Meetings and forums			✓			
Training programmes				✓		

Link to Material Topics

1 3 6 9 11

Link to Capitals

Link to Strategy

ENGAGING WITH OUR STAKEHOLDERS

SUPPLIERS AND SERVICE PROVIDERS

Our supplier base of 739 registered suppliers, supports business continuity through the provision of goods and services.



Management ethos - Supplier value creation through collaborative partnerships that support cost effectiveness while promoting ethical and transparent sourcing practices.

Value Created in 2025

Timely
payments to suppliers

75 | 100%
New suppliers screened for ESG considerations

739 (↑ 8%)
Registered supplier base

Key Concerns in 2025

- Long-term strategic partnerships that support mutual value creation
- Transparent and ethical business practices
- Timely payments
- Feedback on quality of goods and services provided
- Open and honest engagement
- Maintaining alignment with sustainability-related best practices and environmental stewardship
- Improving energy efficiency in production and logistics
- Adoption of sustainable sourcing

Our Strategic Response

- Ensured transparent and equitable procurement practices
- Sustainable procurement practices which include environmental and social screening, ethical sourcing declarations and environmental certifications for specific categories
- Maintained emphasis on local procurement
- Ensured diversity in the supplier base to support business continuity
- Advisory service for suppliers by the Bank's Environmentalist
- Awareness on environmental management practices
- ESG rating scheme
- Supplier risk assessment mechanism
- Opportunities for long-term contracts

Engagement Mechanism	Engagement Frequency					
	Annually	Quarterly	Periodically	Regularly	24 hours 7 days	As and When Required
Timely payments				✓		
Supplier visits			✓			
Reviews and assessments			✓			
Meetings and written communication				✓		✓
Digital platforms			✓	✓		
Feedback evaluations						✓

Link to Material Topics

1 3 6 7 9

Link to Capitals

Link to Strategy

GRI 2-28

MEMBERSHIPS IN INDUSTRY ASSOCIATIONS

Sampath Bank holds memberships in numerous local and international industry specific associations. These memberships facilitate active knowledge sharing and collaboration with key industry stakeholders and the Government in advancing the progress of the banking industry and the broader economy.

Name of the Association	Membership Status
The American Chamber of Commerce in Sri Lanka	Member
Association of Compliance Officers of Banks, Sri Lanka	Member
Association of Primary Dealers (APD)	Member
Clearing Association of Bankers	Member
Exporters' Association of Sri Lanka	Executive Committee Member
International Chamber of Commerce (ICC) Sri Lanka	Member
Italian Business Council	Member
LankaPay (Pvt) Limited	Member
Lanka Financial Services Bureau (LFSB)	Member
Lanka SWIFT User Group (LSUG)	Executive Committee Member
Leasing Council of Bankers of Sri Lanka	Member
National Chamber of Exporters of Sri Lanka	Member
Payment Card Industry Association of Sri Lanka	Executive Committee Member
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	Member
Sri Lanka Banks' Association (Guarantee) Limited	Member
Biodiversity Sri Lanka	Patron
Sri Lanka Forex Association (SLFA)	Member
The Association of Banking Sector Risk Professionals - Sri Lanka	Member
The Ceylon Chamber of Commerce	Patron Member
The Employers' Federation of Ceylon	Member
The Financial Ombudsman Sri Lanka (Guarantee) Limited	Member
The National Chamber of Commerce of Sri Lanka	Member
United Nations Global Compact	Participating Company
Council for Business with Britain	Member
Sri Lanka – USA Business Council	Treasurer
Sri Lanka – Germany Business Council	Member
Sri Lanka – China Business Council	Member
Sri Lanka – Japan Business Council	Member
Sri Lanka – Canada Business Council	Member
Indo-Lanka Chamber of Commerce and Industry	Member
Federation of IT Industry Sri Lanka	Member

REPORT ON SLFRS S1 AND S2 SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES





INTERVIEW WITH THE CHAIRPERSON OF BOARD SUSTAINABILITY COMMITTEE

> At Sampath Bank, addressing climate change with compassion is indeed a strategic driver for inclusive and sustainable economic growth.

Keshini Jayawardena
Chairperson - Board Sustainability Committee

1. How does SLFRS S1 and S2 reporting bring a common language of ESG

Before the introduction of SLFRS S1 and S2, organisations across the globe adopted well established and respected frameworks such as Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD) etc to guide their sustainability and climate reporting. While these frameworks added significant value and advanced ESG thinking, the coexistence of multiple standards meant that organisations often communicated sustainability information in different ways. I view SLFRS S1 and S2 as a pivotal evolution in this journey, as they bring global alignment through a single, common language for sustainability and climate-related disclosures. By anchoring ESG reporting to governance, strategy, risk management and metrics & targets and by clearly linking sustainability matters to financial performance and enterprise value, these standards enable organisations worldwide to speak with one clear and comparable voice. This, to me, is the true promise of SLFRS S1 and S2 elevating sustainability to the heart of Board level and investor decision-making.

2. Why are SLFRS S1 and S2 vital to the Banking sector

SLFRS S1 and S2 are more relevant than ever, particularly amid growing uncertainties across economic, social and environmental pillars worldwide. I believe these standards are not mere disclosure requirements but they represent a strategic imperative for the banking sector, which can serve as the driving force, even the powerhouse of sustainability. They provide a clear, globally aligned framework for identifying, measuring and managing ESG and climate-related risks across our lending, investment and operational portfolios. By linking sustainability factors directly to financial performance and enterprise value, we can embed ESG into credit decisions, capital allocation and strategic planning, turning risks into opportunities. With SLFRS S1 and S2, banks are uniquely positioned to lead sustainable practices across the economy, strengthen transparency and investor confidence and contribute meaningfully to a resilient and sustainable financial system.

3. How does Sampath Bank embrace the shift of transformation in implementing SLFRS S1 and S2

Sampath Bank embraces the transformative shift in implementing SLFRS S1 and S2 by treating every requirement as a strategic imperative. We started by identifying gaps across the Bank and developing a clear, actionable plan. To drive this process, we established a multi-disciplinary working group with representation from all strategically important business units. We capitalised on transitional reliefs to prepare for the move and accelerated capacity building initiatives from the Board level down to key operational units. At the same time, we acquired the technical know-how needed to bridge knowledge gaps, enabling us to develop internal expertise. All required governance requirements were carefully matched, ensuring that our structures, processes and oversight mechanisms aligned with best practices. Strategic guidance, support and resource allocation were provided by the Board Sustainability Committee at the Board level and the ESG Committee at the Management level ensuring that sustainability considerations are fully embedded into our business strategy and risk management. This approach positioned the Bank not just to comply with SLFRS S1 and S2, but to leverage the standards as a catalyst for sustainable growth and long-term value creation.

4. What are the challenges of implementing SLFRS S1 and S2

Implementing SLFRS S1 and S2 has been a transformative journey for Sampath Bank accompanied by its share of challenges. The first challenge was bridging knowledge and operational gaps across the Bank ensuring that every team understood the requirements and could integrate them into their processes. The second was capacity building which involved developing skills and awareness from the Board level down to operational teams to enable effective ESG reporting. Perhaps the most complex task has been calculating financed emissions, particularly across our lending portfolios which requires sophisticated data collection, modelling and technical expertise and remains an ongoing activity.

In parallel, we have embraced a shift towards an investor focused reporting approach ensuring that ESG and climate-related disclosures are useful and clearly linked to financial performance while continuing to uphold the multi-stakeholder approach that guides our engagement with customers, employees, regulators and the wider community. Balancing these perspectives requires us to strengthen governance, enhance data quality and align our processes so that reporting serves both investors and broader stakeholders. Addressing these challenges demanded strategic planning, cross functional collaboration and robust governance and overcoming them allows Sampath Bank not only to comply with SLFRS S1 and S2 but also to leverage the standards as a foundation for long-term value creation and credible, transparent leadership in sustainability.

5. What is the way forward of SLFRS S1 and S2

Looking ahead, recent extreme weather events have underscored the imperative of embedding sustainability-related risks and opportunities into business strategies across all business entities. The Bank is focusing on customer engagement in low carbon transition strategies, alongside ongoing financed emissions calculations. Implementation of scenario analysis is already in progress with full integration planned by 2027. Strengthening the capacity of both Board members and key team members will be a strategically important initiative in 2026. In addition, we are developing a dashboard to connect key data points and further enhance our Environmental Management System in line with ISO 14001:2015 ensuring that sustainability is embedded, measurable and actionable across the Bank. Having successfully matched the requirements of the Climate First Action Plan in 2025, our focus for 2026 is to align with the requirements of SLFRS S1.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SAMPATH BANK PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES PRESENTED IN THE INTEGRATED ANNUAL REPORT 2025



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

SCOPE

We have been engaged by Sampath Bank PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standards on Assurance Engagements, here after referred to as the engagement, to report on Sampath Bank PLC 's SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Sampath Bank PLC's (the "Company's") Integrated Annual Report in pages no 70 to 100 for the year ended 31 December 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY SAMPATH BANK PLC

In preparing the SLFRS Sustainability-related Financial Information, Sampath Bank PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures (Criteria). Such Criteria were specifically designed for the disclosure of material information on climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

SAMPATH BANK PLC'S RESPONSIBILITIES

Sampath Bank PLC's management is responsible for selecting the Criteria, and for presenting the SLFRS Sustainability-related Financial Disclosures in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with Sampath Bank PLC on 16th December 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards which require that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of people responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our Procedures Included:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information.
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee sustainability-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Sustainability Committee meetings from the financial year to ensure alignment with the content of governance-related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations.
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

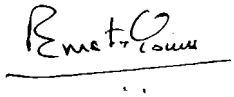
There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward-looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 December 2025, in order for it to be in accordance with the Criteria.

RESTRICTED USE

This report is intended solely for the information and use of Sampath Bank PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



19 February 2026

Colombo

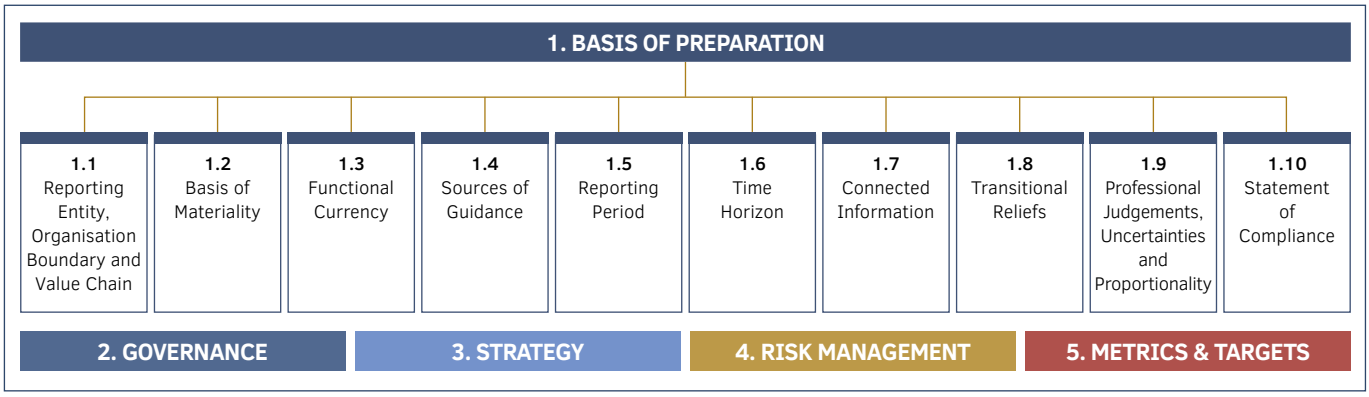
Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

This section provides an overview of the structure of Sampath Bank PLC's sustainability-related financial disclosures in accordance with Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2. It articulates how the Bank integrates Climate-Related Risks and Opportunities (CRROs) into its core business model and value chain, aligning these factors with governance, strategy, risk management and metrics & targets.



1. BASIS OF PREPARATION

1.1 Reporting Entity, Organisation Boundary and Value Chain

Sampath Bank PLC is a Public Limited Liability Company incorporated in Sri Lanka on 10th March 1986 under the Companies Act No. 17 of 1982. It is a Licensed Commercial Bank registered under the Banking Act No. 30 of 1988 and its subsequent amendments. The Bank was re-registered on 28th April 2008 under the Companies Act No. 07 of 2007, adopting the name Sampath Bank PLC. Its registered office is located at No. 110, Sir James Peiris Mawatha, Colombo 02.

Organisation Boundary

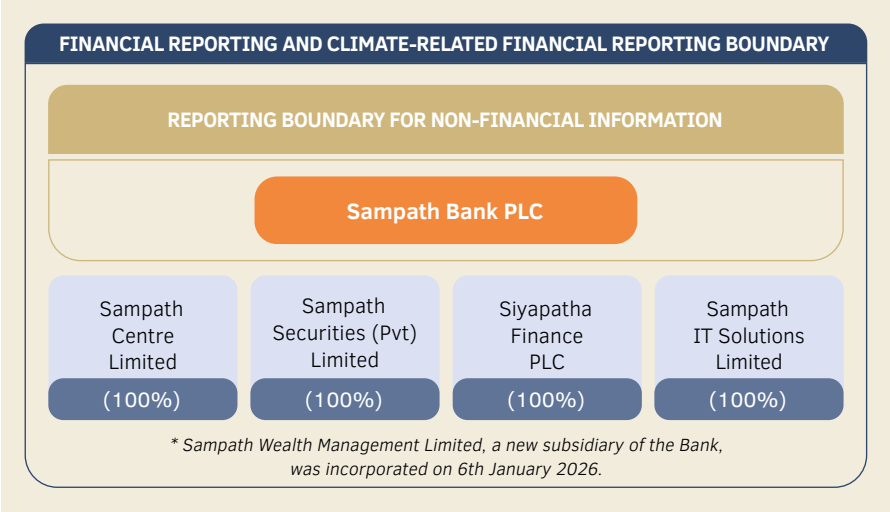
This report covers the operations of Sampath Bank PLC and its four subsidiaries based in Sri Lanka. The financial information in the financial statements has been presented for both the Bank and the Group. The non-financial information on Governance, Strategy, Risk Management and Metrics & Targets pertaining to the Bank and subsidiary information is included wherever specified. The Group's reporting boundary is presented alongside.

The Bank operates as the parent entity within a group that includes four subsidiaries: Sampath Centre Limited, Sampath Securities (Pvt) Limited, Siyapatha Finance PLC and Sampath IT Solutions Limited. All entities operate exclusively within Sri Lanka and are collectively referred to as "the Group".

The financial statements consolidate the results of the Bank and its subsidiaries, presenting a comprehensive view of the financial performance for the year ended 31st December 2025 and the financial position as at that date (as included in Note 1 and 2 to the Annual Financial Statements).

Non-financial disclosures, including Governance, Strategy, Risk Management and Metrics & Targets are prepared at the Group level to ensure consistency and transparency across all reporting dimensions. We expect that changes and improvements will be made each year as the regulation further matures and market practice evolves.

The SLFRS Sustainability-related Financial Disclosure Report was prepared on behalf of the Board of Directors and authorised for issue by the Board of Directors on 19th February 2026.



Organisation Boundary for SLFRS S1 and S2 reporting

> **Non-financial disclosures, including Governance, Strategy, Risk Management and Metrics & Targets are prepared at the Group level to ensure consistency and transparency across all reporting dimensions.**

Value Chain

The Bank's value chain represents the combined total of the value chains for the products and services to which the Bank contributes. A value chain comprises all businesses and stakeholders involved in the creation, delivery and use of a financial product or service.

In line with the SLFRS Sustainability Disclosure requirements, the Bank identifies and reports on the CRROs that are either caused or contributed to by the Bank, or that are directly linked to its operations, products or services through business relationships. The Bank considers four main components of its value chain in this Sustainability Statement:

a Upstream Value Chain

This represents indirect impacts arising from the Bank's suppliers of goods, services and capital inputs. The Bank's primary upstream partners include:

i. Investors and capital providers
ii. Business partners
iii. IT and digital service providers
iv. Facilities management and logistics partners
v. Professional service providers (consultants, external auditors and training institutions)

The Bank engages these partners with a growing emphasis on sustainable procurement, ethical business practices and adherence to environmental and social standards.

C Downstream Value Chain - Direct Clients

These are indirect internal impacts generated through the Bank's clients encompassing Corporates, SME and retail customers. As a financier, Sampath Bank recognises that its lending, investment, and advisory decisions have significant influence on the environmental and social performance of its clients.

Key downstream focus areas include:

i. Sustainable finance and green lending portfolios
ii. Risk assessment of high-impact sectors (Construction, agriculture, energy)
iii. Financial inclusion initiatives supporting SMEs and underserved communities

b Own Operations

These refer to direct impacts resulting from the Bank's own activities and resource consumption, including its physical branches, digital infrastructure, head office operations and subsidiaries consolidated within the annual reporting period.

Key focus areas include:

i. Financial Service Provider - The Bank provides a wide range of financial products for Retail, SME and Corporates. For individual customers, the Bank offers savings and current accounts, fixed and special deposit options, along with personal credit facilities such as personal loans, housing loans, overdrafts, leasing, and other financing solutions tailored to different needs. The Bank also issues credit and debit cards with modern features for everyday use and international transactions.
ii. For corporate clients, the Bank delivers comprehensive services such as Corporate Credit Facilities, Cash Management Systems, Trade Finance, Sampath Vishwa Corporate and payment gateway solutions to support day-to-day operations and international trade needs.
iii. On the digital front, the Bank leads with tech driven solutions including its internet and mobile banking platforms, the Sampath WePay digital wallet for online and QR payments, and AI-enhanced services like Sampath Select, Sri Lanka's first fully automated, AI powered personal loan solution through the Sampath Vishwa app. Innovations such as the wearable Sampath PayBand offer contactless payment convenience aligned with modern lifestyle preferences.
iv. IT infrastructure and data centers.
v. Energy, paper, water usage and waste generation.
vi. Employee well-being and workplace inclusiveness.
vii. Governance and internal compliance.

d Downstream Value Chain – Beyond Direct Clients

This includes wider societal and environmental impacts arising indirectly from the activities of the Bank. The Bank's responsibility extends to understanding how financed activities influence broader economic and ecological systems, such as:

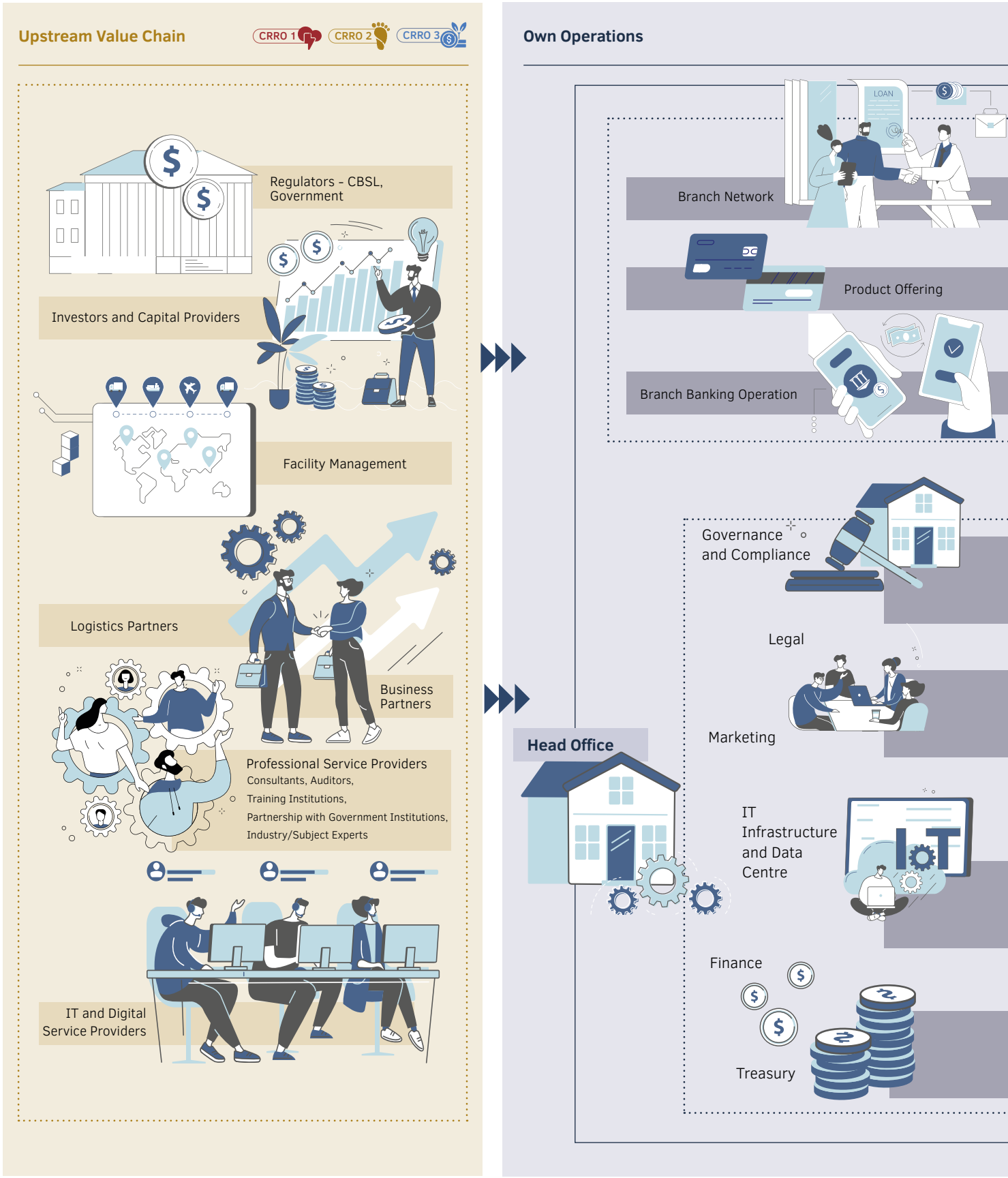
i. Supply chain sustainability within financed industries
ii. Carbon footprint across financed emissions (Scope 3)
iii. Community and biodiversity impacts linked to financed projects

The majority of the Bank's sustainability impacts are indirect, emerging through its role as a financier of the national and regional economy. The Bank therefore relies on sector-specific data and client disclosures to accurately map and manage key factors and sustainability risks across its value chains.

Through continuous stakeholder engagement, responsible lending practices and integration of ESG principles into risk management, the Bank seeks to create long-term shared value for customers, shareholders, employees and the wider community.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

VALUE CHAIN OF SAMPATH BANK PLC



CRRO 1 CRRO 2

SAMPATH BANK

Energy Management

Water Management

Waste Management

Resource Management

Engineering

Logistics and Premises

Strategy

Customer Care

Other Supportive Functions

Human Resources

Risk Management

Direct Clients

CRRO 1 CRRO 2 CRRO 3

Business Lines

Retail, HNI, SME, Corporate

Risk Assessment of High-impact Sectors

Account Management

Relationship Management

Sustainable Finance

Financial Inclusion

Unbanked or Underbanked Community

Indirect Clients

CRRO 1 CRRO 2 CRRO 3

Biodiversity Including Fauna and Flora

Related Community

Supply Chain Sustainability Within Financed Industries

Carbon Footprint Across Financed Emissions (Scope 3)

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1.2 Basis of Materiality

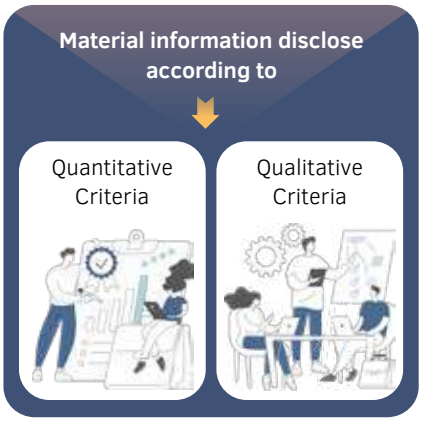
The Bank discloses only those CRROs that could reasonably be expected to affect materially its cash flow, access to finance or cost of capital over the short, medium or long-term.

The Bank adopts a double materiality lens when identifying material topics and determining reporting content. This approach considers both financial materiality topics that could potentially impact the Bank's ability to create value and impact materiality, which reflects the Bank's effects on stakeholders and the environment.

A Double Materiality Assessment was conducted for the first time in 2024 and subsequently updated in 2025. The assessment combines quantitative and qualitative parameters with stakeholder feedback. Details of the double materiality process and reporting criteria are provided in the Materiality section in pages 54 to 57.

Double Materiality confirms Climate Change as a material topic in the short, medium and long-term, due to its significant potential financial impact.

Climate Change and GHG Emissions is considered as a material topic and is elaborated as topic disclosures in the SLFRS S2 report. These issues are reasonably expected to affect the Bank's prospects including cash flows, cost of capital and access to finance over the short, medium or long term.



Financial Materiality

When determining financial materiality for CRROs, the Bank has adopted a comprehensive approach that considers both quantitative and qualitative factors. This dual lens ensures that disclosures reflect a balanced view of financial and non-financial impacts, supporting transparency and informed stakeholder engagement. Refer Materiality section in pages 54 to 57.

1.2.1 Quantitative Criteria

Based on the Group's performance, the significance of each entity within the Group and the potential impact of CRROs on the Bank's prospects, the Bank has established the quantitative thresholds for disclosing financial material information as follows.

Quantitative Thresholds for Materiality

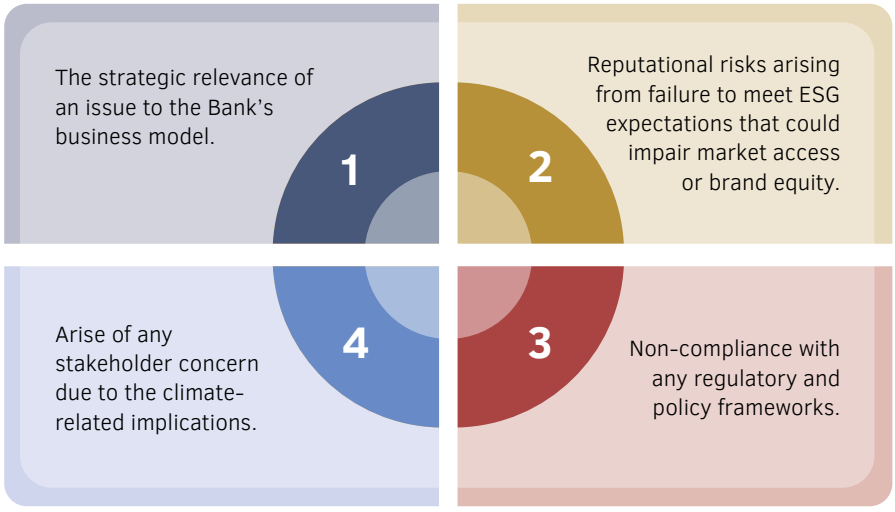
A CRRO is deemed financially material if it meets one or more of the following thresholds resulting in an impact on Bank's prospects, either individually or cumulatively:

Impact on Bank's Prospects			
	Impact on Financial Performance	Impact on Financial Position	Impact on Cash Flows
Indicator	Operating Profit Before Taxes	Total Assets	Net Operating Cash Flow
Threshold	±1% of the Bank's average Operating Profit Before Taxes over the past five years (2020–2024)	±0.1% of the Bank's average Total Assets over the past five years (2020–2024)	±1% of the Bank's average Net Operating Cash Flow over the past five years (2020–2024)

These materiality thresholds have been determined based on the Bank's standalone financial statements, informed by an analysis of historical data over the past five years, as well as professional judgment and insights regarding the identified CRROs and their potential impact. These thresholds will be reviewed annually to reflect any changes in circumstances or underlying assumptions.

1.2.2 Qualitative Criteria

However, in light of the possible implications of significant effects, qualitative events that support decision making will also be included in the Bank's Annual Report, based on the following criteria:



CRROs not meeting any of these thresholds or criteria are classified as non-material for the reporting period. However, they are retained in the internal documents and monitored for changes in magnitude, likelihood or stakeholder relevance.

CRROs where omission or misstatement could reasonably be expected to influence investor decisions are considered material for disclosure. These factors are assessed in terms of their potential impact on the Bank's ability to continue as a going concern and to operate sustainably into the foreseeable future.

1.3 Functional Currency

The Financial Statements of the Group are presented in Sri Lankan Rupees (Rs), which is the currency of the primary economic environment in which the Bank operates. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise. There was no change in the Group's presentation and functional currency during the year under review.

1.4 Sources of Guidance

Non-financial disclosures have been prepared in reference to the following sources of guidance in identification and disclosure of CRROs;

i. SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

ii. SLFRS S2 – Climate-related Financial Disclosure Standard

iii. Sustainability Accounting Standards for Commercial Banks (Version 2023-12) issued by the Sustainability Accounting Standards Board (SASB) of the IFRS Foundation

iv. Synthesis Report (SYR) of the IPCC Sixth Assessment Report (AR6)

v. Sri Lanka National Disaster Management Plan 2023-2030

vi. Risk Index for Sri Lanka – Published by National Disaster Centre

vii. ThinkHazard – A web-based tool published by Global Facility for Disaster Reduction and Recovery (GFDRR)

viii. Climate Risk Country Profile Sri Lanka – Published by World Bank Group and ADB

ix. World Energy Outlook 2024 – Published by International Energy Agency

x. Sri Lanka Nationally Determined Contributions 3.0 (2026-2035)

xi. Sustainable Finance Roadmap 2.0 issued by the Central Bank of Sri Lanka

1.5 Reporting Period

The reporting period covers the twelve months from 1st January 2025 to 31st December 2025, during which all financial and non-financial information on CRROs has been compiled to reflect the Bank's performance, strategic initiatives and stakeholder engagement.

1.6 Time Horizon

S2-S9

We assess material CRROs across short, medium and long-term to support informed decision making and strategic planning. The current reporting year is identified as financial year 2025.

1.6.1 Basis of Defining the Time Horizon

In assessing and identifying CRROs, the Bank adopts a holistic approach that considers the full spectrum of potential impacts across its operations, business value chain and broader business environment. Accordingly, time horizons are defined as short-term, medium-term and long-term, considering the nature, severity and expected progression of both transitional and physical climate factors. This approach ensures that climate considerations are systematically integrated into strategic planning, resource allocation and resilience-building efforts.

As the Bank's strategic plan is designed to run until 2028, climate-related impacts expected within this period are assessed in detail to ensure strategic alignment. Acute physical risks, particularly extreme climate events, are reviewed on an annual basis to understand their geographic and operational implications. To establish the long-term horizon, the Bank references national climate projections, including Sri Lanka's Nationally Determined Contributions (NDC) 3.0, which outline potential climate pathways up to 2100. These insights collectively guide the Bank in setting appropriate time horizons and anticipating how CRROs may evolve over time.

This structured approach enables the Bank to evaluate emerging issues with clarity and foresight, ensuring alignment with both immediate priorities and long-term strategic objectives as per below time horizons.

Time Horizon	Financial Year	Definition
Short-term	2026	Within one year from the reporting date
Medium-term	2027 and 2028	Within two to three years
Long-term	2029 and beyond	More than three years

**The current term is considered the current financial reporting period, which is FY 2025.*

In preparing the climate-related financial disclosures, management has exercised its judgement in applying sustainability policies and making estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1.7 Connected Information

Cross referencing and the following navigation icons have been used across the report to demonstrate links between,



Connections between the items to which the information relates



Connections within the climate-related financial disclosures



Connections between climate-related financial disclosures and other general-purpose financial reports

SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures – pages 77 to 82	Corporate Governance at Sampath Bank – pages 218 to 231 Board Sustainability Committee Report – pages 285 to 290 Board Integrated Risk Management Committee Report – pages 271 to 278 Board Strategic Planning Committee Report – pages 295 to 298 Board Human Resource & Remuneration Committee Report – pages 264 to 270
Strategy	SLFRS S1 & S2 disclosures – pages 82 to 91	Our Strategy – pages 34 to 40
Risk Management	SLFRS S1 & S2 disclosures – pages 91 to 98	Risk Management Report – pages 317 to 347
Metrics & Targets	SLFRS S1 & S2 disclosures – pages 98 to 100	Corporate Banking Report – pages 202 to 208 Natural Capital Report – pages 169 to 190

1.8 Transitional Reliefs

The Bank has applied the transitional reliefs permitted under SLFRS S1 and S2, as issued by CA Sri Lanka, in preparing this year's SLFRS sustainability-related financial disclosures.

i. SLFRS S1 - **Disclosure of information only on CRROs:** In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only CRROs (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on CRROs.

ii. SLFRS S2.C3 - **Disclosure of comparative information:** In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its CRROs; and in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its CRROs.

iii. SLFRS S2.29.(a).(i).(3) - **Disclosure of Scope 3 greenhouse gas emissions:** Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date.

iv. SLFRS S2.15.(b) - **Disclosure of qualitative information regarding anticipated risks and opportunities:** Entities are permitted to defer the disclosure of qualitative information regarding anticipated risks and opportunities for a period of two years following the mandatory application of the standard.

v. SLFRS S2.22 - **Disclosures on Climate resilience:** Relief period of two years are granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

1.9 Professional Judgements, Uncertainties and Proportionality

The Bank's climate-related financial disclosures involve professional judgment and estimation due to the future-oriented and evolving nature of relevant risks and opportunities. The Bank applies reasonable and supportable information available at the reporting date, without incurring undue cost or effort. Further, the Bank has used the skills, capabilities and resources available at the reporting date wherever quantifying the impact of identified CRROs. The key areas involving professional judgment, measurement uncertainty and forward-looking assumptions are listed below.

1.9.1 Key Areas of Professional Judgement and Uncertainties

The Bank exercised professional judgement in areas of technical application due to the dependency of contextual interpretation. These judgments are critical to ensure that the disclosures are meaningful and aligned with the decision-making needs of primary users.

Key areas include:

i. Materiality Threshold - Determining whether specific CRROs could reasonably be expected to affect cash flows, access to finance or cost of capital over the short, medium or long-term. Judgements were applied where the financial effects were uncertain or indirect but meeting the qualitative criteria as specified (Refer 1.2.2 Qualitative Criteria in page 74).

ii. **Definition of Value Chain** – All upstream and downstream activities which are prone to CRROs are mapped over the value chain based on operational control and material impact to the Bank.

iii. **Time Horizon Classification** - Defining short, medium, and long-term time horizons based on the Bank's strategic planning and business cycles for optimal integration. These judgements directly affect how CRROs are disclosed and tracked over time.

iv. **Identification of CRROs** – Physical climate risk projections are based on the published climate risk profiles of the country and vary significantly by region and scenario. The regulatory and policy forecast of the EU regulations may vary with its enforcement timing.

v. **Quantifying the Financial Impact** - Deciding when quantitative disclosure was not reasonably possible and applying consistent qualitative alternatives that convey the direction and magnitude of potential effects, ensuring that omitted or estimated figures are clearly contextualised to prevent misinterpretation or overstatement of certainty.

1.9.2 Key Areas of Measurement Uncertainty

i. **GHG Emission Quantification** - Direct measurement is not feasible for all supplier categories, and assumptions are updated as more accurate category benchmarks become available.

ii. **GHG Emission Factors** - Estimations rely on third-party emissions factors published in the latest publicly available sources.

iii. **Physical Climate Risk Projections** - Climate risk models for Sri Lanka vary significantly by region and scenario. Therefore, the most recent and most popular sources have been used in assessing the physical climate risks.

iv. **Regulatory and Policy Forecasts** – Estimation of the potential impact of the applicable regulatory changes involve high uncertainty.

v. **Results of the Output** - Applies a structured and conservative approach to managing estimation and judgement uncertainty in its climate-related disclosures. This approach ensures that disclosures remain faithful to the Bank's operational reality while meeting the expectations of primary users for transparency and comparability.

vi. **Likelihood of Occurrence of CRROs** - The likelihood of occurrence of identified CRROs has been determined based on professional judgement considering the dependency of future events.

1.9.3 Key Areas of Forward-Looking Statements and Limitations

i. **Expected Benefits of the Climate-related Opportunities** – Based on the analysis of internal databases, the expected benefits of customer demand are likely to show high variations.

ii. **Transforming the Existing Business Model** – Converting the existing customer base into a sustainability driven customer base may face limitations due to the uncertainty of tangible ROI from the transformation, the influence of economic and social factors, and the time required for adaptability.

Commitment Going Forward

1. Improve the data collection system.
2. Evaluate the risks and opportunities based on the climate scenarios.



1.10 Statement of Compliance

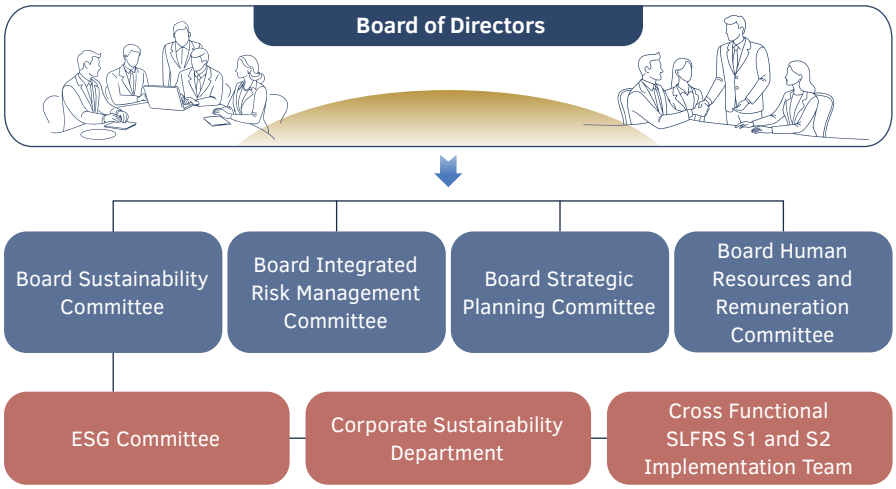
This report represents a complete set of sustainability-related financial disclosures for Sampath Bank PLC (the Group) for the year ended 31st December 2025. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

2. GOVERNANCE

This section outlines the governance structures, processes, and control mechanisms established to monitor, manage, and oversee the Bank's sustainability-related matters.

2.1 Board Oversight Role

2.1.1 Governance Oversight Structure



2.1.2 Responsibility S2-G1

Clearly defined governance structures, committee mandates and regular reporting to the Board, ensure that there is Board oversight on the implementation of environmental, social and governance matters, including the effective management of SRROs according to the TOR.

Delegation of sustainability-related responsibilities outlined as per the TOR of BSC;

Governance Body	Key Sustainability Related Responsibilities
Board Sustainability Committee (BSC)	» Approve and review the implementation plan of the SLFRS S1 and S2 standards according to the determined timelines. » Set ESG Policy and monitor its targets. » Periodically inform the Board of Directors of the alignment of the sustainability-related standards.

Refer to BSC Report on page 286.

The BSC was formed on 29th May 2024 to lead the Bank's sustainability agenda. Its role is to promote responsible business practices in line with Environmental, Social and Governance (ESG) principles, which are increasingly important in the financial sector.

The BSC consists of five Board members, including at least one Independent Director, along with the Managing Director/CEO. The Company Secretary serves as the Secretary to the Committee (and in his absence, a nominated representative will take over the role).

BSC meets quarterly, with the flexibility to arrange additional meetings when needed.

Through its work, the Committee aims to position the Bank as a forward-thinking institution that meets both local and global sustainability expectations. Refer to the Report of the BSC, including details of attendance on pages 285 to 290.

Key Activities of the Board Sub Committees Carried Out During the Year Under Review

	Governance Body	Key Sustainability-Related Activities
1	Board Integrated Risk Management Committee (BIRMC)	» Approve and review the identification, prioritisation, and assessment of climate-related risks.
2	Board Strategic Planning Committee (BSPC)	» Approve and review the strategies related to the management of CRROs. » Embed the ESG considerations into the Bank's strategic plan.
3	Board Human Resources and Remuneration Committee (BHRRC)	» Approve and review Reward Management Policy of Key Management Personnel for climate-linked performance.

The roles and responsibilities of the ESG Committee at the Bank level enable the effective integration of climate-related matters into strategy, decision-making, and risk management to assist the BSC.

2.1.3 Skills and Competencies S2-G2

As ESG is an emerging skill, the Board of Directors conducted an assessment based on their experience and exposure to the sustainability space through ESG skill mapping.

The BSC continues to be responsible for strategic formulation and holds accountable for oversight of climate-related risks and opportunities. The Climate First Action Plan has been developed, and periodic updates have been given on its progress to BIRMC and BSC for its execution.

The BSPC monitors the ESG strategy, including adaptation and mitigation strategies developed by management to achieve climate-related targets. This year, both the BSPC and BSC approved climate-related strategies for managing identified CRROs. Drawing on their collective experience, the respective sub committees made the decisions.

Further, the Board of Directors are provided with expertise development programmes to address these areas and support the Board in making more informed and sustainable decisions. Consequently, the Bank organised a specialised workshop for the Board of Directors focused on the "Role of the Board of Directors in Managing Climate Risks and Opportunities." Additionally, the Bank provided SLFRS learning resources and external training to the Board of Directors to enhance their understanding of SLFRS S1 and S2 Standards.

40.5 hours

Total number of trained hours during the FY 2025

Topics covered

i. Climate Emergency & ESG integration to Banking operation
ii. Enhancing ESG Reporting: Bridging Sustainability Disclosure Standards in Emerging Markets
iii. Role of the Board of Directors in Managing CRROs
iv. Climate First Reporting
v. Board's Role in Mandatory Sustainability Reporting
vi. Mobilising Sustainable Finance

This capacity building process and providing timely learning solutions is not a one-time activity. It is a recurring, evolving effort aimed at equipping the Board and employees with the necessary knowledge to make informed, practical and sustainability-focused decisions. By regularly assessing gaps and offering relevant educational resources, the Bank ensures that its leadership and workforce remain aligned with global standards and emerging best practices. Refer to Board training and evaluation on page 217.

2.1.4 Inform and Address

S2-G3

The Bank maintains a strong governance structure to oversee sustainability initiatives and CRROs. The BSC plays a central role in monitoring the implementation of SLFRS S1 and S2, with progress on the action plan presented quarterly. The BIRMC periodically reviews and oversees the advancement of the SLFRS S1 and S2 action plan. The BSPC approved the ESG strategy, including strategies for CRROs and other ESG related strategic initiatives. During the year under review, the Board of Directors approved the identified CRROs and the corresponding strategies.

The Board is kept informed on sustainability matters through multiple channels. Strategic sustainability topics are tabled and discussed regularly at Board meetings, ensuring sustainability remains embedded in our overall business strategy and decision-making process. The summary of the Board's oversight of CRROs is presented below.

	BSC	BIRMC	BSPC	BHRRC	Main Board
Key area/s discussed related to sustainability matters	i. Implementation and alignment with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2). ii. Sustainability governance frameworks in ESG Procedure. iii. Monitoring of sustainability Key Performance Indicators (KPIs) and progress. iv. ESG strategy development and target setting. v. Managing CRROs.	i. Action Plan for implementation and alignment with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2). ii. Identification of CRROs. iii. Assessed the identified Metrics and Targets.	Overall ESG Strategy along with the set strategies to address CRROs in alignment with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2).	Approved revised Reward Management Policy for Key Management Personnel to reward for the climate-related KPIs.	i. Approved the Material matters identified for 2025-2027 ii. Approved the identified climate-related risks and opportunities iii. Approved revised Reward Management Policy for Key Management Personnel to reward for the climate-related KPIs. iv. Approved the revised ESMS Policy to assess all loans except schematised loans to be screened for ESG due diligence. v. Approved the Green Deposit Framework to ensure transparency and accountability.
Reference	Refer to BSC Report on pages 285 to 290	Refer to BIRMC Report on pages 271 to 278	Refer to BSPC Report on pages 295 to 298	Refer to BHRRC Report on pages 264 to 270	Refer to Corporate Governance Reports at Sampath Bank on pages 218 to 231

Further details of the composition of each Board Sub Committee, the Secretary, the meeting frequency according to the TOR and the number of meetings held during the year explicitly described on the Board Sub Committee Reports. Refer to Sub Committee Reports on pages 245 to 315.

2.1.5 Monitor

S2-G4

The Board Integrated Risk Management Committee monitors the Bank's SLFRS S1 and S2 implementation and the Board Strategic Planning Committee monitors the strategies for climate-related risks, while the overall implementation is overseen by the Board Sustainability Committee on a quarterly basis. The policies, procedures and guidelines which monitor the CRROs are as follows;

	CRRO 1 – Extreme Weather Events		CRRO 2 – GHG Emission Quantification and Transition Planning		CRRO 3 – Sustainable Finance
	Bank's Physical Impact	Customers' Physical Impact	Bank's Operation	Customers' Operation	
1	Procedure on Internal Loss Event Data Reporting (ILEDR)	Policy and Procedure on Environmental and Social Risk Management System (ESMS) in lending activities	GHG Operational Manual	Policy and Procedure on Environmental and Social Risk Management System (ESMS)	Procedure on Sustainable Lending activities
2	Procedure on physical and environmental security	Procedure on classification and impairment computation of financial assets	EMS Operational Manual	ESG Policy and Procedure	Procedure on Sampath Green Fixed Deposit and Green Deposit Framework
3	Operational Risk Management Policy and Procedure	Credit Risk Management Policy and Procedure	ESG Policy and Procedure		ESG Policy and Procedure
4	Integrated Risk Management Policy and Procedure	Integrated Risk Management Policy and Procedure			
5	EMS Operational Manual	CSR Policy and Procedure			
6	CSR Policy and Procedure	ESG Policy and Procedure			
7	ESG Policy and Procedure				

2.1.6 Remuneration Mechanism S2-G5

When determining the reward scheme of Executive Directors, ESG-related KPIs were taken into consideration as per the Reward Management Policy for Key Management Personnel of the Bank. Refer to BHRRC Report on page 265.

2.2 Management Role

2.2.1 ESG Committee S2-G3,G6

To operationalise ESG strategies and execute the action plans, a managerial-level ESG Committee was formed in June 2024. This committee facilitates the implementation of Board-approved climate-related strategies and manage the climate-related risks while embracing the opportunities.

The ESG Committee acts as a liaison between the Board and operational teams. The ESG Committee is responsible for following duties as outlined in the Terms of Reference.

1. Identification of CRROs and related impacts
2. Implementation of appropriate response measures
3. Monitoring performance of material ESG metrics against targets
4. Review and provide guidance on ESG-related policies for the operational teams
5. Inform sustainability performance to the Board Sustainability Committee on quarterly basis

2.2.2 Remuneration of KMP Based on Climate-Related KPIs

A climate-related KPI was assigned to selected Key Management Personnel to successfully implement the SLFRS S1 and S2 in the Bank. As a reward, the Reward Management Policy for Key Management Personnel was revised to reward climate-related KPI as a performance-based remuneration.

	Element	Details
1	Composition	i. Executive Director/CFO - Chairman of the ESG Committee ii. Senior DGM - Life Lead Operation iii. Chief Human Resource Transformation Officer iv. Company Secretary v. Chief Risk Officer vi. AGM - Branch Banking vii. Chief Manager - Corporate Banking viii. Chief Economist/Head of Research
2	Changes in Membership	During the year, three new members of the corporate management/ senior management were added as committee members.
3	Meeting Frequency	The Committee meets on a monthly basis. Additional meetings may be convened as required at the request of Committee members.
4	Reporting	The ESG Committee provides a quarterly report on Sustainability-related performance to the BSC.
5	Responsibilities Related to CRROs	i. Review the list of sustainability matters. ii. Assess the materiality of these matters to ensure that Sustainability-Related Risks and Opportunities and CRROs are integrated into the Bank's overall strategy, risk management, policies and procedures. iii. Evaluate the resilience of the Bank's approach to these risks and opportunities.
6	Total Number of Trained Hours	28
7	Topics Covered	i. Report on climate-related financial disclosures on Governance, Strategy, Risk Management and Metrics & Targets ii. Practical application on the SLFRS S1 and S2 iii. Climate emergency iv. Embedding climate considerations to the ESG strategy v. Global economic trends and development policy vi. Implications of climate change and artificial intelligence



2.2.3 Purview Under the ESG Committee

Corporate Sustainability Department

The Corporate Sustainability Department, comprising sustainability professionals with relevant qualifications and experience, actively plans, implements, and monitors climate impact management initiatives. These efforts are aligned with the Bank's overall sustainability strategy and carried out under the oversight of the ESG Committee.

Climate expertise:

i. A female Environmentalist

ii. Agriculturist

Working Groups

ESG Working Group

The Group coordinates data collection, validation, and reporting processes related to sustainability and climate disclosures, ensuring consistency and accuracy across business units. It also monitors regulatory updates, identifies capacity building needs, and supports the integration of sustainability-related information into existing reporting systems. Working closely with the Corporate Sustainability Department, this Group ensures submitting sustainability-related strategic business unit level information for the disclosure requirements thereby facilitating a smooth and compliant implementation of SLFRS S1 and S2 standards across the Bank. The ESG Working Group met once in every quarter in 2025.

1,746 hours
Total number of trained hours during the FY 2025

Topics covered

i. Climate emergency

ii. Importance of Carbon footprint Quantification and Bankers' role for GHG emission

iii. Practical guidance on data collection mechanism through SDAS

SLFRS S1 and S2 Implementation Group

The SLFRS S1 and S2 Implementation Group is tasked with the implementation of the Group's sustainability disclosure framework in alignment with the requirements of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). In 2025, the cross-functional team comprise of;

i. Corporate Sustainability Department

ii. Finance Department

iii. Strategic Planning Department

iv. Human Resources Department

v. Secretariat Department

vi. Risk Management Unit

vii. Internal Audit Department

viii. Corporate Finance Department

ix. Branch Banking

The Group works closely with divisional and functional teams to identify and assess key climate-related risks, opportunities, and data gaps relevant to the standards. This includes monitoring the evolving regulatory and policy landscape, interpreting guidance issued by CA Sri Lanka and IFRS Foundation, and ensuring consistent and accurate application of the standards across the Group. The Group also facilitates cross-functional collaboration to strengthen governance, data management, and reporting systems, driving the integration of sustainability-related financial disclosures into the Group's overall corporate reporting and decision-making processes.

148.5 hours
Total number of trained hours during the FY 2025

Topics covered

i. Climate emergency

ii. Embedding climate considerations to the ESG strategy

iii. Report on climate-related financial disclosures on Governance, Strategy, Risk Management and Metrics & Targets

iv. Practical application on the SLFRS S1 and S2

2.3 Internal Controls and Procedures S2-G7

In line with its ongoing commitment to sustainability, the Bank operates under three key policies and related procedures. This helps guide daily banking activities in a way that minimises environmental impact and supports responsible business practices.

2.3.1 ESG Strategy

The Bank's ESG Strategy is developed internally with support from the relevant business units and insights from the Corporate Sustainability Department. ESG principles are already being applied to the Bank's overall strategy. This means that environmental and social factors, along with good governance practices, are considered when making key decisions about operations, investments and long-term planning. ESG Strategy also supports the Bank's climate-related risk management efforts by helping identify and manage risks and opportunities in a way that aligns with the Bank's sustainability goals and SLFRS S2 requirements.

2.3.2 ESG Policy and Procedure

The Bank's Environmental, Social and Governance (ESG) Policy and comprehensive ESG Procedure is fully aligned with its Strategic Sustainability Framework. This ensures that sustainability considerations are embedded in all operations and decision-making processes. The policy and procedure support responsible banking by integrating ESG principles across the business and driving initiatives in areas such as climate change, financial inclusion, ethical governance and social impact. By embedding these principles, the Bank aims to mitigate risks, create long-term stakeholder value and contribute to national and global sustainability goals.

SCAN ME!

View the ESG Policy published on the Bank's corporate website
https://www.sampath.lk/investor-relations?section=CSE-Policies

2.3.3 Policies and Procedures Under Enterprise Risk Management Framework

ESMS Policy and Procedure

Recognising the importance of sustainability-related risks and opportunities within its lending portfolio, the Bank has implemented a Board approved Environmental and Social Risk Management System (ESMS). This policy is designed to identify, assess, mitigate and manage environmental and social risks in lending operations. It reinforces the Bank's commitment to ESG considerations and responsible lending practices.

Procedure on Internal Loss Event Data Reporting (ILEDR)

This is part of the Bank's operational risk management framework and is designed to capture, record, and report losses arising from internal events, including those linked to climate-related risks such as extreme weather disruptions.

Procedure on Physical and Environmental Security

This is a key component of the Bank's operational risk and resilience framework.

Operational Risk Management Policy and Procedure

A core component of the Bank's Enterprise Risk Management Framework, designed to identify, assess, mitigate, and monitor risks arising from inadequate or failed internal processes, systems, human factors, or external events.

Integrated Risk Management Policy and Procedure

Unified framework for managing all major risk categories - credit, market, operational, and ESG-related risks within the Bank's Enterprise Risk Management structure.

Credit Risk Management Policy and Procedure

Fundamental part of the Bank's Enterprise Risk Management Framework, designed to safeguard financial stability by managing credit exposures effectively.

2.3.4 EMS Operational Manual on ISO 14001:2015 Environmental Management System

The Bank has successfully implemented the ISO 14001:2015 EMS standard to strengthen the internal environmental management system. The primary purpose of this initiative is to establish a structured framework for managing environmental responsibilities effectively to achieve environmental objectives. By adopting this standard, the Bank aims to mitigate both operational and its indirect impacts on the environment, ensuring compliance with global best practices and contributing to long-term environmental sustainability.

2.3.5 Procedure on Sustainable Lending Activities

This outlines how the Bank integrates environmental and social considerations into its lending operations to support responsible financing and climate goals.

2.3.6 Procedure on Sampath Green Fixed Deposit and Green Deposit Framework

This establishes a structured mechanism for offering and managing Green Fixed Deposit products that align with sustainability objectives.

2.3.7 Procedure on Classification and Impairment Computation of Financial Assets

This ensures accurate categorisation of financial assets and timely recognition of expected credit losses under SLFRS 9 (Financial Instruments) accounting standard.

2.3.8 GHG Operational Manual

A structured framework for measuring, managing, and reporting greenhouse gas emissions in line with ISO 14064-1:2018 Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals and global standards such as the GHG Protocol.

2.3.9 CSR Policy and Procedure

The Bank's CSR Policy provides strategic guidance for implementing impactful social and environmental sustainability initiatives. It ensures that CSR activities align with the Bank's broader sustainability goals, delivering long-term value to stakeholders at the Bank's relevant CRROs.

2.3.10 Climate Scenario Analysis

The Bank has taken foundational steps to integrate ESG risk into ICAAP by means of climate scenario analysis. In line with the regulatory guidance and transitional relief provisions, we have a two year grace period for the full disclosure of climate scenario analysis outcomes. Accordingly, we do not intend to disclose the results in the current reporting period. The findings and implications of the climate scenario analysis will be included in our Annual Report as at 31st December 2027, ensuring transparency and alignment with SLFRS sustainability reporting standards.

2.3.11 Terms of Reference

The Terms of Reference (TOR) have been implemented for the Board Sustainability Committee and the ESG Committee to define their specific responsibility to identify, assess, prioritise and monitor the CRROs. These TORs are designed to establish clear governance frameworks for both the Board and Management in overseeing ESG and sustainability initiatives within the Bank. They encompass a comprehensive scope of activities including operations (such as lending, borrowing and investments), risk management, materiality assessment and CSR activities ensuring a holistic approach to sustainability.

3. STRATEGY

This section outlines how the Bank manages its CRROs and embeds to the decision-making.

3.1 Global Context

Escalating environmental risks are reshaping global risk landscapes, with the World Economic Forum identifying extreme weather, ecosystem collapse, natural resource shortages, and critical earth-system changes as the most likely global crises in the coming decade. These risks driven by climate change and highlighted by the IPCC's finding that human-induced warming has already reached 1.1°C have direct implications for financial stability. The Paris Agreement and its NDC commitments require significant economic transformation, accelerating the transition toward low-carbon development. For the banking sector, this creates both systemic risks and strategic opportunities, as banks must reassess credit exposures, strengthen climate risk management and mobilise capital to support national and global decarbonisation pathways.

Decarbonisation efforts depend heavily on robust greenhouse gas (GHG) quantification; however, limitations in widely used emissions databases can impede effective decision-making and weaken investor confidence. Additionally, rapid shifts in global policies, technologies, and market expectations continue to challenge banks as they set their transition strategies. The transition to a low-carbon economy can materially affect the value of carbon-intensive assets and reshape credit and investment portfolios, reinforcing opportunities to diverse.

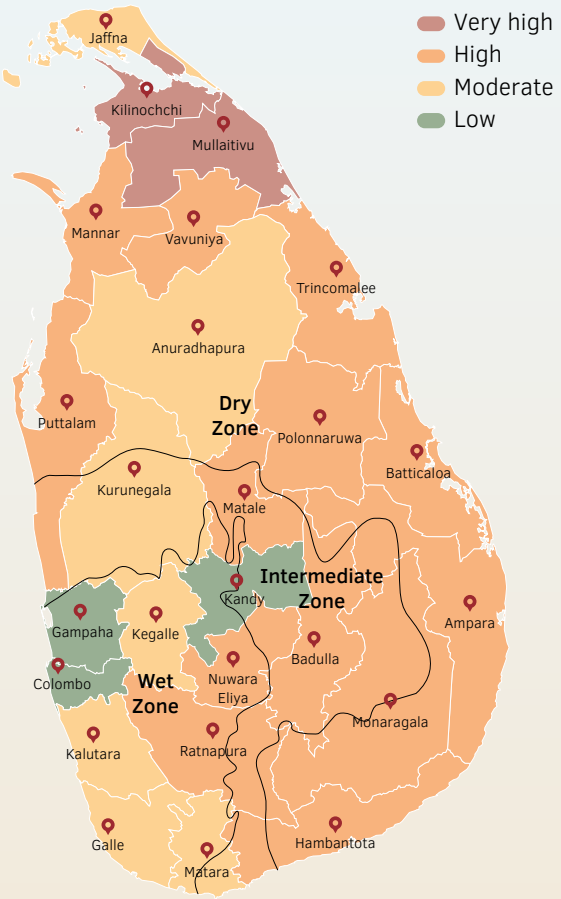
Global context

- Extreme weather events
- Critical change to earth systems
- Biodiversity loss
- Ecosystem collapse

3.2 Sri Lankan Context

Sri Lanka is highly vulnerable to climate change due to its unique hydrological regime, rising temperatures and increasing frequency of extreme climate events. Events such as rainfall variability causing landslides & flood risk affects nearly all economic sectors. While not all environmental challenges exert a direct material impact on the Group, these conditions shape the country's broader climate risk profile and underscore the urgency of national climate action. Against this backdrop, Sri Lanka's sustainable-finance landscape is rapidly advancing, driven by stronger climate commitments and the growing need to integrate transition-risk considerations into financial decision-making. The National Climate Finance Strategy (2025–2030) emphasises reliable GHG quantification as a foundation for mobilising investment and steering the country toward low-carbon development pathways, while the Central Bank's Sustainable Finance Roadmap 2.0 highlights the need for Financial Institutions to manage transition risks as global policy, technology and market shifts reshape economic activity. Complementing these, Sri Lanka's NDC 3.0 outlines sectoral mitigation targets that reinforce the critical importance of consistent emissions data to effectively direct sustainable finance and ensure alignment with long-term national decarbonisation goals.

Sri Lanka's Climate Vulnerability Map - According to NDC 3.0



3.3 Alignment to Bank's Strategy and Decision-making

The following mechanisms have been implemented to facilitate the consideration of CRROs in the Group's strategy formulation and decision-making processes.

i. All planned initiatives which contribute towards achieving ESG targets are presented to the Board as part of the Annual Budgeting and Corporate Planning exercise.

ii. ESG due-diligence criteria (which include exposure to CRROs) are assessed when evaluating an investment.

iii. Climate-related risks are included in the Bank's Risk Management framework which is to be tabled with the implementation of SLFRS S1 to Board Integrated Risk Management Committee.

iv. Progress against relevant ESG targets is monitored continuously by the Board Strategic Planning Committee and Board Sustainability Committee. Refer to BSPC Report on page 295.

Having considered the global and local phenomenon, the Bank identified the below CRROs that could reasonably be expected to affect the Bank's prospects.

S2-S1

Climate-related Risks for the Bank

	Indicator used
Extreme Weather Events	CRRO 1
GHG Quantification & Transition Planning	CRRO 2

Climate-related Opportunity for the Bank

	Indicator used
Sustainable Finance	CRRO 3

3.4 Classification of CRROs

CRRO 1

Description S2-S6

Human-driven Greenhouse Gas emissions have already raised global temperatures by 1.1°C, increasing the likelihood of more severe climate impacts. Sri Lanka is highly exposed to rising temperatures, erratic monsoons, floods, droughts, landslides, and coastal erosion. These changes directly translate into higher credit risk for banks. Climate impacts disrupt agriculture, SMEs, trade, infrastructure and households, weakening borrower cashflows and repayment capacity. Collateral values especially in flood, drought and landslide prone areas also face heightened credit risk.

As the country moves to meet its Paris Agreement commitments, sectors with high emissions may face transition pressures, further affecting creditworthiness. These dynamics require banks to strengthen climate-informed credit appraisal, sectoral limits and portfolio risk monitoring.

S2-S7

Nature of CRRO	Physical Climate Risk

S2-S8

Time Horizon	Short Term, Medium Term, Long Term

Define Time Horizon - Refer to Basis of Defining the Time Horizon on page 75



Business Model and Value Chain S2-S2,S10

Current Impact on the Business Model and Value Chain

Credit Risk Management Adjustments

Extreme weather events necessitated enhancements to the credit risk evaluation framework. The Group strengthened individual borrower assessments, expanded monitoring responsibilities across the lending value chain, and introduced portfolio-wide reviews. The provision of grace periods, while supporting customers, temporarily affected short-term cash inflows and increased provisioning requirements.

Asset Quality and Balance Sheet Impact

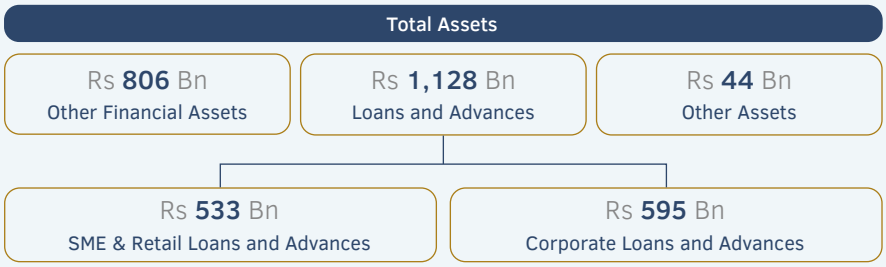
The recognition of additional impairment provisions led to a reassessment of asset quality. This reinforced a more prudent approach to provisioning. Although cash flows were not materially impacted, the adjustments affected capital allocation, profitability, and the risk-return profile of the lending portfolio.

Customer Support and Relationship Management

By extending temporary relief measures to affected customers, the Group demonstrated its commitment to being a supportive financial partner during times of crisis. These initiatives are expected to strengthen long-term customer relationships, though they have temporarily increased operational demands and credit monitoring responsibilities across the lending value chain.

Anticipated Impact to the Business Model and Value Chain

Evolving Business Models: Extreme weather increases credit, operational and market uncertainties, pushing the Bank to shift towards a more sustainable business model, expanding green financing, renewable energy investments and climate-aligned products. This transition ensures long-term resilience of below portfolio and aligns the Bank's value chain with a low-carbon, climate-adapted economy.



Enhanced Risk Assessment Frameworks: Borrower vulnerability to floods, droughts and storms directly affects credit quality across the value chain. The Bank will incorporate climate modelling, sectoral heat maps and scenario analysis into future credit assessments to better potential losses and refine lending decisions.

Increased Operational Resilience: Climate-induced disruptions may impact branches, ATMs, data centers and supply partners. To protect the operational value chain, the Bank will strengthen infrastructure, disaster recovery capabilities, cyber-resilience and cloud-based systems to ensure uninterrupted service delivery.

Liquidity Management Strategies: Extreme weather can trigger sudden cash demands, payment disruptions or branch inaccessibility. The Bank will maintain stronger liquidity buffers and contingency funding plans to safeguard stability across the full liquidity value chain.

Regulatory Compliance and Reporting: Regulators increasingly expect Banks to assess, manage and disclose climate risks. Extreme weather accelerates the need for integrated climate risk management, transparent reporting and alignment of the risk governance value chain with evolving regulatory standards.

Customer-Centric Innovations: Customers in all segments such as corporates, SMEs and retail may face rising climate-related financial losses. The Bank's value proposition will evolve through new products such as disaster-recovery financing, climate insurance and adaptation-focused lending to support customer resilience.

Collaborative Partnerships: Extreme weather challenges require ecosystem-wide responses. The Bank will work with government, NGOs, development partners and communities to enable climate-resilient solutions across the value chain, from advisory services to targeted financing.

Where is it concentrated?

S2-S11

Credit Risk

Asset damage and loss due to direct destruction of infrastructure, property, or inventory from natural hazards leads to high repair and replacement costs. Reduce collateral value due to stranded assets. Lower asset values increase loan-to-value (LTV) ratios, making defaults more likely. Loss of revenue from downtime or reduced operational capacity. Crop failures due to natural hazards and reducing farmers' revenues lead to default risk from farmers.

Market Risk

Reduced value of assets vulnerable to physical risks, divestment from sectors or companies with high exposure to physical risks. For instance, coastal and coastal-corridor economic activities account for 40% – 45% of the Sri Lankan GDP which can cause for losses for economic contribution while affecting Bank's exposure.

Underwriting Risk

Rising premiums or even loss of insurability in high-risk regions. Increased liability claims and payouts strain insurers and reinsurers. Increased insurance gap.

Operational Risk

Interruptions in supply chains, services or delivery channels. Cost of adapting or relocating business units, supply chains, or operations.



The way Bank is resourcing, and plans to resource the activities

S2-S12,S13,S17

- The Bank allocated Rs 111 Mn specifically for climate risk management initiatives, such as capital expenditure for physical infrastructure upgrades/relocations (e.g., flood barriers, branch re-locations), representing a 178% increase from the previous year.
- In 2025, team members completed more than 4,500 hours of training on climate emergency, focusing on climate vulnerability and individual's role in combating climate change.
- The Bank has four climate risk and sustainability specialists to enhance internal capabilities in managing climate-related challenges.

Business Strategy and Decision Making

S2-S3

1. Perform a detailed climate stress test to identify the impact of extreme weather events on the Bank's loan portfolio - The Bank is in the primitive stage of conducting internal research on integration of ESG risk into the ICAAP process through climate scenario analysis and stress testing.
2. Integrate climate risk assessments into branch locations - The Bank is in the process of assessing the climate vulnerability of the geographic locations of the branches to integrate into climate risk assessment.
3. Strengthen disaster recovery and business continuity planning, especially for operations in flood or landslide prone areas or drought areas - The Bank allocated funds for climate risk management initiatives for the financial year 2026 such as capital expenditure for physical infrastructure upgrades/ relocations (e.g., flood barriers, branch re-locations), representing a 178% increase from the previous year.
4. Embed climate vulnerability as a parameter in credit risk assessments, especially for agriculture, construction and SME sectors. The Bank will strengthen the application of ESMS in credit evaluation specifically in climate vulnerable sectors in Sri Lanka.

Progress of the plans and initiatives

- As a disaster recovery technology, IT infrastructure with cloud-based solutions were upgraded, ensuring data backup and recovery capabilities during extreme weather events.
- Partnered with IUCN to support community resilience initiatives, including disaster preparedness workshops and financial literacy programmes for vulnerable populations.
- Province-wise monitoring based on the materiality of the impact.
- Business Continuity Plan (BCP) revised to include extreme weather scenarios.
- Early warning extreme weather alert systems for branch network and customers.
- The Bank joined as a co-group member to Sustainable Banking Initiatives of Sri Lanka Banks' Association to collaborate with other financial institutions to share best practices and develop industry-wide standards for climate risk management.

Sustainable Banking Initiative

Judgements and Uncertainties

Refer to Judgements and Uncertainties on pages 76 and 77.

Climate Resilience

S2-S5,S26

Resilience Assessment Using Climate Scenario Analysis

Refer to Transitional Reliefs on page 76.

CRRO 1 (CONTD.)

Financial Effects

S2-S4,S19,S21

Current year financial effects to Profit and Loss Statement (P&L), Statement of Financial Position (SOFP) and Cash Flow Statement (CF)

As a result of Cyclone Ditwah and the subsequent landslides and flooding, the Group's property, plant, and equipment were not materially damaged.

The Bank assessed all impacted customers for credit risk arising from the disaster. Customers of the Bank, with a total credit exposure of Rs 12 Bn, sought temporary relief in the form of grace periods ranging from 3 to 6 months, as the majority of disruptions were assessed to be short term in nature.

Accordingly, the Bank recognised an additional impairment provision of Rs 183 Mn under individually significant impairment assessments. In addition, the Bank also recorded a management overlay provision of Rs 535 Mn to cover loans under grace periods and exposures in industries adversely affected by the disaster, bringing the total additional provisions to Rs 718 Mn.

The Bank's fully owned subsidiary, Siyapatha Finance PLC, also recorded a management overlay provision of Rs 26 Mn, bringing the total additional impairment provision at Group level to Rs 744 Mn.

The total after tax charge to the Group's Profit and Loss Statement amounted to Rs 394 Mn due to the additional impairment recognised.

The recognition of these impairment provisions also led to a reduction in net loans and advances, thereby decreasing the Group's total assets by Rs 744 Mn.

These impacts are embedded in Notes 12.1 and 25 on pages 399 to 400 and 417 to 420 of the financial statements.

There was no material impact on the Group's Cash Flow Statement as a result of this disaster.

The Group's other subsidiaries—Sampath Centre Limited, Sampath Securities (Pvt) Limited, and Sampath IT Solutions Limited—were not materially affected by this natural disaster.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year

S2-S22

The absence of sufficient historical loss data (other than the Ditwah event) and the lack of reliable prospective climate-related information for the next 12 months have prevented us from quantifying any potential impact on the carrying value of assets and liabilities for the next financial year.

S2-S20

Anticipated financial effects over short, medium and long term to P&L, SOFP and CF

Refer to Transitional Reliefs on page 76.



CRRO 2

Description

S2-S6

As per Sri Lanka's Nationally Determined Contributions (NDC) 3.0, the country targets a 20.09% reduction in GHG emissions by 2035 comprising a 8.11% unconditional and 11.98% conditional reduction relative to the Business-as-Usual pathway. Achieving this requires transforming the national energy mix to 70% renewable power by 2030, driving significant shifts across high emitting industries such as energy, transport, manufacturing and construction. For the Bank, this creates material transition risk, as lending portfolios are increasingly exposed to sectors that must rapidly decarbonise or face regulatory, technological and market pressures. To manage this, the Bank must strengthen capabilities in GHG quantification, sector level emissions assessment and transition-aligned credit evaluation, ensuring the Bank can identify customers' emission profiles and assess the credibility of their transition plans. The Bank may misprice credit, while carbon intensive customers and fossil fuel dependent businesses and projects may become stranded, increasing default probabilities and lowering collateral values as demand and asset viability decline.

S2-S7

Nature of CRRO	Transition Climate Risk

S2-S8

Time Horizon	Medium Term, Long Term

Define Time Horizon - Refer to Basis of Defining the Time Horizon on page 75

Business Model and Value Chain

S2-S2,S10

Current Impact on the Business Model and Value Chain

No material impact to current year's business model and value chain.

Anticipated Impact to the Business Model and Value Chain

Enhanced Risk Mitigation in GHG Driven Credit Risk

Transition risk will most heavily affect credit quality, especially for high-emitting sectors facing rising operating costs, carbon rules (such as EU Carbon Border Adjustment Mechanism - CBAM), and shifting market demand. Borrower repayment capacity may weaken, and collateral values may decline as carbon-intensive assets become less competitive or stranded. Integrating borrower-level GHG data into credit risk assessments is therefore the most material impact on the Bank's risk profile.

Portfolio Diversification and Sectoral Shifts

As Sri Lanka targets a 20.09% emissions reduction by 2035 and 70% Renewable Energy by 2030, financing needs will shift from fossil-heavy sectors to renewables, EVs, green construction, and energy efficiency. This reallocation affects interest income, sectoral exposures, and NPA risks. Misaligned portfolios could reduce long-term profitability, making this highly material for strategic planning.

Technology and Data Investments

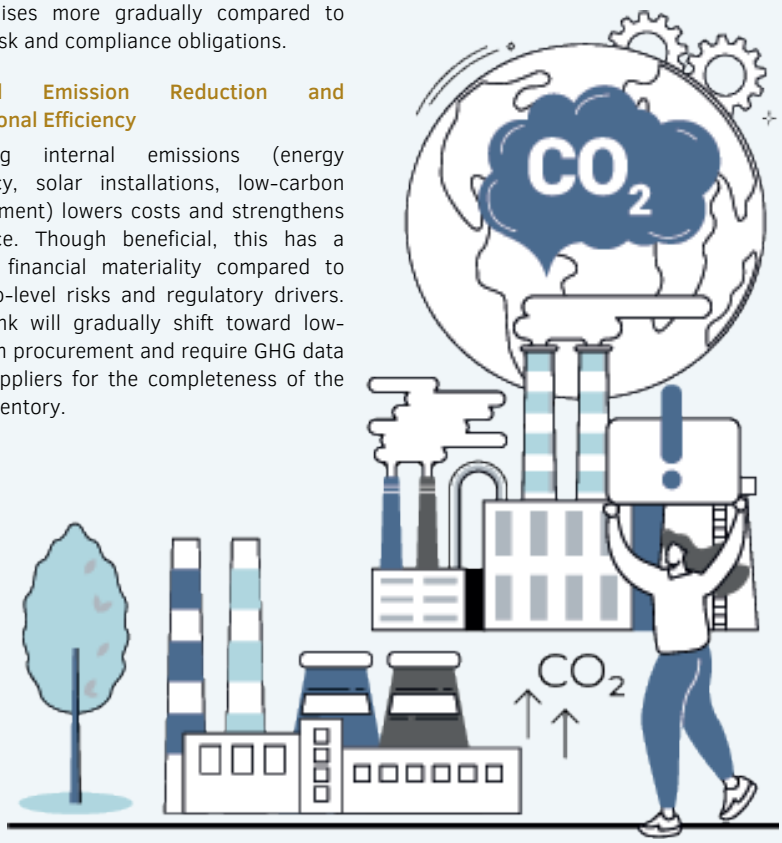
Accurate GHG quantification requires new systems, datasets, modelling tools, and analytics across credit, risk, and sustainability teams. As financed emissions become a core regulatory metric, technology gaps can cause material reporting, compliance, and operational risks. This becomes a major value chain impact for the Bank.

Sustainable Business Model Evolution

The Bank must gradually shift from traditional lending models to sustainability-integrated models. This shapes long-term competitiveness and investor confidence. The impact is strategically significant but materialises more gradually compared to credit risk and compliance obligations.

Internal Emission Reduction and Operational Efficiency

Reducing internal emissions (energy efficiency, solar installations, low-carbon procurement) lowers costs and strengthens resilience. Though beneficial, this has a smaller financial materiality compared to portfolio-level risks and regulatory drivers. The Bank will gradually shift toward low-emission procurement and require GHG data from suppliers for the completeness of the GHG inventory.



CRRO 2 (CONTD.)

Where is it concentrated? S2-S11

Credit Risk

The borrower's loss of revenue due to changes in existing policies and regulations and the introduction of new policies and regulations. Loss of revenue due to business interruptions caused by new technology development. Loss of business and revenue due to change of customer preferences towards renewable energy products and energy-efficient products. Lower asset values increase loan-to-value (LTV) ratios, making defaults more likely. Businesses in carbon-intensive industries could face higher operating costs, challenges, or even forced shutdowns.

Market Risk

Reduced asset values due to stranded assets and continuous loss-making.

Operational Risk

Regulatory changes create compliance pressures, technology transitions can interrupt operational activities, supply chain instability due to transition risk, workforce disruption due to lack of skills and training gaps, increased reporting and monitoring burden, and reputational damage leading to operational stress.

Policy and Regulatory Risk

Government may introduce carbon pricing, emission caps, bans, or subsidy cuts. Lawsuits for environmental damage, greenwashing, or failing to disclose transition risk.

Reputational Risk

Firms seen as environmentally irresponsible or lagging on sustainability may face negative consumer preferences, employee pushbacks, or investor divestment. Reputational loss can impact both sales and access to capital.



Business Strategy and Decision Making S2-S3

- The Bank has signed the PCAF and currently in the process of computing Financed Emissions to set the baseline for detailed decarbonisation strategy for the Bank.
- The Bank is in the process of computing financed emissions as per PCAF methodology and plans to disclose financed emission in FY 2027 with its transition/decarbonisation strategy.
- Shift toward financing low-carbon industries and renewable energy projects.
- Adoption of internal ESG scoring in loan approvals and investment decisions.
- Proactive policy alignment with evolving regulatory and sustainability standards.
- Conduct a survey/audit for customers on identifying GHG emission and documenting all findings.
- Monitor actions on transition based on the significance of business type; Corporate, SMEs, others.

The way Bank is resourcing, and plans to resource the activities S2-S12,S13,S17

- Appointed a dedicated ESG team to track regulatory shifts and advise business units.
- Budgeting for transition advisory support (e.g., recommending energy efficiency measures etc.).
- Internal training in Green Finance Taxonomy and sustainable lending practices.
- Strengthening the Corporate Sustainability Department on need basis.

Progress of the plans and initiatives

- 1,635 borrowers screened environmental for social due diligence.
- Ongoing engagement with policymakers and industry groups to anticipate regulatory transitions.

Financial Effects S2-S4,S19,S21

Current year financial effects to P&L, SOFP and CF

- We have not identified material financial effects to the current financial year.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year S2-S22

- We have not identified significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.

Anticipated financial effects over short, medium and long term to P&L, SOFP and CF S2-S20

- Refer to Transitional Relief on page 76.

Judgements and Uncertainties

Refer to Judgements and Uncertainties on pages 76 and 77.

Climate Resilience S2-S5,S26

Resilience Assessment Using Climate Scenario Analysis

Refer to Transitional Relief on page 76.

CRRO 3

Description

S2-S6

Globally, climate finance needs are immense, with mitigation requiring over $7.2 Tn annually by 2030 and adaptation for developing countries demanding $130–$415 Bn per year, yet only 5% of global climate finance was allocated to adaptation in 2021–2022. Unchecked climate change could reduce global GDP by 7.6% by 2070 and for Sri Lanka, critical sectors like agriculture, fisheries and tourism face severe disruption. Sri Lanka's NDC targets of 20.09% emission reduction in 2035 and 70% renewable energy by 2030 are creating strong national demand for sustainable finance. These challenges create an unique opportunity for the Bank to align lending and investment decisions with sustainability goals supporting climate-friendly projects, driving green innovation and attracting investors and customers who value responsible practices. By offering sustainable financial products and services, we can strengthen our reputation, enhance long-term profitability, and play a meaningful role in shaping a resilient, future-ready economy.

S2-S7

Nature of CRRO	Climate-related Opportunity

S2-S8

Time Horizon	Short Term, Medium Term, Long Term

Define Time Horizon - Refer to Basis of Defining the Time Horizon on page 75

Business Model and Value Chain S2-S2,S10

Current Impact on the Business Model and Value Chain

Business Model Diversification: Sustainable financing allows the Bank to diversify product offerings, attracting a new segment of environmentally conscious clients and investors. This diversification of portfolio enhances revenue streams and positions the Bank as a leader in the growing green finance market.

Enhanced Risk Management: By incorporating sustainability criteria into lending and investment decisions, the Bank can better assess and mitigate risks associated with climate change, such as credit risk from borrowers in high-emission sectors.

Increased Customer Loyalty and Trust: Offering sustainable financing products fosters stronger relationships with customers who prioritise environmental responsibility. This alignment with customer values enhances trust and loyalty, contributing to long-term client retention.

Regulatory Compliance and Competitive Advantage: As regulatory frameworks increasingly emphasise sustainability and climate risk disclosure, the proactive engage in sustainable financing are better positioned to comply with regulations, reducing potential legal and reputational risks while gaining a competitive advantage.

Operational Efficiency and Innovation: The focus on sustainable financing encourages the Bank to adopt innovative practices and technologies that improve operational efficiency, such as digital platforms for green investments and enhanced data analytics for assessing environmental impact.

Positive Impact on Reputation: Engaging in sustainable financing enhances the Bank's reputation as a responsible corporate citizen, attracting positive media attention and improving stakeholder perceptions. This reputational boost can lead to increased business opportunities and partnerships.



Alignment with Global Sustainability Goals: By participating in sustainable financing initiatives, the Bank contributes to global efforts to combat climate change and promote sustainable development, aligning their operations with international frameworks such as the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).

Anticipated Impact to the Business Model and Value Chain

Strategic Business Model Evolution: As demand for sustainable financing grows, the Bank will increasingly integrate sustainability into core business models, prioritising green investments and financing options. This evolution will position the Bank as a key player in the transition to a low-carbon economy, enhancing their market relevance.

Expanded Market Opportunities: The rise in sustainable financing will open new market opportunities for the Bank, allowing it to tap into the growing demand for environmentally friendly products and services. This includes catering to businesses and consumers seeking financing for renewable energy projects, energy-efficient technologies, and sustainable infrastructure.

Enhanced Risk Mitigation: By focusing on sustainable financing, the Bank can better manage risks associated with climate change and environmental degradation. This proactive approach will lead to improved credit assessments and reduced exposure to sectors vulnerable to regulatory changes or market shifts related to sustainability.

CRRO 3 (CONTD.)

Innovation in Financial Products: The increasing emphasis on sustainability will drive the Bank to innovate and develop new financial products tailored to the needs of environmentally conscious clients. This may include sustainability-linked loans, green loans, green bonds, green deposits, and investment funds focused on sustainable enterprises, further diversifying the Bank's offerings.

Strengthened Stakeholder Relationships: Engaging in sustainable financing will enhance relationships with stakeholders, including investors, customers, and regulators, who are increasingly prioritising environmental, social, and governance (ESG) criteria. This alignment will foster trust and collaboration, benefiting the Bank's reputation and business prospects.

Long-term Value Creation: By integrating sustainable financing into their business models, the Bank can contribute to long-term value creation for shareholders and stakeholders. This commitment to sustainability not only aligns with global climate goals but also enhances the Bank's resilience and adaptability in a rapidly changing economic landscape.

Positive Environmental and Social Impact: The anticipated growth in sustainable financing will enable the Bank to play a crucial role in addressing global challenges such as climate change, resource depletion, and social inequality. By financing projects that promote sustainability, the Bank can contribute to positive environmental and social outcomes, reinforcing their corporate social responsibility commitments.

Where is it concentrated? S2-S11

Credit Risk

Sustainable financing encourages the Bank to assess the environmental impact of the lending practices, leading to a more nuanced understanding of credit risk. By prioritising loans for green projects, the Bank can reduce exposure to high-emission sectors that may face regulatory or market challenges.

Market Risk

Influence the valuation of assets linked to high-emission sectors.

Liquidity Risk

The growth of sustainable financing may lead to liquidity risk if customers in high-emission sectors experience financial difficulties due to the regulatory changes and market shifts. This could result in increased defaults or withdrawals, straining the Bank's liquidity position.

Reputational Risk

Firms seen as environmentally irresponsible or lagging on sustainability may face negative consumer preferences, employee pushbacks, or investor divestment. Reputational loss can impact both sales and access to capital.



Business Strategy and Decision Making S2-S3

- Launched green finance products (Green Fixed Deposits, Solar Loans, Sustainable Agriculture Credit).
- Screened 1,635 loans except housing loans, vehicle loans, leasing facilities, credit cards, pawning and other consumption loans based on environmental due diligence.
- Integrated climate opportunity mapping in strategic lending segments.
- Committed to aligning with global disclosure standards (e.g., SLFRS Sustainability-related financial disclosure standards).

The way Bank is resourcing, and plans to resource the activities S2-S12,S13,S17

- Access concessional funding lines from multilateral development agencies.
- Set up an innovative team to design new climate-linked financial instruments.
- Establishment of sustainability-related financing function under Lending Department, Deposit function under Deposit Mobilisation Department and Investor relations on external borrowings.

Progress of the plans and initiatives

- Renewable energy loan portfolio to be increased by 50% in 2026.
- Sustainability disclosures included in the Annual Report.
- Include all strategies under the Strategic Plan and monitoring based on the significance.

Judgements and Uncertainties

Refer to Judgements and Uncertainties on pages 76 and 77.

Climate Resilience S2-S5,S26

Resilience Assessment Using Climate Scenario Analysis

Refer to Transitional Relief on page 76.

Financial Effects S2-S4,S19,S21

Current year financial effects to P&L, SOFP and CF

According to the established disclosure thresholds, there was no material impact on the Group's Profit and Loss Statement from sustainable finance activities.

The Bank's net renewable energy loan portfolio expanded by Rs 5 Bn during the year, positively contributing to the Group's total assets. This impact is embedded in Note 25 on pages 417 to 420 of the financial statements.

The Group's net cash outflow from sustainable finance activities (before taxes) during the year amounted to Rs 3.8 Bn. This impact is embedded in the Statement of Cash Flows on pages 376 to 378 of the financial statements.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year

The Renewable Energy Financing portfolio is expected to record net growth of approximately 50% in the next financial year (2026), compared to its position as at 31st December 2025. In addition, the Bank projects an approximate thirty-fold increase in its Green Deposits portfolio during 2026.

S2-S20

Anticipated financial effects over short, medium and long term to P&L, SOFP and CF

Refer to Transitional Relief on page 76.



4. RISK MANAGEMENT

This section outlines how the Bank identifies, assesses, prioritises and monitors CRROs and integration to the overall risk management framework.

4.1 Processes and Policies Relating to CRROs

Climate-related risk, as defined in the Bank's ESG Policy and Procedure, refers to the potential for environmental or climate factors to cause adverse financial or non-financial impacts on the Bank or the wider economy, either directly or through their influence on traditional risk types. Recognised as a material risk category, effective management of climate risk is vital to safeguarding the Bank's risk profile and supporting its strategic objectives.

Climate risks may manifest through physical risks (arising from extreme weather events or long-term climate shifts) and transition risks (stemming from policy, regulatory, technological, or market changes in the shift to a low-carbon economy), while climate-related opportunities may emerge through green finance and sustainable investment solutions. These risks and opportunities can be transmitted through microeconomic channels, affecting individual borrowers, sectors, or assets and macroeconomic channels, impacting broader economic stability and creditworthiness. Understanding these transmission pathways enables the Bank to integrate climate considerations into its Enterprise Risk Management Framework, lending practices and strategic decision-making to ensure long-term resilience and value creation.

The risk management process has several steps;

i. Risk identification and prioritisation

ii. Data gathering and analysing

iii. Embedding to the decision making

iv. Monitoring and reporting

To assess CRROs, the Bank adopts a structured and data-driven approach that integrates both internal expertise and external information sources. As part of the SLFRS implementation process, a dedicated working group was established and convened multiple times throughout the year. These sessions involved detailed discussions and collaborative analysis, resulting in the identification of a comprehensive set of CRROs during the initial assessment phase. A key input in this process is historical and projected climate data, which is essential for understanding both current exposures and future vulnerabilities across the Bank's operations and portfolios. This includes:

i. GHG emissions data from operational activities

ii. Regulatory frameworks and transition policy

iii. Financial exposure and asset vulnerability assessments

iv. Industry benchmarks and peer disclosures

v. ESG ratings

vi. Sustainable finance indicators

Following the initial assessment phase, the Bank identified a broad range of CRROs. However, in line with the materiality principle, only three CRROs were determined to prioritise and are disclosed in this report:

1. Extreme Weather Events (As Physical Risk)
2. GHG Emission Quantification and Transition Planning (As Transitional Risk)
3. Sustainable Finance (As Opportunity)

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

4.2 Identification, Assessment, Prioritisation and Monitoring Process of Identified CRROs

CRRO 1

A Identification

Inputs and parameters the Bank use: S2-R1

The Bank conducted internal research to identify applicable CRROs and used internal expertise by following local and international reference sources.

Reference sources referred to identify physical risks are;



- AR 6 Synthesis Report
- National Disaster Management Plan 2023-2030
- Risk Index for Sri Lanka – Published by National Disaster Centre
- ThinkHazard - The web-based tool developed by Global Facility for Disaster Reduction and Recovery (GFDRR)
- Climate Risk Country Profile Sri Lanka – Published by World Bank Group and ADB 2020
- NDC 3.0 - Updated national climate action plan submitted in September 2025

The Bank conducted several brainstorming sessions with the participation of team members from specific departments including Strategic Planning, Corporate Sustainability, Risk Management, Finance, Branch Banking, Corporate Finance, Internal Audit, Secretariat, Human Resources and Administration to define time horizons, and materiality of identified CRROs.

- **Internal records** – Annual reports, ILEDR records
- **External databases** – Other banks' annual reports, Google searched information, newsletters
- **Scope of operations considered** – Lending activities, own operational activities, and supply chain

Identified climate-related risks under extreme weather events

Temperature rising

AR 6 synthesis report forecasts global warming continues and every increment of global warming will intensify multiple and concurrent hazards. ThinkHazard tool indicates that there is more than a 25% chance that at least one period of prolonged exposure to extreme heat, resulting in heat stress, will occur in the next five years in Sri Lanka. Climate Risk Country Profile for Sri Lanka mentions that under the highest emissions pathway (RCP8.5) temperatures are projected to rise by 2.9°C–3.5°C by the 2090s, over the 1986–2005 baseline. In contrast, warming of 0.8°C–1.2°C is projected over the same time horizon on the lowest emissions pathway (RCP2.6).

Changing rainfall pattern

AR 6 synthesis report forecasts continued global warming is projected to further intensify the global water cycle, including its variability, global monsoon precipitation, and very wet and very dry weather and climate events and seasons.

Drought

AR 6 synthesis report forecasts that droughts are projected to become more frequent, including concurrent events across multiple locations. The National Disaster Management Plan mentions the frequency and the severity of drought have increased due to climate change. The Risk index prepared by the Disaster Management Centre considered drought frequency as high. Climate Risk Country Profile for Sri Lanka mentions a research paper by Naumann et al. (2018) provides a global overview of changes in drought conditions under different warming scenarios. The research suggests that in South Asia, there could be an increase in the frequency of drought events, with what is currently a 1-in-100-year event returning approximately every 40 to 50 years under 1.5°C–2°C of warming and every 20 years under 3°C of warming.

Floods

The National Disaster Management Plan mentions floods are probably the most frequent, widespread and disastrous natural hazard in Sri Lanka. The Risk Index prepared by the Disaster Management Centre considered flood frequency as high. The ThinkHazard tool indicates that river flood and urban flood risk are high for Sri Lanka. Climate Risk Country Profile for Sri Lanka mentions that it is expected to increase the annually affected population by 26,000 people, and annual GDP by Rs 104.7 Bn under RCP8.5 by 2030.

Cyclone

AR 6 synthesis report forecasts intensification of tropical cyclones. The ThinkHazard tool indicates cyclone (also known as hurricane or typhoon) hazard in Sri Lanka is classified as high according to the information that is currently available. This means that there is more than 20% chance of potentially damaging wind speed in the project area in the next 10 years.

Sea-level rising

AR 6 synthesis report forecasts sea level rise is unavoidable for centuries to millennia due to continuing deep ocean warming and ice sheet melt, and sea-levels will remain elevated for thousands of years. The National Disaster Management Plan mentions the national hazard profile, which provides inundation maps due to sea-level rise based on the International Panel for Climate Change (IPCC) scenarios.

Landslides

The National Disaster Management Plan mentions that climate change has increased the rainfall intensity in the wet zone of the country, aggravating the landslide potential in nearly 30% area of the country. Risk Index prepared by the Disaster Management Centre considered landslide frequency as high. Climate Risk Country Profile for Sri Lanka mentions that, while projections of future average annual precipitation hold uncertainty, there is some confidence that extremes of precipitation at the daily and sub-daily level will increase, likely leading to an increase in landslide risk.

The Bank uses climate-related scenario analysis to identify climate-related risks S2-R2,R6

The Bank has taken transition relief and in the process of conducting climate scenario analysis to assess the resilience of climate-related strategies and business model.

B Assessment

S2-R3

Assess the materiality of extreme weather events

Assess the materiality of identified risks based on their likelihood of occurrence and the severity of potential impacts.

i. **Define time horizons as short term, medium term and long term.**

ii. **To select material ESG factors relevant to the Bank for developing strategies to manage associated ESG risks in business activities.**

iii. **Probability/likelihood** – very likely, likely, possible, unlikely, very unlikely.

Description	Probability of occurrence
Very Likely	81% - 100%
Likely	61% - 80%
Possible	41% - 60%
Unlikely	21% - 40%
Very Unlikely	0 - 20%

Refer to Key Areas of Measurement Uncertainty on page 77.

iv. **Severity of the impact**

Severity of the impact	Compared to the average Operating Profit Before Taxes over the past five years (2020 - 2024)
Severe	>25%
Significant	10.01% - 25%
Moderate	1% - 10%
Minor	0.5% - 0.99%
Negligible	<0.5%

The Bank used judgemental outcomes, quantitative analysis, historical data and historical trends to conduct its materiality assessment. The Bank may use the following potential historical data sources:

1. Loss event data with event name as natural disasters.
2. Destruction/damage to assets kept as collateral.
3. A report from Bancassurance Department regarding the natural disaster claims.

v. **Integrate ESG risks into stress testing and scenario analysis** – The Bank is conducting internal research on stress testing and climate scenario analysis. The Bank will carry out scenario analysis to perform stress tests based on the NGFS climate scenarios.

vi. **Reflect ESG risk in capital planning** – Integrate ESG considerations into ICAAP by developing a scorecard that reflects the Bank's ESG initiatives. To calculate ESG risk within ICAAP, the Bank must assess both current ESG exposure and anticipated ESG risk exposure. Since calculating current exposure is a forward-looking action, the Bank has incorporated ESG into ICAAP through the scorecard mentioned above.

vii. **Monitor and review** – The Bank shall review, monitor, and report ESG performance based on the identified CRROs to the BIRMC through the ESG Committee and the Board Sustainability Committee.

viii. **Disclose** – The Bank shall disclose the actions taken to address the identified CRROs, in accordance with locally and internationally recognised sustainability disclosure standards.

C Prioritisation

S2-R4

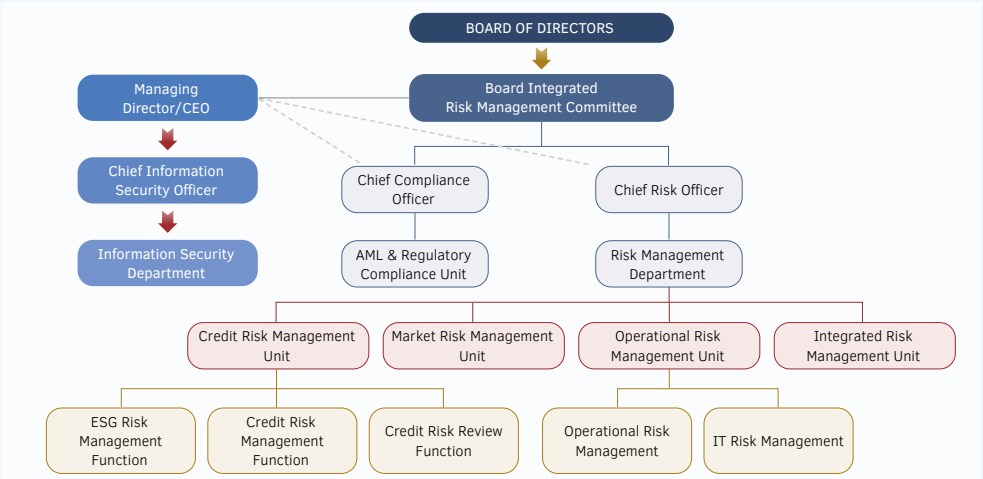
The Bank's prioritisation on climate-related risks relative to other types of risks

The Bank prioritises climate-related risks by embedding them into its overall sustainability and risk management framework, treating them as cross-cutting factors that influence credit, operational, and reputational risks. Compared to traditional risks, climate risks are elevated through scenario analysis, regulatory alignment, and board-level oversight, reflecting their long-term systemic impact.



D Monitoring

S2-R5



ESG risk is embedded in the overall risk management of the Bank. The Environmental and Social Risk Management System enhances ESG risk oversight in borrower activities by providing a framework to promptly review and monitor unexpected incidents, which are reported directly to the ESG Risk Management Unit. Additionally, the Operational Risk Management Policy incorporates ESG-related elements through the Internal Loss Event Data Reporting (ILEDR) Procedure. Business units are expected to report any operational losses resulting from extreme weather events. The ESG Risk Management Unit is responsible for collecting data on material losses following such events.

CRRO 1 (CONTD.)

E Changes in the Process

S2-R6

Key focus areas include:

Any changes in the processes in the Bank compared with the previous reporting period. The Bank conducted several brainstorming sessions with the participation of team members from specific departments including Strategic Planning, Corporate Sustainability, Risk Management, Finance, Branch Banking, Corporate Finance, Internal Audit, Secretariat, Human Resources and Administration to define time horizons and materiality of identified CRROs.

The Environmental, Social and Governance (ESG) Sustainability Procedure was implemented to strengthen the Bank's overall sustainability initiatives. It was developed in alignment with identified CRROs. The Environmental and Social Risk Management Procedure forms a component of the broader ESG Sustainability framework, covering specific activities outlined therein.

The Bank integrated ESG Risk into the Integrated Risk Management policy. The previously enforced threshold of Rs 100 Mn for screening lending facilities under environmental and social due diligence has been removed. Going forward, the Environmental and Social Risk Management System (ESMS) will apply to all lending facilities, excluding consumption-based loans such as housing, leasing, credit cards, pawning, and other personal loans.

Digitalisation has been integrated into the ESG risk management process, with the system designed to include all relevant annexures and forms required for effective ESG risk oversight. ESG risk assessments are also embedded within the Bank's general credit approval system.

The Bank now has a fully functional ESG risk management system integrated into its lending activities. With the Credit Administration Department entering ESG risk categories at the loan account level, the Finacle Core Banking System reflects the ESG classification for each facility.

Demonstrating its leadership in the Sri Lankan banking sector, the Bank undertook a thorough assessment to identify CRROs, guided by its internal subject matter experts.

The Bank is currently in the process of aligning with the SLFRS Sustainability Disclosure Standards (S1 and S2), and the identified CRROs are consistent with these disclosure requirements.

As part of the implementation of ISO 14001:2015 EMS, the climate vulnerability of branch network will be assessed through the environmental impact and aspect questionnaire to identify the impact of geographic location.

The Bank is in the process of conducting internal research to strengthen the basic model developed for incorporating ESG risk into ICAAP. ESG risk relevant to ICAAP has been calculated using a scorecard model.

The Bank has undertaken the following internal research initiatives:

1. To systematically identify CRROs.
2. To support the integration of ESG risk into the ICAAP process through climate scenario analysis and stress testing.
3. To embed ESG considerations within the Bank's broader risk management framework.

F Embedding to the Overall Risk Management Framework

S2-R7

The extent to which and how the processes for identifying, assessing, prioritising and monitoring climate-related risks are integrated into and informed the Bank's overall risk management process

The Bank currently manages its ESG risk in four main pillars. Credit risk, operational risk, market risk and integrated risk management are the above-mentioned areas.

The Bank developed a comprehensive ESMS framework. ESMS comprehensively manage ESG risk in credit risk management.

The way forward action is conducting risk mapping for vulnerable geographical locations for natural hazards and extreme weather events. This is to develop climate heatmaps in the Bank's own operational locations as well as mortgaged assets. To support this integration, the Bank has developed an ESG scorecard designed to estimate the ICAAP component related to ESG risks at a broad level.

The Environmental, Social, and Governance (ESG) Sustainability Policy outlines ESG risk factors including climate-related risks related to the Bank's own operational activities. The Operational Risk Management Policy also addresses certain operational risk elements, which are implemented through the Procedure on Internal Loss Event Data Reporting. It is recommended that ESG risks and climate-related risks be further integrated into the Operational Risk Management Policy, with particular emphasis on the implementation of an EMS within the Bank to strengthen ESG oversight and operational resilience. The Bank addressed above identified climate-related risks in Integrated Risk Management by considering ESG risk impacts on banks through Integrated Risk Management Policy.



CRRO 2

A Identification

Inputs and parameters the Bank use S2-R6

The Bank conducted internal research to identify applicable CRROs and used internal expertise by following local and international reference sources.

Reference sources referred to identify transition risks are;



- Nationally Determined Contributions 3.0 (2026-2035)
- Primary regulatory reference sources - CBSL roadmaps/guidelines
- Authoritative secondary reference sources - IPCC reports
- NGFS (Network for Greening the Financial System)
- Scientific Reports - Research papers, Climate Risk Country Profile developed by Asian Development Bank (ADB) and World Bank Group (WB)
- Internal records – Annual reports
- External databases – Other banks' annual reports, google searched information, newsletters
- Scope of operations considered – Lending activities, own operational activities and supply chain

The Bank conducted several brainstorming sessions with the participation of team members from specific departments including Strategic Planning, Corporate Sustainability, Risk Management, Finance, Branch Banking, Corporate Finance, Internal Audit, Secretariat, Human Resources and Administration to define time horizons and materiality of identified CRROs.

Identified climate-related risks under GHG emission quantification and transition planning

The Synthesis Report (SYR) of the IPCC Sixth Assessment Report (AR6) summarises the state of knowledge of climate change, its widespread impacts and risks, and climate change mitigation and adaptation.

How the Bank uses climate-related scenario analysis to identify climate-related risks S2-R6

The Bank has taken transition relief and in the process of conducting climate scenario analysis to assess the resilience of climate related strategies and business model.

B Assessment S2-R3

Bank's assessment of the nature, likelihood and magnitude of the effects of climate-related risks

Assess the Nature of Risks

Qualitative Factors

The initial study assessed the nature of risks associated with transition risk using information from reference materials. For instance, the IEA analyses a wide range of global energy issues, covering fossil fuels, renewables, electricity markets, energy efficiency, and access to energy.

By conducting several brainstorm sessions with the participation of all relevant stakeholders, the Bank further narrowed the nature of GHG Emission Quantification and Transition Risk.

Assess the Likelihood of Risks

Qualitative Factors

The initial study assessed the likelihood of GHG Emission Quantification and Transition Risk based on information available in reference materials. For instance, Sri Lanka's Nationally Determined Contributions (NDC) 3.0, submitted in September 2025, outlines a clear mitigation target: Sri Lanka intends to achieve 70% renewable energy in the power sector by 2030 and carbon neutrality by 2050. To further refine the understanding of likelihood of these risks, the Bank conducted several brainstorming sessions and determined the likelihood of occurrence as outlined below.

Quantitative Factors

Description	Probability of Occurrence
Very Likely	81% - 100%
Likely	61% - 80%
Possible	41% - 60%
Unlikely	21% - 40%
Very Unlikely	0 - 20%

Refer to Key Areas of Measurement Uncertainty on page 77.

Several brainstorming sessions were conducted with team members from specific departments including Strategic Planning, Corporate Sustainability, Risk Management, Finance, Branch Banking, Corporate Finance, Internal Audit, Secretariat, Human Resources and Administration to assess likelihood of various risk factors. These sessions included comprehensive discussions on risks such as GHG Emission Quantification and Transition Risk. For instance, Administration and Branch Banking teams contributed insights into the likelihood of such occurrences.

Assess the Magnitude of Risks

Qualitative Factors

The initial study assessed the magnitude of GHG Emission Quantification and Transition Risk based on information available in reference materials. For instance, the IEA's World Energy Outlook 2025 highlights the magnitude of GHG emission quantification and transition risk through its Net Zero Emissions (NZE) scenario, which calls for a 45% reduction in global CO_2 emissions by 2030.

The Bank further refined the magnitude of these risks, by conducting several brainstorming sessions. With that the Bank narrowed initially broadly identified risk factors' magnitude based on expertise judgements. For instance, the Risk Management Unit underscored the critical importance of calculating financed emissions as part of the Bank's climate risk strategy.

Quantitative Factors

The initial study assessed the magnitude of GHG Emission Quantification and Transition Risk based on information available in reference materials. To further refine the magnitude of these risks, the Bank referred to financial losses caused due to extreme weather events, lost data captured based on GHG Emission Quantification and Transition Risk.

CRRO 2 (CONTD.)

Severity of the Impact

Severity of the impact	Compared to the average Operating Profit Before Taxes over the past five years (2020–2024)
Severe	>25%
Significant	10.01% - 25%
Moderate	1% - 10%
Minor	0.5% - 0.99%
Negligible	<0.5%

C Prioritisation — S2-R4

Bank's prioritisation on climate-related risks relative to other types of risks

The Bank prioritises climate-related risks by embedding them into its overall sustainability and risk management framework, treating them as cross-cutting factors that influence credit, operational, and reputational risks. Compared to traditional risks, climate risks are elevated through scenario analysis, regulatory alignment, and board-level oversight, reflecting their long-term systemic impact.

D Monitoring — S2-R5

Policies and procedures

The Bank shall monitor ESG risks through effective internal reporting frameworks that convey appropriate information and aggregated data to Senior Management and the Management Bodies, such as by integrating ESG risks into the regular risk reports.

1. Internal Operations Monitoring
2. Supply Chain Monitoring
3. Lending Portfolio Monitoring via ESMS
4. Reporting and Governance

E Changes in the Process — S2-R6

Any changes in the processes of the Bank compared with the previous reporting period

The Environmental, Social and Governance (ESG) Sustainability Procedure was implemented to strengthen the Bank's overall sustainability initiatives. It was developed in alignment with identified CRROs. The Environmental and Social Risk Management Procedure forms a component of the broader ESG Sustainability framework covering specific activities outlined therein.

The previously enforced threshold of Rs 100 Mn for screening lending facilities under environmental and social due diligence has been removed. Going forward, the Environmental and Social Risk Management System (ESMS) will apply to all lending facilities, excluding consumption-based loans such as housing, leasing, credit cards, pawning, and other personal loans.

The Bank has a fully functional ESG risk management system integrated into its lending activities. With the Credit Administration Department entering ESG risk categories at the loan account level, the Finacle Core Banking System reflects the ESG classification for each facility.

The Bank is currently in the process of aligning with the SLFRS Sustainability Disclosure Standards (S1 and S2), and the identified CRROs are consistent with these disclosure requirements.

In response to the identified transition risks, the Bank is in the process of implementing ISO 14001:2015 EMS across its internal operations.

The Bank is in the process of conducting internal research to strengthen the developed basic model for incorporation of ESG Risk into ICAAP.

The Bank conducted the following internal research:

1. To systematically identify CRROs.
2. To support the integration of ESG risk into the ICAAP process through climate scenario analysis and stress testing.
3. To embed ESG considerations within the Bank's broader risk management framework.



F Embedding to the Overall Risk Management Framework — S2-R7

The extent to which and how the processes for identifying, assessing, prioritising and monitoring climate-related risks are integrated into and informed the Bank's overall risk management process

The Bank is in the process of identifying the Greenhouse Gas Emission stemming from the Financed Emissions in accordance with the PCAF methodology during the year under review.



CRRO 3

A Identification

Inputs and parameters the Bank use S2-R1

The Bank conducted internal research to identify applicable CRROs and used internal expertise by following local and international reference sources.

Reference sources referred to identify transition risks are;

- Sri Lanka NDC 3.0 (2026-2035)
- National Climate Strategy 2030
- CBSL Sustainable Finance Roadmap 2.0
- CBSL Green Finance Taxonomy
- National Adaptation Plan 2016-2025



Conducted several brainstorm sessions with the participation of team members in departments including strategic planning, corporate sustainability and other business units to define time horizons, and materiality of identified CRROs.

B Assessment S2-R3

Bank's assessment of the nature, likelihood and magnitude of the effects of climate-related risks

Assess the Nature of Opportunity

Qualitative Factors

The initial study assessed the nature of risks associated with transition by using information from reference materials. For instance, revenue growth from green loans and support for clients in transition help to reduce future stranded asset exposure, while also strengthening the Bank's strategic plan.

Assess the Likelihood of Opportunity

Qualitative Factors

Several brainstorming sessions were conducted with team members from specific departments including Strategic Planning, Corporate Sustainability and Business Units to assess the likelihood of sustainable financing. Based on the following factors, the likelihood in Sri Lanka will be medium to high due to,

- National renewable energy targets (70% Renewable Energy by 2030).
- Strong regulatory encouragement by CBSL.

To further refine the understanding of likelihood of these risks, the Bank conducted several brainstorming sessions and determined the likelihood of occurrence as outlined below.

Quantitative Factors

Description	Probability of Occurrence
Very Likely	81% - 100%
Likely	61% - 80%
Possible	41% - 60%
Unlikely	21% - 40%
Very Unlikely	0 - 20%

Refer to Key Areas of Measurement Uncertainty on page 77.

Assess the Magnitude of Opportunity

Qualitative Factors

Credit risk mitigation through supporting low-carbon sectors reduces exposure to transition risks in high-emitting industries.

Quantitative Factors

Extending Environmental and Social Risk screening to cover the entire loan portfolio, excluding schematised loans, consumption loans, pawning and credit card facilities.

Severity of the Impact

Severity of the impact	Compared to the average Operating Profit Before Taxes over the past five years (2020–2024)
Severe	>25%
Significant	10.01% - 25%
Moderate	1% - 10%
Minor	0.5% - 0.99%
Negligible	<0.5%

Identified climate-related opportunity under Sustainable Finance

Sri Lanka aims to achieve 70% renewable energy in its electricity mix by 2030 as part of its Nationally Determined Contributions, driving a rapid expansion in solar, wind, and biomass projects. This transition creates a significant opportunity for the Bank to provide financing solutions for renewable energy developers, energy-efficient infrastructure and supporting supply chains. By offering green loans, project financing and sustainability-linked products, the Bank can capture emerging demand while supporting clients' low-carbon transition materiality of identified CRROs.

Bank uses climate-related scenario analysis to identify climate-related opportunity S2-R2,R6

The Bank has taken transition relief and in the process of conducting climate scenario analysis to assess the resilience of climate-related strategies and business model.



CRRO 3 (CONTD.)

C Prioritisation — S2-R4

Bank's prioritisation on climate-related opportunity relative to other types of opportunities

The Bank prioritises sustainable finance above other climate-related opportunities by evaluating its strategic relevance, financial impact, and alignment with national climate goals. Sustainable finance directly addresses emerging customer demand for low-carbon solutions, supports portfolio resilience by reducing exposure to high-emission sectors, and generates measurable revenue through green loans, sustainability-linked loans, and transition financing. In comparison, other climate opportunities such as internal operational emissions reduction or advisory services offer lower immediate financial or credit risk impact. This ensures that sustainable finance is systematically embedded in strategic planning, risk management, and capital allocation decisions.

D Monitoring — S2-R5

Policies and procedures



The Bank monitors Sustainable Finance through effective internal frameworks that convey appropriate information and aggregated data to Senior Management and the Management Bodies, such as;

- Procedure on Sustainable Lending activities
- Procedure on Sampath Green Fixed Deposit and Green Deposit framework

E Changes in the Process — S2-R6

Any changes in the processes of the Bank compared with the previous reporting period

The following changes have been made within the year to harness the benefit from sustainable financing opportunity;

- Strategic level initiatives focused on addressing the sustainability needs of the country.
- Introduction of a Green Fixed Deposit product, supported by a credible and transparent mechanism for the use of proceeds through a Green Deposit Framework.

F Embedding to the Overall Risk Management Framework/Strategic Plan — S2-R7

The extent to which and how the processes for identifying, assessing, prioritising and monitoring climate-related opportunities are integrated into and informed the entity's overall risk management process/strategic plan

Sustainable Finance is a material topic for the Bank and this has been embedded in the overall strategy of the Bank.

Refer to Risk Management Report on page 317 to 347.

5. METRICS AND TARGETS

This section outlines how the Bank perform in relation to its CRROs, including progress towards any climate-related targets it has set and any targets it is required to meet by law or regulations.

5.1 Cross Industry Metrics — S2-M1

5.1.1 Greenhouse Gas Emissions (GHG) — S2-M4,M5,M6

Basis of Determination of Organisational Boundary and Operational Boundary

The Bank applies the financial control approach to define its organisational boundary for consistent Group level GHG accounting, while allowing each subsidiary to independently quantify, verify and manage its own emissions, thereby preserving operational accountability and methodological integrity across the Group. The organisational boundary covers direct emissions (Scope 1) from owned generators and vehicles and indirect emissions (Scope 2) from purchased electricity. This methodology ensures that the Bank's GHG inventory accurately reflects its responsibility initiatives with third party verification in line with national and international climate frameworks.

Methodology Used for the Measurement and Disclosure of GHG Emissions

The Bank measures and discloses its GHG emissions using the GHG Protocol, in accordance with the SLFRS S2 requirement. It applies the financial control approach to define its organisational boundary, thereby accounting for 100% of emissions from all entities and operations over which it has full financial authority and control. Emissions are categorised into Scope 1, Scope 2 covering direct emissions from owned generators and vehicles (Scope 1), indirect emissions from purchased electricity (Scope 2). The Bank uses recognised emission factors from the GHG Protocol, IPCC and locally relevant sources to convert activity data into CO_2 equivalent values. Data collection follows structured internal processes with verification and quality checks to ensure accuracy, consistency and comparability, supporting transparent disclosure aligned with national and global climate reporting frameworks.

Summary of GHG Emissions of the Group — S2-M7,M8,M9

Scope	2025 [Metric tons (t) CO_2-e]
Scope 1	1,216.8
Scope 2	6,596.6
Scope 3	Refer to Transitional Reliefs on page 76
Total	7,813.4

GHG Scope 1 and Scope 2 Emissions of the Group

Impact on Bank's Prospects	Greenhouse Gas Emissions [Metric tons (t) CO_2-e]		
	Scope 1	Scope 2	Total
Consolidated accounting group	1,216.8	6,596.6	7,813.4
Other investee (investment in associates, joint ventures)	n/a	n/a	n/a
Total (Financial Control approach)	1,216.8	6,596.6	7,813.4

Key Assumptions and Sources of GHG Measurement

S2-M9

Scope	Emission Sub-category	Activity	Data Source	Emission Factor Source	Source of GWP Values
Scope 1	Stationary combustion	» Diesel for standby generator	Fuel records	IPCC-2026	IPCC-SYR AR6
		» LPG	LPG purchased records	IPCC-2026	
Scope 1	Mobile combustion	» Bank owned vehicles	Fuel usage by vehicles	IPCC-2026	IPCC-SYR AR6
		» Bank controlled vehicles		IPCC-2026	
Scope 1	Process combustion	» n/a	-	n/a	-
Scope 1	Fugitive emissions	» Fugitive emissions from air conditioners and refrigerators	Refilling records	IPCC-2026	IPCC-SYR AR6
		» Fugitive emissions from fire extinguishers		IPCC-2026	
Scope 2	Electricity consumption	» Purchased electricity from grid	Electricity bills	Energy Balance Report by Sustainable Energy Authority Sri Lanka - 2022	IPCC-SYR AR6

The Bank and its four subsidiaries completed the quantification of Group-wide greenhouse gas emissions across all relevant emission sources. The Bank conducted its GHG assessment internally, while the subsidiary companies engaged RR Associates (Pvt) Limited for technical expertise. Independent third-party verification was obtained to ensure accuracy and credibility of the results.

The Climate Fund Sri Lanka verified the GHG quantification and underlying methodology of Sampath Bank and Siyapatha Finance PLC, while B-Advancy Certification Lanka (Pvt) Limited carried out the verification of the carbon footprints of Sampath Securities (Pvt) Limited, Sampath Centre Limited, and Sampath IT Solutions Limited. The external assurance obtained affirms the robustness and reliability of the Group's GHG disclosures.



5.1.2 Climate-related Transition Risks

S2-M10

The Bank will assess the amount and percentage of assets or business activities vulnerable to climate-related transition risks as part of calculating the Financed Emission through PCAF and by developing a low carbon transition strategy for the Bank. Refer to Natural Capital on page 176.

5.1.3 Climate-related Physical Risks

S2-M11

The Bank will assess the amount and percentage of assets or business activities vulnerable to climate-related physical risks as part of strengthening the ESMS process of the Bank and through ISO 14001:2015 EMS by assessing the geographic vulnerability of the branch network. Refer to Manufactured Capital on page 123.

5.1.4 Climate-related Opportunities

S2-M12

Due to commercial sensitivity, the Bank will disclose the growth percentage of assets or business activities aligned with sustainable financing specifically for renewable energy financing. Refer to Climate-related targets on page 100.

5.1.5 Capital Expenditure

S2-M13

The Bank allocated Rs 111 Mn specifically for climate risk management initiatives, such as capital expenditure for physical infrastructure upgrades/relocations (e.g., flood barriers, branch re-locations), representing a 178% increase from the previous year. Refer to Manufactured Capital on page 122.

5.1.6 Internal Carbon Pricing

S2-M14

The Bank will apply carbon pricing in its decision making as part of a forward looking action plan, where applicable.

5.1.7 Remuneration

S2-M15

When determining the reward scheme for Executive Directors and Key Management Personnel (KMP), ESG related KPIs were incorporated to selected KMP. As a reward, the Reward Management Policy for Key Management Personnel was revised to reward climate-related KPI as a performance-based remuneration. Due to commercial sensitivity, the Bank will disclose only the mechanism of climate linked rewards within remuneration. Refer to BHRRC Report on page 265.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

5.2 Industry Specific Metrics

S2-M2

This section presents the Sustainability Accounting Standards Board (SASB) Index prepared in accordance with the Commercial Banks Sustainability Accounting Standard (Version 2023-12), outlining the Bank's disclosures across the defined climate-related topics and metrics relevant to the banking sector.

Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Response	Page Reference
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2	ESMS identify, assess, mitigate and manage environmental and social risks in lending portfolio under determined criteria for all credit facilities except housing loans, vehicle loans, leasing facilities, credit cards, pawning and other consumption loans. 1,635 borrowers screened for Environmental and Social Due Diligence in the Bank's lending portfolio, while 47,778 existing loan facilities rated for Sustainability and Climate Risk.	Refer to ESMS on page 44-45,48, 50-51,82, 94, 172,289, 346-347

	2025	2024
Total number of borrowers screened for environmental and social due diligence	1,635	830
The number of existing loan facilities rated for Sustainability and Climate Risk	47,778	5,992

Activity Metrics

Activity Metric	Category	Unit of measure	Code	Response	Page Reference
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Presentation currency	FN-CB-000.A	Due to the commercial sensitivity only the total value of checking and savings accounts will be disclosed. The values are as below; CASA base expanded by 14% in 2025 compared to 2024 to Rs 571 Bn as at end 2025.	Refer to Business Report on SME and Retail Banking on pages 192 to 201 and Corporate Banking on pages 202 to 208.
(1)Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, Presentation currency	FN-CB-000.B	Due to the commercial sensitivity only the value of loans will be disclosed. The value of loans are as below; Value of SME and retail gross loans is Rs 579 Bn as at end 2025. The Corporate gross loan value is a mix of Corporate Credit loans, Corporate Finance loans and FCBU loans. Respectively, the values as at end 2025 are Rs 365.9 Bn, Rs 140 Bn and Rs 138.2 Bn.	Refer to Business Report on SME and Retail Banking on pages 192 to 201 and Corporate Banking on pages 202 to 208.

For full reference refer to SASB Index on page 558 .

5.3 Climate-related Targets

S2-S16,M3,M16

To support the achievement of its ESG objectives, in 2025 the Bank committed to set measurable and time-bound targets that align with global sustainability frameworks and national priorities. Targets are established based on the Bank's material ESG topics, stakeholder expectations, regulatory developments, strategic direction and industry benchmarks. These include both quantitative and qualitative indicators, particularly in areas such as climate action, responsible lending, environmental management system and sustainability reporting.

The target setting process is informed by best practices yet strengthened through a documented Target Setting Process under the ESG Procedure. It establishes clear baselines, sets SMART targets and embeds these targets across departmental strategies. Progress will be monitored through regular reviews and ESG dashboards by the monitoring teams, ESG Committee and BSC. The climate-related targets determined for FY 2026 are as follows,

Climate-related target	Install rooftop solar in five branches during the FY 2026	Renewable energy financing is expected to grow by 50% compared to FY 2025
Addressed CRRO	GHG Emission Quantification and Transition Planning	Sustainable Finance – Renewable Energy Financing
Metric/measurement	Number of branches	Growth rate of renewable energy
Objective	Decrease the Scope 2 Greenhouse Gas emission of the Bank's carbon footprint	Finance Sri Lanka's renewable energy sector as a mitigation strategy to achieve 70% renewable energy generation target
Scope	Branch network	The renewable energy financing will be offered to corporate customers
Period	1st January 2026 to 31st December 2026	1st January 2026 to 31st December 2026
Base period	2025	2025
Milestones and interim targets	Install rooftop solar in five branches during the FY 2026	Due to commercial sensitivity, the overall growth percentage is only disclosed within the report
Target type (if quantitative whether it is an absolute or intensity target)	Quantitative	Quantitative
Alignment with jurisdiction Commitment	Not applicable	Sri Lanka aims to achieve 70% renewable energy in its electricity mix by 2030 as part of its Nationally Determined Contributions 3.0
Validation	Target and the methodology for setting the target will be validated internally	Target and the methodology for setting the target will be validated internally
Review process	Targets will be quarterly reviewed	Targets will be quarterly reviewed
Metrics for monitoring progress	Number of branches	Growth rate of renewable energy financing
Revision	Not applicable	Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment | 102

Capital Management Reports

Financial Capital | 112
Manufactured Capital | 118
Intellectual Capital | 124
Human Capital | 131
Social and Relationship Capital | 142
Natural Capital | 169

Business Reports

SME and Retail Banking | 192
Corporate Banking | 202
Treasury | 209

Performance of Subsidiaries | 212

AN INSIGHTFUL ALGORITHM

Insight drives action. Anchored in a purpose-driven model that integrates accurate and meaningful data with finely attuned human understanding, we uncover opportunities, navigate complexity, and create value that extends beyond numbers.



OPERATING ENVIRONMENT

Despite significant global uncertainties, the Sri Lankan economy maintained its growth momentum in 2025. Growth remained broad-based with additional sectors recording recovery following the resumption of vehicle imports. However, the widespread damage caused by cyclone Ditwah which affected Sri Lanka from 27th to 29th November 2025 resulted in notable economic and humanitarian implications. While swift action has resulted in almost a full restoration of affected services, the total impact of the cyclone on Sri Lanka's economy is significant. The scale of the cyclone's impact also reflects the intensifying implications of climate change while highlighting the growing need for climate adaptation and stronger global decarbonisation efforts. The PESTEL analysis presented below provides an overview of the key dynamics that shaped our operating environment in 2025.



Cyclone Ditwah and Its Implications

Cyclone Ditwah made landfall on the eastern coast of Sri Lanka on 28th November 2025. Intense rains flooded approximately 20% of Sri Lanka's landmass while triggering approximately 1,200 landslides primarily in the Central Province. The impact of cyclone Ditwah was extensive resulting in over 600 lives lost, over 1.7 Mn individuals affected and significant damage to essential infrastructure including roads, railways, bridges, hospitals, schools and homes estimated by the World Bank to amount to USD 4.1 Bn which is approximately 4% of Sri Lanka's GDP in 2024. The cyclone is also estimated to have exposed over 106,000 hectares of rice paddy lands across the country.

The Government of Sri Lanka (GoSL) with the assistance of the international community, the private sector and local communities delivered emergency relief to those affected in the immediate aftermath of the cyclone. Furthermore, the GoSL has also pledged support to affected communities to rebuild their homes while continuing to engage with the international community for support in post-cyclone recovery and reconstruction.

Guided by a deep sense of national responsibility, Sampath Bank contributed Rs 100 Mn to the GoSL's 'Rebuild Sri Lanka' Fund in 2025 to support the nation's post-cyclone recovery efforts. The Bank also partnered with the Sri Lanka Red Cross Society to deliver essential medicines and pharmaceuticals to communities affected by the cyclone.

POLITICAL

Global

» Geopolitical risks remained elevated in 2025 as tensions in multiple regions of the world gave rise to supply chain uncertainties, energy security concerns and humanitarian conditions.

Sri Lanka

» The prevailing political stability provided an enabling environment for business.

Impact on Sampath Bank and Our Response

» Leveraging the upward trend in domestic economic activity and improving business confidence, the Bank launched its refreshed 5-year strategy, EvolveX, to unlock new opportunities to drive future growth.

» Concurrently, the Bank closely monitored developments in the global landscape and proactively assessed their implications on the repayment capacity of borrowers exposed to global market volatility.

» Emphasis was also placed on diversifying its lending portfolio across geographies and industries to mitigate default risk arising from global uncertainties.

ECONOMY

Global

» **Global Economic Growth** – The global economy remained resilient in 2025, despite intensifying geopolitical tensions and an increase in trade barriers. Significant uncertainties prevailed during the first half of 2025 led by revisions to the US tariff structure and subsequent policy shifts. However, the front-loading of trade, investment and inventory accumulation in response to the potential increase in import tariffs, subsequent bilateral trade agreements and a downward revision to the previously announced US tariff structure upheld global economic performance in 2025. Accordingly, the International Monetary Fund projects a global economic expansion of 3.2% in 2025 (2024: 3.3%).

» **Effective Federal Funds Rate** – Given easing inflationary pressure and softening labour market conditions, the US Federal Reserve Board implemented a cumulative 75 bps reduction across September, October and December 2025. Accordingly, the target rate for the US federal funds rate declined to 3.5-3.75% as at end-December 2025 compared with 4.25-4.50% as at end-December 2024.

» **The US Dollar Index (DXY)** – The US Dollar Index declined more than 9% in 2025 influenced by slower economic activity, policy uncertainty and shifting investor sentiment. Notably, the weaker dollar supported global trade activity and reduced exchange rate driven inflationary pressures, providing emerging and developing economies with the necessary policy space to navigate the uncertainties arising from shifting global trade policy.

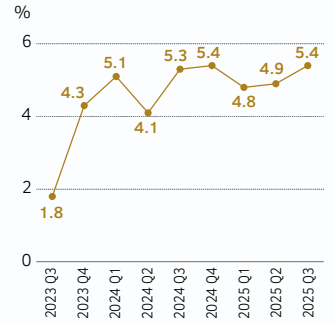
» **Gold Prices** – Gold prices reached record highs in 2025 with prices increasing by 65% to reach above USD 4,300 t.oz as at end-December 2025 as investors sought safe-haven assets amid rising geopolitical tensions and policy uncertainty. The rise in gold prices was also driven by Central Bank purchases in line with their reserve management strategies.

Sri Lanka

» **Gross Domestic Product (GDP)** – Sri Lanka's economy maintained its growth momentum, expanding by 5.0% in first nine months of 2025. Growth was broad-based across Agriculture (+3.6%), Industry (+8.1%) and Services (+3.5%). The resumption of vehicle imports supported recovery in additional sectors related to trade, transport, warehousing, motor vehicle repair, financial and insurance services. Notably, taxes less subsidies on products expanded by 13.9% during the same period, partly underpinned by the increase in taxes on vehicle imports.

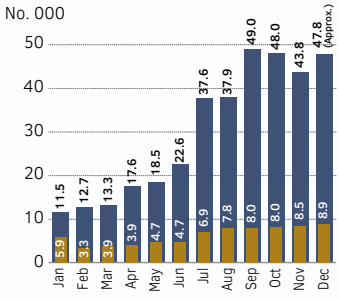
Economic activity during the period was further supported by improving domestic demand conditions and the gradual normalisation of supply chains following earlier economic pressures. However, the positive momentum toward year-end was partly disrupted by Cyclone Ditwah, which struck in late November and caused severe flooding and infrastructure damage across multiple districts, affecting transportation networks and interrupting market access.

GDP Growth



Source: Department of Census and Statistics

New Vehicle Registrations

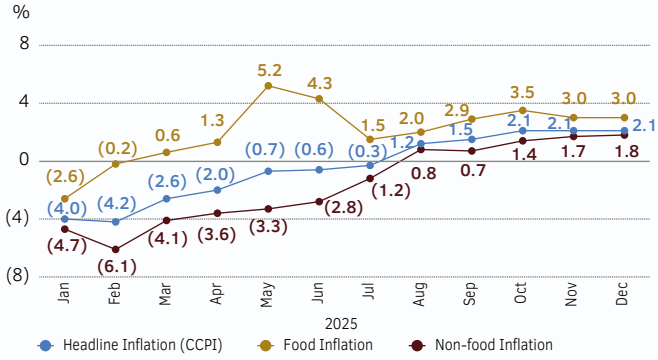


Source: Monthly Economic Indicators, Central Bank of Sri Lanka

» **Inflation** – Headline inflation as measured by the Colombo Consumer Price Index (CCPI) reached peak deflation in February 2025 with a return to inflationary conditions from August 2025. The shift to positive inflation was largely attributable to increased food prices and an increase in electricity tariffs in June 2025. In December 2025, CCPI based headline inflation stood at 2.1% while food inflation and non-food inflation amounted to 3.0% and 1.8% respectively.

Notably the CCPI recorded a considerable increase on a month-on-month basis, increasing by 1.26% in December 2025 compared with November 2025. The increase was driven primarily by a 1.25% increase in the Food category given supply side disruptions caused by the adverse weather conditions.

Inflation

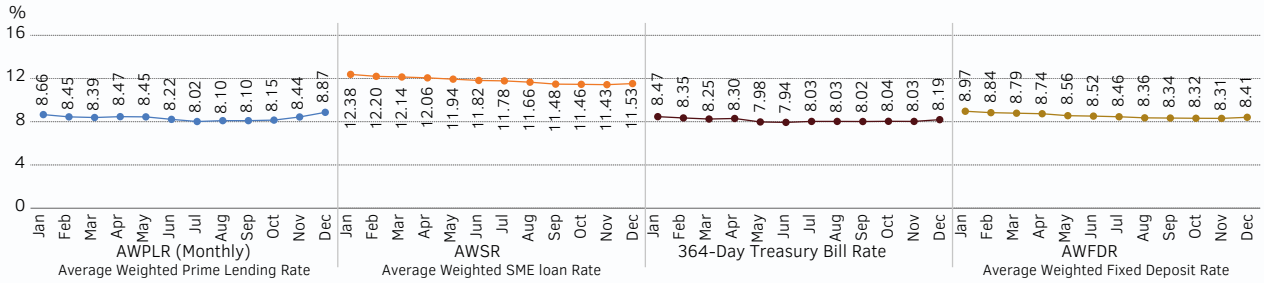


Source: Prices & Wages Division - Department of Census and Statistics

ECONOMY

» **Interest Rates** – Market interest rates continued to trend downward throughout 2025 as the CBSL maintained its expansionary monetary policy to support economic growth. However, the AWPLR began to rise slightly in the latter part of the year, driven by increased private credit demand.

Interest Rate Movements in 2025



Source: Statistics Department - Central Bank of Sri Lanka

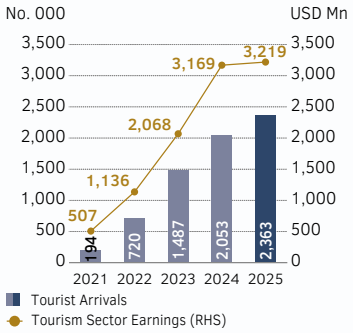
» External Sector Performance

- Sri Lanka's external sector faced significant challenges in 2025, given heightened global uncertainties, higher than anticipated levels of vehicle imports and the servicing of external debt obligations.
- However, the tourism sector maintained its growth momentum, with tourist arrivals exceeding 2.36 Mn to record the highest arrivals in a single calendar year. Tourism earnings also remained positive increasing by 1.6% to USD 3,219 Mn in 2025.
- Meanwhile, inflows from workers' remittances also recorded strong growth, expanding by 22.8% in 2025.
- Overall, the external current account is estimated to register a surplus for the third consecutive year in 2025.
- Meanwhile, the nation's gross official reserve position improved to USD 6.8 Bn as at end-December 2025, supported by net foreign exchange purchases made by CBSL and some proceeds from multilateral agencies.
- The Sri Lanka Rupee depreciated against the US dollar in 2025 to reach Rs 309.99/USD (end-December 2024: Rs 292.58/USD).

» Fiscal performance

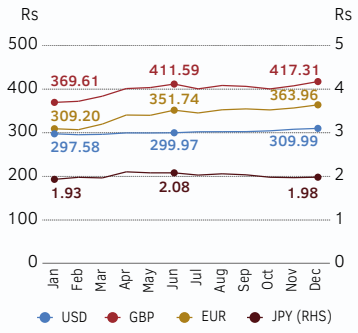
- Sri Lanka's fiscal balances recorded notable improvements in 2025 with the budget deficit narrowing to Rs 326 Bn for the period January to November 2025. The primary balance recorded a surplus of Rs 1,942 Bn during the same period, compared with a surplus of Rs 928 Bn in the corresponding period of 2024. The improvement was supported by stronger revenue collections and lower than budgeted capital spending. Improved fiscal performance in 2025 provided the necessary policy space to take swift action to address the impact of the cyclone.

Tourism Sector Performance



Source: Sri Lanka Tourism Development Authority
Monthly Economic Indicators, Central Bank of Sri Lanka

Exchange Rate Movement in 2025



Source: International Finance Statistics -
Central Bank of Sri Lanka

Impact on Sampath Bank and Our Response

» Given stable macro-economic conditions and improving business confidence, the Bank focused on capturing emerging opportunities that aligned with its strategic objectives as set out in EvolveX.

» Accordingly, emphasis was placed on offering tailored value propositions that fulfilled the comprehensive financing needs of corporates and SMEs while strengthening service delivery to the SME sector to drive inclusive growth.

» The resumption of vehicle imports provided significant opportunities to expand our leasing portfolio.

» The digitalisation of banking services and operations remained integral to achieving the Bank's strategic objectives while embedding sustainability into its business strategy ensured that strategic objectives were pursued while fostering financial inclusion and minimising its environmental impacts.

» Overall, the Bank's profit after tax increased by 11% to Rs 30.2 Bn in 2025 while its loans and advances portfolio expanded by 27% to Rs 1,224 Bn as at end-December 2025.

SOCIAL

- Household financial stability continued to improve in 2025 given increased business activity and stable inflation. However, the damage caused by Cyclone Ditwah to community infrastructure deepened social vulnerability given the displacement of communities, loss of assets and livelihoods.
- The rapid advancement of digital technologies and artificial intelligence has increased the urgency to develop a workforce equipped with strong digital and technology skills.
- At the same time, expanding the adoption of digital financial channels has become essential to improving access to financial services and empowering communities.

Impact on Sampath Bank and Our Response

- The Bank placed strategic focus on developing a strong SME franchise to support inclusive growth and shared prosperity within the community.
- Given the importance of a tech-savvy workforce to drive the Bank's digitalisation strategy, team members demonstrating interest and competencies in digitalisation, data analytics and AI were provided focused opportunities to enhance their skills.
- Additionally, the Bank also engaged in structured, long-term focused community engagement programmes that empowered local communities and strengthened resilience through entrepreneurship.
- In the aftermath of Cyclone Ditwah this extended to focused relief efforts to support the immediate needs of local communities.
- Following careful assessment, the Bank has also granted relief to affected businesses and individuals in line with the CBSL Circular No. 4 of 2025 - Relief Measures to Assist Individuals and Businesses Affected by the Recent Cyclonic and Flood Disasters.

TECHNOLOGY

- Digitalisation and AI continue to transform the global banking industry by creating new opportunities for service delivery, product personalisation and cost optimisation.
- The GoSL's strong emphasis on digitalising the Sri Lankan economy underpinned the collective efforts of the CBSL, financial institutions and FinTechs in expanding digital financial services and promoting greater acceptance and usage of digital payment channels among SMEs and consumers. GovPay, introduced by the GoSL in February 2025 to facilitate seamless electronic payments for a wide range of government services, gained widespread acceptance as demonstrated by transaction volumes and value of over 69,000 and Rs 2 Bn respectively within the first year of launch.
- Internet penetration increased at a compound annual growth rate of 11.4% over the five years to 2024, reaching 1,056 per 1,000 people and reflecting multiple connections per user. This provides a conducive environment for promoting the adoption and usage of digital banking services among customers.
- Cybersecurity and safeguarding data privacy remained vital in an increasingly digital banking landscape.
- Concurrently, the Global Risk Report 2025 published by the World Economic Forum expects the risk of adverse outcomes of AI technologies to increase in importance over the next 10 years given its potential role in creating misinformation and disinformation.

Impact on Sampath Bank and Our Response

- Technology is deeply integrated in EvolveX with clear goals for enhancing the customer experience, driving operational efficiency and supporting prudent risk management. Accordingly, considerable investments were made during the year under review to upgrade and future-focus the Bank's IT infrastructure and systems.
- The Bank also established a data analytics centre in collaboration with external consultants to strengthen decision making through data-driven insights.
- Ongoing emphasis on digitalising the customer experience resulted in the introduction of an industry leading standardised API banking platform with ready to integrate APIs for corporates and SMEs, the digitalisation of customer journeys on Sampath Vishwa and the introduction of two new digital payment solutions.
- The Bank also implemented numerous digital tools to streamline internal processes and reduce turnaround times.
- Targeted campaigns were conducted in our communities to enhance awareness and promote the adoption of digital payment solutions.
- 2025 also saw the installation of 40 CRMs and new POS machines.
- Ongoing investments in enhancing the Bank's cybersecurity architecture included the implementation of AI-based technology for proactive threat detection and mitigation.

OPERATING ENVIRONMENT

ENVIRONMENT

- The Global Risk Report 2025 by the World Economic Forum ranks extreme weather events as the second highest risk facing the world over the next 2 years and the highest risk over the next decade. The ranking of extreme weather has risen over the years as such events have worsened in intensity and frequency across the world with cost per event also rising.
- Environmental risks dominate the top 5 risks facing the world over the next 10 years with biodiversity loss and ecosystem collapse, critical changes to earth systems and natural resource shortages ranked second, third and fourth respectively.
- The rising prominence of environmental risks in global risk outlooks demonstrates the need for urgent collective action in reducing adverse environmental impacts while highlighting the need for accelerating adaptation and mitigation measures that will strengthen long-term resilience against escalating environmental risks.

Impact on Sampath Bank and Our Response

- Sustainability is deeply integrated into the Bank's strategy enabling environmental consciousness in stakeholder value creation. Managing the Bank's environmental impacts receives Board oversight with the Board Sustainability Committee overseeing the Bank's sustainability strategy.
- As part of the Bank's Sustainable Finance Initiatives, Sampath Bank launched Green Fixed Deposit in 2025 supported by its green deposit framework which aligned to the International Capital Market Association's Green Bond Principles and Sri Lanka Green Finance Taxonomy.
- Furthermore, the Bank implemented ISO 14001:2015 EMS to manage the environmental impacts arising from its operations.
- The Bank initiated an assessment of its financed emissions through the Partnership for Carbon Accounting Financials (PCAF) to support a more focused strategy in managing financed emissions going forward.
- In line with the mandatory alignment with SLFRS Sustainability Disclosure Standards S1 and S2, this Integrated Annual Report includes a detailed discussion on the Bank's CRROs from pages 83 to 98.

LEGAL

- The Parate Law was reinstated from 1st July 2025 granting banks the authority to seize mortgaged property in the event of default without court proceedings.
- Criteria used to designate Domestic Systemically Important Banks (D-SIBs) was published alongside the licensed banks designated as D-SIBs in Sri Lanka. Higher Loss Absorbency (HLA) requirements as capital surcharge on banks designated as D-SIBs was also introduced to mitigate identified systemic risks and strengthen the soundness of the banking system.
- The CBSL launched its Sustainable Finance Roadmap 2.0 Scaling Up Action for the Financial Sector of Sri Lanka identifying priority actions for funding sustainable development, environmental and social risk management and reporting and disclosure requirements for sustainability and climate risks. This document also sets out an implementation plan accepted and validated by the key financial sector stakeholders for the period 2025-2029.
- Following Cyclone Ditwah, CBSL introduced relief measures to assist individuals and businesses affected by the cyclone and flood disaster.
- Other banking regulations.

Impact on Sampath Bank and Our Response

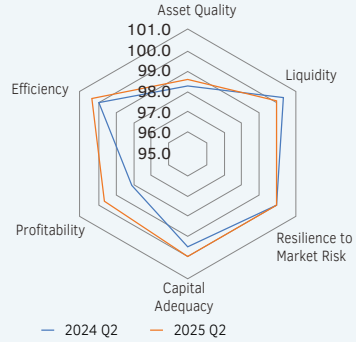
- Sampath Bank was classified as a Domestic Systemically Important Bank (D-SIB) from 17th April 2025. While the Bank was already in compliance with the increased capital adequacy requirements, the Bank also ensured that its processes aligned with the additional requirements applicable to D-SIBs. These included meeting the Higher Loss Absorbency (HLA) capital surcharge applicable to bucket 1 banks (+1% CET 1), adhering to strengthened supervisory expectations relating to risk governance and systemic risk management, complying with enhanced disclosure obligations, and ensuring readiness for any capital remediation requirements stipulated by the Central Bank of Sri Lanka.
- The Bank maintained vigilance on developments in the regulatory and legal landscape and proactively aligned its processes with new regulations to ensure compliance with all laws and regulations in a timely manner.

Banking Sector Performance

Banking Soundness Index (BSI)

» The Banking Soundness Index which measures the overall soundness of the banking sector improved as at 30th June 2025 indicating an improved capacity to withstand shocks. The improvement in the index was driven primarily by the significant increase in sector profitablity during the period although the capital adequacy, asset quality and resilience to market risk sub-indices also improved.

Banking Soundness Map



Note: Deviation from the centre indicates a positive impact to the banking sector stability

Source: As extracted from Financial Stability Review 2025, Central Bank of Sri Lanka

Credit Growth and Asset Quality

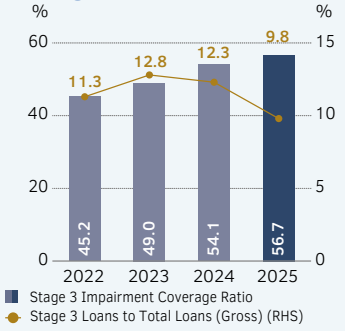
» Banking sector loans and receivables expanded by 21.4% YoY in 2025 (2024: 4.1% YoY) as CBSL's expansionary monetary policy and improved macro-economic conditions supported increased private sector credit demand.

» The sector's Stage 3 loans ratio remained elevated but recorded a declining trend.

» Meanwhile, the sector's Stage 3 impairment coverage ratio improved as at 31st December 2025, strengthening its resilience against a potential deterioration in asset quality. The improvement in the ratio was driven by prudent provisioning as Stage 3 impairments increased by 1.8% YoY in 2025 compared with a 2.7% YoY decrease in Stage 3 loans.

Banking Sector	31st December 2025	31st December 2024
Stage 3 loans to total loans ratio	9.8%	12.3%
Stage 3 impairment coverage ratio	56.7%	54.1%

Credit Quality Indicators - Banking Sector



Source: Statistics Department - Central Bank of Sri Lanka

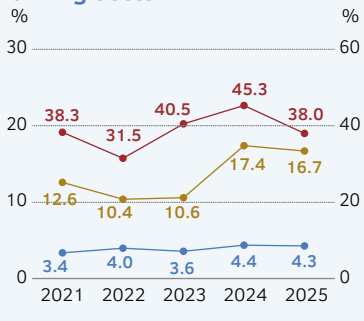
Performance

» Banking sector profitability expanded by a significant 13.8% to Rs 369 Bn in 2025 supported by increased net interest income, and increases in net gains from trading, net fee-based income and net other operating income.

» However, despite the increase in absolute profitability, key profitability ratios in the banking sector declined in 2025 due to the intensive growth of asset and capital bases.

Banking Sector	31st December 2025	31st December 2024
Net interest margin	4.3%	4.4%
Return on assets	2.5%	2.6%
Return on equity	16.7%	17.4%

Performance Ratios - Banking Sector



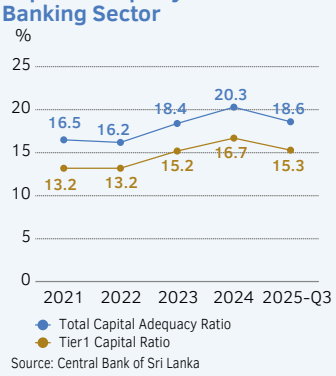
Source: Central Bank of Sri Lanka

Banking Sector Performance

Capital Adequacy

- The Total Capital Adequacy Ratio of the banking sector declined from 20.3% in December 2024 to 18.6% as of September 2025. This decrease reflects the more rapid growth in risk-weighted assets (17.6% year-on-year at the end of the third quarter of 2025) compared to the expansion in regulatory capital, despite total capital increasing by 18.4% year-on-year during the same period.
- Retained earnings of the sector increased by 12.8% YoY to Rs 802.9 Bn as at end of Q2 2025, strengthening CET 1 capital. Accordingly, CET 1 capital accounted for more than 81% of the total regulatory capital of the sector indicating that the banking sector of Sri Lanka possessed quality capital to withstand shocks.
- Tier 2 capital also expanded significantly in 2025 supported by the issuance of subordinated debentures by banks.
- The Leverage ratio of the banking sector remained high at 6.6% as at 30th September 2025 which was above the minimum regulatory requirement of 3%. However, the Leverage ratio of D-SIBs were comparatively low at 5.0% as at 30th June 2025.

Capital Adequacy Ratios - Banking Sector



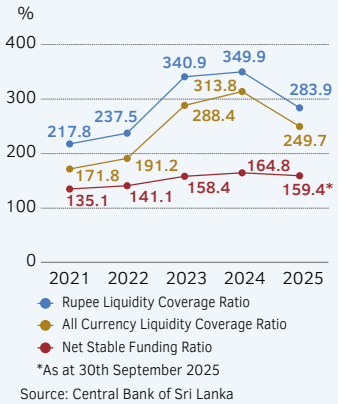
Source: Central Bank of Sri Lanka

Banking Sector	30th September 2025	31st December 2024
CET 1 ratio	15.3%	16.7%
Total capital adequacy ratio	18.6%	20.3%
Leverage ratio	6.6%	6.4%

Liquidity

- The liquidity position of the banking sector moderated slightly as at 31st December 2025 reflective of credit expansion. However, sector liquidity ratios remained well above the regulatory minimum requirement.
- The Net Stable Funding Ratio position, a key measure of long-term liquidity, stood at 159.4% as at 30th September 2025 indicating that the banking sector held sufficient stable funding to cover long-term assets and was better positioned to absorb potential future funding stresses.

Liquidity Ratios - Banking Sector



*As at 30th September 2025

Source: Central Bank of Sri Lanka

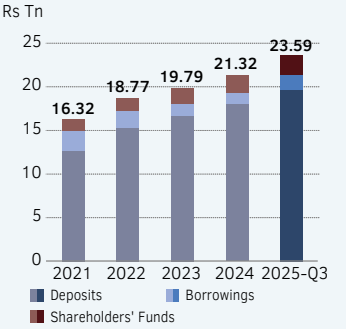
Banking Sector	Regulatory minimum requirement	31st December 2025	31st December 2024
Liquidity coverage ratio – LKR	100%	283.9%	349.9%
Liquidity coverage ratio – All currency	100%	249.7%	313.8%
Net stable funding ratio	100%	159.4%*	164.8%

* As at 30th September 2025

Funding Structure

- Domestic banks maintained a well-diversified funding base, placing reliance primarily on retail deposits.

Funding Structure - Banking Sector



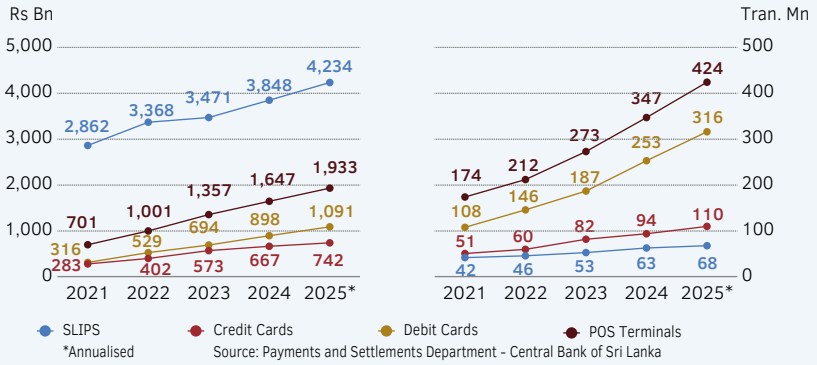
Source: Statistics Department - Central Bank of Sri Lanka

Banking Sector Performance

Digital Penetration

Supported by the collective efforts of the GoSL, CBSL, the banking sector and FinTechs, digital transaction channels continued to gain traction as reflected in the increase in transaction volumes and values in 2025.

Transaction Volume & Value - Banking Sector

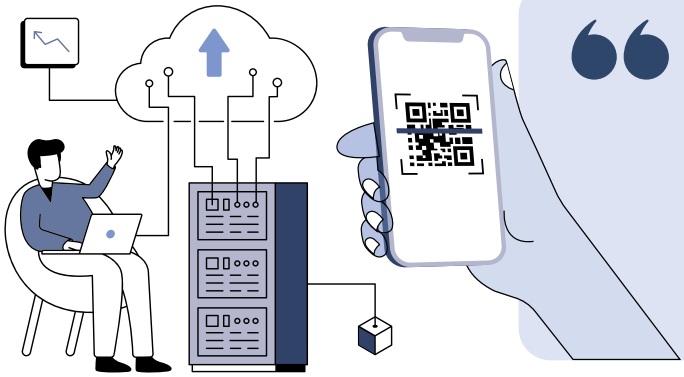


*Annualised

Source: Payments and Settlements Department - Central Bank of Sri Lanka

Key Regulatory Developments in 2025

- Maximum caps on the Loan to Value (LTV) ratio for credit facilities granted for the purchase of motor vehicles.
- An addendum to Circular No. 4 of 2024 on Relief Measures to Assist the Affected Small and Medium Enterprises was issued to clarify its content and ensure consistency in application across all licensed banks.
- Directors representing shareholders who have acquired voting shares in contravention of Section 12(1C) of the Banking Act No. 30 of 1988 related directions or the terms and conditions of the approval granted by the CBSL were to abstain from participating and voting on the appointment of independent directors of licensed banks.
- Guidelines for reporting information technology and cybersecurity incidents of license banks given the banking sector's increased reliance on digital infrastructure.
- Guidelines for the development of recovery plans for licensed banks.
- The letter of undertaking issued by the General Treasury assuring budgetary provisions and timely settlements, was directed at an approved security, provided such commitments were disclosed in the GoSL's financial statements, when facilitating opening letter of credit on behalf of Government Ministries, Departments and State Owned Enterprises (SOEs).
- Amendments to the guidelines for the establishment of mobile banking units of licensed commercial banks.
- Relief measures to assist individuals and businesses affected by the Cyclone Ditwah.



> In a dynamic and complex operating environment, Sampath Bank demonstrated resilience through disciplined balance sheet management, diversified revenue streams, robust risk management and digital transformation to strengthen its position as a trusted and stable pillar of Sri Lanka's financial system.

Outlook

Economic growth over the last two years and the continued commitment of the GoSL and the CBSL to building resilience across fiscal, external and monetary sectors is expected to support post-cyclone recovery and sustain Sri Lanka's economic performance into 2026. Accordingly, CBSL projects Sri Lanka's economy to expand by about 4%-5% in 2026 supported by reconstruction activity and related spending despite downside risks stemming from supply chain and infrastructure damage caused by cyclone Ditwah. Inflation is expected to gradually rise to CBSL's target of 5% by second half of 2026. While supply chain damage could accelerate these effects, monetary policy measures, including an adjustment to short-term interest rates are expected to maintain inflation around the target 5%. Meanwhile, Sri Lanka's external sector is expected to remain resilient in 2026 as the CBSL is expected to maintain its commitment to building reserves to meet the country's reserve adequacy requirements while maintaining exchange rate flexibility.

Efforts to strengthen the stability and resilience of the financial system are expected to continue into 2026, particularly given Sri Lanka's vulnerability to climate related shocks and the financial sector's interconnectedness with vulnerable sectors across the economy. Accordingly, the CBSL is expected to introduce the Countercyclical Capital Buffer (CCyB) framework to the banking sector in 2026, to support the build-up of capital buffers during favourable times which can then be drawn down in times of stress.

Digitalising financial services and payment systems is expected to remain a national priority in 2026. The National Payment System Roadmap 2025-2027 developed by the CBSL, National Payments Council and the Industry Consultative and Monitoring Committee is expected to provide strategic direction to the industry on progressing towards a digitalised economy. The CBSL is also expected to introduce legal reforms relating to payment and settlement systems in 2026 to ensure the safety and resilience of Sri Lanka's payment systems.

The CBSL's Sustainable Finance Roadmap 2.0 launched in 2025 is expected to guide the industry's actions in strengthening resilience against climate-related risks and promoting financial inclusion in 2026. In line with the Roadmap 2.0, the scope of the Sri Lanka Green Finance Taxonomy is also expected to be expanded to include social dimensions of sustainable finance. Moreover, the CBSL is expected to launch Phase II of the National Financial Inclusion Strategy to support access to quality financial services for underserved populations while strengthening financial consumer protection and integrating inclusive green finance.

Overall, Sri Lanka's economy has made considerable progress since the economic crisis in 2022 and is now positioned to transition from a phase of recovery towards one of sustainable growth and resilience. Accordingly, a sustained commitment to prudent policy making, the continuation of economic reforms and a strong focus on building economic buffers to strengthen the economy's capacity to absorb shocks remain essential to maintaining this momentum in the year ahead.



CAPITAL MANAGEMENT REPORTS

Financial Capital | 112
Manufactured Capital | 118
Intellectual Capital | 124
Human Capital | 131
Social and Relationship Capital | 142
Natural Capital | 169



FINANCIAL CAPITAL

The strong performance delivered in 2025 reflects focused execution of our refreshed strategy, disciplined risk management and the commitment of our team. The Bank's robust capital and liquidity buffers continue to strengthen resilience in a dynamic operating environment while providing a solid foundation for future growth and sustainable, long-term value creation.



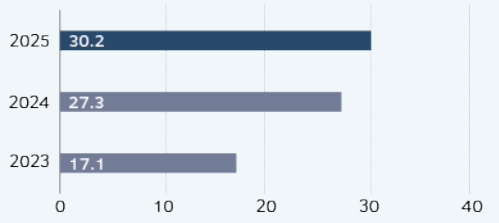
GRI 2-6

PERFORMANCE HIGHLIGHTS IN 2025



Strong profitability and value creation for shareholders

Profit After Tax — Rs Bn



Earnings per share
Rs 25.76
11% ↑

Return on equity
17.93%
19 bps ↑

Dividend per share
Rs 10.30
10% ↑

Strength and stability

Total assets
Rs 1.98 Tn
11% ↑

Total capital adequacy ratio
17.65%
(Regulatory requirement: 13.50%)

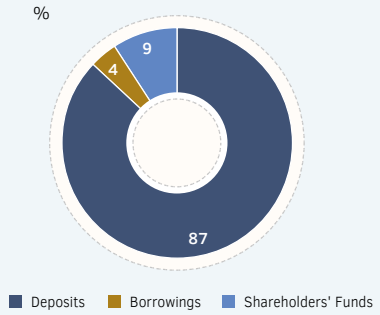
Healthy asset quality

Impaired loans (stage 3) ratio
3.31%
138 bps ↓

Stage 3 impairment coverage ratio
60.44%
36 bps ↑

Sound liquidity and funding position

Funding Composition - 2025



Liquidity coverage ratio - All currency

239.79%

(Regulatory requirement: 100%)

Net stable funding ratio

173.00%

(Regulatory requirement: 100%)

FINANCIAL PERFORMANCE

Group's Financial Performance

The Group recorded a PBT of Rs 53.0 Bn and a PAT of Rs 32.6 Bn, representing growth of 8% and 13%, respectively, compared to 2024. The total asset base exceeded the Rs 2.0 Tn milestone during the first half of the year and stood at Rs 2.1 Tn as at 31st December 2025. The Bank's four wholly owned subsidiaries remain relatively small in scale, contributing only 7% to the Group's PAT and 4% to total assets, respectively.

Bank's Financial Performance

Gross Income

In 2025, the Bank's gross income reached Rs 218.8 Bn, reflecting a year-on-year growth of 12%. This performance was supported by contributions from interest income, fee-based income and other income streams.

Net Fund Based Income

Interest Income

For the year ended 31st December 2025, the Bank reported total interest income of Rs 181.1 Bn, reflecting a decline of 1% compared to 2024. This was primarily attributable to a lower AWPLR and reduced interest rates on government securities. In response to the correction in market interest rates, the Bank strategically redirected funds previously invested in government securities into its diversified lending portfolio.

Interest Expense

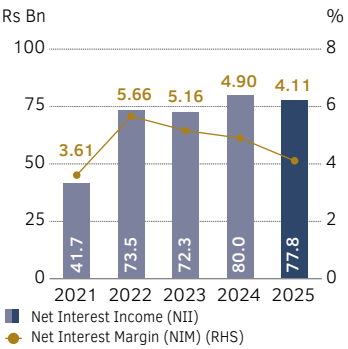
Interest expenditure for the year increased marginally, driven by growth in the deposits portfolio. Furthermore, in a declining interest rate environment, longer-tenor deposits are repriced with a time lag, resulting in the temporarily retention of higher interest cost.

Net Interest Income

Consequently, Net Interest Income (NII) reached Rs 77.8 Bn for the year, reflecting a 3% decrease compared to the previous year.

Meanwhile, the Net Interest Margin (NIM) contracted by 79 basis points, declining from 4.90% in 2024 to 4.11% in 2025. This contraction was primarily driven by lower yields on the investment portfolio, reflecting the broader downward trend in market interest rates.

Net Interest Income



Net fund based income
Rs 77.8 Bn -3%

+

Non-fund based income
Rs 31.7 Bn +324%

=

Total operating income
Rs 109.5 Bn +25%

+

Impairment reversal
Rs 0.6 Bn -95%

−

Operating expenses
Rs 46.8 Bn +19%

=

Operating profit before taxes
Rs 63.4 Bn +6%

−

Taxation
Rs 33.2 Bn +2%

=

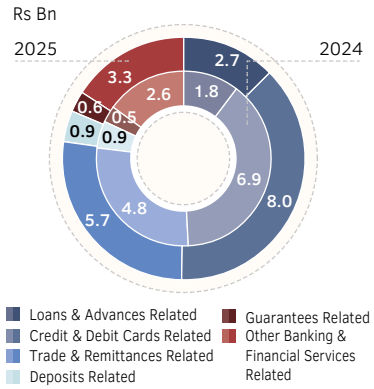
Profit for the year
Rs 30.2 Bn +11%

Non-Fund Based Income

Net Fee and Commission Income

Net fee and commission income across all segments increased by 21% in 2025, reaching Rs 21.2 Bn, driven by credit growth, stronger economic activity, and greater card usage. Furthermore, process improvements driven by new strategic initiatives played a key role in the growth of this income category. Credit and debit card–related fees, which constitute 38% of total fee and commission income, grew by 16%, while the trade and remittance category, representing 27% of this income source, increased by 19%.

Net Fee & Commission Income



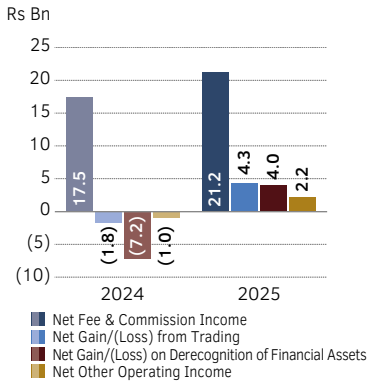
Net Gain on Derecognition of Financial Assets

A gain of Rs 4.0 Bn was recognised from the disposal of Financial Assets, mainly realised in the first quarter of 2025 from the sale of Treasury bills and bonds. In contrast, a loss of Rs 7.2 Bn was recorded in 2024, resulting in a year-on-year improvement of 155%. The gain from the disposal of Treasury bills and bonds in 2024, amounting to Rs 1.1 Bn, was largely offset by a significant loss of Rs 8.4 Bn arising from the restructuring of Sri Lanka International Sovereign Bonds. Excluding this restructuring loss, the result for 2025 reflects a growth of 250% compared to 2024.

Net Trading and Net Other Operating Income

The Bank reported a total gain of Rs 6.5 Bn under net trading and other operating income in 2025, compared to a loss of Rs 2.8 Bn in 2024. The gain was primarily driven by an exchange gain of Rs 5.3 Bn, following the LKR's depreciation of Rs 16.63 against the USD. In contrast, in 2024, the LKR appreciated Rs 30.75 per USD, resulting in an exchange loss of Rs 4.2 Bn.

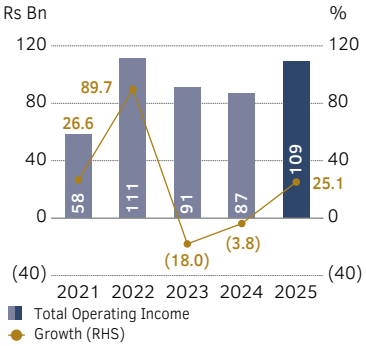
Non-Fund Based Income



Total Operating Income

The Bank recorded 25% growth in total operating income, which increased by Rs 22.0 Bn from Rs 87.5 Bn in 2024 to Rs 109.5 Bn in the year under review, driven by improved performance in net fee-based income, net gains on derecognition of financial assets, net trading income, and net other operating income.

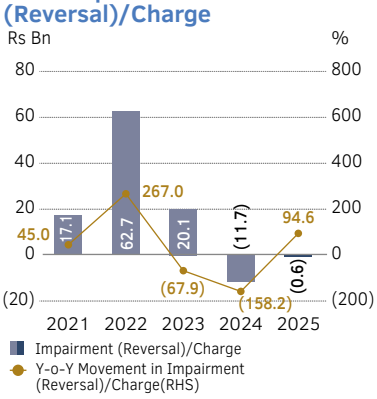
Total Operating Income



Impairment (Reversal)/Charge

The Bank recorded a total impairment reversal of Rs 0.6 Bn during the current year, representing a significant reduction of Rs 11.1 Bn compared to the previous year. Of the total reversal recognised in 2024, Rs 15.8 Bn resulted from the restructuring of Sri Lanka International Sovereign Bonds (SLISBs). Excluding the one-off reversal arising from the SLISB restructuring in 2024, the Bank would have reported an impairment charge of Rs 4.1 Bn for that year. Accordingly, disregarding this 2024 special reversal, this year's impairment reversal compares with the Rs 4.1 Bn impairment charge recorded in 2024, reflecting a year-on-year improvement of 116%.

Total Impairment (Reversal)/Charge



Impairment (Reversal)/Charge on Loans and Advances

In 2025, the Bank recorded an impairment reversal of Rs 1.0 Bn on loans and advances, compared with a charge of Rs 2.8 Bn in 2024.

Amid accelerated credit growth in the latter part of the year, the Bank recognised additional impairment provisions on newly granted loans and maintained higher provision coverage across all stages compared with 2024. At the same time, recovery efforts were strengthened through advanced analytics under new strategic initiatives, alongside improved customer repayment capacity supported by lower interest rates and favourable economic conditions. The reinstatement of the parate execution law further facilitated the recovery of long-outstanding Stage 3 loans. Reversals in provisions, driven by enhanced recovery processes and improved credit quality, exceeded the impairment charges on newly granted loans.

As a result of these effective recovery measures and improvement in customer credit quality, Stage 3 loans as a proportion of gross loans declined from 13.7% at the end of 2024 to 9.6% as at 31st December 2025, while Stage 2 loans decreased from 15.7% in 2024 to 7.6% by the end of 2025.

Large customers affected by Cyclone Ditwah were separately identified and assessed under the Individually Significant Customer Impairment process, with provisions determined based on the severity of the impact on their business cash flows. Customers requesting moratoriums who were classified under collective impairment were also identified, and an additional overlay allowance was recognised. The number of customers requesting moratoriums was considerably lower than in the COVID-19–related period.

Impairment Charge/(Reversal) on Other Financial Instruments

The Bank recognised an impairment charge of Rs 1.4 Bn on other financial instruments for the year ended 31st December 2025, primarily attributable to the purchase of short-tenor PDI bonds. In contrast, the prior year's reversal was mainly driven by the release of the full provision made against SLISB following its restructuring.

Impairment (Reversal)/Charge on Credit Related Commitments and Contingencies

The Bank recorded an overall reversal of Rs 0.9 Bn under this reporting line, compared with a charge of Rs 0.5 Bn in the comparative year. This result was driven by improved customer credit quality and the rationalisation of limits granted.

Net Operating Income

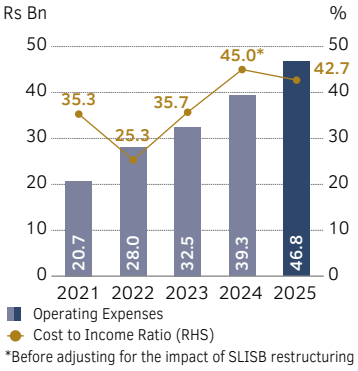
The Bank reported growth of 11% in net operating income, which increased by Rs 10.9 Bn, from Rs 99.2 Bn in 2024 to Rs 110.1 Bn in the year under review.

Operating Expenses

Operating expenses increased by 19% year-on-year, primarily due to incremental costs related to executing strategic initiatives aimed at positioning the Bank for its next phase of growth. Personnel costs rose by 10%, driven by annual salary increments, the expansion of the staff cadre and the acquisition of new talent to support business growth. In addition, Bank-wide process enhancements and greater investment in technology contributed to higher operating costs; however, these investments have established a strong foundation for future growth.

As a result, the Bank's cost-to-income ratio (CIR) rose by 170 basis points to 42.7%, compared with a CIR of 41.0% in the previous year, after adjusting for the impact of the SLISB restructuring.

Operating Expenses



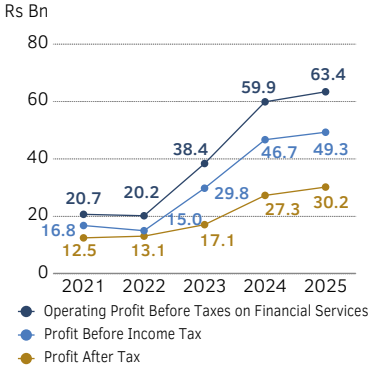
*Before adjusting for the impact of SLISB restructuring

Taxation

GRI 207-1

The total tax charge increased to Rs 33.2 Bn in the current period, up from Rs 32.6 Bn in the previous year, driven by higher taxable income. Despite this, the Bank's effective tax rate (ETR) marginally declined to 52.3% in 2025, compared with 54.4% in 2024. Tax on financial services rose to Rs 14.1 Bn in 2025, up from Rs 13.2 Bn in the previous year. However, income tax decreased by 2%, from Rs 19.4 Bn in 2024 to Rs 19.1 Bn in the year under review. Total taxes paid to the Government of Sri Lanka during the year exceeded Rs 39.0 Bn, compared with Rs 33.8 Bn paid in the previous year.

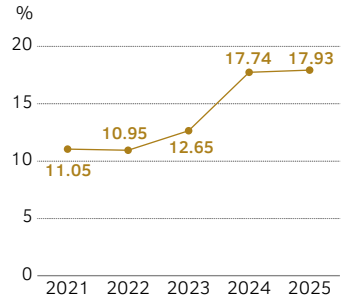
Profitability



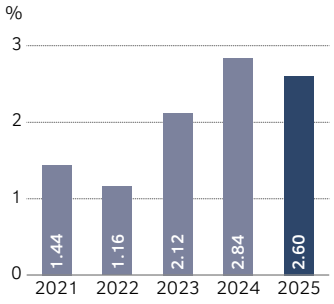
Key Ratios

The Bank achieved an improvement in profitability in 2025, with Return on Average Shareholders' Equity (after tax) rising to 17.93% from 17.74% in 2024. Conversely, Return on Average Assets (before tax) declined to 2.60%, from 2.84% at the end of the previous year, primarily driven by accelerated credit growth in the latter part of the year, which resulted in the recognition of the full impairment provision in the absence of sufficient interest income to absorb it.

Return on Equity (After Tax)



Return on Assets (Before Tax)



> Operating expenses increased by 19% year-on-year, primarily due to incremental costs related to executing strategic initiatives aimed at positioning the Bank for its next phase of growth.

FINANCIAL CAPITAL

FINANCIAL STABILITY AND POSITION

Capital and Liquidity

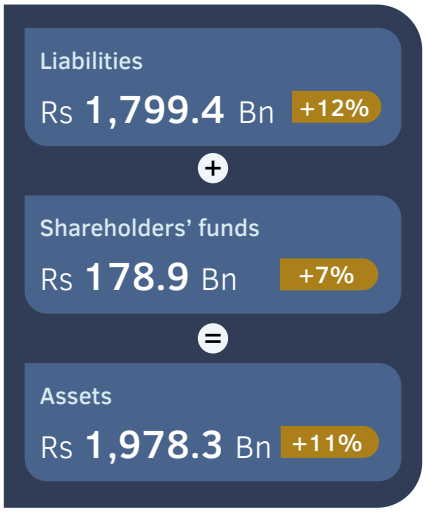
Following Sampath Bank's designation as a Domestic Systemically Important Bank (D-SIB) effective 17th April 2025, minimum capital requirements were increased by 1% across all tiers, raising the minimum CET1, Tier 1 and Total Capital Ratios to 8%, 9.5% and 13.5%, respectively. Despite reallocating funds from government securities to lending, the Bank maintained strong capital and liquidity ratios, comfortably exceeding the minimum regulatory requirements throughout 2025. As of 31st December 2025, the Bank's Common Equity Tier 1 (CET1), Tier 1, and Total Capital ratios stood at 14.75%, 14.75%, and 17.65%, respectively, compared with 16.75%, 16.75%, and 19.38% at the end of 2024.

Liquidity levels remained robust, with the all-currency Liquidity Coverage Ratio (LCR) at 239.79% and the Net Stable Funding Ratio (NSFR) at 173.00% as of 31st December 2025, well above the minimum regulatory requirement of 100% in both cases.

Assets

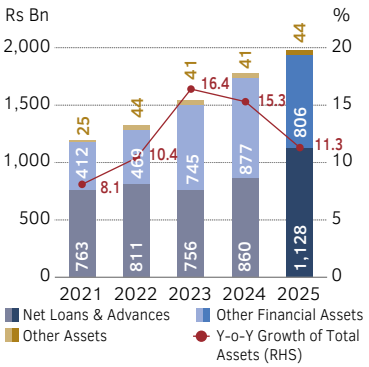
Total assets grew by 11% to Rs 1.98 Tn as of 31st December 2025, supported by expansion of the loan portfolio. Gross loans rose by Rs 259.0 Bn, from Rs 964.6 Bn at end-2024 to Rs 1,223.6 Bn. Technology-driven enhancements and process improvements implemented through new strategic initiatives enabled higher lending volumes, shorter turnaround times, and the development of a robust SME and corporate loan book.

Additionally, funds previously invested in government securities were redirected to support loan growth, leading to a significant reduction in investments in Government Securities as the Bank adjusted its asset mix to levels approaching those seen before COVID-19. This is reflected in the reduction of total investments in debt and other instruments, financial assets at FVOCI, and financial assets recognised through PL, from 80% of total gross loans in 2024 to 55% as at 31st December 2025.

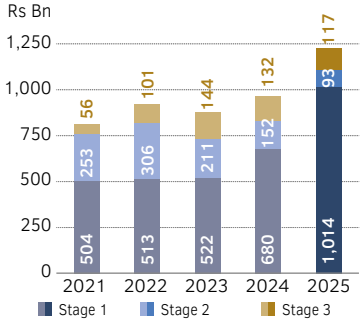


Investments in property, plant and equipment, as well as intangible assets, also increased during the year, driven by IT hardware and systems enhancements and building improvements aimed at delivering more efficient and improved customer service, and the revaluation of freehold lands and buildings as of 31st December 2025.

Assets



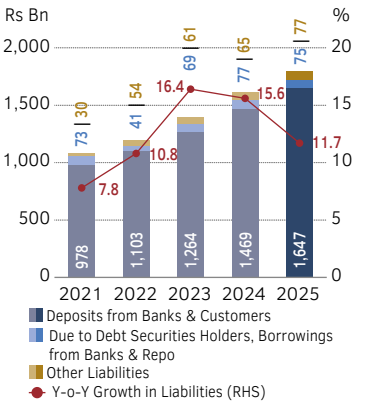
Gross Loans & Advances - Stage-wise



Liabilities

The Bank's total liabilities increased by 12% to Rs 1.80 Tn as of 31st December 2025, primarily driven by growth in the deposit portfolio, which rose by Rs 178.1 Bn, from Rs 1.47 Tn at the end of 2024 to Rs 1.65 Tn at year-end 2025.

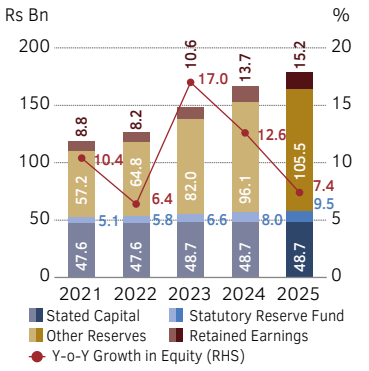
Liabilities



Total Equity

The Bank's total equity increased by Rs 12.3 Bn, representing a 7% rise from Rs 166.5 Bn at the end of 2024 to Rs 178.9 Bn by the end of 2025. This mainly includes the profit after tax for 2025 of Rs 30.2 Bn, less dividends of Rs 11.0 Bn paid in April 2025.

Shareholders' Funds



> **Technology-driven enhancements and process improvements implemented through new strategic initiatives enabled higher lending volumes, shorter turnaround times, and the development of a robust SME and corporate loan book.**

SHAREHOLDER VALUE CREATION

Shareholder Value

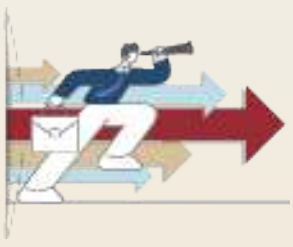
Strong performance drove superior shareholder value creation, as the Bank's Earnings per Share increased by 11% from Rs 23.30 in 2024 to Rs 25.76 in current year. Return on Average Equity too rose to 17.93% in 2025, 19 basis points up from 17.74% achieved in 2024.

Dividend

The Board of Directors has recommended a final cash dividend of Rs 10.30 per share for the financial year ended 31st December 2025, subject to shareholder approval at the 40th Annual General Meeting scheduled for 30th March 2026. The dividend payout ratio for the year stood at 39.98% (2024: 40.13%).

OUTLOOK

Supported by macro-economic stability and growing business confidence, the Bank will maintain its focus on pursuing growth opportunities that align with its strategic priorities. Emphasis will also be placed on efficient asset and liability management to preserve margins in a low-interest rate environment. Meanwhile proactive risk management to safeguard asset quality will support prudent provisioning. We will continue to leverage deep market insights gained from advanced data analytics to drive our strategic efforts while evolving our processes to further strengthen alignment with the reporting requirements of SLFRS Sustainability Disclosure Standards in the year ahead.



VERTICAL ANALYSIS OF INCOME STATEMENT

For the year ended	2025		2024		2023		2022	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Gross income	218,780	100	195,321	100	226,154	100	197,571	100
Interest income	181,059	83	183,055	94	203,447	90	157,619	80
Less: Interest expenses	103,277	47	103,047	53	131,157	58	84,117	43
Net interest income	77,782	36	80,008	41	72,290	32	73,502	37
Exchange income	5,293	2	(4,220)	(2)	(1,887)	(1)	16,261	8
Other income	26,423	12	11,706	6	20,570	9	21,191	11
Total operating income	109,498	50	87,494	45	90,973	40	110,954	56
Less: Impairment (reversal)/charge	(637)	-	(11,728)	(6)	20,149	9	62,706	32
Operating expenses	46,768	21	39,333	20	32,457	14	28,048	14
Profit before all taxes	63,367	29	59,889	31	38,367	17	20,200	10
Less: Taxes	33,156	15	32,568	17	21,227	9	7,066	4
Profit for the year	30,211	14	27,321	14	17,140	8	13,134	7

HORIZONTAL ANALYSIS OF INCOME STATEMENT

For the year ended	2025		2024		2023		2022	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Gross income	218,780	12	195,321	(14)	226,154	14	197,571	89
Interest income	181,059	(1)	183,055	(10)	203,447	29	157,619	83
Less: Interest expenses	103,277	-	103,047	(21)	131,157	56	84,117	90
Net interest income	77,782	(3)	80,008	11	72,290	(2)	73,502	76
Exchange income	5,293	225	(4,220)	(124)	(1,887)	(112)	16,261	235
Other income	26,423	126	11,706	(43)	20,570	(3)	21,191	77
Total operating income	109,498	25	87,494	(4)	90,973	(18)	110,954	90
Less: Impairment (reversal)/charge	(637)	95	(11,728)	(158)	20,149	(68)	62,706	267
Operating expenses	46,768	19	39,333	21	32,457	16	28,048	36
Profit before all taxes	63,367	6	59,889	56	38,367	90	20,200	(3)
Less: Taxes	33,156	2	32,568	53	21,227	200	7,066	(15)
Profit for the year	30,211	11	27,321	59	17,140	31	13,134	5

VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

As at 31st December	2025		2024		2023		2022	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Assets								
Cash and cash equivalents including placements	101,242	5	72,682	4	113,013	7	90,090	7
Net loans and advances	1,127,777	57	860,152	48	756,436	49	811,158	61
Other interest earning assets	670,085	34	772,150	43	584,889	38	321,531	24
Investment in subsidiaries	4,226	-	4,191	-	4,111	-	3,899	-
Property, plant and equipment	15,188	1	10,855	1	9,623	1	8,911	1
Other assets	59,735	3	57,911	4	73,876	5	88,837	7
Total assets	1,978,253	100	1,777,941	100	1,541,948	100	1,324,426	100
Liabilities								
Deposits from banks and customers	1,647,343	83	1,469,222	82	1,264,470	82	1,103,213	83
Debt securities holders, borrowings from banks and repo	75,343	4	77,168	4	68,829	4	40,901	3
Other liabilities	76,693	4	65,013	4	60,776	4	53,932	4
Total liabilities	1,799,379	91	1,611,403	90	1,394,075	90	1,198,046	90
Equity								
Stated capital	48,741	2	48,741	3	48,741	3	47,622	4
Reserves	130,133	7	117,797	7	99,132	7	78,758	6
Total equity	178,874	9	166,538	10	147,873	10	126,380	10
Total liabilities and equity	1,978,253	100	1,777,941	100	1,541,948	100	1,324,426	100

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

As at 31st December	2025		2024		2023		2022	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Assets								
Cash and cash equivalents including placements	101,242	39	72,682	(36)	113,013	25	90,090	252
Net loans and advances	1,127,777	31	860,152	14	756,436	(7)	811,158	6
Other interest earning assets	670,085	(13)	772,150	32	584,889	82	321,531	(5)
Investment in subsidiaries	4,226	1	4,191	2	4,111	5	3,899	11
Property, plant and equipment	15,188	40	10,855	13	9,623	8	8,911	14
Other assets	59,735	3	57,911	(22)	73,876	(17)	88,837	44
Total assets	1,978,253	11	1,777,941	15	1,541,948	16	1,324,426	10
Liabilities								
Deposits from banks and customers	1,647,343	12	1,469,222	16	1,264,470	15	1,103,213	13
Debt securities holders, borrowings from banks and repo	75,343	(2)	77,168	12	68,829	68	40,901	(44)
Other liabilities	76,693	18	65,013	7	60,776	13	53,932	80
Total liabilities	1,799,379	12	1,611,403	16	1,394,075	16	1,198,046	11
Equity								
Stated capital	48,741	-	48,741	-	48,741	2	47,622	-
Reserves	130,133	10	117,797	19	99,132	26	78,758	11
Total equity	178,874	7	166,538	13	147,873	17	126,380	6
Total liabilities and equity	1,978,253	11	1,777,941	15	1,541,948	16	1,324,426	10

MANUFACTURED CAPITAL

The Bank's manufactured capital comprises Property, Plant and Equipment (PPE) and Right of Use Assets which amounted to Rs 15 Bn and Rs 7 Bn respectively as at 31st December 2025. Manufactured capital accounts for 1% of the Bank's total assets as at 31st December 2025 with investments during the year amounting to Rs 6 Bn. Customer connectivity is facilitated through an islandwide network of customer touchpoints which also support brand building. The main focus of investments has been the enhancement of the Bank's digital infrastructure which continues to transform our service and processing capabilities, strengthening our competitiveness in an era of unprecedented technological advances.



Governance

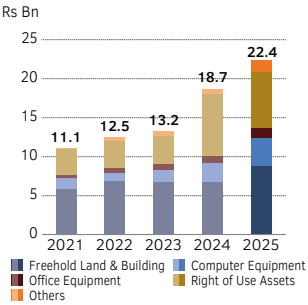
GRI 2-6

The Board approves the capital expenditure plan annually and procurements above the plan are reviewed and approved thereafter. Transparent and efficient procurement processes have been put in place to ensure that procurements are fit for purpose and obtained at competitive rates. Additionally, the Board IT Committee approves IT-related procurements that fall within its delegated authority limits, while the Procurement Committee, which is a management committee, reviews and approves a large volume of IT procurements in line with the delegated authority assigned to it by the Board.

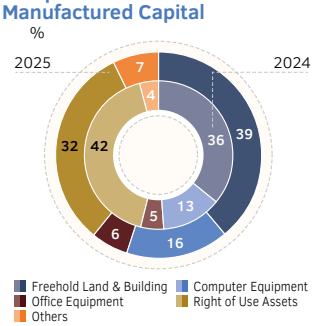
STRATEGIC PRIORITIES

Strategic Priorities 2024 - 2026	Key Achievements in 2025	Priorities for 2026	UN SDG
Improve digital experience for customers at branches and at Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs) and Cash Recycling Machines (CRMs)	40 new CRMs enhancing our ability to deliver efficient services 24/7 in line with the stated goals for 2025	» Complete roll out of CRMs » Complete 422 new CRMs	
Upgrading and enhancing existing branches	Relocation of 4 branches and upgrading of 75 branches (excluding the relocated branches)	Continue upgrade of branches	

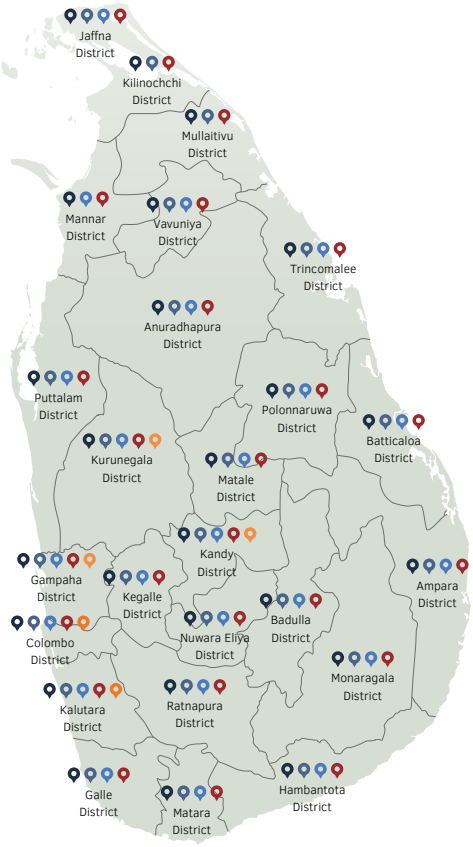
Nurturing Manufactured Capital



Composition of Manufactured Capital



The increase in Manufactured Capital during the year was primarily driven by significant growth in freehold lands and buildings, computer equipment, and improvements to leasehold properties. The rise in freehold lands and buildings reflects the revaluation carried out in 2025, in line with the Bank's accounting policy of revaluing such assets at least once every three years, as well as the purchase of a strategically located property near the Head Office. The capitalisation of renovations and modifications completed at the Head Office building contributed to the increase in improvements to leasehold properties. Meanwhile, the expansion in computer equipment was largely attributable to the rollout of CRMs to replace ATMs, significant upgrades to customer service infrastructure, servers, data storage systems, and information security platforms. At year-end, freehold lands and buildings, computer equipment, and improvements to leasehold properties represented 57%, 24%, and 9% of the Bank's Manufactured Capital (PPE), reflecting increases of Rs 1,980 Mn (29%), Rs 1,249 Mn (52%), and Rs 704 Mn (113%) over the previous year.



Enhancing Customer Experiences

GRI 2-6

Branches

229

Cash Deposit Machines (CDMs)

184

Automated Teller Machines (ATMs)

245

Private Banking Units (PBUs)

7

Cash Recycling Machines (CRMs)

328

SCAN ME!

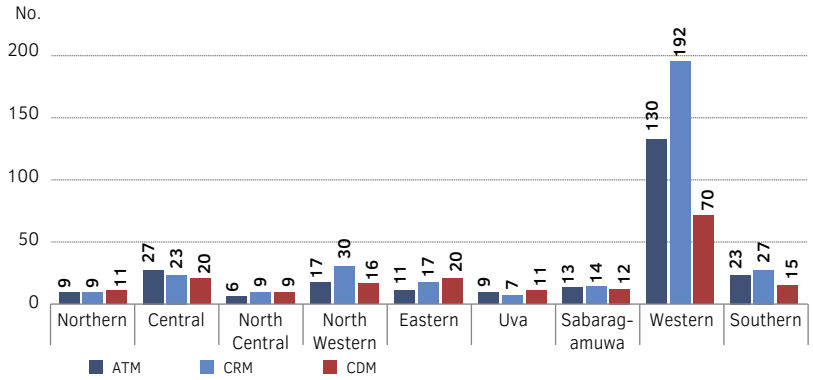
Scan this QR code for more details on the Bank's Physical Customer Touchpoints

Customer Touchpoints Distribution

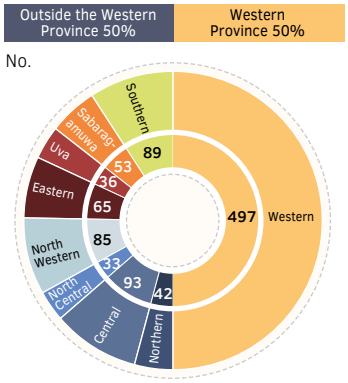
Province	District	Branches	ATMs	CRMs	CDMs	PBUs	Total
Northern	Mullaitivu	1	1	-	1	-	3
	Vavuniya	2	1	2	3	-	8
	Mannar	1	-	1	1	-	3
	Kilinochchi	1	1	-	1	-	3
	Jaffna	8	6	6	5	-	25
Central	Nuwara Eliya	4	4	3	5	-	16
	Matale	3	4	3	3	-	13
	Kandy	15	19	17	12	1	64
North Central	Polonnaruwa	3	2	2	3	-	10
	Anuradhapura	6	4	7	6	-	23
North Western	Puttalam	8	4	13	4	-	29
	Kurunegala	13	13	17	12	1	56
Eastern	Ampara	7	5	7	9	-	28
	Batticaloa	6	5	6	7	-	24
	Trincomalee	4	1	4	4	-	13
Uva	Badulla	5	5	5	6	-	21
	Monaragala	4	4	2	5	-	15
Sabaragamuwa	Ratnapura	8	9	6	8	-	31
	Kegalle	6	4	8	4	-	22
Western	Colombo	63	77	128	45	3	316
	Gampaha	27	39	47	19	1	133
	Kalutara	10	14	17	6	1	48
Southern	Hambantota	6	5	7	2	-	20
	Galle	10	8	13	5	-	36
	Matara	8	10	7	8	-	33
Total		**229**	**245**	**328**	**184**	**7**	**993**

MANUFACTURED CAPITAL

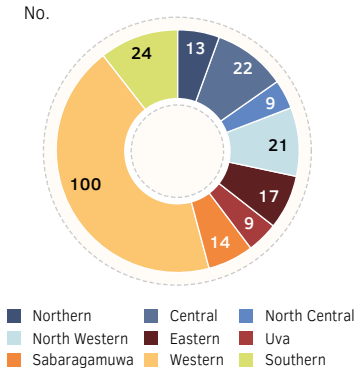
Distribution of Self Banking Customer Touchpoints



Distribution of Total Customer Touchpoints



Province-wise Branch Network



Sampath Bank's branch network comprises 229 fully operational branches across 25 districts, of which 25 locations are owned by the Bank. A growing network of CRMs support access to cash and deposits 24/7. ATMs and CDMs are being replaced by CRMs at an accelerated pace in line with strategy, enhancing the customer experience.

During the year, the Bank relocated and upgraded the following four branches to enhance the customer experience:

1 Akuressa	2 Anamaduwa	3 Mannar	4 Ganemulla

Additionally, upgrades were made to enhance the experience for the High Net Worth Clients in pursuit of the relevant strategy.

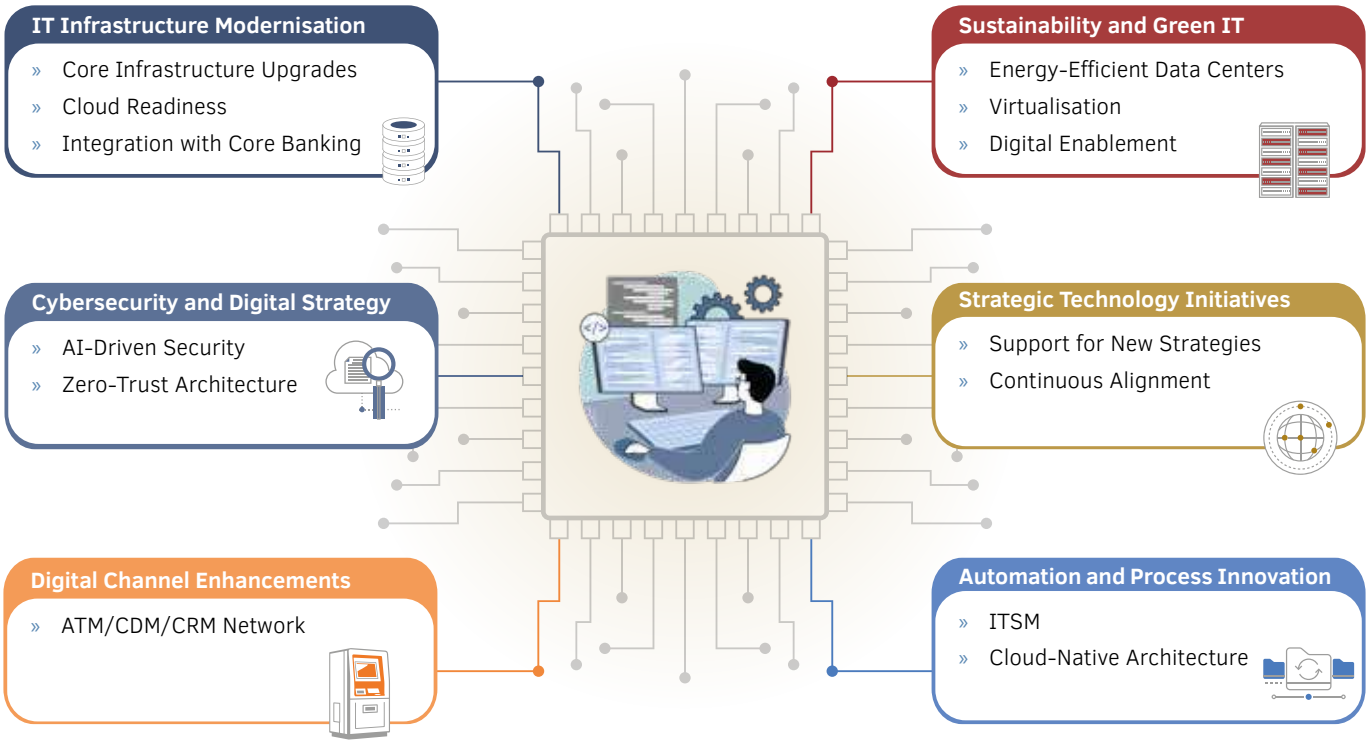


Launching of Private Banking Units

IT Infrastructure Growth

GRI 3-3

The Bank invested Rs 2 Bn in enhancing its digital infrastructure during the year, enhancing capabilities to deliver new services, enhance operational efficiency, reduce costs, improve customer experience, and future-proof Bank's technology landscape.



Sampath Bank has significantly enhanced its operational efficiency through a series of innovative initiatives in 2025 which will continue into 2026 as well. The Bank modernised its IT infrastructure by migrating data centers to Tier 3 data centres, which will improve availability, redundancy, and resilience, while also upgrading its in-house Kubernetes platform to support cloud-native deployments and microservices. These changes have enabled faster deployment cycles and greater scalability. Automation of IT Service Management (ITSM) processes resulted in quicker incident resolution and reduced manual intervention. This programme which commenced in 2025 is expected to continue into the first quarter of 2026 further streamlining operations. The Bank invested in upgrading its ATM, CDM, and CRM networks, replacing older machines with new CRMs to reduce downtime and drive efficiencies. Additionally, Sampath Bank moved focus from Virtual Teller Machine (VTM) service which required a physical presence to enhanced digital onboarding via video conferencing, making account opening more accessible for overseas customers. On the cybersecurity front, the Bank implemented AI-driven threat detection and adopted zero-trust architecture to strengthen data privacy and compliance. Sustainability was also prioritised through energy-efficient data center migrations and cloud readiness initiatives, which reduced reliance on physical infrastructure and supported green IT practices. Collectively, these innovations have improved service delivery, reduced costs, and positioned Sampath Bank for future growth in a rapidly evolving digital landscape.

Environmental Sustainability

Environmental sustainability considerations are factored into strategies for growth of manufactured capital and are also considered in technical specifications and evaluations.

Environmental sustainability remains central to Sampath Bank's operational strategy and manufactured capital development. As a responsible financial institution, we recognise our physical infrastructure and operational practices create both direct and indirect environmental impacts. Our commitment extends beyond regulatory compliance to proactive environmental stewardship across our entire value chain.

MANUFACTURED CAPITAL

Strategic Alignment with Climate Action

The Bank's environmental sustainability initiatives align strategically with the identified climate-related risks and contribute for Sri Lanka's national climate commitments. As the country progresses toward 70% renewable energy in electricity generation by 2030 and carbon neutrality by 2050 under its Nationally Determined Contributions, our operational improvements contribute meaningfully to these national targets while strengthening our long-term resilience.

Our environmental strategy addresses key climate-related risks identified through environmental aspect impact assessment:

- Physical risks from extreme weather events including floods, droughts, landslides and storm surge affecting our branch network.
- Transition risks associated with evolving environmental regulations and the shift toward a low-carbon economy.
- Operational efficiency requirements to reduce our environmental footprint and enhance resource management.

ISO 14001:2015 Environmental Management System Implementation and Priority Environmental Initiatives

Following our comprehensive implementation and assessment of ISO 14001:2015 EMS requirements, we have established standardised environmental initiatives across all branches and head office.

Energy Management

Our strategies for energy management focus on reducing consumption and transitioning to renewable sources:

- **Solar Power Adoption:** We have installed solar rooftop systems on 24 branches located in owned premises and 2 leasehold premises, significantly reducing grid dependency and carbon emissions. Additional installations are planned for few of our rented buildings for FY 2026 as we expand renewable energy capacity across our network.
- **Energy Efficiency Upgrades**: Complete LED lighting conversion across all locations, systematic replacement of conventional air conditioners with inverter-type units, installation of magnetic bearing chillers within head office building and integration of natural daylighting features have substantially reduced our energy consumption. Building Management System (BMS) follows to monitor and operate entire Heating, Ventilation and Air Conditioning (HVAC) system within head office to provide sustainable service.
- **Monitoring and Compliance**: Real-time energy tracking through the Building Management System (BMS) at the Head Office, along with monthly monitoring via the SDAS internal system, helps identify opportunities for optimisation. In addition, regular flue gas emission measurements from standby generators ensure compliance with regulatory requirements.

Water Management

Our water conservation initiatives focus on optimising consumption through the BMS, which digitally monitors usage trends at the head office. In addition, water-efficient fixtures such as low-flow taps, aerator taps and dual-flush toilets have been installed, complemented by proactive measures implemented across branches and at the head office premises.

Waste and Wastewater Management

We implement waste management practices, including waste generation reduction, waste segregation according to waste types, responsible waste disposal such as installing wastewater treatment where possible, structured e-waste disposal through certified recyclers, and safe handling of hazardous materials such as toners and batteries through Central Environmental Authority (CEA) authorised waste collectors supported by a systematic data collection and environmental management systems.

Emergency Preparedness

To strengthen operational resilience and safeguard our physical infrastructure, Bank embedded emergency preparedness measures across branch network and head office. These include maintaining fire safety equipment in compliance with national standards, disable access and facilities and conducting regular generator inspections to prevent emergency situations, leaks and contamination. These measures are maintained at branches supported by team member training on emergency evacuation protocols.

Integration with Manufactured Capital Strategy

Every branch design, relocation, renovation, and infrastructure upgrade is guided by climate resilience, resource efficiency and national sustainability commitments ensuring our physical assets remain resilient, efficient and future-ready. Environmental sustainability considerations are systematically integrated into all manufactured capital decisions:

- **New Branch Design**: All new branches incorporate energy-efficient features, natural lighting and renewable energy readiness from the design phase.
- **Branch Relocations**: Environmental risk assessments, particularly flood and landslide risks, inform relocation decisions. The successful relocation of Akuressa Branch addressed flood risk exposure, while planned relocations of Bandarawela and Rathnapura branches in 2026 will mitigate identified climate vulnerabilities.

Addressing Climate-related Physical Risks

Preparedness for Extreme Weather Events, Incident Response and Recovery

We maintain climate impact monitoring across Sri Lanka's climatic zones, supported by detailed risk assessment of branches exposure to floods, landslides, droughts and storm surges. Infrastructure resilience measures include planned flood barriers in 2026 at Kaduwela Branch and enhanced business continuity plans incorporating extreme weather scenarios and early warning systems. During 2025, we successfully managed environmental incidents while maintaining operational continuity, including lightning damage at Peradeniya Branch and flood-related challenges at Akuressa Branch.

Strategic Initiatives	Installation of rooftop solar at **24** branches in owned premises and **2** leasehold premises Installed capacity: **836.71** kW Electricity generated: **853,710** kWh
	Energy efficient lighting systems at branches Increased use of natural light in branch upgrades
	Investment in digitalisation minimising paper use Investments in digitalisation reduces Scope 3 emissions by facilitating remote, cashless transactions
Processes	Environmental criteria included in technical specifications and evaluations

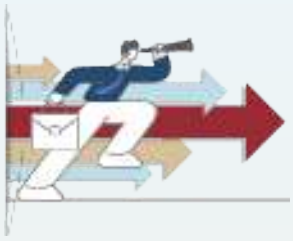
Additionally, the Bank's digital transformation has led to a steady increase in digital transactions year over year, resulting in fewer people visiting branches and subsequently lowering Scope 3 emissions.

Manufactured Capital Related Risks

The main risk associated with Manufactured Capital is that rapid technological advancements can render existing infrastructure outdated, impacting performance, compatibility, and security. This is managed through:

- Proactive infrastructure upgrades to ensure cloud readiness.
- Migration to Tier 3 data centers to mitigate risks related to downtime, redundancy, and disaster recovery.
- Continuous alignment with core system upgrades (e.g., Core Banking) to maintain compatibility and performance.
- AI-driven security enhancements to address evolving cyber threats and ensure resilience against breaches.

PLANS FOR 2026 AND BEYOND



As the Bank seeks to minimise its impact on the environment, we will implement environmental friendly practices within branch network and head office. The recent extreme weather events highlighted the need for enhancing our own infrastructure to withstand floods at three branches and we will assess the need to do the same at other branches as well. The Bank will continue expansion of solar installations at own premises and rented premises, reducing our Scope 2 emissions. We will also enhance monitoring through full deployment of energy and water monitoring systems.

The Bank's investments in IT infrastructure will continue in accordance with our plan set out below:

1. Customer Relationship Management (CRM) System
2. Corporate Banking System
3. Core Banking System Upgrade to latest version
4. On prem cloud database environment
5. Enhancements of ITSM environment
6. Data center migration to tier 3 platform
7. 40 New Cash Recycling Machines
8 Circular economy integration into procurement and waste management practices

Commenced in 2025

1. Customer Relationship Management (CRM) System
2. Corporate Banking System
3. Core Banking System upgrade to latest version
4. On prem cloud database environment
5. Enhancements of ITSM environment
6. Data center migration to tier 3 platform
7. Around 422 new Cash Recycling Machines
8. Integrate climate risk assessments into branch locations and develop Climate risk maps
9. Green Building Standards evaluation and potential adoption of green building principles

Completing in 2026

INTELLECTUAL CAPITAL

As a financial services organisation, intellectual capital plays a critical role in ensuring smooth operations and differentiating the Bank in a competitive market. With increasing complexity in regulatory frameworks and rapid technological advancements, intellectual capital has become the most dynamic and relevant resource for the Bank's success. The growing importance of this capital is reflected in significant investments made in computer software (intangible assets). Moreover, Sampath Bank's recognition among the country's Top 10 Most Valuable Brands underscores its strong positioning and potential for sustained growth.



Governance

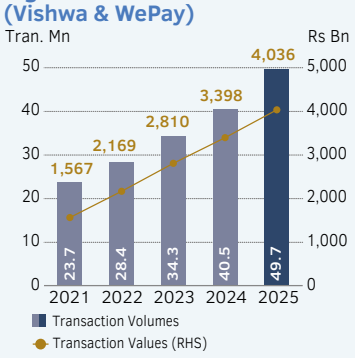
GRI 2-6

The Board oversees the management of intellectual capital through the Board IT Committee and the Board Marketing Committee, which review departmental activities, including investments and progress. The Board IT Committee approves IT related procurements of intangible assets that fall within its delegated authority limits. Additionally, the Procurement Committee (management committee) reviews and approves a large volume of IT procurements in line with the delegated authority assigned to it by the Board.

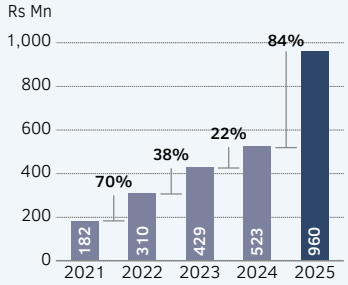
STRATEGIC PRIORITIES

Strategic Priorities 2024 - 2026	Key Achievements in 2025	Priorities for 2026	UN SDG
» Leveraging analytics for customer centricity » Monitor brand equity drivers and track brand valuation	» Maintain brand equity within the top 3 private banks in Sri Lanka	Strengthen brand equity and brand valuation drivers	
» Scaling transaction banking experience » Optimise customer journey touchpoints » Invest in user experience (UX)/user interface (UI) improvements across platforms » Train employees on brand-aligned service delivery	» Enhanced digital platforms » Trained employees across the organisation on brand aligned service delivery	Deploy a comprehensive CRM system to deliver enhanced customer service through a 360-degree customer view, complemented by a fully integrated, state-of-the-art, and secure digital corporate platform that enables institutional clients to conduct all banking transactions virtually	
» Engaging the affluent and emerging wealth segments and building a distinctive SME franchise » Integrate customer insights into product development » Ensure product/service offerings support brand promise	» Launch of new products for key customer segments	Prioritise on customer centric innovations and personalised solutions Corporate solution and supply chain financing solution	

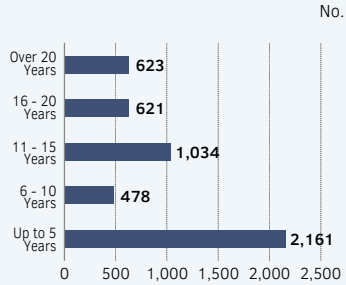
Digital Transactions (Vishwa & WePay)



Investment in Software



Tacit Knowledge



The charts above demonstrate how the Bank has nurtured its intellectual capital, strategically creating value through deliberate actions. The growth in digital transaction volumes and values affirms the returns on IT investments, the expertise of its teams, and the successful onboarding of customers. According to Brand Finance Sri Lanka, the Bank's brand value stood at Rs 24.8 Bn for 2025, ranking 6th among the Most Valuable Sri Lankan Brands, underscoring its contribution to the country's socioeconomic progress. This success is anchored in the cultivation of tacit knowledge and reinforced by numerous awards for excellence, both of which have been pivotal in driving the growth of the Bank's intellectual capital.

Pursuit of Excellence

Awards serve to inspire our team to pursue excellence in diverse areas of operations. The awards set out below affirm our strengths and leadership in some key aspects.

Business Excellence



- World Finance Banking Awards 2025 - Sri Lanka's Best Retail Bank for the 11th year
- Best Commercial Card Issuer in Sri Lanka by Visa
- World Finance Banking Awards 2025 - Best Commercial Bank for the 11th year

Talent Management



- CIPM Great HR Awards 2025 - Runner-up in the Extra-Large Category
- CIPM Great HR Awards 2025 - Winner in the Banking Sector

Technology Excellence



- LankaPay Technnovation Awards 2025 - Best Bank for Digital Government Payments (Silver)

Brand and Marketing Excellence



- The Business Today Top 40 - Recognised as the No. 4 corporate entity
- Brands 2025 by Brand Finance - One of Sri Lanka's Top 10 Most Valuable Brands
- Sumathi Awards 2025 - Best Digital Commercial Award
- Service Brands at the LMD Awards 2025 - 2nd Runner-up

ESG Excellence



- Euromoney Awards 2025 - Sri Lanka's Best Bank for ESG
- National Cleaner Production Awards 2025 - Bronze Award in the Finance Sector Large Category
- Presidential Environmental Awards 2025 - Silver Award in the Category of Environmentally Friendly Private Institutions

Reporting Excellence



- SAARC Anniversary Awards for Corporate Governance Disclosures 2024 - Overall Bronze Award
- CA Sri Lanka TAGS Awards 2025 - Bronze Award in the Private Banking Sector
- ACCA Sri Lanka Sustainability Reporting Awards 2025 – Runner-up in the Banking Category

BRAND VALUE

The Bank continued to strengthen its brand presence through the implementation of a comprehensive brand strategy, which has built resilience and reinforced its positioning in the market. Brand Finance Sri Lanka valued the Bank's brand at Rs 24.8 Bn for 2025, placing it 6th among the nation's Most Valuable Brands. This recognition underscores the Bank's significant contribution to the country's socioeconomic progress and highlights the enduring strength of its brand equity. It is important to note that brand equity is driven by multiple factors across all capitals, and while brand management remains a key priority, it must be supported by the responsible management of all capitals within an aligned strategy. Further, in the Business Today Top 40, the Bank was recognised as the No. 4 corporate entity, reaffirming its strong corporate standing.

Brand Identity and Positioning	Conduct market perception studies
	Refresh brand messaging and visual identity
	Define clear brand positioning vs competitors
	Develop brand guidelines and ensure internal alignment
Customer Experience	Train employees on brand-aligned service delivery
	Optimise customer journey touchpoints
	Invest in UX/UI improvements across platforms
Brand Equity Management	Track brand valuation annually
	Monitor brand equity drivers
	Strengthen reputation management
	High-impact brand campaigns
Value Proposition Alignment	Review and refine value propositions
	Ensure product/service offerings support brand promise
	Integrate customer insights into product development
	Align marketing messages with product delivery

PRODUCT DEVELOPMENT AND NEW SERVICE OFFERINGS

The Bank continues to formulate, test and launch relevant new products and services that enhance customer value propositions. The products launched and new service offerings during the year are set out below.

Retail Banking

» **"Sampath Select" – AI-Powered Instant Personal Loan Offering**

In 2025, the Bank launched "Sampath Select", an AI-driven instant personal loan solution. This pioneering product simplifies the loan application process by providing customers with a secure, fully automated digital journey that can be completed in just five clicks via the Sampath Vishwa Mobile App. Built on advanced AI and analytics, the solution ensures responsible lending by delivering intelligent approvals based on real-time customer data insights.

This innovation highlights the Bank's commitment to speed, convenience, and responsible financial services, while enhancing the overall customer experience through cutting-edge technology.

Key Features:

- Loan facilities up to Rs 3 Mn.
- No guarantor required; minimal documentation.
- Funds disbursed within 10 seconds for eligible Sampath Bank customers.
- Loans available within one day for non-Sampath Bank customers.

» **Private Banking** – In July 2025, the Bank inaugurated its Private Banking proposition to enhance engagement with high-net-worth clients seeking tailored and discreet financial services. The unit offers a suite of sophisticated solutions, including wealth planning, investment advisory, lending, confidentiality, and premium service standards.

» **Housing Loans** – The Bank introduced a Zero Equity Plan in collaboration with Home Lands Skyline (Pvt) Limited and Prime Lands (Pvt) Limited, enabling suitable individuals to purchase a home without an initial deposit. This innovative offering provides greater accessibility to home ownership in partnership with leading property developers in the country.

» **Green Fixed Deposit** – Green Fixed Deposit launched during the year. Refer to pages 127 and 128 for more details.

SME Banking - Empowering SMEs through Innovation and Dedicated Support

This year, we introduced an advanced analytics-driven credit evaluation model to strengthen our SME lending framework. The model enables more accurate and efficient assessment of SME customers, ensuring faster credit decisioning. To further enhance engagement, we deployed a team of dedicated SME relationship managers, and redesigned regional offices into specialised SME hubs, offering personalised guidance and support to our valued SME clients. Additionally, a separate persona was created in Sampath Vishwa with enhanced features specifically for SME customers to meet the unique needs of SMEs, delivering a seamless and enriched digital banking experience.



Sampath Bank partners with Prime Lands to offer exclusive housing loan benefits to customers

GRI 3-3/417-1

Corporate and Retail Digital Platforms (Sampath Vishwa)

The platform was enhanced to facilitate cash management solutions, cash delivery, cash collections, cheque collections, bulk cheque printing, dividend printing and viewing of corporate business debit cards. The Corporate Cards Tab in the Sampath Vishwa Corporate platform was enhanced to enable card viewing, card settlements, card activation/block and unblock, card limit adjustment (within the allocated limit), utility bill payments and to download individual transaction and summary reports. Importantly, the Sampath Vishwa Corporate landing page features a dynamic dashboard view that automatically adjusts based on customer profile, ensuring functions relevant to each business scale and operational priorities.

Transaction Banking

The Application Programming Interface (API) banking platform was introduced empowering businesses to seamlessly integrate Sampath Bank's core banking capabilities into their internal enterprise resource planning systems. This solution supports faster integration of supplier payments, streamline collections, real-time balance inquiries and trade related transactions. Additionally, the API Manager Platform is available for the customers through a secured portal which provides all testing and development capabilities readily available for Sampath Bank corporate customers. This platform also provides multiple layers of access to the Bank as per the customer requirements.

Green Fixed Deposit

Green Fixed Deposit launched in October 2025 as part of the Bank's sustainable finance initiatives. This innovative product is supported by the green deposit framework which is aligned to the International Capital Market Association's (ICMA) Green Bond Principles and Sri Lanka Green Finance Taxonomy. It pivots on four core pillars, which are:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

Use of Proceeds

Eligible Green Projects	Eligibility Criteria
Renewable Energy	Financing of production, transmission, and distribution of renewable energy, including but not limited to, hydro power, wind power, solar power, geothermal energy, bioenergy and ocean energy and other renewable energy sources, including the associated, acquisition, construction, installation, maintenance, upgrading costs etc. Financing of the following activities will also be considered as eligible activities. » Construction of transmission infrastructure such as networks and base stations. » Renewable energy equipment manufacturing such as wind turbines, solar panels and battery storage. » Research and development related to renewable energy and storage technologies.
Energy Efficiency	Financing projects that involve development and production of products or technologies that reduce energy, usage or recover energy and purchase and installation of such products or technologies by end users. Examples include: » Buildings: Efficient lighting, improved chillers, replacement of boilers, advanced energy management systems, smart metering, waste heat recovery etc. » Usage of energy efficient equipment and appliances. » Public utilities: Installation of energy efficient lighting, improvements to telecommunications, water etc. » Energy efficiency in agriculture such as energy efficiency of traction and pumping systems. » Manufacturing: Installation of energy efficient machinery, compressors, retrofitting to existing machinery to improve efficiency. At least a 20% energy saving/energy efficiency compared to baseline would be the minimum requirement to qualify as energy efficient.
Sustainable Transportation	Financing of: » Develop, manufacture and purchase of electric vehicles (with zero tailpipe emissions). » Building or operating mass transit such as electrified public transport. » Creating infrastructure facilitating electric transportation such as building electric charging points, swapping batteries for electric vehicles. » Other enabling infrastructure that promotes sustainable transportation.

GRI 3-3/417-1

Use of Proceeds

Eligible Green Projects	Eligibility Criteria
Green Building	Financing construction, renovation of green buildings that have or will earn certifications from: » Urban Development Authority of Sri Lanka (rated Gold and Platinum), » Green Building Council of Sri Lanka (rated Gold and Platinum); or » International institutions such as Leadership in Energy and Environmental Design (LEED) Gold and Platinum), Excellence in Design for Greater Efficiencies (EDGE) etc.
Sustainable Waste Management/ Pollution Prevention and Control	Loans towards financing integrated waste minimisation, collection, management, transportation, disposal, re-use and recycling, including waste-to-energy power plants. Examples include: » Acquisition, development, construction, upgrade or operation of waste-to-energy power plants that use environmentally friendly technologies, such as capturing methane. » Development, construction of projects that prevent waste generation and facilitate recycling and reuse. » Development or purchase of climate smart agricultural techniques or farm inputs.
Exclusions	» Large scale hydro power plants that have a generation capacity of over 25 MW. » Nuclear and nuclear related technologies. » Any activities related to, or infrastructure dedicated to the exploration, production, transport or storage of fossil fuels. » Coal-fired power generation.

Process for Project Evaluation and Selection

Credit appraisal memos record eligible projects for review by approving authorities and the Central Loan Disbursement Unit, which ensures that loans are classified as green at the time of disbursement. The Sustainable Asset Selection Committee (SASC) which is chaired by the ESG Committee Chairman and comprises key representatives from relevant departments is responsible for implementing the Green Deposit Frameworks. SASC meets monthly to review and flag new green projects for green deposits. Projects losing eligibility are replaced to maintain compliance and transparency in green financing.

Management of Proceeds

Sampath Bank keeps an internal account for each green deposit to track individual exposures and reflect early withdrawals. After each monthly meeting, SASC confirms green deposit balances, allocations, disbursement progress, and project classifications to the ESG Committee. Until allocated, funds remain in liquid, risk-free assets such as government securities.

Reporting

Sampath Bank will publish a green deposit report alongside its integrated annual report after the one year of the issuance of the Green Fixed Deposit. This report will include both qualitative and quantitative impact assessments at the portfolio level, demonstrating the overall effect of green projects funded by green deposits. Impact reporting will adhere to the Harmonised Framework for Impact Reporting or any successor framework, ensuring consistency with market standards.

Metrics will be selected based on data availability and feasibility and may be updated to reflect evolving market practices and internal decisions.

The Bank obtained an Independent Limited Assurance Statement on the Green Deposit Framework prior to the issuance of the Green Deposits. Both the Green Deposit Framework and the Independent Limited Assurance Statement have been made publicly available on the Sampath Bank corporate website.

GRI 417-1

PRODUCT INNOVATIONS

Sampath Bank's intellectual capital strategy centres on leveraging knowledge-driven resources to enhance operational efficiency and customer experience. The Bank's initiatives reflect a strong commitment to innovation, process optimisation, and technology adoption, which collectively strengthen its structural and relational capital.

AI and Analytics:

Deployment of Artificial Intelligence and Advanced Analytics enhances predictive capabilities, strengthens risk management, and personalised customer engagement.

Customer-Centric Solutions:

Initiatives such as Open API Banking, real-time verification, and concierge services through mobile applications reinforce relational capital by fostering trust, convenience and accessibility.



Knowledge Integration:

Advanced platforms such as Vishwa Internet Banking and Corporate Banking systems are designed to consolidate customer insights and enable seamless service delivery.

Process Automation:

End-to-end automation in credit approvals, fund transfer pricing, and asset-liability management demonstrates the Bank's focus on embedding intellectual capital into core operations.

Innovation and Continuous Improvement:

- The introduction of digital signatures and workflow automation reduces manual intervention and improves efficiency and promotes sustainability.
- System-driven customer segmentation enables tailored offerings, showcasing the Bank's ability to transform data into actionable insights.

SOUND SYSTEMS

GRI 3-3/418

Operating in a highly regulated and technology driven sector, the Bank relies on robust governance structures and future ready information technology systems to drive profitable, sustainable and inclusive growth. The Bank's information systems were strengthened during the year as set out below.

Strengthening Governance

The appointment of the Chief Information Security Officer (CISO) was made in March 2019, and the appointment of the Deputy CISO was made in July 2025. Further, a dedicated team was appointed to formulate policies and procedures related to data security and obtaining relevant certifications to ensure compliance with global best practices.

IT Risk Management

An annual IT risk assessment is conducted to identify potential vulnerabilities and areas that need improvement. Additionally, a user privilege access assessment is being conducted with the assistance of an external expert. An annual employee event was organised to ensure that all employees are made aware of their role in managing IT risks.

Managing Data Security

Additionally, real time surveillance and monitoring of activity facilitate identification of unusual transactions and other threats. In addition, the Bank carries out regular penetration and vulnerability assessments to manage IT related risks. The Bank also collaborated with Sri Lanka Financial Sector Computer Security Incident Response Team (FinCSIRT) and Sri Lanka National Computer Security Incident Response Team (SLSIRT) to conduct customer awareness days/ programmes to increase awareness of potential identity theft and other digital fraud schemes. The Bank obtained the following information security certifications during the year.

INTELLECTUAL CAPITAL

ISO/IEC 27001:2022 Certification	Achieved certification for the latest ISO 27001:2022 standard, demonstrating the Bank's commitment to robust information security management practices.
PDPA Compliance Initiatives	Successfully implemented comprehensive initiatives to ensure compliance with the Personal Data Protection Act (PDPA), including policy updates, staff training, and enhanced data governance controls. The Bank is compliant as at the date and has obtained the services of a professional to review compliance.
PCI DSS 4.0.1 Certification	Attained Payment Card Industry Data Security Standard (PCI DSS) version 4.0.1 certification, ensuring the highest standards of security for payment card data processing and protection.

CUSTOMER DATA PRIVACY

The Bank recognises the critical importance of safeguarding personal data and remains fully committed to meeting all obligations under the Personal Data Protection Act (PDPA), which is expected to come into effect in the near future. In preparation for this regulatory milestone, the Bank has undertaken a comprehensive review of its data governance framework, policies and operational practices to ensure adherence to the highest standards of data protection and privacy. The following additional measures were implemented during the year.

- Personally Identifiable Information (PII) Masking in Test Environments: Implemented robust measures to mask all personally identifiable information (PII) in test databases used for development and quality assurance, ensuring compliance with data protection standards and minimising the risk of exposure in non-production environments.
- Mandatory Privacy Training: Introduced mandatory training programmes on the handling and protection of PII for all relevant staff, ensuring heightened awareness and compliance with data privacy regulations across the organisation.
- Vendor Non-Disclosure Agreements (NDAs) and Data Processing Reviews: Established a systematic review process for NDAs related to vendor processing of information involving PII, strengthening contractual safeguards and oversight of third-party data handling.
- Industry Expert Engagement: Initiated regular engagement with industry experts to review and benchmark current policy and procedures, ensuring alignment with best practices and regulatory expectations.
- Specialised Training for Data Governance Team: Equipped data governance team members with specialised training on data privacy, keeping the team updated on the latest trends, technologies, and regulatory requirements.
- Privacy-by-Design Integration: Launched privacy-by-design reviews for all new products and services, ensuring that privacy considerations are embedded from the earliest stages of development.
- Master Data Management (MDM): Initiated a MDM programme to centralise and update customer data in a single, secure location. This enhances data accuracy, reduces duplication, and strengthens privacy controls across the organisation.
- Privacy Impact Assessments (PIA): Implemented a mandatory process requiring Privacy Impact Assessments (PIAs) during the Software Requirements Specification (SRS) evaluation stage for all new products and processes that involve the collection, use, or handling of Personally Identifiable Information (PII), ensuring regulatory compliance and strengthening data privacy safeguards.

TACIT KNOWLEDGE

The Bank continues to invest in and retain its people, as detailed in the Human Capital Report (pages 131 to 141), recognising that sustained performance in a specialised and highly regulated environment is fuelled by knowledge accumulated through experience, judgement, and institutional memory. This embedded expertise strengthens governance, enhanced risk awareness, and enables the effective design and management of increasingly sophisticated products, systems, and controls.

A retention rate of 95.6% reflects the Bank's ability to preserve this critical knowledge base ensuring continuity, resilience, and long-term value creation.

PLANS FOR 2026 AND BEYOND

Intellectual capital will remain a cornerstone of our growth strategy in the short, medium, and long-term. As we continue to build a future ready organisation, we have identified key opportunities to expand our capabilities particularly through product innovation in sustainable financing and digital transactions, as well as through the continuous strengthening of our systems and processes.

Looking ahead, our approved plans for the coming year reflect this commitment:

Product Innovations

The Bank is laying the foundation for the next generation of customer centric financial solutions by investing in cutting-edge platforms and technologies. This includes the rollout of advanced CRM systems, upgrades to our core banking infrastructure, and the integration of enhanced security features across all digital channels. These strategic initiatives are designed to bolster our structural capital, elevate customer experience, and reinforce our resilience in an increasingly dynamic financial ecosystem.

IT Security and Customer Data Privacy

- For Completion in 2026 - Obtain ISO 27701 certification for privacy information management, ensuring internationally recognised standards for data privacy and protection are embedded across all business processes.
- For Completion in 2027 - Deploy advanced AI-driven governance solutions to streamline and automate data governance processes, enhance risk detection, and support continuous compliance monitoring.

HUMAN CAPITAL

A team of 4,917 employees power our growth and serve as a key driver of competitive advantage, through their specialised knowledge, skills and ethics. A comprehensive employee value proposition facilitates employee retention as well as the ability to attract talent to support the Bank's growth aspirations. We continue to focus on honing the competencies of our staff, equipping them to perform effectively while also paving the way for career progression. A retention rate of 95.6% affirms the effectiveness of our efforts, positions the Bank to compete effectively in an increasingly competitive market.



Governance

GRI 2-6

The Board is assisted in management of human capital by the Board Human Resources and Remuneration Committee which monitors and reviews employment related policies, remuneration, rewards and performance of Key Management Personnel. They are supported by a Human Resources Department which implements the HR strategy within the comprehensive Human Capital Framework. The governance structure is graphically set out below:

HR STRUCTURE



The organisation is set up to promote efficiency and teamwork, with an emphasis on collaboration and productivity. There are four specialised units to oversee various HR related activities under the HR function.

- Employee Life Cycle Management
- HR Operations
- Rewards Management
- Corporate Learning

Employee Lifecycle Management

- Talent Acquisition
- Employee Placement and Job Rotation
- Performance Management
- Promotions
- Special Projects

HR Operations

- Employee Relations
- Employee Engagement and Communication
- Industrial Relations
- Disciplinary Management
- HR Compliance
- Employee Exit Process

Rewards Management

- Remuneration, Benefits, Superannuation
- Statutory Payments

Corporate Learning

- Training Needs Analysis
- Training and Development
- Mentoring and Coaching
- Future Skills Hub

POLICY FRAMEWORK

GRI 2-23,24

A comprehensive suite of HR policies guides the operations of the HR Department which are reviewed and updated regularly to reflect the strategic requirements, the global best practices, changes in legal and regulatory requirements and employee aspirations.

Reviewed and Updated Policies – Last Reviewed in 2025

- Overall Human Resources Policy
- Recruitment and Selection Policy
- Training and Development Policy
- Reward Management Policy
- Anti-Bribery and Corruption Policy
- Employee Relations Policy
- Industrial Relations Policy
- Performance Management Policy
- Transfer Policy
- Employee Welfare Policy
- Leave Administration Policy
- Grievance Handling Policy
- Policy on Accepting and Presenting of Gifts and Favours
- Sports Policy
- Gender Policy
- Policy Guidelines on Appointment and Promotion of Chief Executive Officer and Key Management Personnel (KMPs)
- Policy on Internal Code of Business Conduct and Ethics for Employees

New Policies

Clawback Policy

This policy is introduced with effect from 1st January 2026 in order to comply with Section 6.3 (i) of the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks, issued by the Central Bank of Sri Lanka (CBSL) and provides guidance on:

- Clawback arrangements for performance-based payments made to CEO and Key Management Personnel (KMPs).
- The procedures and principles under which the Bank may recover performance-based payments made to the CEO and KMPs in specific circumstances.

STRATEGIC PRIORITIES

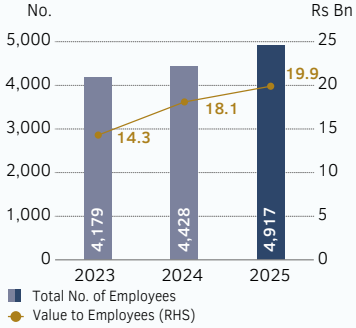
Strategic Priorities 2024 - 2026	Key Achievements in 2025	Priorities for 2026	UN SDG
Resourcing Enhance talent acquisition efforts to align with new strategies, ensuring the Bank attracts and retains those with necessary skills and values for future growth.	» 893 number of new recruits to fill vacancies during the year. » 443 of new recruits to fill vacancies outside the Western Province.	» Continue internal talent mobility and introduce structured job rotation programmes to align employee goals with Bank's strategic initiatives. » Invest in developing the talent pipeline through tailored development initiatives.	
Talent Development Foster a progressive learning culture that equips team members at all levels with essential competencies to meet evolving business needs and to facilitate career aspirations of Team Members.	» 357,255 number of training hours conducted during the year. » 73 average hours of training per employee. » 97% training coverage ratio. » 26 dedicated programmes to upgrade skills and facilitate career transition.	» Increase training and development initiatives to develop competencies to enhance performance, create skill pools and facilitate succession requirements.	
Employee Engagement Implement indicatives to keep Team Members engaged and motivated.	» 18 employee engagement activities (Bank-wide) conducted under three main categories as follows. • Team building and social activities (07) • Reward and recognition (04) • Health and wellbeing (07) » 95.6% staff retention rate.	» Invest in employee engagement activities to strengthen employee involvement and motivation.	
Productivity Establish transparent performance criteria to recognise achievements.	» Rs 6.1 Mn profit per employee. » Rollout of new Performance Based Bonus Scheme (PBBS). » Assign ESG-related Key Performance Indicators to the relevant Key Management Personnel to ensure accountability and alignment with the Bank's strategic sustainability objectives.	» Improve the Bank's performance through strengthening the Performance Based Rewards, incentives and productivity improvement initiatives.	
Health and Well-being Promote a balanced work-life dynamics, supporting Team Members to thrive personally and professionally while positively impacting their respective communities.	» 290 Team Members underwent training on health, wellbeing and general workplace safety. » Zero work-related injuries or ill health recorded during the year.	» Continue to invest in employee wellness initiatives that support physical and mental health.	

OUR TEAM PROFILE

Our team continues to grow as we grow, and a strong employee value proposition ensures that we are able to attract people of talent and ability to build their careers with us.

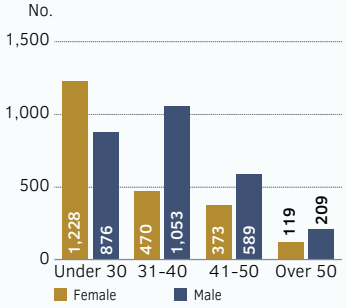
4,917	95.6%	438	424
Total head count	Retention rate	Promotions	New jobs created

Total Employees & Value Distributed to Employees



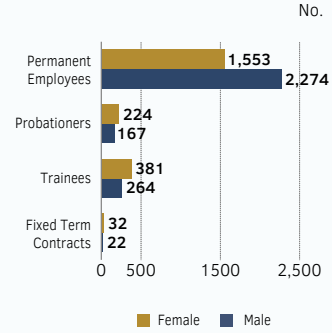
Our team continues to grow in line with our business needs, enhancing the collective skills, experience and capabilities. During the year, the Bank created 424 new jobs, taking our total headcount to 4,917. Value distributed to employees also increased by Rs 1.8 Bn reflecting the increased remuneration as well as the increased numbers of the team.

Gender & Age Analysis



The Bank's gender ratio (male: female) stands at 55:45. Female participation has increased from 42.19% (2024) to 44.54% (2025).

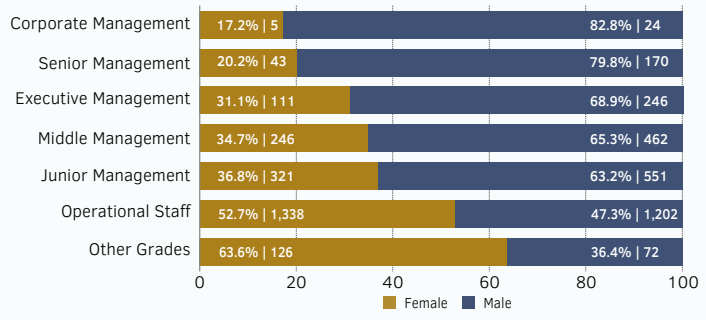
Gender by Type of Contract



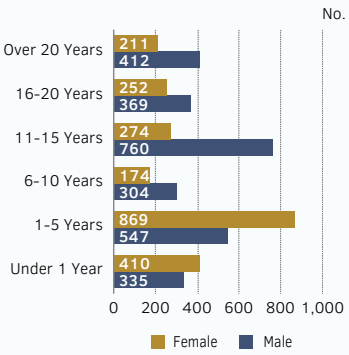
86% employees represent permanent employment including probationers while the Bank recruits trainee positions which are designed to develop skills for future roles within the Bank. Fixed term contracts are offered for temporary requirements.

Gender Representation Across Employee Categories 2025

GRI 405-1



Years of Service & Gender



Progression within the Bank is governed by a structured, transparent, and merit-based promotion framework that applies equally to all Team Members regardless of gender. The differences in representation across employment categories are influenced by factors such as role readiness, skills alignment, experience, and individual career choices.

Similarly, patterns observed in years of service by gender do not automatically imply talent leakage or systemic barriers for female employees. The Bank has well-established processes to identify, develop, and promote high-potential employees, including female team members, provided the required competencies and performance standards are met.

HUMAN CAPITAL

GRI 2-7

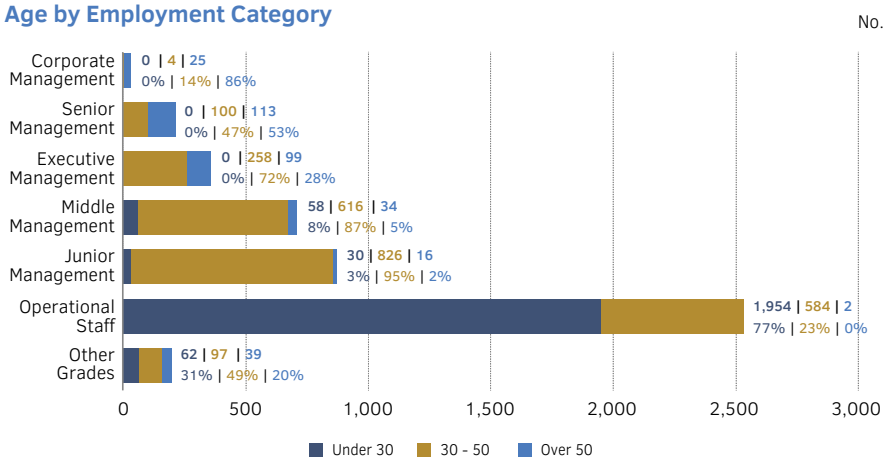
The Western Province records the highest concentration of team members, which aligns with the large number of branches operating within the province. The Bank encourages mobility within its network to support skill development and career progression through promotional assignments.

	Total	By Gender		By Type of Employment Contract			
		Male	Female	Fixed Term Contract	Permanent	Probationers	Trainees
Western	3,513	1,911	1,602	54	2,720	318	421
Southern	292	147	145	-	231	13	48
Northern	100	55	45	-	82	7	11
Central	285	173	112	-	240	12	33
Eastern	152	90	62	-	117	3	32
North Western	230	135	95	-	180	16	34
North Central	115	75	40	-	83	13	19
Uva	89	56	33	-	64	3	22
Sabaragamuwa	140	84	56	-	109	6	25
Total	**4,916**	**2,726**	**2,190**	**54**	**3,826**	**391**	**645**

One team member is assigned to the Representative Office in Myanmar.

GRI 405-1

Age by Employment Category



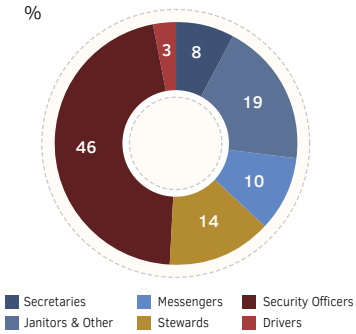
Outsourced Personnel

GRI 2-8

Our premises are supported by over 1,900 individuals employed by external service providers, who are formally recognised as outsourced personnel. These outsourced personnel are engaged in carrying out the following non-core banking functions:

- **Secretaries** - Perform administrative and secretarial duties.
- **Security officers** - Safeguard the Bank's assets, employees and customers against security threats.
- **Housekeeping and janitorial staff** - Ensure office premises are cleaned and maintained to high standards.
- **Others -** Drivers, stewards, messengers, telephone operators, etc.

Outsourced Personnel



We work with the service providers to ensure that wages and statutory contributions are made in a timely manner and that they are provided with training to perform their tasks effectively. Additionally, security personnel receive guidance on upholding human rights to ensure that our stakeholders are treated with due consideration. An annual review is conducted prior to renewing agreements with outsourced service providers to assess the delivery of Service Level Agreements, which include confidentiality and exit clauses with adequate notice periods.

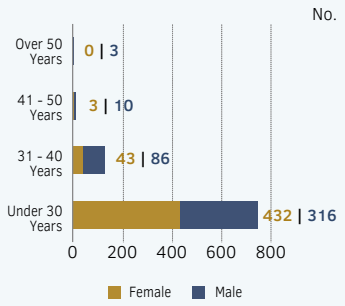
Maintaining Our Talent Pipeline

Maintaining a strong and future-ready talent pipeline requires continuous attention and alignment with the organisation's evolving business needs. Recruitment efforts are guided by the demand for specialised skills required for new roles, organisational growth, and succession needs arising from employees exiting the pipeline. To support ongoing improvements, exit interviews are conducted with all departing employees to understand their reasons for leaving, assess their perspectives on employment conditions and development opportunities, and gather suggestions for strengthening our employee experience. The reasons for resignations are identified through exit interviews, and the aggregate data is analysed and incorporated into HR decision making.

GRI 401-1

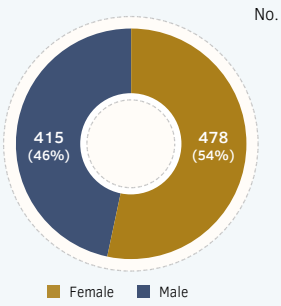
Recruitment - 2025

Recruitment by Age & Gender



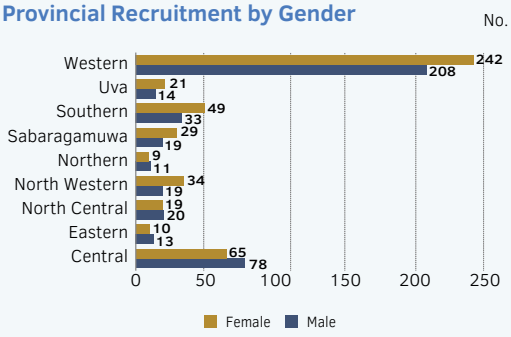
The Bank recruited 893 employees during the year, of which 424 were appointed to newly created positions.

Recruitment by Gender



During the year, the Bank recruited 54% females, representing a higher proportion of total recruits.

Provincial Recruitment by Gender

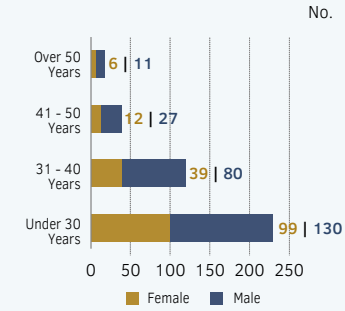


The Bank recruited significantly higher number of females in the Western, Uva, Southern, Sabaragamuwa, and North Western Provinces. The remaining four provinces had a higher number of males although the gaps were noticeably smaller, reflecting progressive policies to balance gender representation within teams.

GRI 401-1

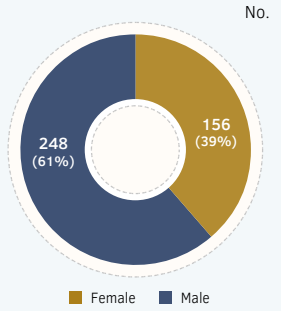
Turnover - 2025

Turnover by Age & Gender



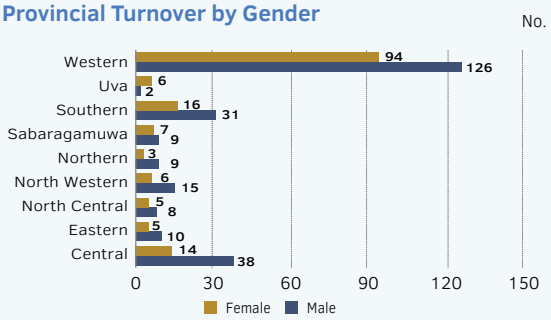
The highest number of exits were recorded in the under 30 age category. The reasons for these exits are provided in the graph below.

Turnover by Gender



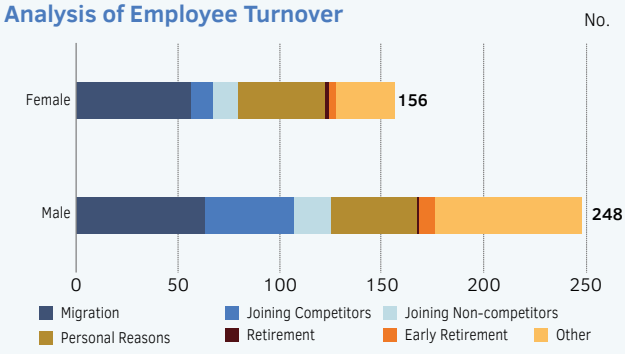
In 2025, the majority of employees who left the Bank were males.

Provincial Turnover by Gender

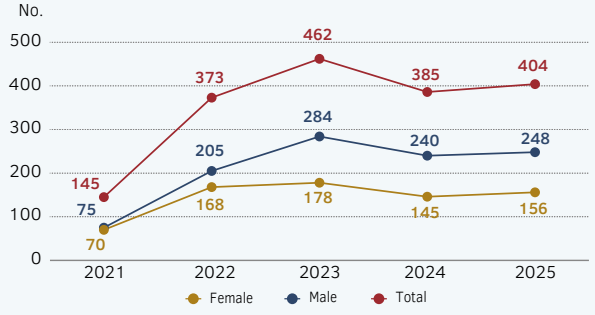


Turnover rates of males were higher across all provinces except the Uva Province.

Analysis of Employee Turnover



Employee Turnover



A STRONG VALUE PROPOSITION

Sampath Bank continues to uphold a strong and differentiated employee value proposition, offering competitive remuneration, performance based rewards, comprehensive benefits, and extensive opportunities for training, professional development, and career growth. The Bank is committed to cultivating an enabling and inclusive work environment in which Team Members feel valued, supported, and consistently recognised for their contributions.



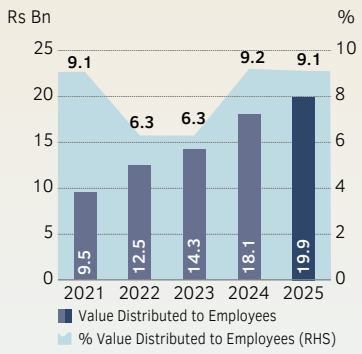
Remuneration, Rewards and Benefits

Entry level remuneration is well above the national minimum wage requirement of Rs 27,000 per month. Additionally, continuous remuneration reviews ensure that employee remuneration is competitive and benchmarked with the market whilst ensuring internal consistency.

Value distributed to employees is further enhanced by remuneration and benefits which vary according to the category of employment.

Team Members who joined prior to 1st June 2003, are entitled to a monthly pension payment after retirement. An insurance-based retirement plan was offered to team members who were in the services as at 29th June 2017.

Value Distributed to Employees



GRI 401-2

Description	2025	
	Employees on permanent employment including differently abled employees	Employees on Fixed Term Contracts
1. Salary Increment	Yes	On renewal of agreement
2. Allowances (as applicable)	Yes	Yes
3. Profit Bonus	Yes	Yes
4. Medical Facilities for Employees and Families	Yes	No
5. Concessionary Loans	Yes	No
6. Reimbursement of Course Fees/Exam Fees for Professional Education	Yes	No
7. Personal Accident Insurance Cover	Yes	Yes
8. Training on Health and Wellbeing/Access to Counselling	Yes	Yes
9. Holiday Bungalow Facilities	Yes	Yes
10. Death Gratuity	Yes	Yes
11. Special Programmes for Children of Employees	Yes	Yes

Career Growth

GRI 404-3

Employees aspire to grow in their respective areas of specialisation. In 2025, the Bank promoted 438 employees, realising their aspirations. This was supported by a policy of favouring internal promotions of existing employees for new or open positions except where new skills and expertise was required. Our employees' prospects for career growth remain attractive.

98.1% of employees received regular performance and career development reviews

Learning and Development

Our learning and development focus is on building a competitive and future-ready workforce by aligning competency development in line with stakeholder expectations and Team Members' career aspirations. Through targeted learning initiatives, we strengthen current capabilities while developing future-ready skills that support performance excellence, organisational sustainability, and long-term talent growth. The Bank has a multi-pronged approach to ensuring that Team Members are equipped with required competencies that they need to perform effectively in their respective roles and envisaged future roles.

Learning and Development

Competency Based Learning and Development

Programmes compiled or sourced by in response to the Training Needs Analysis in alignment with the Bank's strategies, job requirements and the competency framework of the Bank which includes internal, external, Department and Branch level training and overseas training.

Assistance for Professional Education

Financial support for acquisition of qualifications recognised by labour markets. This could include Professional Qualifications, Masters' Degrees, Diplomas, etc.

Competency Based Learning and Development

The Bank's Learning and Development programmes are conducted based on the Bank's distinctive Competency Framework which encompasses 15 technical and non-technical areas.

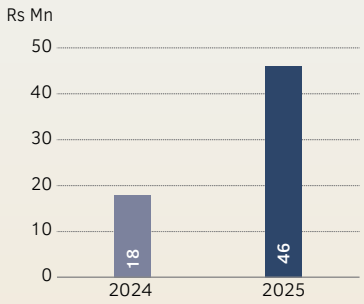
GRI 404-2

	Programme	No. of Participants	Training Hours
1.	Branch Operations (Cash/Accounts Opening/Pawning/ Credit Cards etc.)	59,773	63,661
2.	Credit and Recoveries (Credit/Recovery/SME/Micro Finance etc.)	21,935	46,469
3.	International Operations (Trade/Foreign Currency Operations etc.)	6,514	7,940
4.	Risk and Compliance (AML)	5,979	8,985
5.	Finance and Accounting	1,988	4,205
6.	Marketing (Products/Branding)	5,016	8,021
7.	Human Resource Management/Health and Wellbeing	4,486	9,590
8.	Legal and Good Governance	716	1,284
9.	Other Technical Areas	7,183	10,705
10.	Orientation Programmes	6,610	46,538
11.	Customer Service Excellence and Selling Skills	2,875	5,476
12.	Leadership and Management (Strategic Management, Change Management etc.)	632	4,389
13.	IT Skills (Core Banking System/Digitalisation/Project Management/E-Commerce etc.)	2,763	5,684
14.	Communication Skills	302	1,082
15.	Non-Technical Skills (Train the Trainer etc.)	4,407	9,800
16.	Online Learning - LMS (No. of times participants logged into LMS)	32,382	123,426
	Total	**163,561**	**357,255**

Assistance for Professional Education

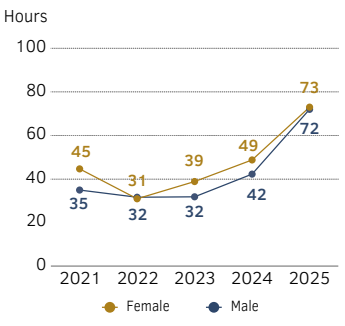
As part of its commitment to continuous professional development, the Bank sponsors Team Members in pursuing professional education. Further, the Bank reimburses annual subscription fees for professional memberships. During 2025, the Bank invested Rs 46 Mn in these initiatives.

Investment in Professional Development

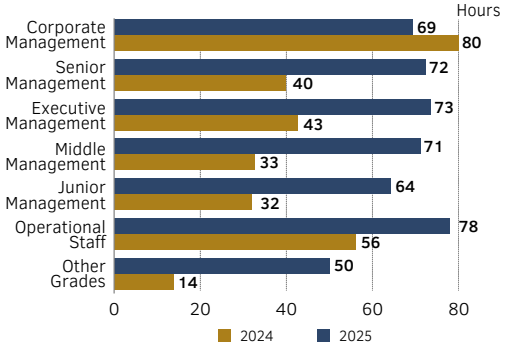


Average Training Hours

GRI 404-1



Average Training Hours by Employee Category



Training by employee category reflects improved training in lower grades compared to the previous year, supporting employee retention and career growth prospects, strengthening the employee value proposition. This is expected to reduce talent leakage and build a strong talent pipeline for the Bank's requirements as we seek to accelerate our growth.

HUMAN CAPITAL

Engaging Our People

The Bank has an annual calendar that facilitates getting to know each other outside the workspace, creating a camaraderie vital to nurturing a spirit of co-operation. The following pages provide a quick review of the activities during the year.

Team Building and Social Activities



Six-a-side Cricket Tournament



Celebrating World Environment Day



Contributing to Mangrove Restoration Projects



Sampath Bethi Gee Saraniya



Christmas Carols - A Seasonal Celebration Showcase by Team Sampath

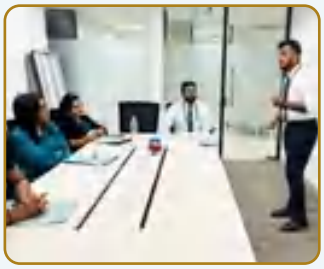
Rewards and Recognition



Great Sampath Debate



Quiz Competition



Best Speaker



Colours Night

Celebrating with Families



Sampath Family Day



Sampath Daru Daskam

Listening to Our People

GRI 2-30

Our employee value proposition is shaped by review of external factors as well as understanding the aspiration of our people. An employee survey is conducted every other year and engage an external professional organisation, selected through a careful evaluation process. The last survey was conducted in 2024 Bank-wide, with a score of 86%, above the desirable target of 80% set by the Bank. A Culture Survey was conducted during 2025 as a change management initiative to facilitate implementation of new business strategies.

The Bank engages in collective bargaining with the Sampath Bank Employees' Association (SBEA) on matters concerning Team Members. The Bank and the SBEA have established a mutual understanding and as such collective bargaining does not culminate in a collective agreement. Both parties remain committed to fostering a collaborative and amicable relationship which positively impacts the Team Members and the Bank.

Health and Wellbeing

GRI 403-9,10

Sampath Bank has a comprehensive health and wellbeing programme, highlighting the importance of regular checks for early identification of potential illnesses. The growing prevalence of lifestyle diseases and the need for early detection and prevention has been addressed through awareness and screening programmes. The Bank has also included programmes to address the employees' emotional wellbeing through initiatives that raise awareness of the importance of the same. Key initiatives in place are set out below.

There have been no work-related injuries or work-related ill health recorded during the year.

Initiatives for Health and Well-being

- Team members and their families are covered under the Bank's comprehensive medical scheme.
- All team members are covered by a personal accident insurance scheme.
- Team members have access to an annual medical screening facility of which the full cost is borne by the Bank.
- Critical Illness Fund and Cancer Fund have been established to aid as needed.
- All team members have access to the Bank's medical officer for online consultations 24/7, as well as in-person consultations three days a week.
- Both internal and external counselling services are available for all team members.
- In the event of a team member's death, their family is entitled to a Death Gratuity payment.

Medical Claims

2,528
number of claims during the year

Rs **254** Mn
spent during the year

Counselling Cell

14
employees benefited

Rs **0.21** Mn
spent during the year

Critical Illness and Cancer Funds

18
number of claims during the year

Rs **14.1** Mn
spent during the year

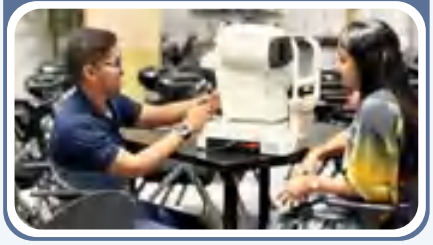
Vision awareness programme



Breast cancer awareness programme



Eye screening



Hearing screening



Cardiac screening



Yoga



Zumba



Occupational Health and Safety

As a service organisation, the risks related to occupational health and safety are significantly lower. All branches have comprehensive, multi-level security protocols in place. Regular screening and health checks seek to prevent occupational health related incidents. Additionally, regular inspections of premises and fire drills supervised by experts supports mitigation of adverse impact due to disaster situations.

Parental Leave

The Bank is committed to promoting work life balance by providing family-friendly policies that support employees during important life stages.

GRI 401-3

Parental Leave	Female	Male	Total
Total number of employees that were entitled to parental leave by gender	2,190	2,274	4,464
Total number of employees that utilised parental leave by gender	50	59	109
Total number of employees that returned to work in the reporting period after parental leave ended by gender (Note 1)	34	59	93
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender (Note 2)	33	69	102
Return to work and retention rates of employees that utilised parental leave by gender (Note 3)	Return to work: 96.00% Retention ratio: 91.67 %	Return to work: 98.30% Retention ratio: 97.18 %	Return to work: 97.25% Retention ratio: 95.33%

Note 1: Excluding female team members who were on maternity leave as of 31st December 2025.

Note 2: 12 months period considered from 1st January 2025 to 31st December 2025.

Note 3: Retention rates considered from team members that return to work after parental leave and who were employed 12 months after their return to work.

During the reporting period, a total of 4,464 team members were entitled to parental leave, of which 109 team members utilised this benefit. A total of 93 employees returned to work and the return-to-work rate stood at 96.0% for female and 98.3% for male, while retention after returning was 91.7% for female and 97.2% for male. These outcomes highlight the Bank's commitment to fostering a supportive workplace culture that enables parents to balance professional responsibilities with family needs.

GRI 406-1

The Bank's employment related policy framework ensures that there is no gender or other form of discrimination in the Bank. Additionally, the Bank ensures equal remuneration for male and female in each remuneration category to ensure that there is no gender discrimination in remuneration. There were no incidents of discrimination and corrective actions taken during the year.

Basic Salary and Remuneration Ratio by Gender and Employee Category

GRI 405-2

	2025		2024	
	Male	Female	Male	Female
Corporate Management	1.00	1.00	1.00	1.00
Senior Management	1.00	1.01	1.00	1.04
Executive Management	1.00	0.98	1.00	1.00
Middle Management	1.00	1.00	1.00	0.99
Junior Management	1.00	1.06	1.00	1.05
Operational Staff	1.00	0.86	1.00	0.95

The ratio of basic salary at the entry level of male and female is 1:1. However, this ratio may change due to difference service periods of employees in the Bank and elevation of the salary grade due to promotions.

CELEBRATING WOMEN



Short Video Competition - Women's Day



"Purple Day" - Team Sampath's Collective Tribute to Female Team Members on Women's Day



Elevate Her: A Session on Branding, Balance & Breakthroughs

Sri Lanka Institute of Directors, 'Women in Leadership' Programme

5

Senior Management members participated during the year

Six months

training programme including class-room sessions

"Elevate Her" - Women Branch Managers on the "Women's Day"

15

Through their participation in this programme, female Branch Managers were able to reflect on personal growth, develop leadership competencies and facilitate meaningful networking.

Child Care Allowance for Young Mothers

In recognition of the contribution of female staff, the Bank initiated a new scheme in 2025 under which female team members are entitled to a special allowance. This allowance will be paid from the date they return to work after maternity leave until the child reaches three years of age. The scheme is in addition to existing recognition and development programmes for female Team Members.

A Scheme to Support the Children of Deceased Team Members

As part of its commitment to employee welfare and social responsibility, the Bank has introduced a scheme in collaboration with the Staff Welfare Association and the Sampath Bank Employees' Association. Under this initiative, the children of deceased team members are provided with monthly financial support until they reach the age of 21. This programme ensures that dependents receive continued assistance for their education, health, and overall development, thereby extending care beyond the workplace.

Support for Staff Affected by Cyclone Ditwah

A total of 314 team members were affected by Cyclone Ditwah. The Bank swiftly implemented the following measures to safeguard the well-being of impacted team members:

1. Issued safety communications to keep team members informed and reassured.
2. Activated dedicated hotlines and closely monitored team members through multiple channels.
3. Coordinated with Police and Security Forces to establish communication with affected employees and their families, and to facilitate rescue operations where required.
4. Delivered relief assistance across affected regions, including dry ration packs, bottled drinking water, cooked meals, clothing, and other essential supplies.
5. Supported recovery from property damages, providing household cleaning services and temporary accommodation where necessary.

A comprehensive assessment of the impact of the cyclone and floods were carried out in order to provide relief to affected Team Members.

GRI 2-26

Human Rights

The Bank remains committed to upholding human rights and has in place the following grievance mechanisms to enable team members to draw attention from management to any potential or actual violations.

- Whistleblowing Policy
- Townhall Meetings
- Open Door Policy
- Grievance Handling Policy
- Regular branch visits by management

KEY INITIATIVES FOR 2026 AND BEYOND

- The Human Resources function will focus on strengthening organisational capability, productivity, and workforce sustainability in line with the Bank's strategic direction. A key priority will be the development of strategic talent and capability pipelines through the establishment of structured talent pools for critical and leadership roles, supported by clearly defined competency framework. Learning and Development interventions will be aligned to emerging skill requirements, ensure succession readiness, and long-term organisational needs.
- Employee productivity will be a key area which will be enhanced through further refinement and standardisation of role-based KPIs across the Bank, ensuring strong alignment with strategic priorities and performance expectations. Performance management practices will be further strengthened to improve accountability, clarity of roles, and Bank-wide execution effectiveness.
- In parallel, HR processes will be progressively digitalised through the integration of AI-enabled solutions and the expansion of employee self-service platforms. These initiatives are expected to improve operational efficiency, reduce manual interventions, and enable more timely and data-driven decision making.
- Employee engagement will remain a core focus, with increased emphasis on addressing the expectations and work styles of the new-generation workforce and building a committed team.
- In addition, focused efforts will be undertaken to shift employee mindset towards proactive health and well-being. Preventive interventions, early identification mechanisms, and ongoing wellness initiatives will support workforce resilience and long-term productivity.



SOCIAL AND RELATIONSHIP CAPITAL

The deep relationships we have nurtured with our customers, business partners and local communities embody our Social and Relationship Capital. We continued to strengthen these relationships in 2025 through strategic interventions that built trust, delivered mutual value and strengthened our social license to operate.



Our Social and Relationship Capital

GRI 2-6

Customers
Over **4 Mn** corporate, SME and retail customers

Business Partners
739 registered suppliers

524 correspondent banks

Community
The local communities we operate in

HOW WE CREATED VALUE IN 2025

Customers

- Introduced new value propositions including private banking, life lead operation, transaction banking and green fixed deposit which complemented our extensive product range.
- Focused on delivering tailored, holistic value propositions that fulfilled a broad range of specific customer needs.
- Introduced numerous cutting-edge digital solutions that enhanced connectivity and convenience.
- Elevated service delivery to deliver consistent, positive customer experiences across all touchpoints.

Business Partners

- Fostered mutually beneficial long-term relationships with business partners.

Communities

- Long-term focused strategic CSR initiatives that empowered communities and strengthened resilience.
  - 'Wewata Jeewayak' programme
  - 'Sampath Saviya' programme
  - 'Education for All' programme
  - 'Hope for a Life' programme

VALUE DELIVERED IN 2025

98.3%
Customer complaints resolved (14,271 complaints received)

9
New products and services introduced

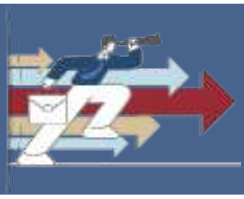
Timely
Payments to suppliers

Rs 125 Mn
Investment in CSR initiatives

52,590
Beneficiaries from social and community CSR initiatives

Way forward in 2026

- Strengthen our position as a comprehensive financial solutions provider through value-added propositions tailored to customers' specific needs.
- Maintain commitment to strategic CSR initiatives to deliver long-term value to our communities.
- Foster collaborative partnerships with business partners to drive mutual value creation.



CUSTOMERS

Customer centricity lies at the core of our strategic transformation, shaping and guiding our actions in transforming our products and processes into smarter, future-ready solutions that truly respond to customer needs. The roll-out of EvolveX in 2025 led to the implementation of several new initiatives that delivered value to customer through:

- An extended value proposition
- Holistic, customer-centric product offerings
- Digital-first solutions
- Service excellence

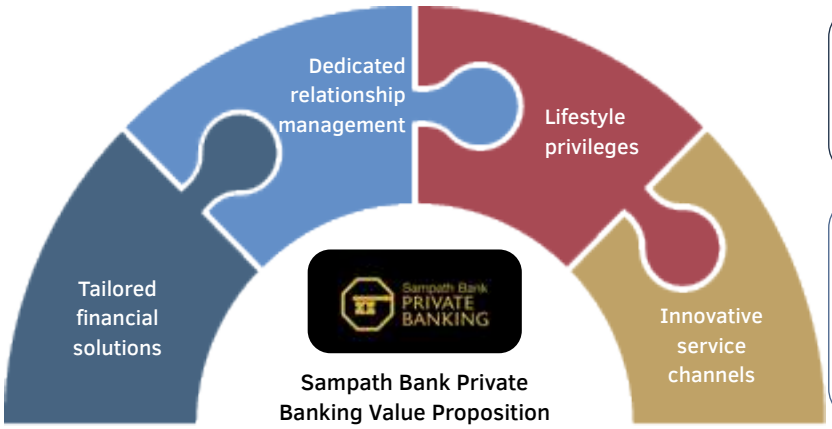
Sampath Bank offers financial solutions to over 4 Mn corporate, SME and retail customers through a comprehensive and innovative product and service range that fulfils a broad range of customer needs at every life stage. The Bank adopts an omni-channel approach to service delivery, blending traditional touchpoints with future-ready digital platforms.

Expanding Our Value Proposition

2025 saw the introduction of several new value propositions that strengthened our position as a comprehensive financial solutions provider.

Sampath Bank Private Banking

The Bank launched Sampath Bank Private Banking, a tailored value proposition to fulfil the unique needs of affluent customers.



Sampath Bank Private Banking Value Proposition

Tailored financial solutions

Customised product offerings that fulfil the specific financial needs of affluent customers and their families.

Dedicated relationship management

Personalised engagement delivered by a dedicated relationship manager enables tailored financial guidance and seamless service delivery across all banking touchpoints.

Lifestyle privileges

Premium concierge services across travel, education, healthcare, leisure and entertainment and curated experiences to reflect the sophistication and lifestyle aspirations of Private Banking clients.

Key highlights in 2025 included,

Ifthar event	Premier Golf Partnerships	Curated Client Engagement Experiences	Walshy Fire & Friends featuring Diana King & Kevin Lyttle – Cinnamon Life, City of Dreams
A culturally significant gathering hosted during Ramadan that fostered meaningful connections and celebrated shared values.	The Ceylon Golf League and the RCGC Monthly Medal in April 2025 were among the prestigious sporting collaborations that elevated the brand's presence. These partnerships aligned the brand with premium golfing experiences, strengthened engagement with high-value audiences, and supported the continued growth of golf in Sri Lanka.	A series of exclusive lifestyle engagements—including the Symphony Orchestra, Oktoberfest, Fireside with Sir Graham Henry, and the WCIC Women Entrepreneurs Ramp-Up initiative—designed to deepen relationships and enrich the Private Banking value proposition.	A high-energy entertainment experience aligning the brand with global music icons and luxury lifestyles.

Well-being programmes

- Breast cancer awareness session in collaboration with Mount Elizabeth Hospital, Singapore.
- Meet and greet sessions with medical professionals from Parkway Hospitals and Mount Elizabeth Hospital, Singapore.

Brushes with Nature Art Exhibition by Gamini Ratnavira

Private Banking customers had the privilege of engaging with Sri Lanka's internationally acclaimed wildlife artist Gamini Ratnavira at his fourth solo exhibition held at the Lionel Wendt Art Gallery. The exhibition featured 50 original paintings celebrating the country's rich biodiversity.

Mercedes-Benz Fashion Week

A premier event in Sri Lanka that showcased global fashion trends and luxury living, providing Private Banking customers with an exclusive and sophisticated experience.

SOCIAL AND RELATIONSHIP CAPITAL

Innovative service channels

Omni-channel service delivery facilitating personalised, frictionless interactions.

Dedicated Private Banking Units	» Seven dedicated units located in key urban and semi-urban areas of Thalawathugoda, Narahenpita, Wellawatte, Panadura, Negombo, Kandy and Kurunegala. » Facilitated access to customers based outside the capital of Colombo as the first bank in Sri Lanka to establish fully fledged Private Banking Units outside Colombo.
Appointment Banking	» Introduced for Priority Reserve customers, this enables pre-bookings for consultations with dedicated officers, an industry-first in Sri Lanka. » This reduces wait times and enhances personalisation.
Call Banking	» A dedicated phone-based service allows customers to conduct banking transactions and receive support directly over the phone.
Doorstep Banking	» Clients are offered the luxury of banking from their homes or offices.
Exclusive Private Banking Call Centre	» A dedicated helpline exclusively for Private Banking clients to access expert assistance and discreet handling of service requests.
Digital Platforms	» The Sampath Vishwa Mobile app was enhanced to facilitate appointment scheduling and call banking.



Private Banking Personalised Vertical Debit Card

The Bank introduced an exclusive, bespoke vertical debit card for Private Banking customers that featured a premium design and enhanced benefits, including higher transaction limits, lifestyle privileges, and access to exclusive merchant partnerships.

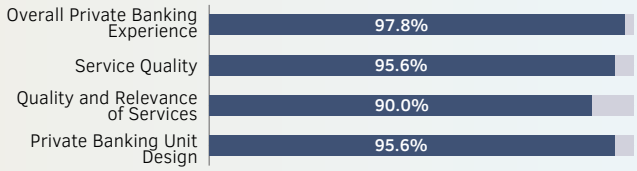
Delivering customer satisfaction

Our Private Banking proposition gained commendable traction within its first year of launch.

7 Private Banking Centres Opened in 2025

6 Innovative Service Channels Introduced

Customer Satisfaction Scores - 2025



Life Lead Operation

Through an exclusive 15-year strategic partnership with Union Assurance, Sampath Bank launched life lead operation services in 2025, integrating insurance offerings into its product portfolio. This initiative provided Sampath Bank customers access to a comprehensive range of exclusive life insurance solutions of Union Assurance. Union Assurance offerings can be easily accessed by customers through the Bank's extensive branch network as well as digital platforms. This process is governed by the Data Protection Act to protect customer data privacy.

Union Assurance is one of Sri Lanka's longest-standing private life insurer, with a Life Insurance Fund of Rs 78 Bn as at end-December 2024. It offers a range of life insurance solutions that cover the health, investment, protection, retirement and education needs of Sri Lankans. It is a subsidiary of John Keells Holdings PLC, the largest conglomerate listed on the Colombo Stock Exchange.

Life lead offerings introduced in 2025

- Union Life Plus
- Union Smart Investor
- Union Smart Wealth Builder



Top management representatives of Sampath Bank and Union Assurance at the "A Toast to Synergy" leadership gathering

Sustainable Banking Solutions

Reiterating its commitment to driving a sustainable tomorrow, Sampath Bank launched green deposits in 2025. Customer onboarding is entirely paperless, with these deposits directed towards funding sustainable initiatives such as renewable energy generation.



Launching Ceremony of the Green FD by Sampath Bank

Delivering Holistic, Customer-centric Value Propositions

During the year under review, emphasis was placed on integrating propositions across business verticals to deliver value driven offerings that fulfilled the broad-ranging needs of corporates and SMEs.

Strengthening Transaction Banking Offerings

Positioning transaction banking as a distinct growth focus, enabled the Bank to strengthen its service to corporate and SME customers by delivering faster, more secure and personalised services for effective management of cash payments, liquidity and trade operations.

Industry Specific Value Driven Propositions for Corporates

Emphasis on developing bundled offerings that integrated cross-functional services enabled the Bank to deliver comprehensive, customised value-driven propositions that fulfilled the specific needs of each industry and fuelled their long-term growth.

25%
Growth in digital transaction volumes - SME customers

20%
Growth in digital transaction volumes - Corporate customers

Digital-first Solutions

Elevating digitalisation as a key strategic pillar led to the integration of technology across processes and products, transforming how we interact with customers. Consistent with our commitment to delivering future-ready solutions that are designed for a new era of customer expectations, we introduced several cutting-edge digital solutions in 2025 that increased convenience and connectivity.

Standardised Application Programming Interface (API) Banking Platform

Pioneering another industry first, Sampath Bank launched a standardised Application Programming Interface (API) platform in 2025. This enables businesses to seamlessly integrate Sampath Bank's core banking capabilities into their internal Enterprise Resource Planning (ERP) systems using an array of standardised APIs.

Our standardised API banking platform offers:

- A suite of over 50, ready-to-integrate APIs allowing corporates and SMEs the flexibility to customise their API selections based on business needs
- Automated testing tools
- Rapid onboarding processes

Standardisation has significantly reduced development timelines facilitating a shorter timeframe for adoption.

API banking delivers value to customers by facilitating:

- Faster payments
- Streamlining collections
- Real-time balance inquiries
- Trade related transactions

while maintaining established approval chains and audit controls inherent in corporate systems.

56 No. of APIs deployed to enable payment services

Next Generation Payment Solutions

Recognising the increasing shift towards digital payments, and its role in facilitating financial inclusion and driving business growth, Sampath Bank introduced several innovative payment solutions in 2025.



Digital fare payments launched at Thalangama Terminal

Cybersource

- Cybersource is a leading payment gateway from Visa designed specifically for e-commerce businesses.
- It enhances secure, user-friendly transactions while equipping merchants with advanced fraud management tools, detailed reporting capabilities and adaptable payment processes tailored to their unique needs.
- It is accessible to all merchants regardless of scale of operations and facilitates domestic and cross-border digital payments in multiple currencies.



Sampath Bank partners with Cybersource by Visa to enhance digital payment solutions for businesses

'Sampath Select' - AI-powered Instant Personal Loan Solution

The Bank introduced "Sampath Select", an AI powered instant loan solution in 2025. This market-leading innovation is designed to reduce the complexity of obtaining a personal loan through a seamless and secure automated digital process made available to customers through a simple five-click journey on the Sampath Vishwa Mobile App. This product was developed using innovative AI and advanced analytics capabilities and offers responsible, intelligent approvals based on real-time analysis of customer data.

Augmenting Service Delivery through the Sampath Vishwa Digital Platform

The Bank continued to enhance Sampath Vishwa, its digital banking platform, to deliver an augmented digital banking experience to customers. Capability enhancements included,

- The introduction of several new digital journeys with straight through processing, to Sampath Vishwa Corporate.
  - End-to-end cash management for corporates – enabling corporates to perform all key cash management activities digitally.
  - End-to-end credit card journey for corporates – enabling corporates to perform all credit card related activities digitally.
- Enhancements to the integrated dashboard on the landing page of Sampath Vishwa Corporate.
- Integrated the digital TT application form into Sampath Vishwa Online to enhance convenience and operational efficiency for student remittances.

Service Excellence

Consistently delivering positive customer experiences that build trust and loyalty requires a deep commitment to service excellence across the customer journey. During 2025, Sampath Bank implemented numerous process improvements underpinned by technology to enhance the speed, consistency and quality of service delivered across touchpoints, enabling it to fulfil customer needs more effectively, thereby fostering long-term relationships.

Key process improvements implemented in 2025 and how they positively impacted the customer experience is summarised below.

Process improvement	Value created for customers
Established transaction banking as a distinct business vertical.	Holistic value propositions for corporates and SMEs which included tailored transaction banking solutions.
Created a team of operational relationship managers within corporate banking to manage the operational aspects of lending.	Provided relationship managers with the capacity to engage more deeply with corporate customers.
Implementation of RAROC (Risk Adjusted Return on Capital) across the Bank.	Enabled relationship-based pricing optimised to reflect customer-specific risk-reward dynamics.
Significant enhancements to the internal credit approval system.	The implementation of end-to-end digital credit paper approvals up to Board-level via the Bank's internal credit approval system streamlined the credit approval process supporting swifter service delivery.
Digitalisation of numerous processes and procedures (refer to Manufactured Capital on pages 118 to 123 for more information).	Swifter service delivery through reduced turnaround times.
Advanced data analytics.	Personalised value propositions that fulfil customers' specific needs. Improved turnaround times through process optimisation.

ELEVATING SERVICE DELIVERY TO FUEL SME GROWTH

SMEs form the backbone of economic growth contributing to over 50% of Sri Lanka's GDP and providing approximately 45% of employment. Recognising its potential as a driving force of inclusive growth and development, we placed strategic emphasis on enhancing our SME value proposition to strengthen their competitiveness and long-term prosperity.

Value delivered in 2025

Deeper Engagement

Facilitated by dedicated teams focused on identifying and fulfilling the needs of SMEs

The Bank remodelled its SME lending unit by creating separate centralised units to conduct credit evaluations, manage the operational aspects of lending and monitor and manage collections. This provided SME regional managers and chief managers with the capacity to engage more deeply with SMEs and deliver tailored solutions that drive their long-term growth.

Swifter Service Delivery

Facilitated by process improvements and the integration of innovative digital tools

These included,

- A digital tool to analyse customer bank statements – This tool provides credit officers a snapshot of an SME's financial performance and position within minutes. This is the first application of its kind in the market.
- Objective based decision tool – standardises the credit evaluation process.
- Service Level Agreements (SLAs) – Enables stringent monitoring of process efficiency and an accurate estimate of total time required for service delivery.

Competitive Pricing

Facilitated by the utilisation of RAROC

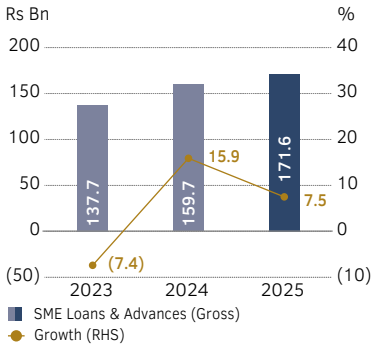
- The Bank-wide implementation of RAROC facilitated relationship-based pricing that effectively captured customer-specific risk-reward dynamics and it is a fully automated application.

The Bank relaunched the Sampath 'Saviliya' loan scheme, a facility specifically designed to support women entrepreneurs and women-led enterprises.

To better serve the specific needs of SMEs, we introduced 19 specialised features tailored to their unique requirements into Sampath Vishwa Corporate.

Delivering customer satisfaction

SME Loan Portfolio Growth



75%

Reduction in average turnaround time for SME loan approvals

50

No. of dedicated SME relationship managers in 2025

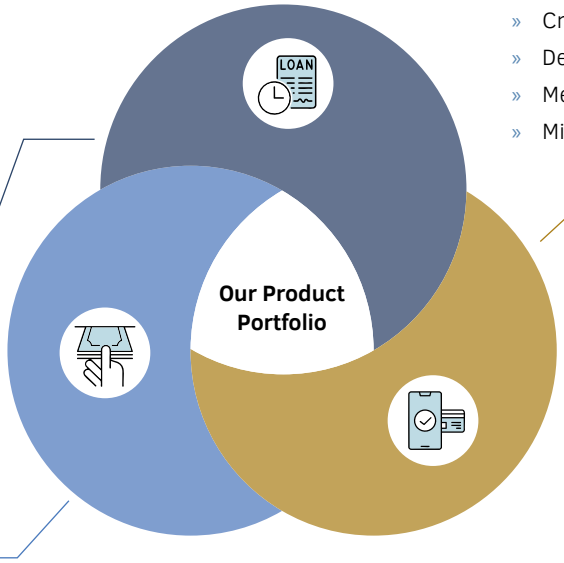


SOCIAL AND RELATIONSHIP CAPITAL

These products complement an already extensive portfolio of products that support digital enablement and inclusive growth.

Loans
- Business loans
- Personal loans
- Refinance
- Factoring
- Trade finance
- Gold loans
- Leasing

Payment Solutions
- Credit cards
- Debit cards
- Merchant services
- Mini-POS



Deposits
- Current accounts
- Savings accounts
- Term deposits
- Foreign currency accounts

Fulfilling the needs of SMEs from start-up to maturity

- Cashflow management
- Business revival and recovery
- Business growth
- Capital investment

Delivered through a combination of traditional and digital channels that promote financial accessibility.

Traditional Channels

229
Islandwide branch network

245	184	328
ATMs	CDMs	CRMs

Digital Channels

VISHWA

WePay

We maintained our focus on delivering credit-plus propositions to SMEs by investing in capacity building to strengthen their competencies in financial literacy and management while also facilitating market access to foster growth and resilience.

Capacity building in 2025

- Leveraged partnerships to improve market access and improve technical skills to fuel business growth.
- One-on-one engagement with Regional Managers and SME-Relationship Managers to optimise financial solutions that supported long term growth and prosperity.

8
No. of SME focused training or advisory sessions conducted

992
No. of SME related training hours

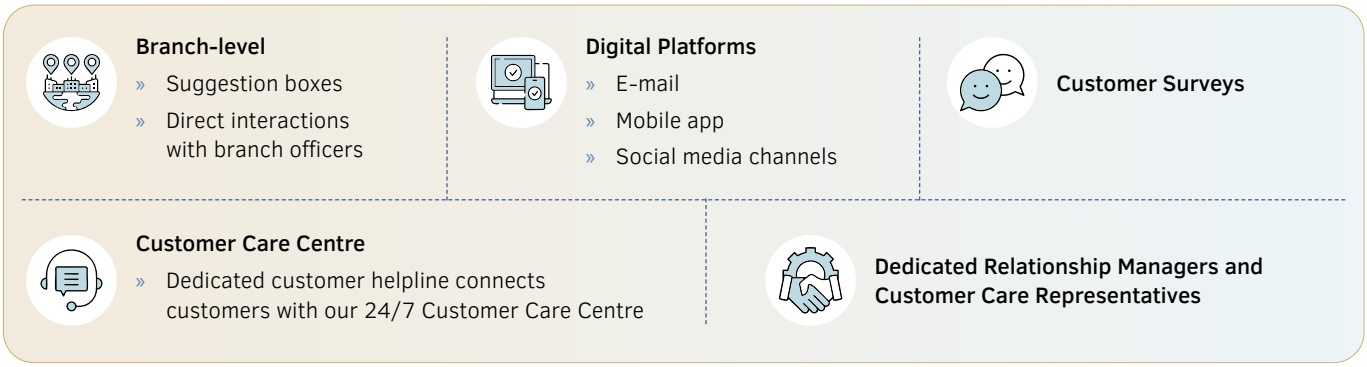
Supporting businesses in financial distress

- Through the Business Revival Unit, we provided hands-on support, customised repayment plans and debt restructuring to support distressed businesses regain financial stability. This enabled safeguarding their assets, preserving jobs and restoring long-term value.

21
No. of new customers undertook

Listening to Our Customers

The Bank adopts a multi-channel customer engagement strategy to foster open communication and build long-term relationships with customers. Accordingly, multiple channels have been provided for customers to share feedback and raise complaints as described below.



Customer complaints received through any of the above channels are directed to the relevant branch/department for swift action. Unresolved issues are escalated to higher management levels based on pre-defined timelines and the severity of the complaint.

The Bank also monitors customer service quality at multiple stages of the customer journey. Customer satisfaction surveys are used to assess overall customer satisfaction relating to the branch experience, ATM services, online services, Customer Care Centre and debit and credit card services among others. Periodic internal reviews are also conducted against pre-defined service quality KPIs to monitor customer satisfaction levels relating to the Customer Care Centre. Criteria used for assessment include, call abandoned rate, average call handling time, average speed of answer among others. Feedback received from all channels is analysed to identify recurring issues and areas for improvement and reported to senior management periodically.

Customer service and complaint handling at Sampath Bank are governed by a robust policy framework aligned with regulatory guidelines and best practices. Regular reports are submitted to senior management and the Board to ensure transparency and continuous improvement.

98.3%
of customer complaints resolved in 2025
(14,271 complaints received)

Responsible Marketing and Communications

GRI 3-3/417-1

The Bank is committed to ensuring timely and accurate information across all marketing communications. Accordingly, we ensure that,

- Promotional and marketing communications comply with all legal and regulatory requirements including the Customer Charter issued for Licensed Commercial Banks by the CBSL.
- We comply with Visa and Mastercard partnership guidelines and industry ethical standards.
- Regular product training is provided to frontline staff to ensure that they are fully informed of product features and terms and conditions.

Customer concerns on responsible marketing and communications are monitored through customer experience surveys and brand health studies conducted at regular intervals. These tools provide direct customer feedback on concerns related to accurate and timely marketing communications. The Bank also closely monitors customer queries and complaints specifically related to the clarity and transparency of marketing communications. During the year under review, no incidents of non-compliance concerning product and service information and labelling and marketing communications were reported.

Furthermore, the Bank's Policy on communication guides its interactions with customers and underpins its approach to responsible marketing and communications by specifying engagement-related procedures and assigning responsibility to designated personnel. Sampath Bank's Policy on communication mandates the confidentiality of customers' financial information with no disclosures to third parties without prior consent, in line with regulatory requirements as specified in Section 77 of the Banking Act No. 30 of 1988 and its subsequent amendments.

Responsible Lending

Formal processes and procedures have been established to ensure fair and equitable service across all customer interactions in a manner that protects customer interests throughout the customer journey.

Mortgage application evaluations are based solely on financial criteria, without consideration of race, religion, gender, or any other discriminatory factors.

Remunerative and incentive schemes for frontline staff are structured in a manner that drives performance while protecting customer interests by incorporating transparency in communications. This includes information about primary and add-on product information, enabling customers to make informed decisions.

Ethical and transparent selling practices are further reinforced through our Employee Code of Conduct and comprehensive training programs that emphasise integrity and responsible practices.

Customer Privacy

GRI 418-1

Safeguarding customer privacy is a key priority for the Bank. The Bank's Data Protection Officer is responsible for ensuring the Bank's policies, procedures and operations align with the regulatory requirements for safeguarding customer privacy. The Bank is proactively enhancing its Data Protection Management Programme and privacy policy to fully align with the Personal Data Protection Act No. 9 of 2022. Building on our strong foundation in safeguarding customer information, we are formalising and strengthening existing practices, such as obtaining customer consent where required, into a comprehensive and updated policy framework. These enhancements reinforce our commitment to transparency, trust and the highest standards of data privacy.

During the year under review, no breaches of customer privacy and losses of consumer data were reported. Continuous monitoring, staff awareness programmes, and system enhancements have further strengthened our commitment to protecting customer information. Looking ahead, the Bank will continue to invest in robust data governance practices to uphold trust and transparency.

Supporting Customers Affected by Cyclone Ditwah

Cyclone Ditwah, which affected Sri Lanka in late November 2025 affected over one million people while causing significant damage to essential infrastructure and agriculture. Given the cyclone's impact on the livelihoods of Sri Lankans across all 25 districts, Sampath Bank extended relief to affected customers to support their efforts to rebuild and recover.

In accordance with CBSL's Circular No. 04 of 2025 Relief Measures to Assist Individuals and Businesses Affected by the Recent Cyclonic and Flood Disasters, Sampath Bank offered affected customers,

- A grace period for part/full value of the capital and/or interest.
- Consideration of new working capital/investment loans.
- Suspension of bank charges on all credit facilities.

In addition to the above, Sampath Bank also offered affected customers willing to make repayments on existing facilities in a timely manner, a 50% reduction on the prevailing interest rate on the existing facility subject to conditions, for a maximum period of six months.

GRI 413-1

COMMUNITY

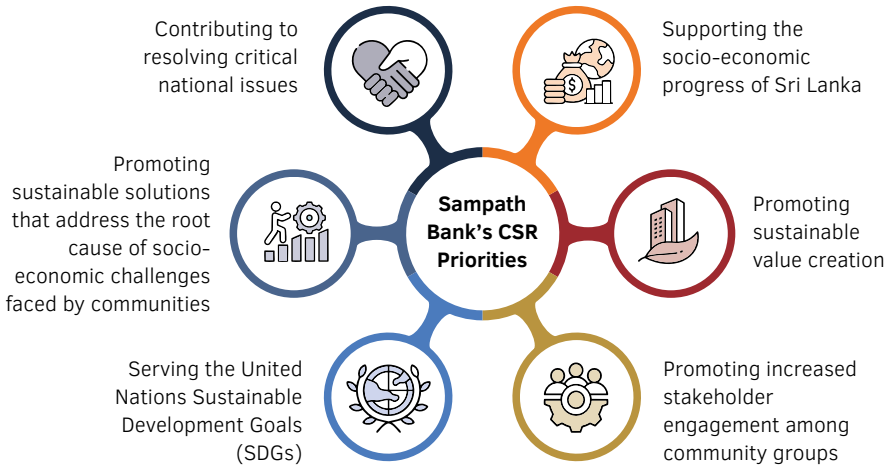
Sampath Bank's community engagement strategy strives to empower and uplift Sri Lankan communities through long-term focused initiatives that promote self-reliance, resilience and prosperity.

Governance of CSR Initiatives

GRI 2-25/413-2

The Bank's ESG strategy is approved by the Board of Directors based on the recommendations of the Board Sustainability Committee. The Corporate Sustainability Department plans, implements and monitors community engagement initiatives under the oversight of the management-level ESG Committee. Sampath Bank's Strategic Sustainability Framework (as described on pages 43 to 47) outlines the process for identifying and prioritising CSR initiatives ensuring alignment with the Bank's sustainability priorities while maximising societal impact.

The Bank's sustainability priorities are summarised below,



Recognising that collaboration amplifies impact, the Corporate Sustainability Department actively engages with local community members and branch teams while partnering with organisations with expert knowledge to drive sustainability initiatives. Members of Team Sampath are also encouraged to participate by volunteering their time and expertise.

2,377
Team members volunteered in community projects

Furthermore, due consideration is given to ensure that our operations do not cause significant actual or potential negative impacts on our communities.

Our socio-economic impact in 2025 is summarised below.

'Wewata Jeewayak' Tank Restoration Programme
14,780 beneficiaries

'Sampath Saviya' Entrepreneurship Development Programme
2,414 beneficiaries

'Education for All' Programme
4,062 beneficiaries

Other Community Development Programmes
22,116 beneficiaries

'Hope for a Life' Programme 9,218 beneficiaries

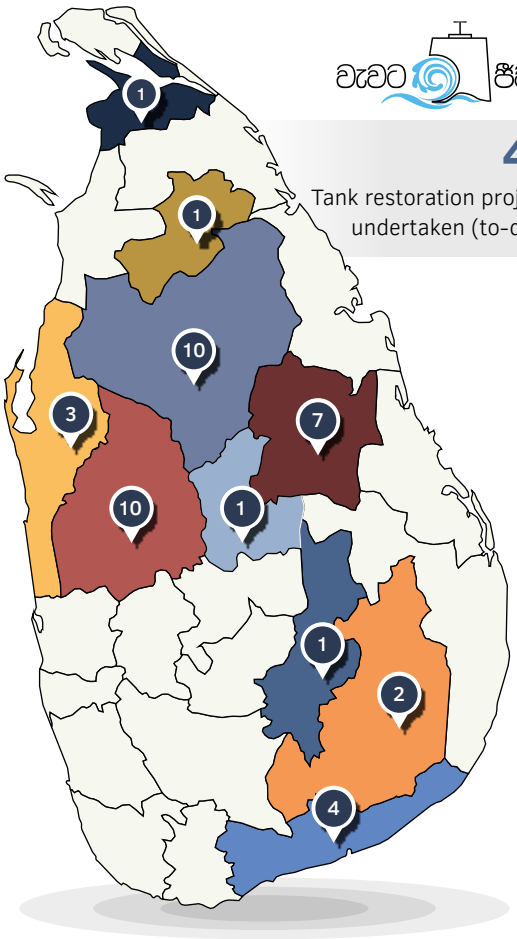
'WEWATA JEEWAYAK' TANK RESTORATION PROGRAMME GRI 203-1,2/413-1

Now in its 25th year of implementation, this programme focuses on restoring neglected and damaged irrigation tanks in the dry and intermediate zones of the country to provide rural farming communities with a reliable, year-round supply of water for irrigating their paddy lands. This enables small-scale farmers to benefit from both Yala and Maha cropping seasons, increasing their harvests and income generation. The improved agricultural outcomes facilitated by this programme contribute towards enhancing the nation's food security while strengthening the resilience of local communities. Additionally, this programme also contributes towards preserving Sri Lanka's cultural heritage as many of the restored tanks were built centuries ago by Sri Lanka's ancient kings.



Signing the tripartite agreement with Farmers' Associations and Mahaweli Authority of Sri Lanka to mark the commencement of 'Wewata Jeewayak' 2025

Our Footprint of 'Wewata Jeewayak' Programme



40
Tank restoration projects undertaken (to-date)

Kurunegala

2025	Keththapahuwa Wewa
2025	Eramudugolla Wewa
2025	Kuda Kathnoruwa Wewa
2025	Dewagiriya Wewa
2024	Halmillagolla Wewa
2024	Polpitiya Wewa
2023	Kumburupitiya Wewa
2022	Rathmale Wewa
2021	Pubbiliya Wewa
2014	Dematawa Maha Wewa

Anuradhapura

2025	Thaara Wewa
2025	Hurigaswewa Wewa
2024	Pahalausgollewa Wewa
2024	Dunuwaththegama Wewa
2023	Lenadiwul Wewa
2022	Kudagama Wewa
2021	Urewa Kuda Wewa
2020	Nalawagama Wewa
2017	Ambagaswewa
2017	Halmillakulama Wewa

Polonnaruwa

2025	Awwadukulam Wewa
2025	Menik Wewa
2025	Divuldamana Wewa
2024	Mangala Wewa
2024	Samanala Wewa
2024	Magampura Wewa
2018	Dhanyawa Wewa

Vavuniya

2023	Kidachchoori Wewa

Kilinochchi

2024	Iyankulam Wewa

Monaragala

2023	Dambeyaya Wewa
2020	Kindagalla Wewa

Puttalam

2025	Halmillewa Wewa
2023	Kohombagas Wewa
2021	Athawatunawewa

Badulla

2022	Delikadali Wewa

Hambantota

2025	Katan Wewa
2002	Ilukpelassa Wewa
2002	Konkatiara Wewa
2001	Udamaththala Wewa

Matale

2022	Korakahagolla Wewa

'Wewata Jeewayak' Project Summary for 2025

Economic Impact	Halmillewa Wewa	Menik Wewa	Awwadukulam Wewa	Divuldamana Wewa	Keththapahuwa Wewa	Thaara Wewa	Katan Wewa
Investment	Rs 5.90 Mn	Rs 6.22 Mn	Rs 5.35 Mn	Rs 5.92 Mn	Rs 5.00 Mn	Rs 5.93 Mn	Rs 5.72 Mn
Number of farming families benefited	75 families	235 families (direct) 350 families (indirect via water project)	110 families	637 families (direct) 600 families (indirect via water project)	164 families	75 families	100 families
Acres of paddy lands rejuvenated	82 acres	160 acres	225 acres	1,575 acres	131 acres	138 acres	100 acres
Stakeholder partnerships	Lihinigama Farmers' Association	D2 104/B Eksath Bedum Ela Farmers' Association	202/SD3/D1 Senapura Bedum Ela Farmers' Association	D3 Bedum Ela, D4 Bedum Ela, D5 Jayashakthi Bedum Ela, D6 Maligathanna Bedum Ela, D7 Bedum Ela, 503 D1 Bedum Ela Farmers' Associations	Keththapahuwa Farmers' Association	404/D02 Ela Farmers' Association	Suhada Farmers' Association
	Department of Agrarian Development District Office, Puttalam	Mahaweli Authority of Sri Lanka	Mahaweli Authority of Sri Lanka	Mahaweli Authority of Sri Lanka	Department of Agrarian Development District Office, Kurunegala	Mahaweli Authority of Sri Lanka	Department of Agrarian Development District Office, Hambanthota
	Community members	Community members	Community members	Community members	Community members	Community members	Community members
Activity	Restoration of the damaged tank bund Removal of sludge and invasive aquatic plants Restoration of the sluice gates	Removal of sludge and invasive aquatic plants Excavation of tank bed Restoration of tank bund	Removal of sludge and invasive aquatic plants Excavation of tank bed	Removal of sludge and invasive aquatic plants Excavation of tank bed	Removal of sludge and invasive aquatic plants Excavation of tank bed Restoration of tank bund	Removal of sludge and invasive aquatic plants Excavation of tank bed Restoration of tank bund Construction of sluice gate	Construction of canal system Restoration of tank bund Repairing of the sluice gates

Economic Impact	Eramudugolla Wewa	Dewagiriya Wewa	Kuda Kathnoruwa Wewa	Hurigaswewa Wewa	Kohombagas Wewa - 2nd phase	Illukpelessa Wewa - 2nd phase	Mangala Wewa - 2nd phase
Investment	Rs 3.37 Mn	Rs 5.00 Mn	Rs 5.88 Mn	Rs 5.92 Mn	Rs 1.84 Mn	Rs 1.04 Mn	Rs 0.65 Mn
Number of farming families benefited	150 families	35 families	360 families (direct) 200 families (indirect via water project)	307 families	76 families	19 families	202 families
Acres of paddy lands rejuvenated	110 acres	18 acres	506 acres	122 acres	64 acres	38 acres	101 acres
Stakeholder partnerships	Buwanekabahu Farmers' Association	Parakrama Farmers' Association	312/D1 Farmers' Association	Hurigaswewa – Rajjallegama Farmers' Association	Eksath Farmers' Association	Pathum Farmers' Association	Sri Parakum Bedum Ela Farmers' Association
	Irrigation Department, Divisional Irrigation Engineer's Office, Hiriyala	Department of Agrarian Development District Office, Kurunegala	Mahaweli Authority of Sri Lanka	Mahaweli Authority of Sri Lanka	Department of Agrarian Development District Office, Puttalam	Department of Agrarian Development District Office, Hambantota	Mahaweli Authority of Sri Lanka
	Community members	Community members	Community members	Community members	Community members	Community members	Community members
Activity	Removal of sludge and invasive aquatic plants Excavation of tank bed Restoration of tank bund	Removal of sludge and invasive aquatic plants Excavation of tank bed Restoration of tank bund Construction of spill and canal	Removal of sludge and invasive aquatic plants Excavation of tank bed Restoration of tank bund	Removal of sludge and invasive aquatic plants Excavation of tank bed	Construction of lifting gates Repair of feeder canal and anicut	Restoration works in the sluice gates and spillway	Removal of sludge and invasive aquatic plants

Restoration of Tanks Initiated in Financial Year 2025

Key Highlights of 'Wewata Jeewayak' Programme in 2025

- Rs 63.7Mn — Investment in 2025
- 11 — New projects undertaken
- 14,780 — Beneficiaries
- 3,370 — Acres of paddy lands rejuvenated

- Uplifted rural farming communities and strengthened resilience.
- Contributed to enhancing national food security.
- Strengthened community access to potable water.
- Preserved Sri Lanka's cultural heritage.

Divuldamana Wewa

Location

Divuldamana, Dhamminna, Polonnaruwa District.

Socio-economic impact

Restoring the Divuldamana tank's water retention capacity supported the rejuvenation of 1,575 acres of paddy lands benefitting over 637 farming families from 6 farmers associations. Additionally, over 600 families received reliable access to potable water through the associated drinking water project.



Handing over ceremony

Kuda Kathnoruwa Wewa

Location

Meegalewa, Kurunegala District.

Socio-economic impact

The restoration of this tank facilitated the rejuvenation of 506 acres of paddy lands, positively impacting 360 farming families.

An additional 200 families were provided with access to potable water through the associated drinking water project.



Stakeholders' meeting

Manik Wewa

Location

Mahaulpatha, Dimbulagala, Polonnaruwa District.

Socio-economic impact

The tank has facilitated the irrigation of 160 acres of paddy lands positively impacting the livelihoods of 235 farming families.

An additional 350 families were provided with access to potable water through the associated drinking water project.



Handing over ceremony

Awwadukulam Wewa

Location

Senapura, Welikanda, Polonnaruwa District.

Socio-economic impact

225 acres of paddy lands were rejuvenated through the restoration of this tank, benefiting 110 farming families.



Handing over ceremony

Hurigaswewa Wewa

Location

Eppawala, Anuradhapura District.

Socio-economic impact

122 acres of paddy lands were rejuvenated through the restoration of this tank, directly benefiting 307 farming families.



Stakeholders' meeting

Keththapahuwa Wewa

Location

Keththapahuwa, Ambanpola, Kurunegala District.

Socio-economic impact

Rejuvenated 131 acres of paddy fields directly benefiting 164 farming families.



Ground breaking ceremony

SOCIAL AND RELATIONSHIP CAPITAL

Katan Wewa

Location

Katan Wewa, Hambantota District.

Socio-economic impact

Irrigated 100 acres of paddy fields positively impacting the lives of 100 farming families.



Ground breaking ceremony

Halmillewa Wewa

Location

Mahakumbukkadawala, Puttalam District.

Socio-economic impact

Irrigated 82 acres of paddy lands positively impacting the livelihoods of 75 farming families.



Ground breaking ceremony

Eramudugolla Wewa

Location

Melsiripura, Kurunegala District.

Socio-economic impact

This tank has facilitated the irrigation of 110 acres of paddy lands positively impacting the livelihoods of 150 farming families.



Ground breaking ceremony

Thaara Wewa

Location

Thambuththegama, Anuradhapura District.

Socio-economic impact

Rejuvenated 138 acres of paddy lands benefiting 75 farming families.



Ground breaking ceremony

Dewagiriya Wewa

Location

Melsiripura, Kurunegala District.

Socio-economic impact

18 acres of paddy lands were rejuvenated through the restoration of this tank, benefiting 35 farming families.



Ground breaking ceremony

Kohombagas Wewa – 2nd Phase

Location

Kohombagaswewa, Mahakubukkadawala, Puttalam District.

Socio-economic impact

Successful implementation of phases I and II supported the irrigation of 64 acres of paddy lands directly benefiting 76 farming families through increased agricultural productivity and sustainable water management.





Restoration work in progress

Mangala Wewa – 2nd Phase

Location

Aralaganwila, Polonnaruwa District.

Socio-economic impact

Irrigated 101 acres of paddy lands benefiting 202 farming families.



Restoration work in progress

Illukpelessa Wewa – 2nd Phase

Location

Lunugamwehera, Hambantota District.

Socio-economic impact

The restoration of this tank facilitated the rejuvenation of 38 acres of paddy lands positively impacting 19 farming families.



Ground breaking ceremony

Additionally, 3 tank restoration projects initiated in 2024 in Polonnaruwa District were completed and vested with the respective farmer communities during 2025.



Magampura Wewa, Polonnaruwa - After restoration



Samanala Wewa, Polonnaruwa - After restoration



Mangala Wewa, Polonnaruwa - After restoration

Testimonial

'WEWATA JEEWAYAK' PROGRAMME



For generations, we have relied on the Awwadukulam tank to irrigate our paddy lands. Agriculture is our main source of income and this tank has always been the lifeline of the Senapura village community in Polonnaruwa district. However, the progressive deterioration of the tank over the last 40 years has severely hampered our farming activities.

The effective depth of the tank has reduced considerably due to sedimentation while the invasive aquatic plant growth has also contributed to reducing its water retention capacity. As a result, we have been unable to cultivate both Yala and Maha seasons, deeply affecting our livelihoods.

Given this challenging situation, we approached Sampath Bank to seek assistance under their "Wewata Jeewayak" programme. The Bank responded immediately and agreed to restore the tank. Their officers, together with officials from the Mahaweli Authority of Sri Lanka, visited the site to assess the work needed and restoration began soon thereafter.

This initiative is not just about restoring a tank, it is about restoring hope. Through this project, our entire multi-cultural community will benefit, ensuring harmony and prosperity for all. While technical support is being provided by the Mahaweli Authority, volunteer support will come from our Farmers' Association, demonstrating a spirit of collaboration and unity.

As the President of the 202/SD3/D1 Senapura Bedum Ela Farmers' Association, I wish to express my heartfelt gratitude to Sampath Bank for this invaluable gift. You have given us the strength to dream again and the opportunity to build a better future for our families.

Thank you for breathing life back into our land and for standing with us when we needed it most.

Mr A R Raheem

President

202/SD3/D1 Senapura Bedum Ela Farmers' Association, Senapura, Welikanda, Polonnaruwa.

Shared responsibility to preserve the long-term sustainability of restored tanks

To promote community ownership and shared responsibility for the long-term sustainability of restored tanks, the Bank implemented the following mechanisms.

Provided fibreglass boats to Farmers' Associations

Farmers' Associations were equipped with fibreglass boats, enabling them to engage in proactive aquatic weed removal and routine maintenance of restored tanks.

Farmers were also provided guidance on the utilisation and upkeep of the boats as well as the importance of preventive maintenance in preserving the functionality and water retention capacity of the tank over the long-term.



Establishment of tank maintenance funds

The Bank initiated the establishment of tank maintenance funds at each farmers' association to fulfil minor maintenance of the restored tanks. Farmers are required to contribute to the fund. All members of the farmers' associations were assigned responsibility to oversee routine maintenance.



Handing over of the fibreglass boat to the Diyawara Farmers' Association

Promoting Efficient Water Management Practices in Paddy Cultivation

In collaboration with the respective government organisations, the Bank promoted efficient water management practices among the farmers to optimise usage of limited water resources to facilitate cultivation across both seasons.





Awareness session on water management practices

Introduction of 'Alternate Wetting and Drying' (AWD) technique to the Farmers' Associations

The Bank, as an additional step under its 'Wewata Jeewayak' programme, has initiated efforts to encourage efficient water usage in paddy cultivation by introducing the Alternate Wetting and Drying (AWD) technique to farming communities in Sri Lanka. Developed by the International Rice Research Institute (IRRI), this technique involves alternately flooding and non-flooding the rice fields to reduce irrigation water consumption. Moreover, this technique is also known to improve nutrient uptake and support better root development in paddy plants, thereby contributing to higher yields.

The AWD technique involves driving a perforated, field water tube made of plastic pipe or bamboo, into the soil. The water level within the tube is then used to monitor the water depth of the field and determine if irrigation is required. A drop in the water level to a recommended depth (usually ~15 cm) signals the need to re-commence irrigation. This allows farmers to irrigate their paddy lands only when required as the number of days between irrigations may vary from 1 to more than 10 days depending on multiple factors including soil type, crop growth stage and the weather. By optimising water consumption for paddy cultivation by adopting this method, farmers can reduce the amount of irrigation water consumed by approximately 20-30% and even save water for a third cultivation season.

Recognising the potential of this technique in reducing water consumption, increasing yields and strengthening national food security, the Bank initiated following initiatives.

1. Conducted three training modules on,
    - Increasing the productivity of paddy cultivation.
    - Effective water management in paddy cultivation (including AWD planning, installation and monitoring).
    - Maintenance of tanks and field infrastructure.
2. Distributed AWD tubes and related field tools to selected farmers.



Awareness session on AWD technique



AWD system commissioned

'SAMPATH SAVIYA' ENTREPRENEURSHIP DEVELOPMENT PROGRAMME GRI 203-1,2/413-1

The 'Sampath Saviya' entrepreneurship development programme aims to foster inclusive economic development and employment generation within local communities. This initiative nurtures the long-term sustainable growth of Micro, Small and Medium Enterprises (MSMEs) by strengthening access to finance, capacity building and facilitating market linkages.

Agri-entrepreneurship Development Programme

This initiative promotes agri-entrepreneurship among rural communities positively impacted by the 'Wewata Jeewayak' programme. The Bank adopts a replicable, model village concept which strives to transform selected villages into self-sufficient and sustainable communities thereby driving their socio-economic development and long-term resilience. The Bank's Agriculturist engages closely with the communities to assess available resources, opportunities and community strengths and thereafter extends financial and technical support through partnerships to empower them in capturing relevant commercially viable opportunities.

Creating economic opportunities for local communities by,

- Developing agri-entrepreneurs.
- Fostering sustainable agricultural producers.
- Promoting value-added products.
- Introducing innovative agricultural practices.

2,414

Beneficiaries of the 'Sampath Saviya' entrepreneurship development programme

During 2025, the Bank initiated the formation of 6 new model villages as summarised below.

Horowpathana

Location

Kapugollewa, Anuradhapura District

Model village for pineapple cultivation and related value-added products

- Supported the adoption of sustainable and commercial-scale pineapple cultivation.
- Supported the establishment and formal registration of the Sampath Production Farmers' Association.
- Conducted required training programmes in collaboration with the Department of Agriculture covering best practices in cultivation, pest management and post-harvest handling.
- Provided high-quality, disease-free pineapple seedlings, while introducing an innovative sustainability model where farmers repay the cost after their first profitable harvest.
- Conducted continuous monitoring, field visits and feedback collection to guide farmers in adopting value addition and scaling their operations.



Socio-economic impact

35 Agri-entrepreneurs and their families reaped the benefits

Polpitiya

Location

Horombawa, Kurunegala District

Model village for organic vegetables, fruits and other value-added products

- Facilitated comprehensive training in organic cultivation and sustainable agro-technologies through a recognised organic farming specialist, offering hands-on experience in eco-friendly practices, soil and water conservation, post-harvest management, and market-oriented cultivation techniques.
- Initiated the establishment of a roadside organic sales outlet along the high-traffic Narammala-Anuradhapura road, providing direct market access to farmers.
- Supported the establishment and formal registration of the Arunalu Farmers' Association.





Socio-economic impact

32 Agri-entrepreneurs and their families reaped the benefits

Ritigala

Location

Ritigala, Anuradhapura District

Model village for promoting value added reed-based products and dairy- based products

- Facilitated intensive training programmes in collaboration with the Industrial Development Board (IDB) providing practical expertise in reed weaving and dairy processing, packaging, labelling and standardisation, business development and market linkages.
- Provided an onsite training on reed-based products from an industry expert.
- Provided required machinery and equipment to produce reed-based products.
- Facilitated the obtaining of recognised certifications enabling participants to formally register their enterprises and enhance the marketability of their products.







Socio-economic impact

40 Agri-entrepreneurs and their families reaped the benefits

SOCIAL AND RELATIONSHIP CAPITAL

Madagalla

Location

Polpithigama, Kurunegala District

Model village for Scotch bonnet cultivation

- Formed a 'Gamata Jeewayak' Production Farmers' Association with 63 members and appointed office bearers.
- Guided the Farmers' Association through formal registration under the Department of Agrarian Development.
- Following engagement with farmers and relevant stakeholders, Scotch bonnet was selected as the primary crop for cultivation.
- Developed a comprehensive training programme covering crop management, pest and disease control, harvesting techniques, post-harvest handling, value addition processes, marketing strategies and financial literacy.
- Provided planting materials and essential equipment for Scotch bonnet cultivation.
- Provided UV-treated polyethene to protect crops from adverse weather conditions and reduce the occurrence of soil borne pests and diseases.



Socio-economic impact

63 Agri-entrepreneurs and their families reaped the benefits

Udamaththala

Location

Udamaththala, Hambantota District

Model village for Beekeeping and Aloe Vera cultivation

- Established a Beddegama Agri-Entrepreneur Farmers' Association with elected office bearers.
- Formally registered the Farmers' Association under the Department of Agrarian Development.
- Collaborated with the Bee Development Unit in Bindunuwewa to conduct a one-day technical awareness session on best practices in bee keeping.
- Introduced Aloe Vera cultivation as a complementary income-generating activity that can be developed to commercial scale.





Socio-economic impact

34 Agri-entrepreneurs and their families reaped the benefits

Kumburupitiya

Location

Nikawaratiya, Kurunegala District

Model village for certified seed paddy and Scotch bonnet cultivation

- Engaged Dr K G P B Karunarathna, a leading expert in rice breeding processes and the Assistant Director of Agriculture (Research) at the Rice Research and Development Institution, Bathalegoda to conduct a comprehensive, practical training programme on seed paddy cultivation.
- Provided comprehensive training on sustainable farming practices, focusing on reducing environmental impacts caused by excessive chemical use, integrating traditional agricultural knowledge with modern technology, and promoting the sustainable use of natural resources.





Socio-economic impact

53 Agri-entrepreneurs and their families reaped the benefits

Sampath Bank partnered with Unipower (Pvt) Limited and Link Natural Products (Pvt) Limited to promote agri-entrepreneurship by leveraging expert knowledge and industry best practices.



Exchanging the MOU with Link Natural Products (Pvt) Limited



Exchanging the MOU with Unipower (Pvt) Limited

Additionally, the Bank maintained support to the 5 model villages established in 2024.

Model village	Commencement year	Crop	Initiatives implemented in 2025	Our socio-economic impact
Rathmale	2024	Mushroom cultivation	» Provided insect-proof nets to establish standard and permanent mushroom houses in collaboration with Unipower (Pvt) Limited.	**38** farming families
Karuwalagaswewa	2024	Numerous value-added products primarily from woodapple, tamarind and lime	» Provided a dehydrator machine to, • Improve production quality and consistency. • Support the diversification into new value-added food products, including woodapple powder and banana chips. This created new opportunities for income generation and market expansion.	**58** farming families
Lenadiwulwewa	2024	Scotch bonnet	» Provided high quality scotch bonnet plants to each farming family who successfully cultivated from the initial seed allocation. This initiative rewarded farmers committed to the programme, encouraged continued participation, while increasing production and improving crop quality.	**50** farming families
Kohombagaswewa	2024	Katuwel Batu	» Provided comprehensive training on Katuwel batu cultivation. » Supplied quality seeds through Link Natural Products (Pvt) Limited, improving cultivation practices, crop quality and farmer income.	**22** farming families
Ambulgaswewa	2024	Ela Batu	» Provided specialised training on Ela batu cultivation. » Assisted in improving cultivation techniques, productivity and income sustainability.	**30** farming families

Success Story: Empowering Rural Communities through Agri Entrepreneurship – Ritigala Model Village

Ritigala, a rural village in the Anuradhapura district had limited opportunities for income generation making it difficult for members of the community to sustain their livelihoods. The Bank expanded support to this community by developing it into a model village for reed and dairy based products under its Sampath Saviya Agri-Entrepreneurship Development Programme.

As part of this programme, Sampath Bank partnered with the Industrial Development Board (IDB) to provide specialised training sessions to community members to develop reed-based products such as handbags, wallets and traditional containers as well as dairy based products. These sessions focused on product quality, appropriate packaging and labelling.

To enhance product quality and production capabilities, we also offered on-site training and essential equipment.

During the year 2025, 40 members of the Sithamu Women Farmers' Association were able to formalise their enterprises, increase production volumes, improve product quality and gain access to local markets. Currently, community members produce a diverse range of products each month, resulting in higher income and greater income stability.

Given the success of the initial phase of this programme, Sampath Bank plans to support the community further by establishing a sales outlet near the Ritigala Forest, a popular tourist destination, to improve market access.

This initiative illustrates how targeted capacity building, resource provision, and market access can transform rural communities into vibrant centers of sustainable entrepreneurship and economic growth.



SOCIAL AND RELATIONSHIP CAPITAL

Women Empowerment

Despite accounting for half the population, female participation in entrepreneurship remains low with women-led businesses accounting for less than 25% of all enterprises. Therefore, empowering women with the skills and competencies required to overcome barriers and attain business success remained a key priority for the Bank.

Women Start-ups Development Programme

This programme aims to foster female-entrepreneurship by addressing the core challenges faced by women when establishing a business and driving its growth. Accordingly, the Bank, in collaboration with the National Enterprise Development Authority (NEDA), the University of Sri Jayewardenepura, and Ceylon Entrepreneurs' Club supports aspiring women start-ups in building sustainable and resilient businesses by conducting training programmes to develop entrepreneurial competencies, provide structured mentorship, hands-on guidance, and develop viable business plans, and access seed funding.

The 1st phase of the project was driven by a team of interns comprising university undergraduates, who collaborated with local branches of NEDA and Divisional Secretariats to identify and mentor promising women-led start-ups at the grassroots level. The 2nd phase commenced in collaboration with the Ceylon Entrepreneurs' Club, where identified start-ups were provided essential entrepreneurial skills which ranged from designing an appropriate business model to preparing for the pitching event. With the aim of scaling their business to the next level, the teams from all organisations worked closely with identified female entrepreneurs in enhancing their entrepreneurial skills and developing a pitching deck which was then evaluated by an expert panel comprising experts from NEDA, University of Sri Jayewardenepura, Ceylon Entrepreneurs' Club and the members of the Bank's SME Banking Unit. Successful entrepreneurs received seed funding with participants contributing capital in cash, in-kind goods or expertise. The Bank and Ceylon Entrepreneurs Club continuously mentored the participating entrepreneurs and monitored their progress, building a foundation for future engagement under the Sampath Savi Liya SME loan scheme. The programme also provided the team of interns, corporate exposure and mentoring, enhancing their employability.

Over 200
Women entrepreneurs mentored

Rs 7.8 Mn
Invested

12
Training sessions conducted



Exchanging the MOU with the National Enterprise Development Authority (NEDA)

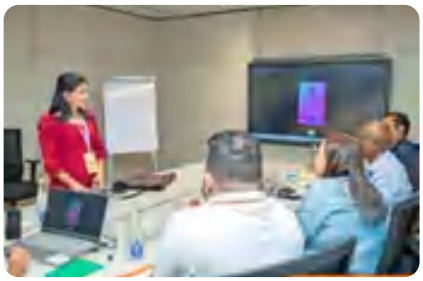


Launching of the 200 women start-ups development programme



Women entrepreneurs at the event





Women entrepreneurs at the pitching event

'Unstoppable Woman' (Nonawathina Aeya) Special Women Empowerment Programme

To commemorate International Women's Day, the Bank hosted its fourth consecutive women empowerment programme, featuring an engaging panel discussion. Alongside this initiative, the Bank relaunched the Sampath 'Savi Liya' loan scheme, designed specifically for women entrepreneurs and women-led enterprises. The primary goal of this scheme is to foster growth and ensure the sustainability of women-led businesses in Sri Lanka by offering a customised credit facility. In addition to financial support, the programme advanced financial literacy, networking, partnerships, marketing and outreach support, empowering women to thrive in the business landscape.



The panel discussion in progress

Entrepreneurship Development through Capacity Building

Equal ability, equal opportunity– Financial literacy programme for entrepreneurs with special needs

This programme focused on empowering differently-abled entrepreneurs with essential financial management and basic entrepreneurial skills to drive business success. Skills and competencies developed included budgeting, understanding financial systems and enhancing business communication and service quality while promoting sustainable business practices. The programme was conducted in collaboration with the Divisional Secretariat of Horana, the Base Hospital Horana and the G17 University Ambassador Consortium.

103 Differently-abled entrepreneurs and their guardians were assisted through this programme



Workshop for differently-abled entrepreneurs and their guardians

Partnered with 'Made in Sri Lanka' Trade Fair Organised by the National Enterprise Development Authority (NEDA)

In line with our commitment to strengthening Sri Lanka's MSME sector, the Bank partnered with the National Enterprise Development Authority (NEDA) to support its flagship national initiative, the 'Made in Sri Lanka Trade Fair' held on 12th, 13th and 14th December 2025 in Weligama. This event served as a dynamic platform to promote local entrepreneurship, tourism, and regional economic development, featuring 130 stalls that showcased Sri Lankan-made products, services, and innovations. Recognising NEDA's pivotal role in enterprise development and its continued support for our women start-ups development programme, the Bank's involvement in this initiative reflects our strategic focus on empowering MSMEs and fostering inclusive economic growth. By investing in this national event, we reaffirmed our position as a responsible financial service provider committed to driving sustainable development and creating opportunities for entrepreneurs across the country.





'Made in Sri Lanka Trade Fair' at Weligama

GRI 203-1,2/413-1

'EDUCATION FOR ALL' PROGRAMME

The Bank's 'Education for All' programme in 2025 focused on fostering youth leadership and development while promoting inclusive access to the arts.

Nurturing Talent in the Performing Arts

The Bank partnered with the International Institute of Music, Speech and Drama, to facilitate the participation of 236 economically disadvantaged students in the Lanka Festival of Music, Dance and Speech. This festival provides students with opportunities to showcase their talents and build confidence in the performing arts.



Award recipients with the adjudicator

Youth Leadership Development

The Bank was among the sponsors of the AIESEC International Congress 2025, a prestigious global youth leadership event hosted in Sri Lanka after 30 years. The AIESEC International Congress promotes cross-border collaboration in creating opportunities for young people to thrive through sustainability, inclusivity and employability, while advancing the UN SDGs.

This Congress brought together over 300 international youth leaders from over 70 nations, including over 200 delegates from Sri Lanka and international partner organisations from across the globe. Through a week-long programme of keynote speeches, workshops, panel discussions and dynamic conversations, youth engaged with the participating organisations to generate ideas and develop action plans to advance progress on some of the world's most pressing problems.



Youth leadership event at AIESEC International Congress 2025 Sri Lanka

ECG 5.0 (Effective Career Guidance) Programmes

The Bank conducted ECG 5.0, the fifth phase of its Effective Career Guidance programme across state and private universities and schools in 2025.

SOCIAL AND RELATIONSHIP CAPITAL

This programme is designed to enhance employability, career progress and encompasses,

- Expert advice from career counsellors.
- Guidance on skill development.
- Personal branding.
- Insights into industry trends.
- Access to networking opportunities.
- Support with resume building and interview preparation.

530
Undergraduates and students benefited



ECG 5.0 session at University of Colombo



ECG 5.0 session at KAATSU International University, Malabe

Corporate Leadership Programme

Through its corporate leadership programme, the Bank offered school leavers and undergraduates practical experience within a professional corporate environment, enhancing their employability by fostering discipline, a strong work ethic and essential professional skills.







Induction session under the Corporate Leadership programme

664
Internship opportunities provided

Rs 119 Mn
Invested

Career Development Programmes and Career Fairs

As part of our commitment to supporting the nation's youth in identifying and pursuing their career aspirations, the Bank hosted Career Fairs and a series of Career Development Sessions in 2025.

No.	Programme	Programme Type	University/Institute	Number of Participants
1	'Touch the Peak' Annual Job Fair 2025	Career Fair	University of Sri Jayewardenepura	500
2	UCSC Career Fair 2025	Career Fair	University of Colombo	100
3	CA Sri Lanka Career Fair 2025	Career Fair	SAB Campus of CA Sri Lanka	100
4	Sri Lanka holds the career fair 2025	Career Fair	The Open University of Sri Lanka	200
5	ICBT Career Day 2025	Career Fair	ICBT	200
6	Industry Day 2025	Career Fair	University of Peradeniya	200
7	Career Fair 2025	Career Fair	Wayamba University of Sri Lanka	200
8	Career Fair 2025	Career Fair	University of Colombo	100
9	Career Fair 2025	Career Fair	University of Ruhuna	450
10	Career Fair 2025	Career Fair	University of Peradeniya	250



Career fair at University of Wayamba



Career fair at University of Peradeniya

GRI 203-1,2/413-1

'HOPE FOR A LIFE' - HEALTH SECTOR FACILITATION PROGRAMME

The 'Hope for a Life' programme is a part of the Bank's strategic CSR focus to strengthen the national health sector by improving the quality and access to healthcare services across a wider cross section of the populace.

Strengthening the Prevention of Dengue Related Mortality

Given recurring dengue outbreaks in Sri Lanka, the Bank's 'Hope for a Life' health sector facilitation programme focused on reducing dengue related mortality and morbidity, directly supporting the WHO's 'Zero Dengue Death Initiative'.

The Bank collaborated with the National Institute of Infectious Diseases (NIID), Angoda to enhance early diagnosis and management of febrile illnesses, raise public awareness on dengue prevention and strengthen research and training capacity at the NIID. This included,

- Establishing a 'Continuous Care Coordination Centre' with dedicated consulting spaces, a separate pathway for fever patients and digital solutions for triage, follow-up and virtual consultations.
- Raising public awareness about dengue through educational material which promoted seeking medical attention in a timely manner.
- Supporting research and training by recruiting dedicated staff, setting up IT infrastructure and developing online training modules for healthcare workers.



'Continuous Care Coordination Centre' at the National Institute of Infectious Diseases (NIID), Angoda



Patient consulting room at the 'Continuous Care Coordination Centre'

Endowment of Medical Equipment to Rajanganaya Divisional Hospital, Anuradhapura

The Bank initiated a healthcare support project at the Rajanganaya Divisional Hospital in the Anuradhapura District in 2025. The Bank donated a Multi-Parameter Cardiac Monitor and an Infusion Pump to the Hospital's Emergency Unit, enabling real-time monitoring of vital signs including heart rate and rhythm, blood pressure, oxygen saturation and respiratory rate of critically ill patients. The donation of this medical equipment has significantly strengthened the Hospital's emergency response and improved medical care to patients with life-threatening conditions. The Rajanganaya Track 5 Divisional Hospital serves a large agricultural community across Tracks 1 to 18, fulfilling the healthcare needs of over 15,000 residents.





Donation of medical equipment to Rajanganaya Divisional Hospital, Anuradhapura

Installation of a Public Address (PA) System at Primary Medical Care Unit, Sacred City, Anuradhapura

The Bank facilitated to install a Public Address system (PA system) at the Primary Medical Care Unit, Sacred City, Anuradhapura in 2025. The new system, which includes fixed speakers, microphones, and an amplifier, assists the Primary Medical Care Unit in managing patient flows during peak periods while enabling the delivery of public health awareness programmes for non-communicable disease prevention, maternal and child health, vaccination reminders, sanitation, nutrition and general safety guidelines. Improved communication has helped empower patients and families with essential knowledge while easing operational challenges particularly during periods of high demand for healthcare services.

The Primary Medical Care Unit of the Sacred City, Anuradhapura serves over 3,000 patients a month, including pilgrims and visitors, while conducting regular maternity and vaccination clinics and providing care for non-communicable disease management.

OTHER COMMUNITY PROJECTS

Supported the GoSL's Implementation of On-the-spot Traffic Fine Payments through GovPay

GRI 203-1,2/413-1

With the aim of supporting the Government's Digital Road map, the Bank supported to Sri Lanka Police to purchase 800 feature phones, enabling them to record fines and instantly link with GovPay to secure on-the-spot traffic fine payments.

Refurbishment of Railway Station, Alawwa

The Bank supported the refurbishment of the Alawwa Railway Station, a high-traffic transport hub that serves over 5,000 commuters daily, significantly improving passenger comfort and safety.

Endowment of Nallur Kandaswamy Kovil Annual Festival

The Bank supported the annual historic festival of the Nallur Kandaswamy Kovil, which attracts over 200,000 devotees each year. Sampath Bank's commitment for support has extended for over 10 years.

Infrastructure Development at Nanu Oya Railway Station (Installation of Information Boards)

Nanu Oya Railway Station, a key transit point for commuters, long distance travellers, tourists, and the surrounding community, continued its infrastructure enhancement efforts during the year. Following the initial funding provided in 2024, the station commenced the installation of essential passenger information boards across its premises. In 2025, additional funding was allocated to complete the remaining installations and ensure the full functionality of the upgraded system. This improvement will enhance accessibility, efficiency and convenience for all user groups, contributing to a more organised and passenger friendly railway environment with lasting community-wide benefits.

SUPPORTING AFFECTED COMMUNITIES IN THE AFTERMATH OF CYCLONE DITWAH

Cyclone Ditwah caused widespread flooding and landslides with devastating consequences for communities across Sri Lanka. Guided by a deep sense of national responsibility, and a commitment to assist affected communities, Sampath Bank undertook the following initiatives to support immediate relief efforts and contribute to the nation's post-cyclone recovery.

Sampath Bank's Contribution to the Rebuild Sri Lanka Fund

The Bank stands united with the nation in supporting Sri Lanka's recovery efforts , reaffirming its commitment to resilience and community support. In response to the devastation caused by Cyclone Ditwah, the Bank contributed Rs 100 Mn to the Government's Rebuild Sri Lanka Fund underscoring its dedication to supporting communities affected by the cyclone and strengthening the country's path toward recovery and sustainable development.



Donation to the Government's "Rebuild Sri Lanka Fund"

Collaborating with 'Revive Sri Lanka' to Empower Entrepreneurs Facing Challenges

At Sampath Bank, we believe the resilience of our nation is rooted in the strength of its entrepreneurs. Accordingly, we were honoured to serve as a key partner in the Revive Sri Lanka initiative organised in Kandy, which brought together, industry experts and government officials in supporting small and medium scale enterprises (SMEs) as they navigate the challenges arising from the impact of Cyclone Ditwah. Through this initiative, Sampath Bank offered participants,

- Tailored SME loan solutions to accelerate growth
- Financial guidance to explore emerging market opportunities
- Specialised support for manufacturing and agro sector development

By delivering customised financial solutions and advisory services, we remain committed to supporting the recovery of local businesses while fostering inclusive growth. Together, we can build a prosperous and resilient Sri Lanka.



Chief Operating Officer addressing the gathering



Consulting SMEs at the "Revive Sri Lanka" event

Emergency Medical Support for Victims Affected by Cyclone Ditwah in Collaboration with the Sri Lanka Red Cross Society

The Bank, in partnership with the Sri Lanka Red Cross Society (SLRCS) supported the procurement of essential pharmaceuticals for communities affected by Cyclone Ditwah. These were distributed to communities affected by the cyclone through medical camps established by the SLRCS across all 25 districts. The delivery of these supplies enabled timely treatment and helped to prevent disease outbreaks within affected community.



Providing essential pharmaceuticals to the Sri Lanka Red Cross Society

Emergency Relief for Cyclone Ditwah Victims in Muthupanthiya Village: A Collaborative Initiative with Biodiversity Sri Lanka

During the year, the Bank, in collaboration with Biodiversity Sri Lanka, extended emergency relief to one of the hardest hit communities in Muthupanthiya village, Anavilundawa, an area central to our ongoing Life to Our Mangroves conservation initiative. The Bank provided urgently needed relief packs containing essential dry rations, sanitary supplies, and basic medical items, supporting families affected by the crisis. This timely intervention underscores Sampath

Bank's unwavering commitment to social responsibility and community well being, particularly during national emergencies. By assisting vulnerable households in regaining stability and dignity, the Bank reaffirmed its role as a compassionate and responsible corporate citizen deeply invested in strengthening the resilience of the communities we serve.





Distribution of relief packs to cyclone Ditwah victims in Muthupanthiya Village

Emergency Medical Support for Victims Affected by Cyclone Ditwah in Collaboration with the Sri Lanka Air Force

The Bank, in partnership with the Sri Lanka Air Force, has pledged support for the procurement of essential medicines and pharmaceuticals to support medical camps in regions worst affected by the cyclone. These camps provided timely treatment to vulnerable communities and helped to prevent disease outbreaks.



Providing essential pharmaceuticals to the Sri Lanka Air Force

Impact Assessment of Our Community Empowerment Programmes

GRI 413-1

Area of Work	Programme	Number of Beneficiaries	Number of Volunteered Employees Engaged
Community Capacity Building	UN SDGs Served		
	'Wewata Jeewayak' Programme		
	2nd phase of Restoration of Kohombagaswewa Wewa, Puttalam	304	16
	2nd phase of Restoration of Illukpelessa Wewa, Hambantota	76	16
	2nd phase of Restoration of Mangala Wewa, Polonnaruwa	808	25
	Restoration of Awwadukulam Wewa, Polonnaruwa	440	28
	Restoration of Menik Wewa, Polonnaruwa	2,340	30
	Restoration of Divuldamana Wewa, Polonnaruwa	4,948	29
	Restoration of Keththapahuwa Wewa, Kurunegala	656	26
	Restoration of Katan Wewa, Hambantota	400	30
	Restoration of Halmillewa Wewa, Puttalam	300	25
	Restoration of Eramudugolla Wewa, Kurunegala	600	27
	Restoration of Thaaraa Wewa, Anuradhapura	300	27
	Restoration of Kuda Kathnoruwa Wewa, Kurunegala	2,240	25
	Restoration of Hurigaswewa Wewa, Anuradhapura	1,228	25
	Restoration of Dewagiriya Wewa, Kurunegala	140	28
	Water Management Programme		
	Introduction of "Alternate Wetting and Drying" (AWD) Technique to the Farmers' Associations	228	18

SOCIAL AND RELATIONSHIP CAPITAL

Area of Work	Programme	Number of Beneficiaries	Number of Volunteered Employees Engaged
Education for All Programme	UN SDGs Served		
	'Education for All' Programme		
	Scholarships for underprivileged students to attend Lanka Festival of Music, Dance and Speech (Nurturing talent in the performing arts)	236	16
	ECG 5.0 - Effective Career Guidance Programmes	530	98
	Facilitate to AIESEC International Congress 2025 (Youth Leadership Development)	332	16
	Corporate Leadership Programme for School Leavers and Undergraduates	664	669
	Career Development Programmes and Career Fairs	2,300	35
Entrepreneurship Development Programme	UN SDGs Served		
	'Sampath Saviya' Programme		
	Agri-Entrepreneurship Development Programme at Horowpathana	140	23
	Agri-Entrepreneurship Development Programme at Polpitiya	128	20
	Agri-Entrepreneurship Development Programme at Ritigala	160	22
	Agri-Entrepreneurship Development Programme at Madagalla	252	18
	Agri-Entrepreneurship Development Programme at Udamaththala	136	18
	Agri-Entrepreneurship Development Programme at Kumburupitiya	212	18
	Agri-Entrepreneurship Development Programme at Rathmale	152	18
	Agri-Entrepreneurship Development Programme at Karuwalagaswewa	352	29
	Agri-Entrepreneurship Development Programme at Lenadivulwewa	200	16
	Agri-Entrepreneurship Development Programme at Kohombagaswewa	88	16
	Agri-Entrepreneurship Development Programme at Ambulgaswewa	120	16
	Financial Literacy Programme for Female Entrepreneurs with Special Needs	103	20
	Women Start-ups Development Programme	229	26
	Facilitate to Conduct 'Made in Sri Lanka' Trade Fair organised by the National Enterprise Development Authority (NEDA)	142	16
'Hope for a Life' Programme	UN SDGs Served		
	'Hope for a Life' Programme		
	Emergency Medical Support for Victims Affected by Cyclone Ditwah in Collaboration with the Sri Lanka Red Cross Society	2,000	23
	Emergency Medical Support for Victims Affected by Cyclone Ditwah in Collaboration with the Sri Lanka Air Force	2,000	21
	Establishment of Continuous Care Coordination Centre at National Institute of Infections Diseases (NIID), Angoda (Strengthening the prevention of dengue related mortality)	425	16
	Endowment of Medical Equipment to Rajanganaya Divisional Hospital, Anuradhapura	1,793	144
	Establishment of PA System at Primary Medical Care Unit, Anuradhapura	3,000	24
Other Community Programmes	UN SDGs Served		
	Infrastructure Development Programmes	12,500	50
	Other Community Development Programmes	9,388	614

BUSINESS PARTNERS

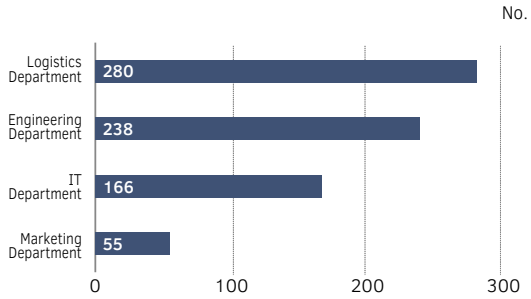
Sampath Bank engages with numerous business partners including suppliers and correspondent banks to deliver services to customers. Our supplier base comprises 739 registered suppliers while correspondent banking network consists of 524 relationships across 69 countries. We maintained strong relationships with correspondent banks as cross-border activity continued to grow amidst stable macro-economic conditions. Moreover, the Bank undertook a strategic decision to discontinue its agency banking service in 2025. Strategic initiatives implemented to create value for suppliers in 2025 is discussed below.

SUPPLIERS

GRI 308-1,2/414-1,2

The Bank fosters long-term, mutually-beneficial relationships with suppliers through structured engagement processes that support supplier development while ensuring quality, reliability, and consistency in supply. Sampath Bank applies an internal evaluation process, which includes an ESG rating scheme alongside other internal criteria to screen new suppliers, ensuring a balanced and impartial assessment of new suppliers. A mandatory face-to-face assessment is also conducted with potential suppliers to facilitate a sound understanding of the suppliers' business model.

Registered Suppliers/Service Providers - 2025



Our Supplier Evaluation Criteria

Logistic mechanism
- After sales service
- Availability of qualified technical staff
- Documentation
- Co-operation
- Quality management

Innovation
- Resources
- Product know-how
- Innovative power
- Co-operation

Quality
- Schedule
- Volume
- Technical handling
- Industrial safety
- Packing
- On-time delivery

Risk assessment
- Financial stability
- Market dependability
- Delivery capability
- Human resources

Commercial viability
- Price quotation
- Contract processes
- Co-operation

ESG assessment
- Environmental due diligence
- Social due diligence
- Transparency and accountability

Accordingly, 75 new suppliers were screened for social and environmental considerations in 2025.

Once onboarded, we implement standard supply management processes related to quality management, risk management and performance management. We also conduct regular assessments of their performance, risk mitigation strategies and compliance with contract terms to ensure suppliers consistently fulfil established standards. Accordingly, no negative environmental and social impacts were identified along our supply chain in 2025.

Our Procurement team takes proactive steps, whenever opportunities arise, to engage with suppliers, share insights, and strengthen relationships to ensure mutual value creation. In addition, the Bank's environmentalist actively collaborates with suppliers to promote the integration of sustainable business practices while monitoring compliance with the Bank's sustainability policies and standards.

75 | 100%
New suppliers screened for ESG considerations

739
Registered suppliers

Guiding Pathways to Prosperity: Our Gratitude to Sampath Bank PLC

On behalf of Carekleen (Pvt) Limited, we extend our gratitude to Sampath Bank for granting us the privilege of serving as your primary partner for Janitorial, Tea Stewarding, and Messenger services for over 35 years. This enduring collaboration stands as a testament to the trust and confidence you have placed in our capabilities, and we are truly honoured to have contributed to maintaining the high standards that Sampath Bank is renowned for.

Throughout this journey, our commitment has always been to deliver exceptional quality in every aspect of our service. We have strived to uphold the highest levels of professionalism, ensuring that your workspaces remain clean, welcoming, and conducive to productivity. Our dedicated teams have worked tirelessly to meet and exceed expectations, embracing innovation and best practices to align with your evolving needs.

Equally important has been our unwavering adherence to all regulatory requirements and industry standards. At Carekleen, we recognise that compliance is not merely an obligation but a cornerstone of trust and integrity. By consistently meeting these requirements, we have ensured that our partnership reflects the values of reliability and responsibility that both our organisations share.

This long-standing association with Sampath Bank is more than a business relationship—it is a partnership built on mutual respect, shared goals, and a commitment to excellence. We deeply appreciate the opportunities you have provided us to grow alongside your esteemed institution and to contribute to its success in a meaningful way.



As we look to the future, Carekleen remains dedicated to strengthening this bond and continuing to deliver services that uphold the standards of quality and compliance you expect. Thank you, Sampath Bank, for your trust, support, and collaboration for over 35 years.

Mr Jehan Fernando
Managing Director

Carekleen (Pvt) Limited

Illuminating Futures Together: A Note of Gratitude to Sampath Bank PLC

Sampath Bank PLC has been a valued and trusted strategic partner in BAM Solar's commitment to accelerating the adoption of renewable energy across Sri Lanka. This collaboration reflects a shared vision to promote sustainable development while delivering long-term economic and environmental value to customers.

As Sri Lanka's pioneering total solar solutions provider, BAM Solar brings decades of industry expertise in comprehensive end-to-end solar energy solutions. Our services range from technical advice and system design to installation, commissioning, and ongoing maintenance. Our focus has always been on delivering reliable, efficient, and future-ready solar systems that meet the highest quality standards.

Our partnership with Sampath Bank has been instrumental in facilitating individuals' and businesses' seamless transition to clean energy solutions. Through innovative and customer-centric financing solutions, Sampath Bank has made solar power both accessible and financially viable at scale.

Together, we have contributed meaningfully to national sustainability goals by reducing carbon emissions, strengthening energy resilience, and supporting a greener economy. We value Sampath Bank's professionalism, responsiveness, and forward-thinking and we look forward to strengthening this partnership as we continue to drive Sri Lanka's renewable energy transformation.



BAM Solar's leadership position among Sampath Bank's solar power partners is testament to the strong synergies realised through this strategic partnership.

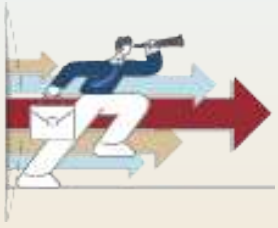
To a brighter, more sustainable future, together.

Mr Thushara Sampath
General Manager

BAM Green (Pvt) Limited

WAY FORWARD IN 2026

- Maintain strategic focus on developing value added propositions that are tailored to fulfil customers' comprehensive financing needs.
- Develop a comprehensive value proposition that addresses the full range of corporate customers' financing needs. This includes the introduction of new products such as Supply Chain Financing and Dealer Financing.
- Maintain our commitment to strategic CSR initiatives that empower and uplift our communities while strengthening their resilience.
- Strengthen investment on "Wewata Jeewayak" programme to restore the tanks impacted by the Ditwah Cyclone.
- Foster collaborative partnerships with business partners to drive mutual value creation.



NATURAL CAPITAL

The focus on managing natural capital, a shared resource, has become increasingly important, as it remains an emerging area in terms of commercialised technology and affordable solutions. The Bank recognises that it has a direct negative impact on the environment through the use of fossil fuels, direct emissions and waste. It also acknowledges that its indirect impacts are significantly higher due to Financed Emissions and other sources of Scope 3 emissions.



Governance

GRI 2-6

The Board is assisted by BSC in managing this vital capital and working together with BIRMC, BSPC and BHRRC in this regard. Implementing SLFRS S1 and S2 was a key priority during the year for BSC and was supported by the ESG Committee, SLFRS implementation group, EMS working group, ESG working group and the Corporate Sustainability Department. Implementation of ISO 14001:2015 EMS strengthens the internal environment management within the Bank's operation including the upstream value chain. As part of these efforts, the Board has enhanced its own knowledge and skills in sustainability and climate change through internal and external learning experiences including presentations by experts for the Board as a whole. These activities serve to strengthen the leadership capabilities for management of natural capital.

Policy revision and enhancement continue to be a key tool to guide management and the Framework for Green Deposit was a key milestone supporting management of climate change. The BSC continues to explore transformative solutions while engaging key stakeholders to support the transition to a low carbon economy. Refer to the BSC Report on pages 285 to 290 and SLFRS Sustainability-related Financial Disclosures on pages 70 to 100.

Institutional Frameworks

- The United Nations Sustainable Development Goals (UN SDGs)
- Environment Principles of United Nations Global Compact
- Sustainability Disclosure Standards (SLFRS S1 and S2)
- Sri Lanka Nationally Determined Contributions 3.0 (2026-2035)
- Sustainable Finance Roadmap 2.0 issued by the Central Bank of Sri Lanka
- International Finance Corporation (IFC) Performance Standards
- The National Environmental Act (No. 47 of 1980 and its amendments)
- ISO 14001:2015 Environmental Management System Standard

Internal Policy Frameworks

- Environment, Social and Governance (ESG) Sustainability Policy
- Environmental and Social Risk Management System (ESMS) Policy
- Corporate Social Responsibility (CSR) Policy

NATURAL CAPITAL

STRATEGIC PRIORITIES

Strategic Priorities 2025	Key Achievements in 2025	Priorities for 2026	UN SDG
Alignment with global sustainability reporting standards *(Refer to the report on SLFRS Sustainability-related Financial Disclosures on pages 70 to 100)*	» The Board of Directors, Management, Executive and subsidiary level ESG representation to manage climate risk » Formation of SLFRS S1 and S2 implementation group for the Bank and subsidiaries » Set climate-linked KPIs for selected Key Management Personnel » Set climate-related targets for identified CRROs for better commitment	» Ensuring the transition to full compliance with SLFRS S1 and S2	
Support transition to a low carbon economy through sustainable financing	» Financing Rs 6,165 Mn for renewable energy projects » Introduced Green Fixed Deposit product backed by Green Deposit Framework with Independent Limited Assurance on Pre-Issuance of Green Deposit (Refer to Intellectual Capital report on pages 127 and 128) » Board Approved Sustainable Bond Framework	» Increase client awareness of the need to invest in projects that support the transition to a low carbon economy » Continue lending to facilitate the transition through investments in renewable energy and low emission technologies » Strengthen Environmental and Social due diligence-based credit evaluation	
Focus on carbon accounting to measure, manage and reduce GHG emissions	» Established an integrated data collection mechanism to collate head office and branches' environment-related data	» Improving the databases to capture the Financed Emissions related data and information	
Managing our own impacts	» Implementation of ISO 14001:2015 Environmental Management System Standard » Streamlined the management and disposal of different waste types	» Continuing installation of rooftop solar systems for branches » Conduct the Surveillance Audit of ISO 14001:2015 Environmental Management System	
Making a positive impact on the planet	» Undertaken to restore 11 tanks to contribute for managing the country's water resources » Managing 63 biodiversity conservation and other environment related CSR projects » Engaging over 2,000 team members in environmental conservation efforts	» Increase the investment in biodiversity and the oceanic ecosystem restoration projects which contribute to mitigate the climate change	
Capacity building to increase awareness on environmental concerns	» Obtaining technical expertise from PCAF (Partnership for Carbon Accounting Financials) on quantification of Financed Emission » In 2025, team members completed over 4,500 hours of training on ESG Business Integration, SLFRS S1 and S2, Environmental and Social Risk Management System across 31 internal and external programmes	» Competency development programme for credit officers on Low Carbon Transition Strategy and Transition Financing » Conduct customer awareness sessions on Low Carbon Transition » Improve the employee engagement in environment related projects through the Sampath Nature Protection Club (SNaPC)	

ESG Governance Structure

The Bank's approach to environmental governance is outlined below.



- Board of Directors
- Board Sustainability Committee
- ESG Committee
- Corporate Sustainability Department
- ESG Working Group
- EMS Working Group
- SLFRS S1 and S2 Implementation Group

Environmental Pledge at Sampath Bank



Collaborative Organisations and Associations

The Department of Forest Conservation	Wildlife and Nature Protection Society of Sri Lanka	Marine Environment Protection Authority (MEPA)
University of Ruhuna	Biodiversity Sri Lanka (BSL)	The Department of Wildlife Conservation
The Department of Coast Conservation and Coastal Resource Management	International Union for Conservation of Nature and Natural Resources (IUCN)	

Training and Awareness

The Bank conducts regular training and awareness sessions for the Board of Directors, management, team members and supporting service providers, covering a wide range of environmental and sustainability-related topics. These initiatives are designed to enhance awareness of climate-related risks and opportunities, promote sustainable financing practices, and encourage the integration of sustainability principles into daily operations, decision-making processes and lifestyles across the organisation.

- **Board-level Capacity Building -** To support the Board of Directors in making informed and sustainable decisions, the Bank organised a specialised workshop on the 'Role of the Board of Directors in Managing Climate Risks and Opportunities'. In addition, Board members were provided with learning resources and opportunities for external training on SLFRS, strengthening their understanding of SLFRS S1 and S2 and enabling effective oversight of sustainability and climate-related disclosures, completing a total of 40.5 training hours.
- **ESG Committee** - During the year, members of the ESG Committee, representing management-level leadership, participated in a series of ESG-related training and awareness programmes, completing a total of 28 training hours.
- **Environmental Risk Assessment for Credit Officers** - With the support of the Institute of Environmental Professionals Sri Lanka (IEPSL), the Bank conducted a series of training sessions for credit officers to enhance their practical understanding of Environmental Impact Assessments (EIA) in credit evaluations. The sessions emphasised the importance of environmental considerations in lending decisions, with a particular focus on the Initial Environmental Examination (IEE) process. Delivered through a practical, case-based approach, the programme strengthened officers' ability to identify environmental risks, ensure regulatory compliance and support responsible and sustainable lending decisions.
- **Bank-wide EMS Awareness** - The Corporate Sustainability Department conducted a series of internal awareness sessions to enhance understanding of the EMS and its implementation in line with the ISO 14001:2015 standard. Delivered through both in-person and virtual platforms, the programme covered the entire branch network and key departments, completing 1,154 training hours during the year. To further reinforce awareness, an additional session was made available on the Bank's e-learning platform, Vidvan.
- **ESG Working Group** - Two interactive workshops on Environmental and Social Governance were conducted for ESG working group representatives by the National Cleaner Production Centre.
- **EMS Working Group** - To strengthen the effectiveness of the EMS working group, a full-day technical training session on ISO 14001:2015 was conducted by RR Associates (Pvt) Limited, focusing on practical implementation and continual improvement of the EMS.
- **Sustainability for New Recruits** - To inspire and empower new team members, the Head of Sustainability conducted a series of induction sessions titled 'Your Role in Sustainability'. These sessions familiarised new recruits with the Bank's sustainability vision, key initiatives promoting sustainable banking and the role of bankers in driving positive environmental and social outcomes.
- **Global Climate Awareness through UNGC Engagement** - Through participation in the UNGC Climate Ambition Accelerator Programme, the Bank actively engaged in awareness and knowledge-sharing sessions to gain insights into global climate best practices, emerging trends and international expectations. These engagements support the Bank's efforts to strengthen its climate strategy and align with global sustainability commitments.
- **EMS Training for Supporting Service Staff and Their Respective Service Organisations** - To empower staff at the operational level, an awareness session was conducted for supporting services staff, including stewards, security officers and cleaning personnel, together with their respective service providers. The session focused on EMS implementation and highlighted the roles and responsibilities of supporting staff in collectively achieving the Bank's sustainability objectives.

SUPPORTING THE TRANSITION TO A LOW CARBON ECONOMY

The Bank continues to identify climate-related opportunities to accelerate the move towards low carbon business models for customers addressing the urgent issue of climate change. A multipronged strategy drives our agenda in this regard as given below.

Responsible Lending	Financing the Transition	Engaging the Public
Screening loans on environmental and social criteria	Increasing lending to renewable energy sectors	Launched a green fixed deposit *(Refer to Intellectual Capital on pages 124 to 130)*
Client engagement and influence	Increasing the green assets	List of exclusions when use of proceeds for green products

Responsible Lending

The Bank undertakes environmental and social due diligence for all facilities, excluding housing loans, vehicle loans, leasing facilities, credit cards, pawning and other consumption loans by utilising the Environmental and Social Risk Categorisation Tool. ESMS is aligned with CBSL's Roadmap 2.0 for Sustainable Finance relating to the Green Finance Taxonomy and IFC Performance Standards. Credit proposals identified as high environmental and social risk are escalated to the Risk Management Unit (RMU) for enhanced environmental and social due diligence. ESG risk drivers are identified based on the Bank's nature, scale, complexity and operational interconnectedness, ensuring a tailored approach to risk management.

Key processes to ensure responsible lending

- All facilities screen for Environmental and Social due diligence
- Environment and social rating is provided via environmental and social risk categorisation tool to business and project loans
- Advise on making projects more sustainable
- Monitoring the recommendations through business units

These ESG risks will integrate into the Internal Capital Adequacy Assessment Process (ICAAP) to evaluate their impact on the Bank's capital position and to inform capital planning under Pillar II when necessary. Climate scenario analysis and stress testing models will be developed to assess potential impacts from identified shocks.

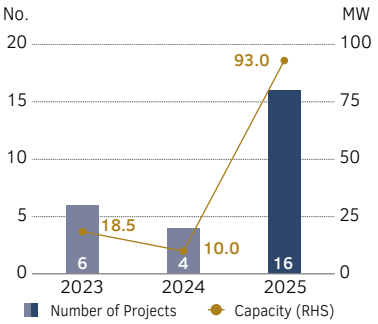
Financing the Transition

During 2025, the Bank financed key sectors and subsectors outlined in the Sri Lanka Green Finance Taxonomy, introduced by the Central Bank of Sri Lanka. Sustainable financing loan schemes aimed at encouraging households and businesses to transition to solar energy and electric vehicles were promoted aggressively, supporting the transition to low carbon technologies. The Bank's participation in the ADB-funded green credit line over the past years provided access to concessionary funding for investments in renewable energy solutions. Partnership with Hayleys' Fentons provided impetus to investments in a green economy with technology solutions.

Rs 10.9 Bn
Financing for electric and hybrid vehicles

In alignment with SLFRS S1 and S2 implementation, sustainable finance is identified as a climate-related opportunity and under this initiative, a Green Fixed Deposit product has been introduced, supported by a Green Deposit Framework (Refer to Intellectual Capital on pages 127 and 128).

Renewable Energy Projects





Ground-mounted solar project at Veyangoda

Financing for Renewable Energy Projects in 2025

	Number of Projects	Capacity (MW)	Investment (Rs Mn)
Solar power	16	93	6,165

MANAGING OUR OWN IMPACTS

The Bank has a comprehensive programme to manage its impacts as depicted below.

Energy Management	Emissions Management	Material Management	Waste Management	Water Management
Reducing energy consumption	GHG calculation and verification	Responsible procurement	Waste measurement	Responsible consumption
Branch solarisation	Refer to SLFRS Sustainability-related Financial Disclosures Report on pages 70 to 100	Responsible consumption	Waste diversion and disposal	Water management techniques
		Responsible innovation		

KEY ACHIEVEMENT IN 2025

The Bank achieved a significant milestone in its sustainability journey by successfully implementing an Environmental Management System (EMS) in compliance with the ISO 14001:2015 standard. This internationally recognised certification underscores our commitment to responsible environmental practices and continuous improvement across all operations.

The ISO 14001:2015 EMS standard provides a structured approach to minimising environmental impact, ensuring compliance with legal and regulatory requirements and driving ongoing enhancements in environmental performance.

As sustainability becomes a key priority for stakeholders and regulators, this achievement positions the Bank as a leader in environmental stewardship within the banking sector. It reflects our proactive efforts to address ESG requirements, reduce resource consumption and manage environmental risks responsibly.

Sampath Bank head office and branch network are certified for **ISO 14001:2015** Environmental Management System



Implementation Highlights

Governance Structure: Established ESG working group and EMS working group to drive the process, supported by regular updates to the ESG Committee and Board Sustainability Committee.

Capacity Building: Conducted training and awareness programmes across the branch network and key departments on energy conservation, water efficiency, waste management and emissions management, with 1,154 training hours delivered.

Internal Engagement: Launched internal communication campaigns through emails and awareness boards in common areas to reinforce sustainable practices.

Audit Process: Completed two internal EMS audits by the Bank's EMS Auditor and Stage I and Stage II external audits conducted by SGS Lanka (Pvt) Limited, resulting in successful certification.

This achievement demonstrates our dedication to integrating sustainability into core operations, meeting global standards and setting a benchmark for responsible banking.

Energy Management

GRI 3-3/302-1

Energy is a significant operational cost for the Bank and a key source of Scope 1 and 2 emissions, makes energy management a strategic priority to reduce emissions and manage costs.

As a financial institution, the Bank consumes a considerable amount of energy for its daily operations, including powering ATMs, branches and head office facilities. Recognising the importance of responsible consumption, the Bank has taken proactive measures to reduce energy usage. During the year, the implementation of the EMS in line with ISO 14001:2015 played a pivotal role in this effort. This initiative established a structured approach to managing and reducing energy consumption from various sources, including grid electricity, solar energy, petrol and diesel used for transportation ensuring both cost-effectiveness and environmental responsibility. In addition to introducing systematic processes for energy efficiency, the Bank significantly enhanced employee awareness through targeted training sessions across the entire branch network and key departments and undertook several initiatives to foster a culture of responsible energy use, such as:

1. Adoption of solar power systems to reduce grid dependency and carbon emissions.
2. Continue using the magnetic bearing chiller system to power head office in more energy-efficient manner.
3. Encouraging the adoption and installation of energy-efficient appliances, including LED lights and motion sensor lighting.
4. Maximising the use of natural daylight in workspaces.
5. Replacing conventional air conditioners with inverter-type units across branches where appropriate.
6. Ensuring proper maintenance and regular monitoring of air conditioning units, elevators, generators and other equipment.
7. Monitoring electricity and water consumption at the head office on a floor-wise basis via the Building Management System.
8. Measurement of flue gas emissions from standby generators in accordance with National Environmental Act No. 47 of 1980 to ensure operational efficiency.
9. Provided spill containment trays and absorbents to prevent oil/fuel runoff and ensure environmental safety and energy efficiency.
10. Collate the electricity consumption of branches via Sampath Document Approval System (SDAS).

GRI 302-3

Energy intensity

0.46 GJ/per floor occupancy

2024: 0.49 GJ/per floor occupancy

Additionally, an Eco Office Audit was carried out by the National Cleaner Production Centre in 2022 and its recommendations are being continuously implemented which include:

- Increasing employee awareness of the need, to switch off appliances and to be vigilant about energy consumption
- Transition to LED lighting
- Increased use of natural lighting wherever feasible
- Use of Building Management Systems to optimise energy usage including temperature control and lighting of common areas

Branch Solarisation Project

The branch solarisation project added 3 branches during the year, taking the total of branches with rooftop solar to 26 branches. The installed solar capacity increased by 836.71 kW to a total power generation of 853,710 kWh during the year with an investment of Rs 16.5 Mn in 2025.

Branch	Installed Capacity (kW)	Power Generated (kWh)
Colombo Super	60.00	65,850
Piliyandala	39.44	43,610
Anuradhapura Super	36.54	42,630
Thissamaharama	20.00	22,550
Wellawatte Super	30.55	34,430
Narahenpita	28.00	31,430
Kalutara	32.00	36,810
Negombo Super	42.24	48,060
Wattala	46.00	48,900
Matara Super	32.00	34,590
Galle Super	39.59	43,410
Gampaha Super	22.47	25,480
Attidiya	33.80	37,040
Maharagama	23.10	25,870
Kurunegala Super	37.40	44,860
Katugastota	25.30	27,350
Panadura Super	38.18	43,090
Alawwa	31.00	31,770
Rathmalana	12.70	13,520
Deniyaya	20.00	21,700
Borella	48.00	54,940
Kandy Metro	30.00	33,100
Panchikawatte	23.60	29,640
Nugegoda	40.00	8,850
Hendala	20.00	4,230
Old Moor	24.80	CEB commissioning is in progress
Total	**836.71**	**853,710**

Energy Consumption for the Year 2025

GRI 302-1

	Energy Consumption Sources: Renewable and Non-Renewable	
	Electricity	Solar Power
Consumption	11,860 GJ (Head office)	No
Sold	No	No
Reductions/Savings	-	853,710 kWh
Using any standards/methodology and assumptions used	: No	
Using any conversion rates	: No	
Energy used outside of the organisation	: No	

Over the past several years, the Bank has reported its energy intensity based on energy consumption per employee. Given that a substantial proportion of the Bank's total energy consumption is attributable to electricity use and in line with industry's best practices for commercial buildings, the Bank enhanced its reporting methodology during the year by disclosing energy intensity based on electricity consumption per unit of floor area. This transition enables a more industry-aligned and meaningful assessment of the Bank's operational energy performance.

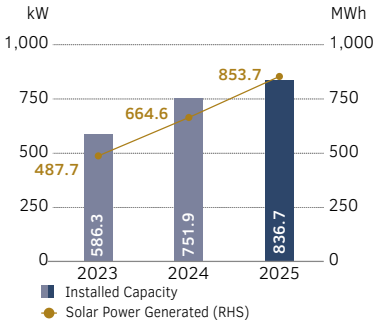
GRI 302-4

Energy Consumption - Head Office	2025	2024	2023	YoY Change	
				2024 to 2025	2023 to 2024
Electricity consumption (GJ)	11,860	12,579	12,117	(5.72%)	3.81%

26
Branches with rooftop solar as at end 2025

Rs 16.5 Mn
Invested in installation of solar panels

Electricity Saving through Solar Power Generation



GHG Emissions Management

GRI 305-1,2,3,4,5

Since 2013, the Bank has continuously made it a priority to track, calculate and report its Greenhouse Gas (GHG) emissions. Through the analysis and tracking of data, it has enabled the Bank to refine its operations and adopt more sustainable practices, resulting in measurable reduction in GHG emissions year-on-year.

The GHG emission calculation for 2025 was conducted internally for the first-time in accordance with ISO 14064-1:2018 and verification was done by Sri Lanka Climate Fund for the second consecutive year.

Carbon Footprint Calculation

Assessment Type
Organisational Greenhouse Gas Assessment

Applied Standards
ISO 14064-1:2018, Sixth Assessment Report (AR6) of IPCC, 2023 Refinement

The Greenhouse Gas Protocol
A Corporate Accounting and Reporting Standard (Revised edition), WRI/WBCSD

Reporting Period
1st January 2025 - 31st December 2025

Base Year
2025

Scope 1 and 2	GHG Emissions (Metric tons (t) CO_2-e) in 2025				
	CO_2	N_2O	CH_4	HFC	Total Emissions
Direct GHG Emissions (Scope 1)	991	12	9	57	1,069
Indirect GHG Emissions (Scope 2)	5,694	-	-	-	5,694
Total GHG Emissions (Metric tons (t) CO_2-e)	6,685	12	9	57	6,763
GHG Emissions (Per employee)					1.38

Scope 1 and 2	2025	2024	2023	YoY Change	
				2024 to 2025	2023 to 2024
Total GHG Emissions (Metric tons (t) CO_2-e)	6,763	6,703	7,591	0.89%	(11.69%)

In preparation for the disclosure of Scope 3 emissions in 2027, the Bank made significant progress during the year in strengthening its value chain emissions accounting framework. In addition to becoming a signatory to PCAF, the Bank expanded its Scope 3 emissions coverage to ensure a more comprehensive representation of its value chain emissions profile. Newly incorporated categories during the year include purchased goods and services, capital goods, fuel and energy related activities, and waste generated in operations. As a result, the quantified Scope 3 emissions for the year 2025 amounted to 6,313 Metric tons (t) CO_2-e.

NATURAL CAPITAL

GRI 305-1,2,4



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

Sampath Bank PLC

No.110, Sir James Peiris Mawatha, Colombo 02, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No	: SLCF/CFP/0476
Date of Issue	: 27.01.2026
Period of Assessment	: 01.01.2025 – 31.12.2025
Selected Boundary	: Operationally controlled business operations of Sampath Bank PLC (Including Head office and 229 branches)
Direct GHG Emissions	: 1,069 tonnes of CO_2 equivalent
Indirect GHG Emissions	: 12,006 tonnes of CO_2 equivalent
Total GHG Emissions	**: 13,075 tonnes of CO_2 equivalent**
Scope 1 Direct GHG Emissions	: 1,069 tonnes of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions	: 5,694 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions	: 6,313 tonnes of CO_2 equivalent

ISO/IEC 17029 and ISO 14065 VVB 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

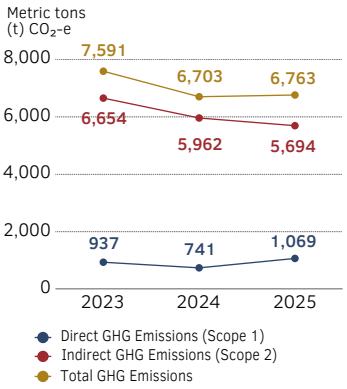
Validity Period of the certificate: 27.01.2026 – 31.03.2027

Exclusions: GHG emissions related to Upstream Leased Assets and Investments.

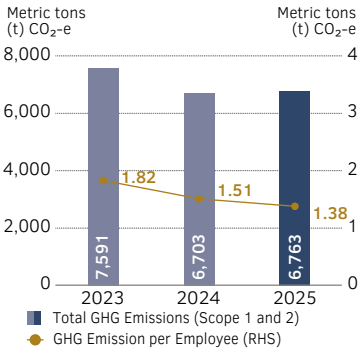
*Materiality threshold is below 5%, **GHG emissions have been reported in accordance with GHG Protocol

Certificate of GHG verification (Scope 1 and 2)

Scope-wise GHG Emissions (Scope 1 and 2)



GHG Emissions and Emissions per Employee (Scope 1 and 2)



Material Management

Material management comprises three key aspects, responsible procurement, responsible consumption and responsible innovation.

Effective management of materials is a critical component of the Bank's EMS implemented in accordance with ISO 14001:2015. As a financial institution, regulatory and operational requirements necessitate the use of resources such as paper, single-use plastics, chemicals, electronic equipment and packaging materials. However, ISO 14001:2015 EMS provides a structured framework to minimise environmental impacts through responsible usage, efficient procurement, and proper disposal of these materials. By adopting paperless initiatives such as digital account opening, slip-less banking, and online platforms like Sampath Vishwa, the Bank significantly reduces paper consumption. Furthermore, guidelines established under the EMS ensure the efficient use and management of resources such as A4 papers, LED bulbs, PET bottles and polythene while promoting recycling and safe disposal practices. This approach not only supports compliance with environmental standards but also reinforces the Bank's commitment to sustainability and cost-effectiveness.

Responsible Procurement

GRI 3-3/308-1,2

The Bank seeks to procure goods and services at the right quality, right source, right time, right quantity and right price. Accordingly, the Bank has established a supplier rating scheme to evaluate and rank new suppliers based on their adherence to environmental, social and

Leading the Way in Climate Accounting

As part of our long-term commitment to environmental stewardship, the Bank has taken a significant step forward by partnering with PCAF (Partnership for Carbon Accounting Financials) during the year to initiate the quantification of Financed Emissions across our advance portfolio strengthening our approach to climate-related risk management and sustainable financing. By adopting the globally recognised PCAF methodology and pursuing signatory status, the Bank positions itself at the forefront of climate accountability within Sri Lanka's financial landscape.



This milestone not only ensures regulatory readiness but also enhances investor confidence, strengthens our ESG aspects and enables strategic alignment with global climate targets, including the Paris Agreement. This also empowers our customers, particularly in climate-sensitive sectors, to better understand their environmental impact and access future-focused sustainable solutions.

ESG Criteria Integrated into Procurement Process

Environment

- Having an ESG Policy
- Good practices on energy, water, material and waste management
- Investments in environmental conservation

Social

- Policies for health and well-being of employees
- Availability of grievances handling mechanism
- Compliance with social standards
- Contribution for community development activities

Governance

- Organisational structure to oversee the environment and social implementations
- Ethical and fair trading
- ESG Risk Management practices
- Policies for anti-bribery and anti-corruption
- Availability of transparent reporting structure

governance criteria. Once a supplier is registered, the Bank implements standard supply management processes, including quality management, risk management and performance management to ensure suppliers consistently meet required standards. Suppliers are regularly assessed based on their performance, adherence to contract terms and ability to mitigate risks, ensuring long-term, reliable partnerships aligned with the Bank's objectives. The Logistics, Engineering, Marketing and IT EDP Departments ensure compliance with the criteria through environment, social and governance due diligence.

75 | 100%

New suppliers screened for ESG considerations

Responsible Consumption

The Bank has implemented several initiatives to optimise paper usage and enhance material management through digital solutions. A key component of Bank's strategy is the Digitalisation Agenda, which focuses on transforming the Bank into a world-class digital financial institution. This agenda emphasises the development of digital banking solutions and robust digital infrastructure to expand the Bank's reach and improve service efficiency. The digital transformation supports the transformation to a paperless office which enabled a reduction in paper consumption and reduction in consumables. Initiatives such as Slipless Banking App, WePay and Touchless Cash Withdrawals from ATMs have been implemented to encourage customers to move to paperless transactions which reduce the use of paper.

In terms of material management, the Bank offers a comprehensive Cash Management Solution aimed at efficiently managing corporate cash flows. This solution reduces processing costs and saves time by streamlining cash handling processes, thereby contributing to more effective material management.

Through these efforts, the Bank demonstrates its commitment to environmental sustainability and operational efficiency by reducing reliance on paper and optimising material management processes.

Responsible Innovations

In 2025, the Bank continued its journey of responsible innovation by embedding advanced digital technologies and process automation across our operations. These initiatives were designed not only to enhance efficiency but also to deliver sustainable value to all stakeholders.

Through the integration of cutting-edge solutions we streamlined workflows, minimised manual intervention and reduced operational costs. This transformation has significantly improved turnaround times, strengthened risk management and elevated customer experience by enabling faster, more personalised services.

Our commitment to responsible innovation extends beyond operational efficiency. By digitalising processes, we have reduced paper usage and optimised resource consumption, contributing to our sustainability goals. Furthermore, these advancements have empowered us to adapt to evolving market dynamics, broaden financial inclusion and maintain resilience in a rapidly changing environment.

As we move forward, the Bank remains focused on leveraging technology, responsibly balancing innovation with ethical practices, data security and environmental stewardship. This approach ensures that our digital transformation journey continues to set industry benchmarks while aligning with our vision of creating long-term sustainable value. Refer to Intellectual Capital on pages 124 to 130 and Social and Relationship Capital (Customer) on pages 143 to 150.

Waste Management

The Bank is conscious of the impact of waste created as part of its operations and its medium-term plan is to transition to a paperless office. Accordingly, the Bank supports a circular economy and landfill reduction by properly segregating and disposing of waste responsibly. Segregation of waste enables diversion from landfills and facilitates proper recycling, which is the first step towards responsible waste management. To support this, three colour-coded bins were provided to all branches and the head office to segregate waste at the point of generation. In order to reduce daily waste generation, an additional initiative was undertaken during the year in alignment with EMS implementation. The required equipment (scales) was provided to measure and record daily waste generation at both the head office and branches.

The Bank has registered recyclers for paper and e-waste to facilitate diversion from landfills and collaborates with the respective local authorities for disposal of food waste and other waste.

Type of Waste	Partner
Paper	Neptune Papers (Pvt) Limited
E-waste	Infinity Green International (Pvt) Limited N S Green Links Lanka (Pvt) Limited
Plastic and Polythene	Eco Wave (Pvt) Limited
Food waste and other	Animal feeding and respective local authorities

Saving from Paper Recycling

- **541** Trees
- **55,849** litres of Oil
- **1,011,335** litres of Water
- **127,292** kWh of Electricity
- **95** m^3 of Landfill
- Reduced GHG emissions by **31,823** kg of CO_2 equivalent

Saving from Digital Products (Slipless Banking and CRMs/CDMs)

- **2,152** Trees
- **222,150** litres of Oil
- **4,022,744** litres of Water
- **506,324** kWh of Electricity
- **380** m^3 of Landfill
- Reduced GHG emissions by **126,581** kg of CO_2 equivalent

Note: Figures confirmed by Neptune Papers (Pvt) Limited

Recycled Waste at Head Office

	2025	2024
Paper (kg)	31,823	37,629
E-waste (kg)	47,205	33,358

Testimonial

Responsible E-Waste Management with Sampath Bank

As a leading responsible e-waste and plastic recycling solution provider in Sri Lanka, we, at Infinity Green International (Pvt) Ltd, value the strategic partnership we have built with Sampath Bank over the years, through our shared commitment to responsible e-waste management and resource recovery.



Handing over of the e-waste recycling carbon savings certificate

Established in 2019, we operate Sri Lanka's only fully automated copper wire recycling facility. Our operations are licensed by the Central Environmental Authority and the Basel Convention, while also aligning with ISO 9001:2015 Quality Management Systems and ISO 14001:2015 Environmental Management Systems certifications.

Our collaboration with Sampath Bank is built on open communication, professionalism and a shared vision for sustainability. We provide specialised support for collecting, segregating and processing Sampath Bank's e-waste which includes computers, batteries, bulbs and cartridges. By leveraging advanced recycling technologies, we recover valuable materials for reuse while responsibly exporting other components to approved facilities in South Korea and Japan.

This partnership enables Sampath Bank to track and report carbon savings achieved through responsible recycling while also reinforcing the Bank's leadership in environmental responsibility within Sri Lanka's banking industry. We deeply value the trust Sampath Bank has placed in us and look forward to supporting its ongoing commitment to sustainable waste management.

Mr Sanka Samudaya
Chief Executive Officer
Infinity Green International (Pvt) Limited

Water Management

Efficient Use of Water

The Bank's water requirement is primarily for team members' utility and sanitation purposes. These needs are met through water supplied by municipal water lines. As the water used for these purposes is free from harmful substances or contaminants, it is safely discharged back into the municipal sewage system. Notable water management initiatives undertaken by the Bank include:

- Installation of motion sensors in lavatory wash basins to minimise the use of water and energy.
- Implementation of ISO 14001:2015 EMS standard to monitor water consumption of each floor (ongoing).
- Aerator taps have been installed in lunchroom and washrooms for better water optimisation.
- Water flow rate has been optimised to save water consumption.

The Bank recognises the importance of managing the country's water resources as Sri Lanka is a water stressed country withdrawing over 90% of its freshwater resources. Accordingly, the Bank has created a comprehensive programme to store rainwater and distribute the same in agricultural communities by restoring ancient tanks under the 'Wewata Jeewayak' tank restoration programme that have supported these communities over centuries. This project supports food security in the country while nurturing micro entrepreneurs and SMEs through both access to finance and technical know-how. This is more described in Social and Relationship Capital on pages 142 to 168.

Water Consumption at Head Office

	2025
Water consumption (Drinking)	662 m^3
Water consumption (Non-Drinking)	22,541 m^3





Digital awareness boards placed at the head office premises



EMS training conducted for staff engaged in supporting services and their respective service organisations

GRI 413-1

A POSITIVE IMPACT ON THE PLANET

The Bank is conscious of the need to conserve and rejuvenate our planet as there is just one Earth that we all call home. Accordingly, the Bank has a growing and diverse portfolio of projects which can be broadly categorised as follows:

Biodiversity	Knowledge Sharing	Engaging Stakeholders
A Breath to the Ocean		
Other Conservation Projects	Conferences	Customers and Communities

BIODIVERSITY

'Wewata Jeewayak' Tank Restoration Programme

'Wewata Jeewayak' is the Bank's flagship water restoration programme which focuses on a holistic restoration of tanks which is a central part of Sri Lanka's rural agricultural communities while enriching total ecosystem by giving new life to flora and fauna, thereby enriching the biodiversity.

Restoring neglected and damaged tanks brings new life to farming communities by turning arid lands into productive farmland and supporting local livelihoods. These projects are formulated as community-driven projects with the engagement of multi-stakeholders including central and local government authorities and community associations. The Bank continues to deepen the community engagement to create self-sufficient and prosperous communities with key facilities needed to drive sustainable growth. The Social and Relationship Capital report from pages 142 to 168 describes this programme more and the environmental aspects are set out here. Now in its 25th year, the project continues to grow in scope and relevance as we increase our engagement with the communities and see opportunities that can uplift them.



Multi-stakeholder discussion on the environmental and social impact of tank restoration

'A Breath to the Ocean' Oceanic Ecosystem Restoration Programme

In line with its commitment to environmental stewardship and sustainable development, the Bank launched its oceanic ecosystem restoration programme under the initiative 'A Breath to the Ocean'. This programme is designed to conserve and restore vital marine ecosystems while contributing meaningfully to the mitigation of emerging climate change impacts.

The initiative is structured around four key pillars; turtle conservation, coral reef restoration, mangrove restoration and ocean plastic reduction. These focus areas address critical threats to marine biodiversity and coastal resilience, while supporting the livelihoods and well-being of communities that depend on healthy ocean ecosystems. By giving breath back to the ocean, the Bank aims to promote nature-based solutions that enhance climate resilience, protect biodiversity and reduce environmental degradation. The programme reflects the Bank's role as a responsible financial institution committed to long-term sustainable value creation.

During the year 2025, the Bank implemented a series of targeted initiatives under this programme, as outlined below.

1. Coral Restoration

Coral restoration programme is an environmental initiative undertaken by the Bank to contribute to oceanic biodiversity restoration identifying its significance to maintain the planet's health. Through this initiative, the Bank aims to reduce the negative impact on the climate, conserve marine habitants and get community engagement for the conservation efforts. This will enhance the biodiversity of the coast, enhance eco-tourism opportunities and improve livelihoods of the surrounding community.

Under the programme, the Bank has carried out following coral reef restoration programmes so far by transplanting live coral in concrete reef balls at the following strategically important locations in Southern, Eastern and Northern coastal areas of the country.

Year	Project	Significant Impact
2025	Phase II - Nilwella Beach, Dickwella	Placed 20 concrete reef balls on the seabed and planted live corals
	Phase II - Batheegama Beach, Dickwella	Placed 20 concrete reef balls on the seabed and planted live corals
	Phase III - Bandaramulla Beach, Mirissa	Conducted a research study on 'Assessment of Early Growth Response of Acropora muricata on Artificial Substrates in a Degraded Reef System'
		Placed 15 concrete reef balls on the seabed and planted live corals

Year	Project	Significant Impact
2024	Marble Beach, Trincomalee	Conducted an awareness session for Air Force Officers Placed 20 concrete reef balls on the seabed and planted live corals
	Phase I - Nilwella Beach, Dickwella	Placed 20 concrete reef balls on the seabed and planted live corals
2023	Dutch Bay, Trincomalee	Awareness session for the community Placed 21 concrete reef balls on the seabed and planted live corals
	Phase I - Batheegama Beach, Dickwella	Conducted an awareness session for school children and foreigners Placed 15 concrete reef balls on the seabed and planted live corals
	Phase II - Bandaramulla Beach, Mirissa	Placed 10 concrete reef balls on the seabed and planted live corals Fixing information boards
2022	Phase I - Bandaramulla Beach, Mirissa	Awareness sessions for the community on coral restoration and coral conservation Establishment of 16 Reef Polygons (New Concept)

1.1 Coral Restoration Programme at Erumaitivu-Kakkativu Seascape, Poonakary

සයුමට හුස්මක් A BREATH TO THE OCEAN

Location	Erumaitivu-Kakkativu Seascape, Poonakary
Project	The Bank partnered with International Union for Conservation of Nature and Natural Resources (IUCN) Sri Lanka to launch a new coral restoration project at the Erumaitivu-Kakkativu seascape in Kilinochchi, aimed at enhancing the conservation and sustainable use of coral reefs and associated coastal ecosystems. Implemented as a five-year initiative, the project seeks to strengthen ecosystem resilience while supporting biodiversity conservation and sustainable livelihoods in the region. The project is structured around four key objectives: » To explore and publish the natural biodiversity wealth of Erumaitivu-Kakkativu seascape as one of the least studied assemblages of coral reefs and associated coastal and marine ecosystems in the northern region in Sri Lanka. » To improve the conservation status of the Erumaitivu-Kakkativu seascape through a community led management plan and declaration as a marine Other Effective Area-based Conservation Measures (OECMs) in Sri Lanka. » To introduce and promote coral-positive livelihood opportunities including sustainable fisheries and sustainable tourism development. » To implement activities aimed at restoring degraded coral areas and promoting Erumaitivu-Kakkativu seascape as an exemplary site for coral ecosystem restoration. The initiative is led by IUCN Sri Lanka, in collaboration with key government stakeholders including the Department of Wildlife Conservation, the Department of Coast Conservation and Coastal Resource Management, Department of Fisheries and Aquatic Resources, and the Department of Forest Conservation, as well as academic partners such as the University of Ruhuna and the University of Jaffna, together with local communities. The Bank supports the project through financial contributions as a donor and through active employee volunteer participation in selected project activities. During the year, as an initial step prior to formal project commencement, an inspection visit was conducted to assess the landscape and gain a comprehensive understanding of the project area. This was complemented by a stakeholder engagement meeting involving Bank representatives and IUCN officials. Following the inspection visit, the Memorandum of Understanding was formally signed at the Bank's head office premises in line with World Environment Day celebrations, marking the official commencement of the project. Subsequently, the initial funding disbursement was released to support as agreed for restoration activities.
Partnerships	International Union for Conservation of Nature and Natural Resources (IUCN)





Initial inspection visit to Erumaitivu – Kakkativu seascape

1.2 Coral Restoration Programme at Batheegama Beach and Nilwella Beach, Dickwella

Location	Batheegama Beach, Dickwella and Nilwella Beach, Dickwella
Project	Having seen the success of the coral restoration programmes carried out at Batheegama Beach and Nilwella Beach, Dickwella, the community of the area requested to expand the restored sites by placing additional reef balls. As per the recommendation received from Professor Terney Pradeep Kumara, it was recommended to place additional reef balls to expand the coral reefs. After having discussion with respective volunteers in the area, it was decided to execute the coral reef restoration programme at Batheegama Beach, Dickwella and Nilwella Beach, Dickwella by placing 20 concrete reef balls at each location during the year.
Partnerships	The Department of Wildlife Conservation, divers' associations, hoteliers and the community



Preparation of reef balls with community engagement

1.3 Coral Restoration Programme at Weligama Beach, Weligama

Location	Weligama Beach, Weligama
Project	As the Bank's next coral restoration initiative, Weligama Beach was selected with the objective of restoring coral reefs, enhancing marine biodiversity and promoting sustainable coastal ecosystems. To support effective implementation, the Bank partnered with key stakeholders including the Department of Wildlife Conservation, the Marine Environment Protection Authority (MEPA), the Department of Coast Conservation and Coastal Resource Management, hoteliers, local diving centres and the surrounding community. During the year, an initial awareness session and preliminary stakeholder engagement meeting were conducted, laying the foundation for collaborative planning and successful implementation of the project.
Partnerships	The Department of Wildlife Conservation, The Marine Environment Protection Authority, The Department of Coast Conservation and Coastal Resource Management, hoteliers, local diving centres and the local community



Awareness session for the stakeholders by Professor Terney Pradeep Kumara

1.4 Coral Restoration Programme at Bandaramulla Beach, Mirissa

Location	Bandaramulla Beach, Mirissa
Project	Building on the success of Phase I and Phase II, Phase III of the coral restoration programme at Bandaramulla Beach, Mirissa was initiated to further enhance and expand restoration efforts. In 2024, stakeholder consultations were conducted to identify the suitable seabed areas for the placement of additional reef balls. During the year 2025, the programme was implemented by deploying 15 reef balls and transplanting live corals, carried out with the active participation of local community members and foreign volunteers.
Partnerships	The Department of Wildlife Conservation, The Marine Environment Protection Authority, The Department of Coast Conservation and Coastal Resource Management, hoteliers and the local community



Community participation in placing reef balls



Social media post on the World Oceans Day

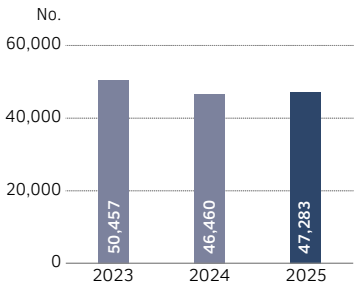
2. Turtle Conservation

The Turtle Conservation programme was initiated as part of the Breath to the Ocean programme in 2022, with the objective of protecting vulnerable sea turtles that visit Sri Lankan shores. This initiative is carried out in collaboration with the Department of Wildlife Conservation. In recent years, sea turtle population has been steadily declining due to threats such as entanglement in commercial fishing nets, habitat loss and the impacts of climate change. The programme aims to address these challenges through conservation, protection and awareness-building efforts.

2.1 Turtle Conservation Programme at Rekawa

Location	Rekawa, Tangalle
Project	The Rekawa turtle conservation programme, launched in 2022 has seen positive outcomes and remarkable progress achieved through four successful phases from 2022 to 2024: **Phase 1 -** Construction of two hatcheries and installation of four information boards, providing a safe haven for over 70,000 turtle eggs between January 2023 and March 2024. **Phase 2 -** Establishment of a dedicated education hub and enhancement of the conservation center landscape, significantly increasing tourist engagement and education. Construction of one hatchery to conserve more turtle eggs **Phase 3 -** Installation of three turtle rescue and treatment tanks, enabling care and rehabilitation for disabled turtles. **Phase 4 -** Establishment of a research center for both local and foreign researchers. **This Year Initiatives** » Established another hatchery (altogether 4 hatcheries) to provide a safe haven for turtle eggs during the season. » Provided landscaping equipment to maintain the site.
Partnerships	The Department of Wildlife Conservation

Number of Turtle Eggs Protected



2.2 Community-Based Turtle Conservation Programme at Batheegama

Location	Batheegama beach, Dickwella
Project	Following the success of the Rekawa turtle conservation programme, the Bank launched a new community-based initiative at Batheegama Beach, Dickwella in October 2025 to further support endangered turtle species and their nesting habitats. A well-attended awareness programme was conducted to educate participants on the importance of protecting endangered turtle species and preserving their nesting grounds led by Assistant Director of the Department of Wildlife Conservation (DWC), Southern province and brought together volunteers from the Batheegama community, bank officials, representatives of the DWC as well as several foreign participants, demonstrating strong local and international interest and support for the conservation effort. As part of the programme, community members are provided with practical, hands on training in turtle conservation, alongside collaborative stakeholder discussions. This approach encourages active community participation while promoting responsible eco-tourism practices in the area. **This Year Initiatives** » Establishment of a turtle hatchery to safely relocate turtle eggs when required, protecting them from predators and environmental threats. » Supply of essential equipment to the local community supported effective turtle protection activities, ensuring the sustainability and long-term impact of the project. » Installing awareness boards outlining responsible behaviour and key do's and don'ts when observing turtles. » Placed a turtle conservation pledge with a QR code for both local and foreign visitors to affirm their commitment to protecting turtles.
Partnerships	The Department of Wildlife Conservation, volunteer groups in Batheegama area



Inaugural event at Batheegama beach



Stakeholder participation in the project

3. Mangrove Restoration

Mangroves are vital coastal ecosystems that play an indispensable role in maintaining environmental stability and supporting human well-being. Acting as natural barriers, they shield shorelines from erosion, storm surges and extreme weather events, thereby protecting coastal communities. Beyond their protective function, mangroves are powerful carbon sinks, storing up to four times more carbon than terrestrial forests, making them essential allies in the fight against climate change. Their complex root systems also filter pollutants, enhance water quality and support rich biodiversity providing habitat and breeding grounds for numerous species of fish, birds and other marine life. As nurseries for many marine organisms, mangroves directly contribute to the sustainability of fisheries, thus supporting both livelihoods and food security for local communities.



3.1 'Life to Our Mangroves' Project in Anawilundawa Ramsar Wetland

Location	Anawilundawa, Puttalam
Project	The 'Life to Our Mangroves' project, implemented at the Anawilundawa Ramsar Wetland Sanctuary located along Sri Lanka's north-western coastal belt between Chilaw and Puttalam, aims to restore one hectare of degraded wetland over a five-year period from its inception in 2022. Carried out in collaboration with Biodiversity Sri Lanka, the initiative underscores the critical importance of mangrove restoration in strengthening coastal ecosystems. Focusing on the restoration of key mangrove species such as ***Bruguiera cylindrica*** and ***Rhizophora mucronata***, the project contributes to enhancing ecosystem resilience while addressing climate-related and socio-economic challenges faced by surrounding communities. **This Year Progress** » **750** nursery-raised *Avicennia marina* » **80%** survival rate since project inception
Partnerships	Biodiversity Sri Lanka, The Department of Wildlife Conservation



*Survival status of planted **Rhizophora mucronata***

3.2 Mangrove Restoration at Karamba, Kalpitiya

Location	Karamba, Kalpitiya
Project	Building on the proven success of Anawilundawa mangrove restoration initiative, the Bank expanded its conservation efforts by undertaking the restoration of an additional one hectare of degraded mangrove forest at Karamba, Kalpitiya, in collaboration with the Department of Forest Conservation (DFC). The launch of the project was marked by a full-day, field-based awareness and mangrove planting programme held at the Karamba Mangrove restoration site, bringing together Sampath team members including newly joined team members and members of the Sampath Nature Protection Club (SNaPC). The knowledge-sharing session facilitated by field experts from the DFC provided valuable insights into the critical role of mangroves in coastal protection, biodiversity conservation and climate change mitigation. The project objectives are to enhance resilience and strengthen ecosystem services, demonstrate the value of mangrove restoration in addressing the impacts of climate change by building carbon sinks, tackling socio-economic development challenges, and fostering resilience and community readiness. Showcase the value of public private partnership building in contributing towards the reduction of Sri Lanka's climate change vulnerability. Following the awareness sessions, participants took part in a hands-on mangrove planting activity at the restoration site, during which 150 mangrove saplings were planted, contributing directly to the rehabilitation of the degraded mangrove ecosystem.
Partnerships	The Department of Forest Conservation, community in the area



Awareness session for the Sampath team



Sampath team participation in mangrove sapling planting

Other Conservation Projects

Recognising the urgent need to address climate change and biodiversity loss, the Bank has prioritised reforestation projects as a key strategy to enhance ecological resilience and increase carbon sequestration, thereby reducing greenhouse gas emissions. Sri Lanka has faced significant deforestation challenges, losing over its forest cover is declining at an accelerated rate which underscores the critical importance of restoration efforts.

These conservation projects aim to enhance the biodiversity of vulnerable areas, preserving these important ecosystems for future generations.

1. 'Re-Green Earth' - Riverbank Restoration Programme in Kandy

Location	Riverbank of the Mahaweli river from Polgolla reservoir to Lewella Bridge
Project	Sasnaka Sansada has worked with the Bank for this riverbank restoration project focusing on the Kalu, Kelani, Walawe and Mahaweli rivers. Under the phase I of this initiative, a project to reduce river bank erosion and distortion along the Mahaweli river in Kandy was completed in 2025 to enhance the ecological health and stability of the riverbank. A total of 150 Kumbuk plants were planted along a 3 km stretch from Polgolla Dam to Lewella Bridge. In alignment with the tree planting programme, an awareness session on replantation and environmental sustainability was conducted for school students at Mahaweli Secondary School, Polgolla.
Partnerships	Sasnaka Sansada

2. Reforestation Programme in Embilipitiya

Location	Embilipitiya, Udawalawa
Project	The Bank launched a five-year reforestation programme in Embilipitiya, Udawalawa in 2024, in collaboration with the Department of Forest Conservation with the objective of restoring one hectare of degraded forest land and mitigating the risk of wildfires. In addition to native species restoration, the project has undertaken the planting of fruit-bearing saplings within the restoration site as a proactive measure to reduce human–wildlife conflict by discouraging wild animals from straying into nearby villages. **This Year Progress** The Bank is currently engaged with the Department of Forest Conservation on maintenance of the project. The success rate is 80% up to now.
Partnerships	The Department of Forest Conservation, Community in the area

3. 'Life to Our Forest' - Halgahawala Reforestation Programme

Location	Kanneliya, Opatha
Project	The 'Life to Our Forest' reforestation project is a long-term partnership with the Biodiversity Sri Lanka (BSL) to restore a 10-hectare block of degraded forest land located in Opatha, Halgahawala in the Galle District, adjacent to the Kanneliya Forest Reserve. Following the successful completion of the initial phase of reforested the land ended in 2022, the project has now been extended for another five-years. This continued effort will help protect native species, promote natural regeneration and contribute to the long-term sustainability of the forest ecosystem.
Partnerships	Biodiversity Sri Lanka, The Department of Forest Conservation, International Union for Conservation of Nature and Natural Resources (IUCN)

4. Reforestation Programme at Pitakanda Forest

Location	Pitakanda Forest in Matale
Project	The initiative provides significant environmental and climate benefits by helping prevent future wildfires through the development of a resilient forest canopy and improved landscape stability. It restores key ecosystem functions and enhances biodiversity by reintroducing native plant species. An initial inspection visit was conducted by bank officials together with DFC officials and signed the MoU to undertake 4-hectare of degraded land to convert as a forest.
Partnerships	The Department of Forest Conservation



MOU exchanging with the Conservator General of the Department of Forest Conservation

KNOWLEDGE SHARING

Scientific assessment plays a vital role in measuring the impacts and outcomes of projects implemented and assessing their effectiveness. Sharing such knowledge enables other researchers, scientists and other stakeholders to formulate better projects or replicate successful ones.

1. Environmental Day Commemoration in 2025

Location	The Bank's head office premises
Project	To celebrate the World Environment Day 2025, the Bank launched a series of impactful initiatives aligned with the global theme “Beat Plastic Pollution”.

» **Plastic-Free Living Fair (Switch it Green)**

An eco-market hosted at head office premises, featuring a curated selection of sustainable, reusable and plastic-free products. The event included product stalls offering alternatives to single-use plastics and other eco-friendly items. The event showcased 5 products stalls representing entrepreneurs from the Ocean Plastic Reduction Programme at Madu Ganga and natural paper making centre at Karuwalagaswewa. They sold plastic-free products, offering innovative solutions to everyday plastic dependency.



'Switch it Green' plastic-free living fair

» **MOU Signed with IUCN**

MOU signing ceremony held with IUCN on conservation of coral reef associated with Erumaitivu-Kakkativu seascape for community and ecosystem resilience.



Declaration of the 'Green Month' at the Bank

» **Employee Awareness Programme (e-flyer campaign)**

The month of June 2025 was declared as 'Green Month' and to increase employee awareness, a series of internal email flyers shared throughout the declared month. The key objectives of the programme are,

- Align corporate activities with global and national sustainability goals.
- Empower employees to actively contribute to environmental initiatives.
- Encourage lasting behavioural change through practical exposure and education.



Team members gathered for the celebration

» **Team Engagement Activities**

- Provided 100 fruit plants for randomly selected 100 employees including last 5 members who joined with Sampath family recently. This was organised by the Sampath Nature Protection Club.
- 'Ink Again' initiative - A designated drop-off point established at lunchroom area at head office to discard used pens. These pens will be sent to a selected upcycling partner and the same will be provided to a selected school as a CSR initiative. This initiative promotes responsible disposal of office stationery and raises awareness on everyday plastic waste.
- Environmental Pledge displayed to invite employees to affirm their commitment.
- Team members wore green attire to symbolise the day.
- A photo booth and decorations were set up at the head office premises using environmentally friendly materials to raise awareness about the harmful effects of single-use plastics and the importance of reducing their use to protect the environment.



Team members pledging for the Environment

The Environmental Day 2025 celebration aimed to educate, engage and empower employees while reinforcing the Bank's commitment to sustainability and supporting global efforts to beat plastic pollution.



Internal campaign

2. Scientific Assessment and Social Survey of Turtle Conservation and Coral Restoration Programmes

Location	Bandaramulla, Mirissa and Rekawa
Project	The Bank decided to conduct comprehensive research in accordance with the Global Biodiversity Framework in Mirissa Restoration site. Two undergraduates from the University of Ruhuna attached to Corporate Sustainability Department conducted an extensive research process under the guidance of Professor Terny Pradeep Kumara. Objectives of the project: » To evaluate the effectiveness of the coral restoration methods in Mirissa. » To measure the success rate of coral growth and assess the restoration progress. » To examine coral maturity and identify diseases in the restored corals. » To assess the social impact of the restoration on the local community. **Participation for the 4th International Conference of the Centre for Environmental Sustainability (ICCES 2025)** Both studies titled 'The Role of Sand Texture, Moisture, and pH in Green Turtle *(Chelonia mydas)* Nesting Site Selection at Rekawa, Sri Lanka' (conducted in 2024) and 'Assessment of Early Growth Response of *Acropora muricata* on Artificial Substrates in a Degraded Reef System' (conducted in 2025) have been chosen for presentation at the 4th International Conference of the Centre for Environmental Sustainability (ICCES 2025), organised by the Centre for Environmental Sustainability (CES) and the conference was held at the University of Peradeniya, Sri Lanka.
Partnerships	The Department of Oceanography and Marine Geology, Faculty of Fisheries and Marine Science and Technology, University of Ruhuna, The Department of Wildlife Conservation, the community in Bandaramulla and Rekawa

SCAN ME! View the research articles of ICCES 2025

3. Partnered with International Conference on Climate Change and Agriculture in Tropical Latitudes 2025

Location	The International Institute of Knowledge Management, Colombo
Project	The Bank partnered with the International Institute of Knowledge Management for CCATL 2025, an international initiative, held from 5th to 7th May 2025, in Colombo, Sri Lanka. This high-impact conference was strategically designed to address the intersecting global challenges of climate change, food insecurity and agricultural sustainability, particularly in tropical and subtropical regions. The conference theme, “Fine-Tuning the Biology and Environment to Achieve Global Food and Nutrient Security,” highlighted the need to optimise both environmental and genetic factors (E and G) to support the development of climate-resilient agriculture. The event brought together international scientists, policy experts, academics, industry leaders and students from over 30 countries. The outcomes of the conference were expected to benefit thousands globally by providing access to new research, climate adaptation technologies and actionable policy frameworks.
Partnerships	The International Institute of Knowledge Management (TIIKM), Sri Lanka

4. Inculcating Climate Responsibility through Reforestation and Education



Location	Mawathagama and Maho
Project	In 2025, the Bank continued to strengthen its commitment to climate action by expanding its reforestation and environmental education efforts under the extended ‘Gasai Mamai – Pubudu Pothai’ tree-planting initiative. This programme is built on three core objectives promoting environmental awareness, enhancing agricultural skills and supporting the Green School Concept through youth-focused engagement. During the year, Pussella Primary School in Mawathagama and Gunapala Malalasekara School in Walaswewa, Maho were selected for the programme. The Bank’s Agriculturist, together with the Sustainability team, conducted practical demonstrations on the importance of trees, proper sapling planting methods and long-term tree care. Students engaged enthusiastically in the programme, gaining an understanding of the long-term environmental, social and economic benefits of nurturing trees. A distinctive feature of this initiative is the personal responsibility assigned to each child to care for their own sapling throughout their school years. Beyond its ecological impact, the programme also supports financial inclusion. Each participating child is encouraged to save for future instilling the habit of saving from an early age while underscoring the Bank’s commitment to holistic community development.
Partnerships	Pussella Primary School in Mawathagama and Gunapala Malalasekara School in Walaswewa, Maho

5. Visit to Kanneliya Field Site by Forest Officers in Celebration of International Day of Forests 2025

Location	Kanneliya, Opatha
Project	In celebration of the International Day of Forests 2025, Biodiversity Sri Lanka, at the request of the Department of Forest Conservation, has organised a visit to the Kanneliya field site. The objective of the field visit was to showcase the success of restoration techniques adopted at the site, which are endorsed by the Forest Department as effective and impactful.
Partnerships	Biodiversity Sri Lanka, The Department of Forest Conservation

6. Participation for the Climate Ambition Accelerator 2025, UN Global Compact

Project	The Climate Ambition Accelerator 2025 is a global initiative launched by the UN Global Compact to support participating institutions in setting and achieving ambitious climate targets. The programme followed a blended learning approach combining live virtual knowledge-sharing sessions with on-demand content delivered through the UN Global Compact Academy. Through this programme the Bank was able to showcase the commitment of the Bank's low carbon transition strategy and was able to obtain the peer learning experiences. As part of the programme in recognition to Sampath Bank's active engagement and contribution to the programme, the Bank was invited by the UN Global Compact to host the official closing event. The event brought together representatives from participating institutions and key stakeholders, fostering meaningful dialogue, experience sharing and collaboration on climate action.
Engagement	UN Global Compact



'The Climate Ambition Accelerator 2025' official closing event at Sampath Bank's Head Office

ENGAGING STAKEHOLDERS

We are acutely conscious that building a sustainable future requires everyone to be involved, creating a viral effect to engage people at every level and across every value chain. A number of our conservation projects engage local communities in core activities. The projects below rely on the participation of stakeholders for continuity while the Bank supported these initiatives through formulation, gestation and stability.

1. 'Madu Sampatha' Floating Market

Project	The Bank continues to strengthen its commitment to environmental sustainability and community empowerment focused on reducing ocean plastic pollution at the Madu River Sanctuary in Balapitiya. The Bank initially partnered with Research Triangle Institute (RTI) in 2024 to establish a floating market for plastic alternatives at the Madu River. This initiative aims to: » Reduce plastic dependency in the region. » Promote viable, eco-friendly alternatives to plastic. » Create economic opportunities for underserved communities in Maduwa Island and the Balapitiya area. In 2024, RTI successfully conducted training sessions for local community members, equipping them with the knowledge and skills to participate in and benefit from this initiative. Located within the pristine Madu River Bay, a vital mangrove ecosystem that supports rich biodiversity and protects coastal communities, this project not only helps reduce plastic waste entering the ocean but also enhances the quality of life for residents. The fully pledged 'Madu Sampatha' Floating Market was officially handed over to the 'Madu Sampatha Self- Entrepreneurship Association' in a ceremonial event with the participation of Bank Officials, Neptune Papers (Pvt) Limited and Coca-Cola Beverages Sri Lanka.
Partnerships	Research Triangle Institute (RTI), Neptune Papers (Pvt) Limited, Coca-Cola Beverages Sri Lanka



'Madu Sampatha' floating market at Madu River



Plastic-free products at the floating market

2. 'Gasai Mamai – Pubudu Pothai' Tree Planting Initiative

Project

Launched in 2021, the 'Gasai Mamai - Pubudu Pothai' tree planting programme has successfully combined environmental conservation with financial literacy for school children across Sri Lanka. The programme began with the planting of fruit-bearing tree saplings at selected schools, alongside the opening of Pubudu savings accounts for participating students, with the support of our branch network and school administration.

The programme was extended beyond its initial timeline and continued through 2022, 2023 and 2024. Over the past four years, more than 21,000 fruit saplings have been planted at 288 schools island-wide, with active participation from Team Sampath, school children, teachers and parents.

This Year Initiatives

- The Bank continued to expand its efforts by implementing 25 projects.
- Among that, in partnership with 'Clean Sri Lanka', Phase I of the programme was successfully implemented in the Jaffna region, where 1,200 plants were distributed and planted across 10 schools in celebration of World Children's Day 2025.



Tree planting project by Negombo branch

Encouraged by the successful implementation of Phase I and with guidance from the Clean Sri Lanka Office, the Chief Secretariat of the Uva Province planned a large-scale expansion of the programme, with the goal of planting 5,000 fruit saplings across 100 selected schools in Uva Province. Although all preparatory arrangements were completed, the implementation had to be postponed due to the impact of Cyclone Ditwah, which affected the region in late 2025. In alignment with ongoing school renovation efforts in cyclone-affected areas, the Bank together with Clean Sri Lanka and provincial authorities now plans to implement the 5,000 sapling initiative in 2026, ensuring that the programme contributes not only to ecological restoration but also to the rebuilding and strengthening of school environments for long-term community and environmental benefit.



Fruit sapling planting with children at Jaffna

Partnerships

Ministry of Education, respective Zonal/Regional Education Offices and Schools, Department of Agriculture, Presidential Secretariat (Clean Sri Lanka National Initiative), Uva Provincial Council

3. Distribution of Plants to the Children of Sampath Team Members at 'Sampath Daru Daskam'

Project

As part of the initiative, 600 fruit plants were distributed to participants, encouraging children to actively engage in planting and nurturing trees within their home environments. The programme was designed to instil a sense of responsibility towards nature from an early age while strengthening family involvement in green initiatives.

The programme was held at the Bank's head office premises, contributed to fostering long-term environmental consciousness.



Distribution of fruit saplings to children of team members at the 'Sampath Daru Daskam' event

Future Plan - To further enhance participation and creativity, an environmental-themed competition will be conducted among children across four age categories, focusing on sustainability-related expressions through writing and drawing. Winners will be recognised, reinforcing positive behaviour and sustained interest in environmental stewardship.

Partnerships

Sampath Nature Protection Club (SNaPC)

4. Contribution to the Wildlife and Nature Protection Society of Sri Lanka

Project

The Bank contributes to national conservation by allocating Rs 5/- for every new Sampath Debit Card issued, to the Wildlife and Nature Protection Society of Sri Lanka, reinforcing its 31 years (starting from 1994) of commitment to environmental conservation.

Partnerships

Wildlife and Nature Protection Society of Sri Lanka

5. Providing Assistance to the Department of Wildlife Conservation to Conduct Wildlife Photography Competition and Exhibition 2025

Project	The Department of Wildlife Conservation organised a national-level Wildlife Photography Competition and Exhibition to promote awareness and appreciation of Sri Lanka's rich biodiversity. This initiative aimed to engage the public, especially youth and nature enthusiasts, in conservation efforts through the powerful medium of photography. The Awards Ceremony was held on 1st August 2025, followed by a public exhibition on 2nd and 3rd August 2025. The Bank supported this event by providing financial assistance to strengthen national conservation efforts, while also aiming to build stronger relationships with key conservation stakeholders and encourage collaborative efforts toward protecting the environment.
Partnerships	The Department of Wildlife Conservation



Wildlife Photography Exhibition

6. 'Nature Code – Phase I' of Green Hopes 2025 at University of Sri Jayewardenepura

Project	In collaboration with the Career Guidance Unit of the University of Sri Jayewardenepura, the Bank has launched an innovative, forward-looking initiative that adopts a more technology-integrated approach to environmental education. The project aims to transform the university's green spaces into interactive learning environments by installing QR-coded signage on trees across the university. These signs will provide instant access to educational content about each tree's species, ecological role and conservation value. This initiative is designed to: » Foster environmental awareness and eco-conscious behaviour among students and visitors. » Promote interactive and digital learning about biodiversity. » Encourage research and citizen science through accessible tree data. The project is not only a technological innovation but also a call to action for students to become green guardians, actively participating in the preservation and appreciation of their natural surroundings.
Partnerships	University of Sri Jayewardenepura



Installing QR-coded signage on trees at the University

7. Community-led Waste Management Initiative in Dickwella

Project	Sri Lanka continues to face increasing challenges in managing solid waste, particularly in regions where formal waste collection systems are limited or absent. To address this gap, Neptune Recyclers (Pvt) Limited has launched a transformative initiative grounded in circular economic principles and community empowerment. The programme focuses on establishing decentralised Material Recovery Facilities (MRFs) across key regions of the island to strengthen local recycling ecosystems and reduce environmental pollution. During the year under review, an MRF collection hub was successfully established in Dickwella in partnership with the Bank and this facility is especially impactful as it has evolved into a women-led waste management model, with 384 women in the Dickwella area actively engaged in structured waste collection and recycling networks. By providing livelihood opportunities, capacity building support and a reliable market for collected materials, the project enhances economic resilience among rural women while simultaneously strengthening local environmental stewardship. The Dickwella MRF aligns closely with the Bank's ongoing sustainability commitments in the region, complementing its coral-restoration efforts, community-based turtle conservation work and broader Ocean Plastic Reduction Initiative. Beyond the environmental benefits, the project fosters social inclusion by creating micro-enterprise opportunities and enabling stable income generation for women and youth from economically underserved communities.
Partnerships	Neptune Recyclers (Pvt) Limited, Community in the area



Handing over plastic collection bags to the MRF collection hub, Dickwella

Participation for the Finance Summit 2025

The Finance Summit 2025, organised by the Students' Association of Financial Management of University of Kelaniya, was successfully held in November at the Sunil Shantha Memorial Auditorium under the theme "Sustainable Sri Lanka: Reporting with Purpose under SLFRS S1 and S2."

The summit featured two key segments:

- CFO Forum - A platform for thought leadership and dialogue on sustainability reporting
- Launch of the 11th Edition of 'Finance Today Magazine' - Highlighting emerging trends in financial management and ESG practices.

The event brought together academics, industry professionals and undergraduates to explore the future of sustainability reporting and its role in shaping a responsible corporate Sri Lanka.

The Bank was represented by its Head of Sustainability, who contributed as a panellist in the CFO Forum. Our active participation underscores the Bank's commitment to advancing sustainability practices and fostering dialogue on responsible corporate governance.



The panel discussion

Eco-Friendly Initiative at Colombo International Book Fair 2025

Promoting the importance of transitioning to eco-friendly lifestyles and sustainable materials, the Bank encouraged visitors to embrace eco-friendly practices at the Colombo International Book Fair 2025 by providing biodegradable, eco-friendly bags for carrying books.

This initiative reflects the Bank's ongoing low carbon transition journey and its commitment to helping customers embrace a low carbon economy. The campaign was offered free of charge to both new and existing WePay customers, reinforcing our dedication to sustainability and customer value.

Through this effort, the Bank continues to lead by example in promoting environmentally responsible practices and supporting the nation's shift towards a greener future.



Promotional campaign on provisioning of free biodegradable bags

Sponsorship for the 10th Anniversary Celebration of Biodiversity Sri Lanka

As part of our ongoing commitment to sustainability and environmental responsibility, the Bank partnered with BSL as a Gold Sponsor for its landmark 10th Anniversary Celebration, held on 26th September 2025 at Cinnamon Life under the theme of "LIFE 2025 - Business for Biodiversity: Charting the Next Decade."

The event served as a dynamic platform for knowledge exchange and policy dialogue, bringing together business leaders, academics, policymakers and conservationists to explore actionable strategies for integrating biodiversity into business practices.

Key technical topics addressed through panel discussions included;

- Circular solutions
- Science, policy, and partnerships for ecosystem restoration
- Harnessing nature to transform business strategy
- Smart tourism
- Cultivating biodiversity in agriculture and plantations
- Pathway to align business to nature

Through this sponsorship, the Bank reaffirmed its role as a responsible corporate citizen, advocating for climate resilience and sustainable business models that protect biodiversity and foster long-term environmental stewardship. This initiative also strengthened partnerships with both private and public institutions.

In a symbolic gesture of our commitment to environmental conservation, the Bank presented the sponsorship cheque crafted entirely from recycled paper, handed over by our Chief Human Resources Transformation Officer at the pre-event conference.



Handing over of sponsorship cheque

PLANS FOR 2026 AND BEYOND

Short Term

- Set Targets for key metrics.
- Enhance Scope 3 Emissions measurement and reporting.
- ESG rating for lending portfolios of the Bank.
- Customer engagement towards Low Carbon Transition.

Medium Term

- Move to scenario analysis for climate and other sustainability related risks and opportunities.
- Improve business resilience through improved sustainability risk management.
- Enhance solutions to support an accelerated transition to a low carbon economy.
- Invest in nature-based solutions, including mangrove and forest restoration initiatives.

Long Term

- Develop a low carbon transition strategy for the Bank.
- Inclusion in ESG indices.

BUSINESS REPORTS

SME and Retail Banking | 192
Corporate Banking | 202
Treasury | 209

Performance of Subsidiaries | 212



BUSINESS REPORTS

SME AND RETAIL BANKING

SME and Retail Banking fulfils the diverse needs of small and medium scale businesses as well as individuals across all income segments by delivering a comprehensive suite of financial propositions and future-focused digital solutions.

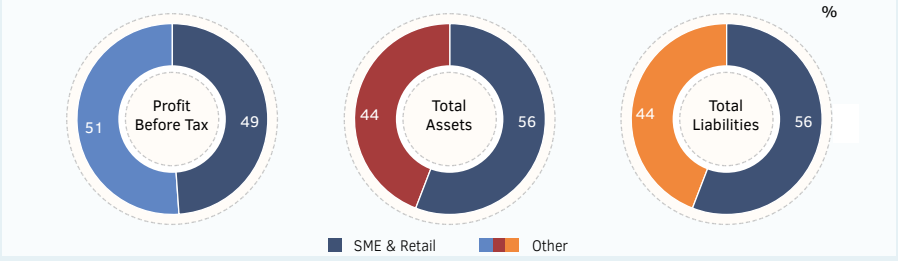
Performance Highlights in 2025

Segment Profit Before Tax
Rs 44 Bn
2024: Rs 46 Bn

Segment Assets
Rs 1,671 Bn
2024: Rs 1,499 Bn

Segment Liabilities
Rs 1,636 Bn
2024: Rs 1,463 Bn

Segment Performance



What differentiates us

- Customer-centric value propositions
- Innovative future-ready banking solutions
- A strong island-wide presence

OPERATING CONTEXT

Stable price conditions, accommodative monetary policy, and a resilient external sector contributed to progressive improvement in business sentiment and expansion in economic activity in 2025. Accordingly, private sector demand for credit gradually increased as businesses pursued measured growth. The removal of restrictions on vehicle imports and elevated gold prices presented opportunities for leasing and gold loan portfolio expansion, respectively. Meanwhile, market lending interest rates continued to trend downward in line with CBSL's accommodative monetary policy.

Inflows from workers' remittances remained strong, recording a significant expansion in 2025 when compared to 2024. The highest volumes of workers' remittances were received from the Gulf Cooperation Council (GCC) region, Israel and Australia.



Utilisation of digital channels for financial transactions continued to gain momentum in 2025 underpinned by the collective efforts of the GoSL, CBSL, FinTechs and financial institutions. Accordingly, the daily volume of digital transactions increased by 23% as at end-December 2025. Concurrently, CBSL implemented proactive policy measures to strengthen financial consumer protection, enhance digital payment security and promote public awareness as financial fraud incidents and cybersecurity threats recorded an increase.

2025 also saw the introduction of CBSL's Sustainable Finance Roadmap 2.0, which strives to provide a clear, operational and realistic framework to support financial institutions in scaling up their contributions towards Sri Lanka's environmental and social goals.

STRATEGY

Strategic Highlights in 2025

1 **Launched Sampath Bank Private Banking**

An exclusive, bespoke value proposition tailored to fulfil the unique needs of affluent customers.

2 **Introduced Exclusive Life Lead Partnership**

Integrated life insurance offerings through an exclusive 15-year strategic partnership with Union Assurance.

3 **Established Transaction Banking as a Distinct Business Vertical**

To deliver swifter, secure and tailored solutions for cash management and trade finance to corporates and SMEs.

4 **Enhanced Service Quality to the SME Sector**

Improved service delivery to SMEs placing emphasis on deepening engagement, reducing turnaround time and offering competitive pricing.

SME and Retail Lending

- Enhanced service delivery through focused initiatives to deepen engagement, reduce turnaround time and offer competitive pricing.
- Established strategic partnerships to drive growth in leasing.
- Centralisation of collections to strengthen portfolio monitoring and repayment.
- Focused initiatives to promote decarbonisation and drive financial inclusion.

Deposits

- Revamped multiple deposit products to enhance customer value while ensuring efficient funding cost management.
- Collaborated with state schools and hospitals to instil a savings culture and drive deposit growth across communities.
- Accessed large, stable deposits through an institutional focus and introduced Private Banking for high-net-worth clients.
- Rolled out tailored banking solutions to deliver superior experience for salaried professionals in leading corporate organisations.

Credit Cards and Digital Payment Solutions

- Broadened payment options for customers through the introduction of innovative digital payment solutions.
- Delivered enhanced value propositions to credit card holders and the merchant network.

Remittances

- Expanded partnerships with FinTechs to facilitate convenience and instant remittance transfers.
- Maintained a diversified mix of remittance partners to facilitate convenience for remitters and beneficiaries.
- Conducted financial literacy programmes for Sri Lankans migrating abroad for work.

Digitalisation and Advanced Data Analytics

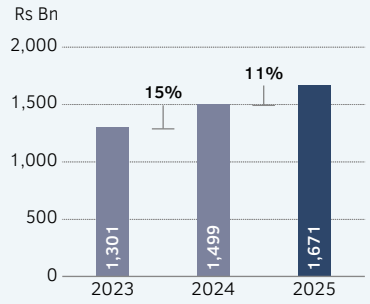
Digitalisation and advanced data analytics underpinned performance across all business verticals, enabling deeper customer integration, personalised value propositions, enhanced customer experiences and operational efficiency through the streamlining of internal processes.

DELIVERING RESULTS

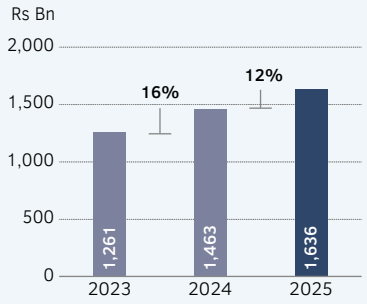
	2025 Rs Mn	2024 Rs Mn	Change %
Net interest income	53,705	51,371	4.5
Net fee and commission income	17,333	14,587	18.8
Net other operating income	2,344	2,299	2.0
Inter-segment income	239	414	(42.3)
Total operating income	73,621	68,671	7.2
Less: Impairment charge/(reversal)	1,131	(97)	1,266.0
Net operating income	72,490	68,768	5.4
Less: Total operating expenses	28,025	22,781	23.0
Operating profit before tax	44,466	45,987	(3.3)
Segment assets	1,671,195	1,499,480	11.5
Segment liabilities	1,636,011	1,462,722	11.8

Note: The segment assets, liabilities, income, and expenses figures mentioned above include inter-segment balances.

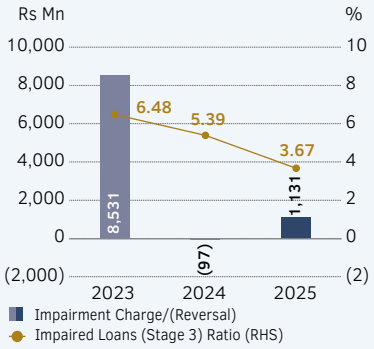
SME & Retail Assets



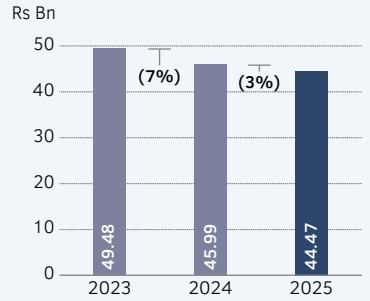
SME & Retail Liabilities



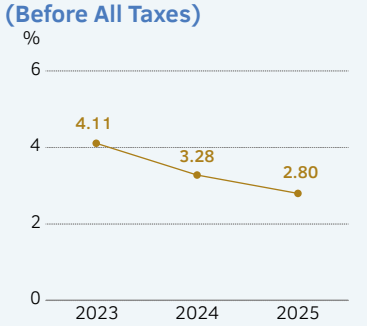
SME & Retail Asset Quality Trends



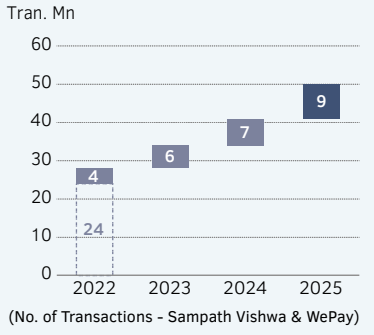
SME & Retail Profit Before Tax



SME & Retail Return on Assets (Before All Taxes)



Digital Transaction Volume Growth

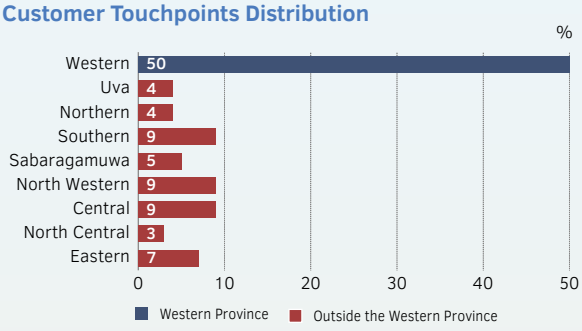


Supporting Inclusive Growth

GRI 2-6

Facilitating Financial Accessibility

Customer Touchpoints Distribution

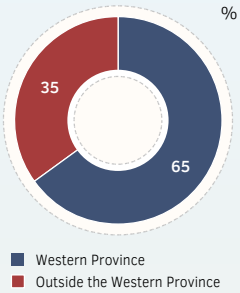


Driving Digital Financial Inclusion

35%

of digital transactions originated outside the Western Province

- Promoted merchant acceptance of mini-POS.
- FinTech partnerships to enhance services to Sri Lankans working abroad and their families.



A Suite of Products that Fulfils the Needs of Every Income Level Across All Life Stages

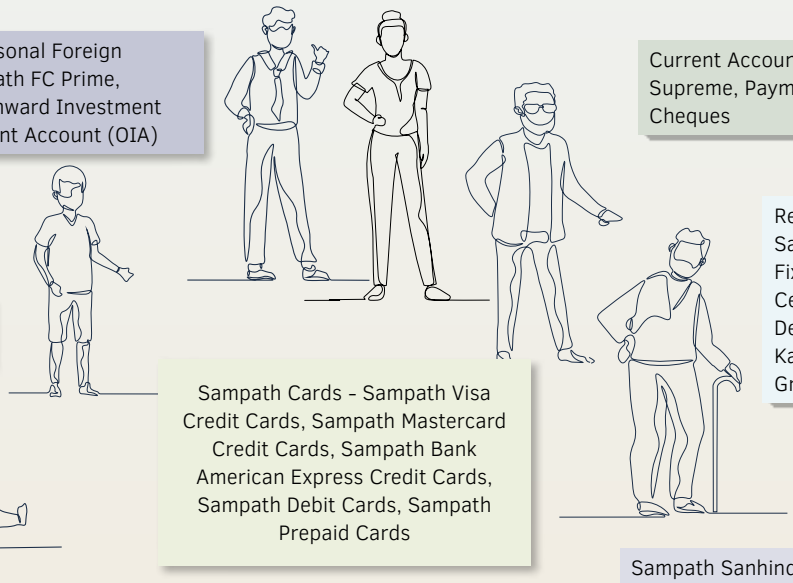
Sampath Leasing, Sampath Randiriya, Gold Loan

Housing Loans - Sampath Sevana, Sampath Dayada, Foreign Currency Housing Loan

Personal Loans - Sampath Samachara, Professional, Special Loan for Government Medical Officers, Sampath Study Smart, Sampath Select, Cash Margin Loan

Savings Accounts - Sampath Dream Planner, Money Market Account, Ladies 1st, Sampath Double S, Sampath Hit Saver, Sampath Professional, Professional Plus

Foreign Currency Accounts - Personal Foreign Currency Account (PFCA), Sampath FC Prime, Sampath Expat Account (SEA), Inward Investment Account (IIA), Outward Investment Account (OIA)



Current Accounts - General, Supreme, Payment Guaranteed Cheques

Regular Deposits - Sampath ODFD, Fixed Deposits, Certificate of Deposit, Sampath Kalin Cash, Sampath Green FD

Sampath X SET Account

Sampath Cards - Sampath Visa Credit Cards, Sampath Mastercard Credit Cards, Sampath Bank American Express Credit Cards, Sampath Debit Cards, Sampath Prepaid Cards

Sampath Pubudu and Sapiri

Sampath Sanhinda Saver Account

Sampath Sanhinda FD

Capacity Building

Engaged in numerous capacity building initiatives to strengthen financial literacy and technical skills.

992
No. of SME related training hours

50
No. of dedicated SME relationship managers appointed

Empowering Female Entrepreneurs

Sampath Savi Liya

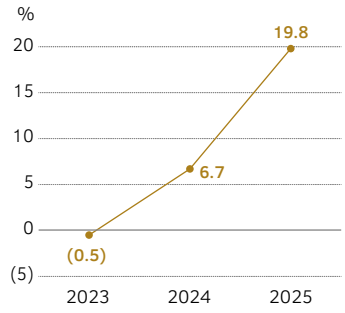
Rs 285 Mn
Disbursed in 2025

Over 200
Women entrepreneurs mentored to achieve their business goals

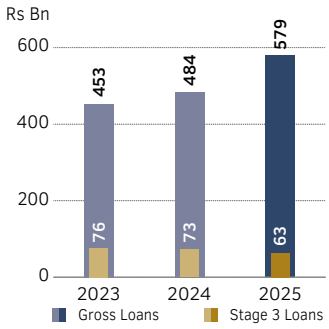
SME AND RETAIL LENDING

Performance in 2025

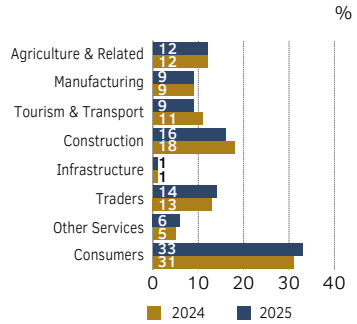
SME & Retail Loan Portfolio Growth



SME & Retail Gross Loans & Stage 3 Loans



SME & Retail Sector-wise Loan Portfolio (Gross) Composition



SME and retail lending delivered strong performance in 2025. Gross lending portfolio expanded by 19.8% underpinned by improving business sentiment and an enhanced customer experience driven by strategic initiatives focused on improving service delivery to the SME sector. Impairment charge increased to Rs 1,131 Mn in 2025, driven mainly by higher collective impairment linked to portfolio growth.

Cognisant of its significant potential, the Bank recognised the SME sector as a key growth focus in its strategic transformation. Accordingly, through dedicated SME lending teams, we focused on deepening engagement with businesses in the sector to deliver holistic solutions that were customised to fulfil specific needs. We also placed emphasis on improving the speed of service delivery through digitalisation while offering competitive pricing underpinned by RAROC System (Please refer to Social and Relationship Capital on pages 142 to 168 for more information). These efforts proved favourable as the Bank's SME lending portfolio expanded in 2025 with focused lending to wholesale and retail trade, manufacturing, tourism and agriculture sectors.

Underpinned by the resumption of vehicle imports, the Bank's leasing portfolio expanded by 105% in 2025. We entered into several strategic partnerships with authorised dealers and vehicle importers and engaged in promotional activities including motor shows to drive growth.

Sampath Bank entered into strategic partnerships with two property developers to drive expansion in housing loans. Accordingly, the Bank has introduced a Zero Equity Plan in collaboration with Home Lands Skyline (Pvt) Limited and Prime Lands (Pvt) Limited, enabling eligible individuals to purchase a home without an initial deposit. Furthermore, the Bank appointed a dedicated legal officer to assist customers with legal matters associated with purchasing apartments. These efforts contributed to an 8% expansion in Sampath Bank's housing loan portfolio in 2025.

Centralised collections has enhanced portfolio monitoring and proactive identification of distressed businesses enabling swift corrective action.

Digitalisation was a key driver in enhancing the customer experience in 2025. To serve the specific needs of SMEs, we introduced 19 specialised features customised to the requirements of SMEs to Sampath Vishwa Corporate. This included tools for accounting and virtual invoicing. Furthermore, digitalisation and the introduction of a range of digital tools enabled us to streamline and standardise numerous internal processes enabling significant operational efficiencies and reduced turnaround time.

Ongoing focus on strengthening financial literacy among small and medium scale entrepreneurs led to numerous capacity building initiatives in 2025. Training programmes focussed on financial literacy, women startup development and agri-entrepreneurship were conducted in 2025, strengthening the skills and competencies. Meanwhile, 'Saviliya', a lending product designed specifically to empower female entrepreneurs continued to gain traction.

> **In 2025, digitalisation enhanced customer experience, and to meet SME needs we introduced 19 specialised features within Sampath Vishwa Corporate, tailored specifically for SMEs.**

PRIVATE BANKING

Highlights in 2025

- 7 Private banking units established
- 6 Innovative service channels introduced

The launch of Sampath Bank Private Banking in 2025 as part of our strategic roll-out, enabled the introduction of an exclusive, personalised value-driven proposition focused on the affluent and emerging wealth segments.

Our private banking value proposition thoughtfully blends bespoke wealth management solutions and exclusive privileges with highly personalised service delivery. This comprehensive solution is delivered through dedicated relationship managers, and exclusive engagement channels which include appointment banking, door-step banking, and call banking services. Private banking customers also have access to an exclusive, bespoke, vertical debit card which features a premium design and enhanced lifestyle privileges (Please refer to Social and Relationship Capital on pages 142 to 168 for more information). To support a seamless customer journey across in-person and digital channels, the Bank also enhanced the Sampath Vishwa Mobile App for private banking customers. This included the introduction of features to support appointment scheduling, the initiation of essential banking transactions and service requests.

To differentiate our value proposition in a highly competitive landscape, we adopted a regional approach to establishing our private banking footprint. Accordingly, we established seven private banking units in 2025 with four located outside the capital of Colombo. This enabled us to engage previously underserved High-Net-Worth Individuals (HNI) and affluent customers who possess the financial capacity for premium offerings but have limited prior exposure.

Furthermore, entry thresholds for Sampath Bank's private banking proposition were established well above market, to reflect our commitment to serving a truly high-net-worth clientele. The Bank enhanced its core banking system to ensure seamless customer segmentation and consistent recognition across all touchpoints. To strengthen convenience, two premium services were introduced: Call Banking, allowing clients to instruct transactions such as fund transfers, cheque book requests, and bill payments via their Relationship Manager or hotline; and Banking at Your Doorstep, enabling secure cash deposits and withdrawals directly from clients' homes or offices.

To elevate brand presence and enhance top-of-the-mind recall, Sampath Bank private banking engaged in numerous strategic brand building initiatives in 2025. These included partnerships with the Entrepreneurs' Organisation for strategic collaboration and exclusive financial solutions, title sponsorship at the Ceylon Golf League, and exclusive banking partner sponsorship at the 'Mercedes-Benz Fashion Week' and Women's Chamber of Industry and Commerce (WCIC) 'Ramp Up 2025 Fashion Show'.

Testament to the strength and relevance of our private banking value proposition, Sampath Bank private banking gained strong acceptance in the market within its first year. The onboarding of new-to-bank customers accelerated deposits portfolio growth, reinforcing our competitive position within the industry.

TRANSACTION BANKING

Highlights in 2025

- 56 No. of APIs deployed to enable payment services
- Strategic collaboration with the Central Depository System

Aligned with the implementation of EvolveX, the Bank established transaction banking as a distinct business vertical in 2025, to strengthen its position as a comprehensive financial solutions provider to the corporate and SME sectors. Accordingly, transaction banking focused on increasing wallet share and strengthening retention of existing customers alongside new customer acquisitions, by delivering swift, secure and personalised cash management, trade finance and liquidity management solutions to support day-to-day operations.

Given that technology and system integration lies at the core of transaction banking service excellence, Sampath Bank introduced an industry-leading standardised API platform in 2025, enabling the seamless integration of customer ERP systems with its core banking system. Our API platform offers over 50 ready-to-integrate APIs enabling flexibility and customisation based on business needs, while the standardised platform architecture reduces development timelines and simplifies customer onboarding enabling swifter adoption and integration.

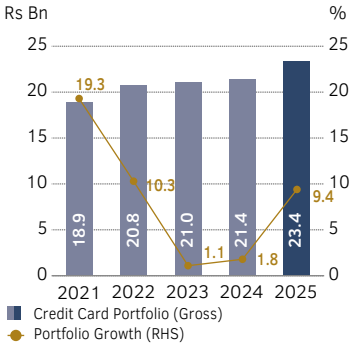
We also introduced two new digital journeys End-to-End (E2E) with real time processing to Sampath Vishwa Corporate in 2025. The cash management digital journey automated the end-to-end cash management value proposition with features including cash collections viewing, online requests for cash delivery, dividend solutions and bulk cheque printing. Meanwhile, the corporate credit card digital journey enabled customers to view and settle credit card dues, pay utilities, and download individual transaction and summary reports among others.

The transaction banking team engages closely with corporate and SME lending units across head office, regional offices and strategic branches to integrate tailored transaction banking propositions into bundled solutions that fulfil the broad ranging financial needs of corporate and SME customers.

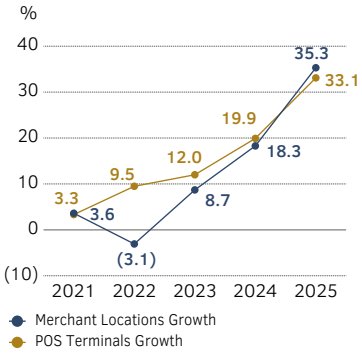
CREDIT CARDS AND DIGITAL PAYMENT SOLUTIONS

Performance in 2025

Credit Card Portfolio



Card Merchant Base Growth



2
New digital payment solutions introduced in 2025

136,243
Digital transactions per day for 2025 (Vishwa & WePay)

The Card Centre delivered strong performance in 2025 underpinned by the growing acceptance of digital payment methods within the community and increased consumer spend.

During the year under review, we placed emphasis on providing a diverse range of innovative and secure digital payment options to support the rise in digital payment adoption among businesses and consumers. In 2025, the Bank introduced 'Visa Cybersource', a payment gateway designed specifically to support the payment needs of e-commerce businesses while also launching 'Alipay+', in partnership with Bancstac, a global payments technology company. This strengthened the Bank's existing collaboration with Ant International for Alipay by facilitating payment acceptance from consumers in China and consumers of partner wallets from numerous ASEAN countries, Pakistan, and the EU among others.

To expand acceptance of credit card payments, we continued to promote the use of the mini-POS among small and medium scale merchants through awareness programmes conducted in Embilipitiya, Ganemulla and Kundasale. Capacity building initiatives in Dambulla and Hambantota supported our efforts to increase ATM to POS conversion among Sampath Bank debit card holders, particularly in regions outside the Western Province.

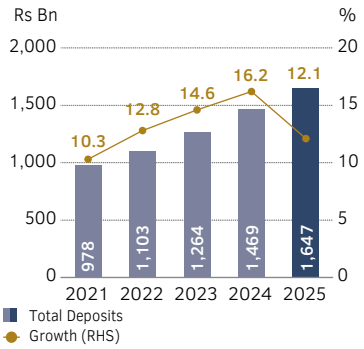
Amidst strengthening consumer confidence, we continued to deliver value to our credit card holders through unique and differentiated value propositions focused on lifestyle, experiences and entertainment. Furthermore, service delivery to corporate credit cardholders were enhanced through the digitalisation of the entire corporate credit card journey through Sampath Vishwa Corporate.

To strengthen awareness on digital payment security and credit card-related fraud, the Card Centre continued to proactively engage with customers through SMS campaigns, e-flyers and island-wide merchant education programmes. As a Bank we are capable of implementing numerous controls including mandatory OTPs to reduce the occurrence of credit card fraud.

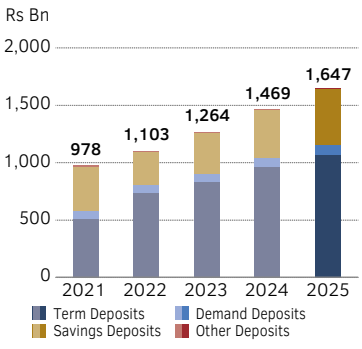
DEPOSITS

Performance in 2025

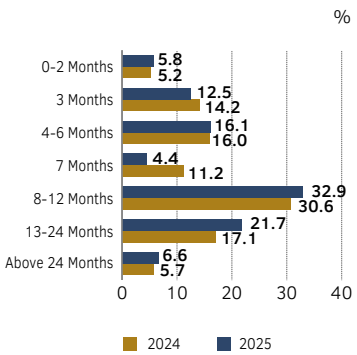
Total Deposits



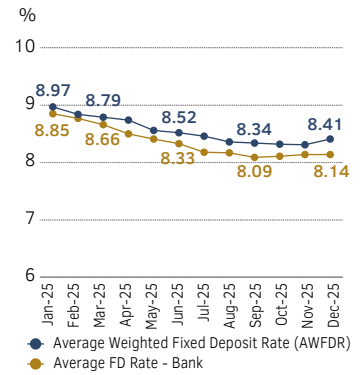
Deposit Mix



Tenor-wise Fixed Deposits Mix



AWFDR & Average FD Rate



Strategic initiatives that effectively balanced delivering value to depositors while optimising the Bank's cost of funding continued to support robust deposit growth in 2025. Sampath Bank's deposit base expanded by 12% to Rs 1,647 Bn as at end-2025 (2024: Rs 1,469 Bn). Its low-cost CASA base expanded by 14% to Rs 571 Bn as at the same date. Resultantly, the proportion of CASA within the deposit mix increased to 34.7% as at end-December 2025 (2024: 34.0%).

The Bank implemented several initiatives during the year to enhance value to depositors. This included, revamping several existing deposit products including HIT Saver accounts, Money Market accounts, Minor products and Investment Planner accounts as well as doubling the medical benefits offered to senior citizens through the Sampath Sanhinda account. To drive deposit mobilisation at branch-level, the authority to offer preferential interest rates within specified limits was delegated to branch managers. Furthermore, the Bank engaged with government schools islandwide (with the approval of the Finance Ministry and the respective school principals) to promote children's savings products while nurturing the practice of saving at a young age. The launch of Sampath Bank private banking and focus on corporate and institutional clients strengthened the Bank's access to large, stable deposits. Meanwhile, the Bank introduced customised foreign currency accounts with value-added features through the Transaction Banking Unit to drive foreign currency deposit growth.

Emphasis on digitalisation continued into 2025. The Bank also rewarded customers opening term deposits digitally with preferential interest rates.

Reaffirming our commitment to driving the nation towards sustainable development, Sampath Bank introduced green deposits during the year under review. Processes related to this product are entirely digital, eliminating the use of paper. Deposits mobilised through this scheme are channelled to green initiatives, such as renewable energy projects.

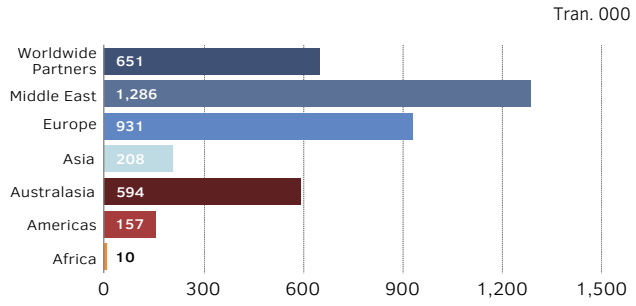
REMITTANCES

Highlights in 2025

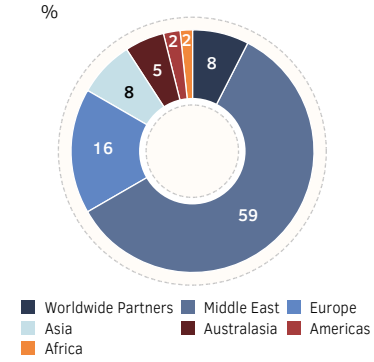


One of the Leading Banks in the Workers' Remittances Market

Global Remittance Transaction Volumes



Global Remittance Partner Network



The Bank maintained its dominant position in the workers' remittance market in 2025, underpinned by a strong value proposition and an adaptive strategy tailored to the operating conditions in each market. Given the increased convenience delivered to both remitters and beneficiaries, the unit placed strategic emphasis on building relationships with FinTechs, expanding its network by five during 2025. FinTechs facilitate instant fund transfers through mobile apps, minimising the need for in-person visits to a bank/exchange house. The unit also consolidated relationships with existing exchange houses and banks, ensuring a balanced network to support the needs of overseas Sri Lankans.

Consistently leveraging technology to strengthen operational efficiency led to the implementation of several new initiatives during the year under review. The unit successfully integrated Sampath Remittance with a multinational bank to facilitate seamless remittances to other banks in US Dollars and other major foreign currencies including GBP, AUD and EUR. Ongoing emphasis on digitalising interactions with partners continued to deliver results with more than 95% of remittance partners adopting API integration, facilitating the instant transfer of funds to beneficiaries. Digitalisation also enabled real-time reconciliations while reducing paper consumption as the use of drafts in inter-bank foreign currency transactions were terminated following the introduction of this new initiative.

Business promotion officers positioned in 6 key markets alongside the 24/7 Customer Care Centre in Sri Lanka, continued to provide personalised services to overseas Sri Lankans while addressing concerns and issues. Additionally, through our partnership with the Sri Lankan Bureau of Foreign Employment, we continued to conduct financial management training programmes to Sri Lankans migrating overseas for work. Over 20 awareness sessions were also conducted at Foreign Employment Bureau in both Sinhala and Tamil languages, to strengthen financial literacy among potential overseas job seekers.

LIFE LEAD OPERATION

Highlights in 2025

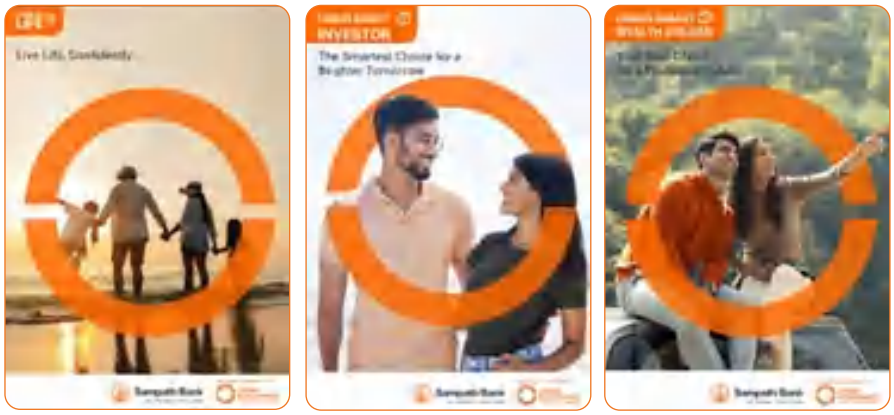
14% - 15%
Lead to policy conversion ratio

99% policies in 2 days
Average time duration for policy issuance

400
Staff training hours on Life Lead Operation

The Bank introduced insurance value propositions to retail customers in 2025, through a strategic partnership with Union Assurance, one of Sri Lanka's largest life insurance provider. The integration of insurance solutions broadened our retail product portfolio while complementing the private banking value proposition through wealth management solutions (Please refer to Social and Relationship Capital on pages 142 to 168 for more information).

Through our exclusive partnership with Union Assurance, we introduced three exclusive, attractively priced insurance propositions to our retail customers. These were made available throughout our extensive branch network as well as our digital platforms facilitating accessibility across the island. Furthermore, frontline staff received extensive training on product features enabling them strengthening their capacity to respond to customer queries responsibly. These strategic efforts led to commendable performance in our first year of operations.



Explore Comprehensive Life Insurance Solutions through the Sampath Bank–Union Assurance Partnership



Sampath Bank and Union Assurance entered into a Life Lead partnership

> **"Through our exclusive partnership with Union Assurance, we introduced three exclusive, attractively priced insurance propositions to our retail customers."**

Way Forward	
Business vertical	Way forward in 2026
SME and Retail Lending	» Maintain partnerships with authorised vehicle dealers and importers to capture opportunities in leasing. » Develop bundled offerings for retail customers building residential houses with value added benefits delivered through partnerships with leading suppliers.
Credit Cards and Digital Payment Solutions	» Ongoing focus on driving digital payment adoption through innovative digital payment solutions and capacity building. » Introduce an AI-driven mechanism for credit underwriting. » Introduce an end-to-end digital onboarding process that digitalises the entire customer journey from credit card application to approval.
Private Banking	» Open new Private Banking hubs to enhance accessibility. » Engage in strategic brand-building initiatives to strengthen market presence. » Introduce sustainability-linked value propositions. » Launch wealth management services. » Expand strategic partnerships to deliver premium services to Private Banking customers.
Transaction Banking	» Launch full corporate digital solution with cash management, supply chain finance and trade finance. » API-first banking ecosystem enabling seamless ERP and FinTech integrations. » Green and sustainable transaction solutions aligned with ESG frameworks. » Cyber-resilient payment infrastructure with advanced fraud-prevention AI. » Unified digital transaction portal, consolidating payments, trade, and cash in an unified interface. » Strategic partnerships with key business enablers.
Deposits	» Continuously revamp deposit products in line with competitor offerings and evolving bank requirements to maintain market relevance. » Sustain projects with state schools and hospitals nationwide to foster the habit of saving while driving deposit growth. » Continue impactful campaigns during key occasions to promote savings accounts. » Strengthen partnerships with corporate customers by offering extended deposit products and tailored banking solutions to enhance stickiness and expand portfolios. » Tailored banking solutions to support small and medium enterprises (SMEs) with high cash turnover by offering a bundled banking package that promotes financial inclusion and delivers comprehensive business support.
Remittances	» Strengthen mobile app-based solutions to deliver seamless experiences to both remitters and beneficiaries. » Facilitate inward remittances for focused sectors including exporters and operators in the tourism industry. » Ongoing focus on API integration with remittance partners to facilitate the instant transfer of funds. » Explore opportunities in new markets for remittance services.
Life Lead Operation	» Fully automate lead management and policy on-boarding processes. » Develop bundled protection products to drive penetration within the retail and SME segments. » Develop staff to strengthen lead generation and drive growth.

CORPORATE BANKING

Corporate Banking facilitates economic activity by providing a comprehensive range of specialised financial services and solutions required by corporates across complex and lengthy value chains. State-of-the-art digital products combine with a global network of correspondent banks facilitate a seamless service across a countrywide network of branches, underpinned by specialised skills necessary to navigate increasingly complex financial markets.

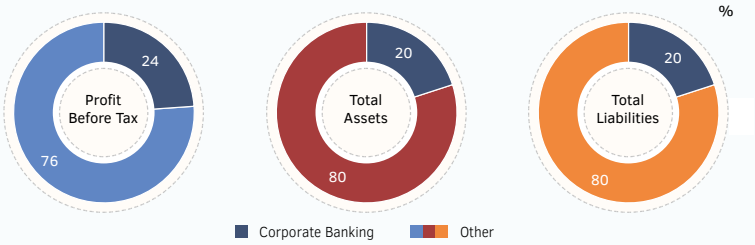
Performance Highlights in 2025

Segment Profit Before Tax
Rs 22 Bn
2024: Rs 14 Bn

Segment Assets
Rs 618 Bn
2024: Rs 442 Bn

Segment Liabilities
Rs 601 Bn
2024: Rs 428 Bn

Segment Performance



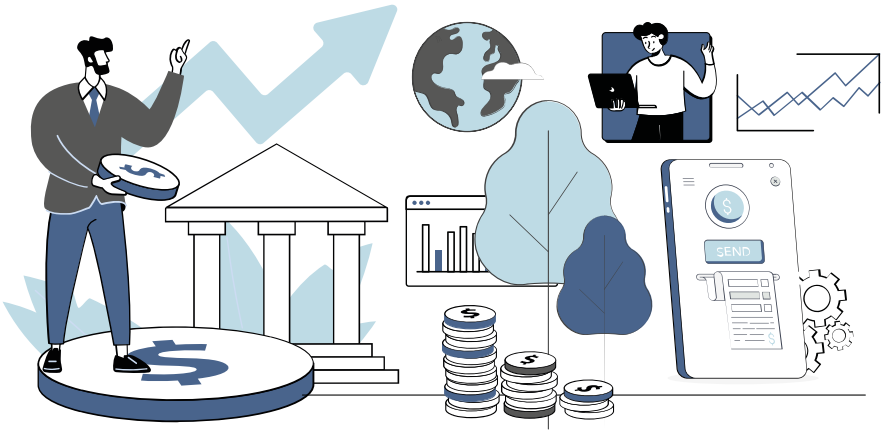
What differentiates us

- Access to specialised skills and expertise for structuring transactions
- 524 Correspondent banks in 69 countries
- Continuing digital innovation for seamless service

OPERATING CONTEXT

Economic growth across all three sectors, price stability, growth in both exports and imports, low interest rates provided a conducive business landscape for growth in Corporate Banking. The removal of restrictions on vehicle imports boosted import growth. Exports remained resilient despite elevated uncertainties stemming from the tariff policies announced by the US Administration in April 2025. Tourist arrivals and earnings from tourism also recorded positive growth, contributing to improved business sentiments. Market lending interest rates continued to trend downward in line with CBSL's accommodative monetary policy.

The year witnessed increased focus on sustainable finance with the introduction of CBSL's Sustainable Finance Roadmap 2.0. Initiatives in place at the Bank such as the integration of environment and social criteria into credit evaluations provided a head start in our sustainability journey. Additionally, the launch of the green fixed deposits product paved the way for a new funding line for green projects in line with the International Capital Market Association's (ICMA) Green Bond Principles and Sri Lanka Green Finance Taxonomy.



Intensifying competition within banks saw a narrowing of spreads across both fund-based and fee-based activities despite the growth in transaction volumes. Volatility in exchange rates also posed a challenge as geopolitical concerns intensified. Regulatory oversight on Anti-Money laundering strengthened during the year. Challenges included a narrowing of foreign exchange spreads and interest rate spreads. While credit risk remains elevated, the effects of Cyclone Ditwah have been less material than expected and supply chains continue to normalise, enabling the sector to maintain several opportunities for growth.

Digitalisation of services is a key opportunity to drive growth and operational efficiencies, enhancing profitability. Innovative products and structures to support growth of supply chain financing and sustainable finance also present opportunities for growth. Increasing regulations underscored the importance of having specialist skills and bandwidth to structure increasingly sophisticated tools and solutions for our customers.

STRATEGY

Strategic Highlights in 2025

1

Customised Solutions for Corporates

Effective product bundling designed to address specific client needs and provide seamless, end-to-end solutions.

2

Investing in People and Skills

Teams were expanded and structured capacity building initiatives were implemented supporting differentiation in an intensely competitive market place through knowledge and customer centricity.

3

Strengthen the Integration of the International Trade Vertical within Corporate Banking

This supports growth of import and export business through effective use of specialised skills available within the Bank.

4

Performance Analytics Enhancing Competitiveness

Advanced analytics support improved relationship information facilitating relationship growth and customer retention.

Corporate Credit

- Introduction of risk-based pricing using RAROC model.
- Expanded relationship manager capacity to focus on relationship building and credit evaluation with the introduction of Operational Relationship Manager (ORM).
- Increased focus on cross sell with a focus on transaction banking products.
- On-boarded existing and new corporate clients to transaction banking platform with customised solutions.

Corporate Finance

- Growth of financial sector customers by leveraging strong business relationships, competitive pricing and transactional banking to address their pain points, enhancing stickiness and revenues.
- Growth of renewable energy sector exploring new business relationships and building up the existing relationships of large-scale customers.
- Focused growth of margin trading clients by leveraging strong business relationships and offering competitive pricing.
- Positioning the Bank as the preferred lead arranger in syndications in Sri Lanka by strengthening strategic partnerships.

FCBU

- Appointing a Transactional Relationship Manager (TRM) to identify opportunities in transactional banking and assist with implementing those solutions.
- Expansion of digital services in Sampath Vishwa.
- Enhanced turnaround times for credit approvals.
- Leading and participating in offshore syndications in collaboration with reputable counterparties in emerging and frontier markets such as India, Vietnam, etc.

International Trade

- Trade services captured a market share in vehicle imports with the easing of restrictions.
- International operations worked with correspondent banks to optimise efficiency and profitability of transactions.
- International education strengthened market awareness and branding to grow outward remittances for overseas.

Digitalisation and Advanced Data Analytics

Performance across all business verticals were enhanced by digitalisation strategies supporting integration and convenience for customers.

Sustainable Finance

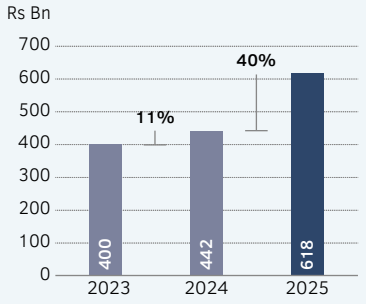
Credit frameworks and processes have been amended to adopt sustainability screening while monitoring and reporting solutions are being implemented as a pre-requisite for innovation.

DELIVERING RESULTS

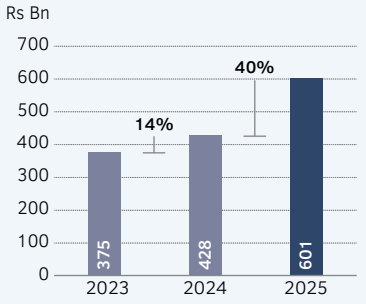
	2025 Rs Mn	2024 Rs Mn	Change %
Net interest income	16,702	15,923	4.9
Net fee and commission income	3,453	2,554	35.2
Net other operating income	95	105	(9.5)
Inter-segment expense	(445)	(414)	(7.5)
Total operating income	19,805	18,167	9.0
Less: Impairment (reversal)/charge	(3,018)	3,335	(190.5)
Net operating income	22,823	14,832	53.9
Less: Total operating expenses	1,210	926	30.7
Operating profit before tax	21,613	13,906	55.4
Segment assets	618,365	442,305	39.8
Segment liabilities	600,797	428,286	40.3

Note: The segment assets, liabilities, income, and expenses figures mentioned above include inter-segment balances.

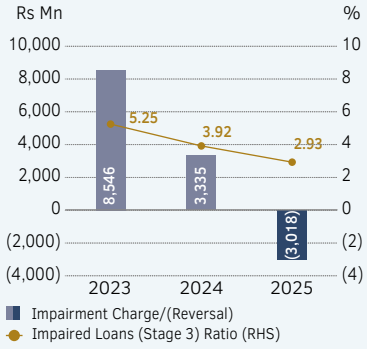
Corporate Banking Assets



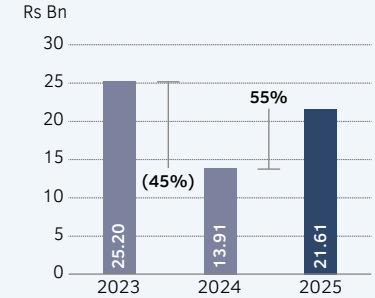
Corporate Banking Liabilities



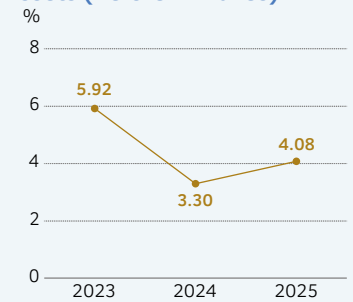
Corporate Banking Asset Quality Trends



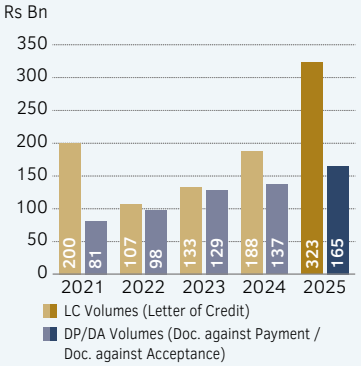
Corporate Banking Profit Before Tax



Corporate Banking Return on Assets (Before All Taxes)



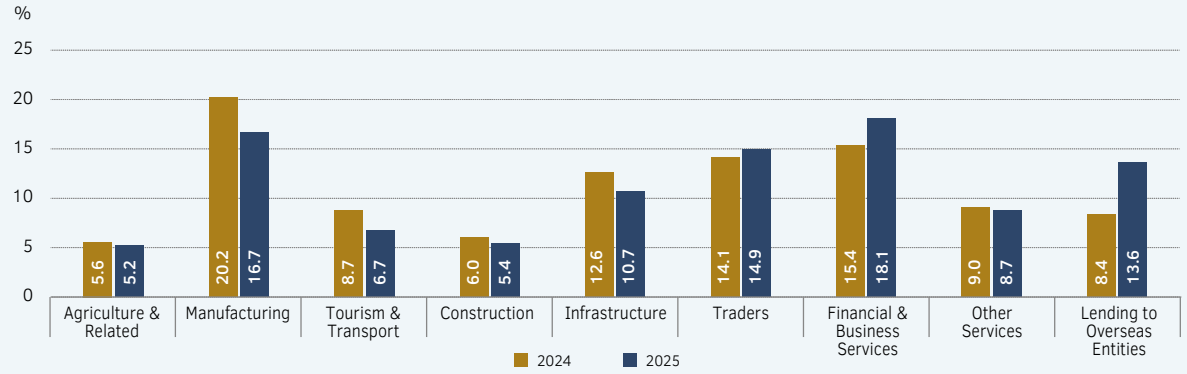
International Trade Volumes



Diversified and Resilient Growth

Diversified across sectors

Corporate Banking Sector-wise Loan Portfolio (Gross)



A suite of products that fulfils all financial needs of corporates

Product/Service Category	Business	Corporate
Special Projects		✓
Bankers to IPOs, SPOs, Rights Issues and Debenture Issues		✓
Margin Trading		✓
Escrow and Custodian Services		✓
Renewable Energy Financing		✓
Export/Import Financing		✓
Warehouse Financing		✓
Dealer Financing		✓
Safe Deposit Lockers	✓	✓
Corporate Cards	✓	✓

Product/Service Category	Business	Corporate
Treasury	✓	✓
Financial Services	✓	✓
Trade Finance	✓	✓
Foreign Currency Accounts	✓	✓
Factoring	✓	✓
Business Loans and Other	✓	✓
Deposits and Investments	✓	✓
Digital Products	✓	✓
Business Savings	✓	✓
Cash Management	✓	✓
Sampath Leasing	✓	✓

Green Financing

+36%
Growth in renewable energy portfolio in 2025

1,635
Borrowers screened for environmental and social due diligence

Capacity building

Prioritised capacity building to strengthen the Bank's competitiveness in the market

20,938
Credit related number of training hours

36
Credit related number of training sessions

Structured syndication completed for Ceylon Electricity Board as the Lead Bank

Rs 16 Bn
Syndication loan to CEB - Bank's contribution

CORPORATE CREDIT

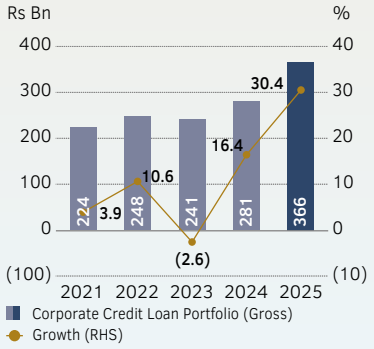
Performance in 2025

30%
Gross loan portfolio growth

23%
Increase in net fee and commission income

16%
Increase in NII

Corporate Credit Loan Portfolio



The Corporate Credit Department aims to be the banking partner of choice for corporate clients by offering tailored solutions that encourage customer loyalty. Serving businesses from major conglomerates, Multinational Corporates (MNCs) to Large and Mid Corporates, the department strives to be the preferred banking partner for corporates.

The department undertook several strategic initiatives to promote growth and enhance returns. Pricing strategies were aligned with risk profiles through the implementation of the RAROC model to optimise returns. Defining of swim lanes for credit approval and end-to-end automation of credit approvals improved turnaround times. Improved business analytics such as sector targeting to underserved sectors, frequent analysis of sector performances and objective review of market information supported improved performance.

The effectiveness of relationship managers was increased by integrating Operational Relationship Managers (ORMs) into teams, allowing for a stronger focus on client engagement and credit assessments, while ORMs managed operational tasks. Team capacity building was a critical area of focus involving mandating training programmes for staff.

Teams also intensified cross-selling activities by bundling products to cater to specific client needs, particularly emphasising the expansion of transaction banking products. Relationship managers were further supported by the roll out of the Customer Relationship Management platforms which provided the necessary information to remain competitive in an intensely competitive market. As a result, the department successfully onboarded both existing and new corporate clients onto the transaction banking platform, delivering tailored solutions to meet diverse client needs. The API integration is a key innovation that supports digital onboarding by automating bank reconciliations and connecting clients' ERP to Sampath Bank in real time, streamlining payments and collections to ensure a faster, more accurate, and more smoothly managed operational and banking process while effectively ring-fencing customers. Follow up of customer leads was enhanced with the introduction of the funnel model, facilitating improved lead conversion rates. The introduction of environment and social criteria for evaluation of credit facilities ensured that our portfolio is sustainable, minimising potential negative impacts of the businesses we finance.

Performance 2025

The strategies implemented underpinned growth of the corporate credit loan book by 30% in line with aspirations while the successful launch of the RAROC model and cross selling efforts improved profits by 72%. Portfolio quality improved significantly with Stage 3 loans decreasing by 18% to Rs 32 Bn. The tourism and construction sector performance improved contributing positively to reversal of impairment charges along with the improvement in overall performance. This bears testimony to the effectiveness of loan rehabilitation strategies and strengthened recovery processes. Operational efficiencies such as improved turnaround times for credit approvals and enhanced team productivity and customer coverage supported achievement of the key performance indicators.

CORPORATE FINANCE

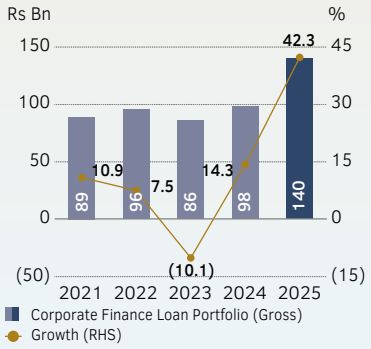
Performance in 2025

42%
Gross loan portfolio growth

145%
Increase in net fee and commission income

8%
Increase in interest income on advances

Corporate Finance Loan Portfolio



The Corporate Finance Department provides a combination of investment and development banking services, extending the value proposition for corporate customers. Focusing on the renewable energy sector and the financial services sector, the department has gained a reputation for syndication of debt and is a leading partner for renewable energy financing among local banks. Growth in 2025 was driven mainly through the financial services sector, renewable energy sector, lending to the Government of Sri Lanka (GoSL) through State-Owned Enterprises (SOEs), syndications and margin lending activities. The relaunch of margin trading with faster processing times and more competitive pricing supported growth in this underserved niche in the country's capital markets.

Leading the syndication to raise Rs 33.5 Bn for the Ceylon Electricity Board (CEB) was a highlight during the year. Notably, Corporate Finance Department used its expertise, playing a key role in shaping the Bank's ESG policies and framework, while maintaining market leadership in financing renewable energy initiatives within the local market.

Performance 2025

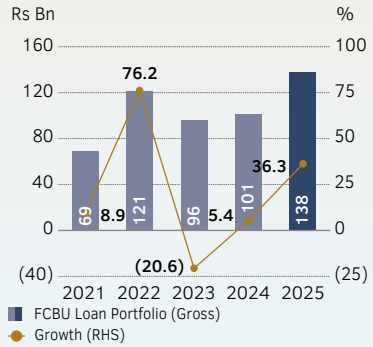
The Corporate Finance Department recorded a successful year built on a strong foundation, reflecting the long-term investment in team capacity and development. Portfolio growth of 42% year-on-year supported asset growth to Rs 139 Bn.

FOREIGN CURRENCY BANKING UNIT (FCBU)

Performance in 2025

- ↑ 36% Gross loan portfolio growth
- ↑ 40% Deposit growth
- ↓ 79% Decrease in impairment charges

FCBU Loan Portfolio



The Banking (Amendment) Act No. 24 of 2024 eliminated the distinction between Domestic and Offshore Banking Units. However, the Bank continues to operate its Foreign Currency Banking Unit (FCBU) within Corporate Banking to ensure seamless service delivery. Amid a challenging domestic environment, our focus remained on expanding the loan portfolio, primarily through syndications with reputable multinational banks in offshore markets such as India, selected for its strong credit rating and robust growth. This strategy facilitated financing for top-tier banks and non-bank financial institutions (NBFIs) while diversifying into sectors including ports, logistics, and manufacturing. Growth also continued in the Maldives, with emphasis on leisure and energy sectors promoted by established players.

The FCBU strengthened transaction banking by leveraging existing client relationships and integrating Application Programming Interface (API) banking, enabling direct transactions from customers' ERP systems via Sampath Vishwa Corporate for enhanced efficiency and risk management. Key initiatives included process re-engineering, team restructuring, staff training, and the appointment of a transaction banking relationship manager to improve the service offering and the lead conversion.

Digitalisation further enhanced decision-making through the adoption of RAROC and process automation, including outward telegraphic transfers for multiple currencies and expanded API banking capabilities. Continued engagement with multinational banks and participation in industry events supported business growth, while relationship managers were exposed to engage in loan syndication opportunities.

Performance 2025

The focus on offshore growth facilitated strong portfolio growth of 36% to Rs 138 Bn in 2025, compared to 2024. Facilities amounting to approximately USD 1.2 Mn (Rs 372 Mn) were rescheduled, providing necessary comforts for the firms to revive their respective businesses.

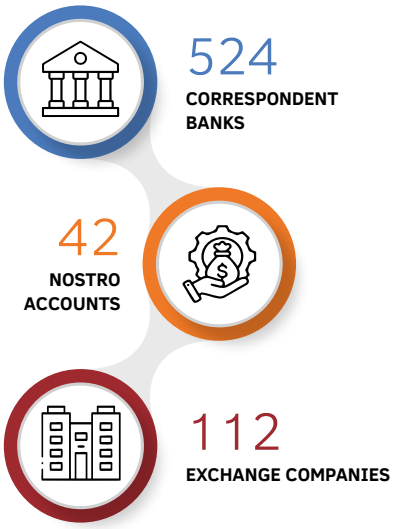
We also expect the portfolio to improve further, driven by the performance of restructured facilities in line with the plan.

INTERNATIONAL TRADE

International Trade has three business verticals which are trade services, international operations and international education services, facilitating specialisation and efficient workflows.

Performance in 2025

- ↑ 23% Inward TT turnover
- ↑ 8% Outward TT turnover



SCAN ME! Scan this QR code for a comprehensive view of our Nostro Accounts, Correspondent Banks and Exchange Companies

Trade Services

In 2025, trade services concentrated on leveraging opportunities from the reopening of vehicle imports and increasing volumes through authorised agents. The Bank implemented targeted strategies aimed at SOEs and corporate clients to encourage large-scale transactions, which helped strengthen its trade portfolio and boost income from fees. The Bank also formalised its participation in the Trade Finance Supply Chain Programme (TFSCP) with the Asian Development Bank (ADB), operating as both an issuing and a confirming bank. This alliance further enhances the Bank's capabilities in supporting international trade for corporate customers. The Bank maintained strong levels of customer engagement including the 'Annual Economic Forum 2025' at Cinnamon Life, Colombo, themed 'Sri Lanka at the Crossroads: Navigating Trade Turbulence, Currency Risk, and the Global Reset'. The event served as a valuable forum for sharing insights and fostering dialogue with key business clients and stakeholders in the trade industry.

The Bank refined its correspondent banking network in 2025, maintaining strong relationships with a selected group of over 500 global banks through established relationship management agreements. The consolidation of the network reflects improved macroeconomic stability in Sri Lanka and increased confidence in the Bank's financial strength and operational capabilities.

- **Network Optimisation:** The Bank's correspondent banking network was streamlined during the year, enhancing trade finance options while reducing reliance on a limited number of institutions.
- **Increased Clean Trade Limits:** Both new and existing correspondent banks have raised clean trade limits, enabling traders to operate without collateral, improving liquidity and ease of transactions.

As at end December 2025, trade services had achieved a 10.5% share of the import market and a 8.4% share of the export market, according to data from CBSL highlighting the Bank's positioning in both importing and exporting sectors, with ongoing efforts to increase transaction volume and deepen client relationships. These served to boost the fee-based income of the Bank.

International Operations

International Operations facilitates inward and outward remittances via the correspondent banking network. The Bank launched several important initiatives to boost efficiency and profitability in cross-border transactions. The Bank introduced a system for monitoring and recovering charges owed from correspondent banks and set up a new payment rebate structure through close collaboration with these banks. Negotiations with correspondent banks led to lower service fees, and Outward Telegraphic Transfer (TT) transactions were strategically allocated among different banks to maximise rebates and reduce costs. The unit focused on strengthening relationships with correspondent banks to support smooth transactions and drive fee-based income growth.

To improve service quality, international operations began automating TTs using Sampath Vishwa, which speed up processing times and increased efficiency. An automated debit advice system for outward remittances and real-time TT acknowledgement is also set to launch soon, further streamlining reports and enhancing customer service.

In 2025, international operations achieved significant progress, with inward and outward TT volumes increasing by 18.4% and 3.5% respectively. The unit enhanced profitability by improved recovery of correspondent bank charges for inward TTs through stricter monitoring and improved operational controls.

International Education Services

The international education services unit facilitates overseas remittances for students studying overseas, ensuring that remittances are in accordance with exchange control regulations. The Unit launched several initiatives to enhance operational efficiency and market presence including branch-level awareness sessions for TT advisory services and the Digital Student File Maintenance System for streamlined operations and improving branch-level effectiveness. Additionally, the Travel Card launched in 2025 enhanced the value proposition for customers. Participation in over a large number of educational fairs and partnership expansions and sustained digital marketing strategies aimed at students and parents continues to support the growth of this unit despite multiple challenges to pursuing of studies in overseas.

The introduction of this centralised unit offers customers the convenience of accessing all education-related financial solutions under one roof, setting a new industry standard.

Way Forward

Business vertical	Way forward
Corporate Credit	» Growth through volume-driven advances, focusing on established clients in the short term. » In the medium to long term, focus on delivering sustainable growth underpinned by strong lending principles while maximising revenues through transactional banking.
Corporate Finance	» Short term focus will be on optimising digital platforms and servicing models. This will be supported by targeted marketing within identified sectors to drive planned growth of the portfolio. » The medium term goal is to become the preferred bank for corporates by 2028. » The long term goal is the roll out of a total corporate solution for both debt and capital markets. » We will also look to strengthen sustainable finance from its current model of classification of regular credit facilities as ESG compliant based on a review, to one where customers can obtain sustainable finance products that conform to accepted criteria, facilitating growth of a sustainable finance portfolio.
FCBU	» Growth of the offshore loan book will be mainly through diversification to new geographies including Association of Southeast Asian Nations (ASEAN) countries. » Growth of the domestic loan book will be driven by import substitution projects to strengthen and localise the apparel sector value chain in the country. » Improving the operational efficiency of the business unit and operating margins.
International Trade: Trade Services	» Short term • Increase marketing and visibility of the Bank's trade products to sustain growth momentum. • Expand and diversify correspondent banking relationships. » Long term (by 2027 and beyond) • Implement a new digital trade solution to streamline trade activities and improve operational efficiency. • Establish Sampath Bank as the preferred trade solution partner in the banking sector.
International Trade: International Operations	» Become the most preferred cross-border payment service provider in the banking sector. » Expansion to new geographies in the medium to long term.
International Trade: International Education Services	» Medium to long term goals seek to position the Bank as the leading education payment facilitator in Sri Lanka, offering a superior digital and customer-centric experience. This in turn will serve to increase market share in foreign currency educational payments.

TREASURY

The Treasury Department plays a pivotal role in managing the Bank's risk, addressing asset liability mismatches, overseeing capital management, and optimising the cost of capital. Its operations directly shape pricing strategies for deposits and loans, underscoring its strategic importance to overall performance. The complexity of these responsibilities demands specialised expertise and advanced technological support to drive data-driven, nuanced decision-making. The strong results delivered this year reaffirm the Treasury Department's critical contribution to the Bank's success.

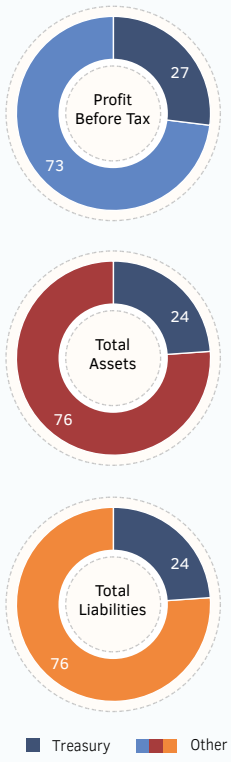
Performance Highlights in 2025

Segment Profit Before Tax
Rs 25 Bn
2024: Rs 34 Bn

Segment Assets
Rs 721 Bn
2024: Rs 801 Bn

Segment Liabilities
Rs 697 Bn
2024: Rs 762 Bn

Segment Performance



What differentiates us

D-SIB responsibility and market leadership
- Treasury operates at scale and supports overall market stability
- Emphasise on reliability, continuity and confidence during volatile periods reflecting the broader systemic role expected of a D-SIB

Balanced risk-taking
- Income generation alongside capital and liquidity protection
- Active balance sheet and risk management within Board approved limits

Market engagement and execution strength
- Continuous participation across FX, money markets and G-Sec markets
- Ability to price, execute and manage flows efficiently even under stress demonstrating the execution capability and product differentiation

Advisory-led client model (within regulatory limits)
- Treasury supports customers beyond rate quotations
- Provides market insights, timing guidance and practical hedging approaches reinforcing the value-added engagement despite plain vanilla product set

Strong governance and regulatory alignment
- Full compliance with CBSL regulations and BIS FX Global Code directions
- Clear control frameworks, segregation of duties and oversight which are critical features of a D-SIB's credibility with regulators and investors

Systems, analytics and process enhancements
- Ongoing improvements to Treasury systems and MIS
- Better risk visibility, reporting accuracy and decision-making

Alignment with national economic priorities
- Facilitating trade, investments and liquidity management
- Supporting economic recovery and market functioning which are important narratives for a systemically important bank

OPERATING CONTEXT

The improved macroeconomic environment in 2025 supported higher private sector lending, driven by increased economic output and low inflation. While this eased borrowing rates for households and corporations, the private sector Credit-to-GDP ratio remained below pre-crisis levels, underscoring the need for continued vigilance and resilience in Treasury's risk management activities.

Fiscal consolidation measures and a supportive monetary policy stance boosted demand for Government Securities, creating favourable conditions for Treasury's investment and liquidity management strategies. Money market activity was particularly robust, with repo transactions surpassing call money volumes, reflecting ample liquidity within the banking system. This surplus liquidity enabled Treasury to efficiently support the Bank's lending activities and manage short term funding requirements.



In the foreign exchange market, improved liquidity supported by higher remittances and increased tourist earnings helped narrow bid ask spreads. However, the rupee's depreciation after two years of appreciation highlighted the importance of Treasury's continued focus on currency risk management and hedging strategies.

Lower interest rates and a healthier macroeconomic backdrop propelled credit expansion across households and institutions. The relaxation of vehicle import restrictions spurred household borrowing and expanded opportunities for foreign currency operations, while institutional credit growth reinforced the Bank's role as a primary funding source. Treasury played a central role in aligning funding strategies with these developments to optimise cost of capital and Balance Sheet resilience.

STRATEGY

Strategic Highlights in 2025

1 **Enhance Foreign Exchange Revenue**

Leverage trade finance and remittance flows, with a focus on optimising pricing and deepening client relationships.

2 **Maximise Returns on GoSL Securities**

Maximise returns on Government Securities trading by actively managing the portfolio in response to market movements and policy signals.

3 **Optimise Net Interest Income (NII) through Strategic Asset and Liability Management**

Ensure efficient deployment of liquidity while maintaining a balanced duration, optimising NII.

4 **Regulatory Compliance**

Ensure that strategies and processes are aligned to regulatory requirements.

Digitalisation and Advanced Data Analytics

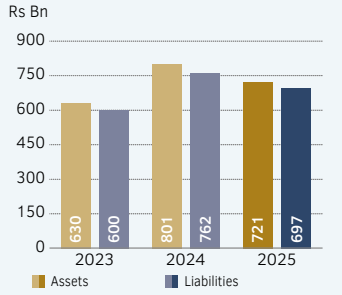
Performance across all business verticals were enhanced by digitalisation strategies supporting integration and convenience for customers.

DELIVERING RESULTS

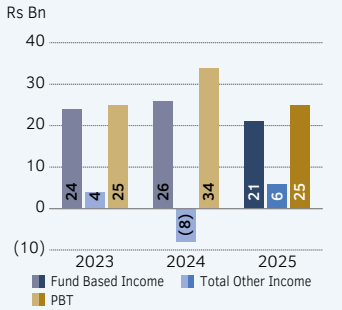
	2025 Rs Mn	2024 Rs Mn	Change %
Net interest income	20,942	26,416	(20.7)
Net fee and commission income/(expense)	(42)	(38)	(10.5)
Net gain/(loss) from trading	4,255	(1,777)	339.4
Net gain/(loss) on derecognition of financial assets	3,969	(7,231)	154.9
Net other operating income	(2,619)	1,429	(283.3)
Inter-segment income	206	-	100.0
Total operating income	26,711	18,799	42.1
Less: Impairment charge/(reversal)	1,346	(15,786)	108.5
Net operating income	25,365	34,585	(26.7)
Less: Total operating expenses	463	414	11.8
Operating profit before tax	24,902	34,171	(27.1)
Segment assets	721,196	800,515	(9.9)
Segment liabilities	697,417	762,323	(8.5)

Note: The segment assets, liabilities, income, and expenses figures mentioned above include inter-segment balances.

Treasury Assets & Liabilities



Treasury Earnings



The Treasury Department delivered consistent performance through tactical positioning in the Government Securities market and active management of FX flows to support revenue targets. The team continued to build capabilities to enhance market responsiveness. Operational efficiency remained a priority. Data analytics were used to assess desk-level profitability, promoting accountability and sharper decision making.

Funding utilisation discipline was strengthened through improved internal pricing mechanisms and liquidity forecasting. An advanced Asset and Liability Management (ALM) system and Fund Transfer Pricing (FTP) framework are currently being implemented to further support these efforts. Execution processes were streamlined to reduce turnaround times and improve client responsiveness.

Treasury also remains aligned with the Bank's broader ESG goals, particularly in responsible investing and risk management practices.

PERFORMANCE

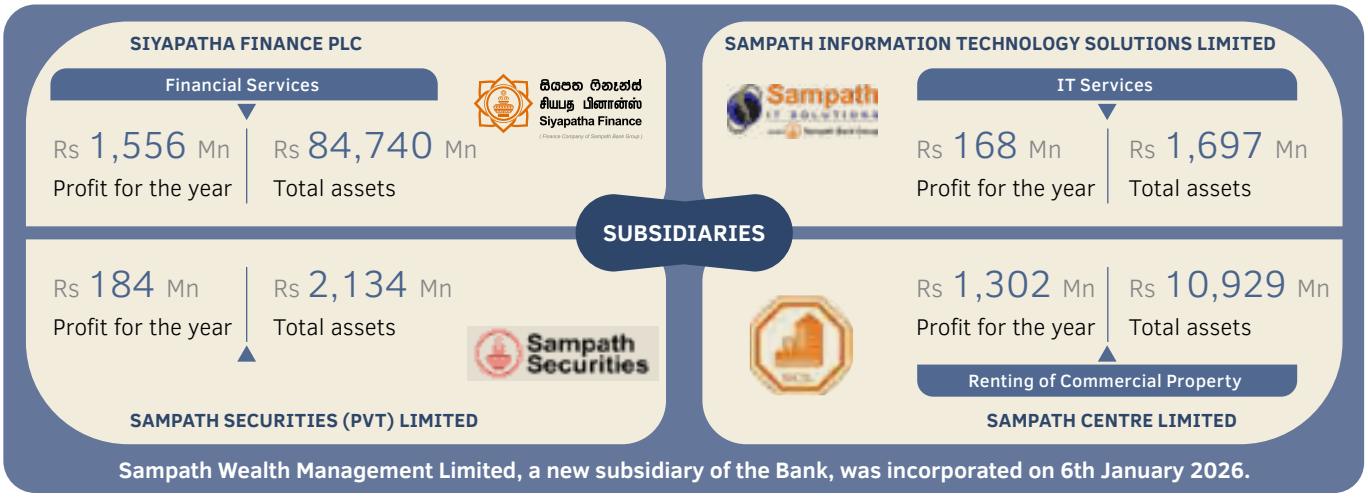
The Bank sustained its market leadership in remittance flows, leveraging strong correspondent banking relationships and robust digital channels to facilitate seamless transactions. By broadening its focus to include overseas education payments, the Bank positioned itself as a trusted partner for student-related foreign exchange transactions, resulting in relatively stable volumes in this segment. Efforts to enhance FX revenue were driven by a strategic approach to trade finance and remittance flows, with a clear emphasis on optimising pricing and deepening client relationships. These initiatives contributed to FX trading income of Rs 4 Bn in 2025 while a growing market share in remittances and trade volumes further supported increases in FX trading volumes.

In addition to its FX performance, the Bank prioritised maximising returns from Government Securities trading by actively managing its portfolio in response to market developments and policy signals. Despite initial expectations of rising interest rates to counter inflation, effective fiscal management resulted in a twin surplus, reducing Government borrowing needs and keeping interest rates lower than anticipated. A prudent approach enabled the Bank to realise capital gains of Rs 4 Bn on its GoSL securities portfolio. Furthermore, the Treasury optimised Net Interest Income through strategic asset-liability management, maintaining efficient liquidity deployment and a balanced duration profile. In the face of shrinking Net Interest Margins (NIM) driven by efforts to stimulate credit growth and heightened competition, the Treasury increased its use of FX swaps to bolster liquidity and NIM performance.

Way Forward

Term	Way forward in 2026 and beyond
Short Term	» We anticipate economic growth of 4%-5%, driven by private sector credit expansion which is expected to boost trade-related FX flows, which Treasury will actively capitalise on.
Medium Term	» Interest rates are likely to remain volatile in the aftermath of Cyclone Ditwah. Accordingly, Treasury will continue to optimise its Government Securities portfolio to benefit from yield curve movements.
Long Term	» Treasury focus will be on building a resilient Treasury function through digital transformation, enhanced risk analytics, and deeper integration with client businesses.

PERFORMANCE OF SUBSIDIARIES



SIYAPATHA FINANCE PLC – FINANCIAL SERVICES

Siyapatha Finance PLC, established in March 2005, is a licensed finance company and a wholly owned subsidiary of Sampath Bank PLC. Over a period of 20 years, Siyapatha Finance PLC has grown to become the Bank's largest subsidiary, providing a wide range of financial solutions including leasing, vehicle credit, gold loans, factoring, fast draft and deposit services. In 2025, the Company won the Best Employer Brand Award, awarded by the Employer Branding Institute, India for the third consecutive year.

The Company obtained ISO 9001:2015 Quality Management Systems certification during the year under review.

Driven by its core values of Loyalty, Openness, Trust, Unity, and Service Excellence, Siyapatha Finance PLC delivers customer-focused, accessible, and reliable financial solutions. By combining responsible lending with inclusive growth initiatives, the Company continues to strengthen its market position, create sustainable value, and contribute to long-term economic development.

Key Opportunities and Challenges

Stable macro-economic conditions together with the resumption of vehicle imports presented new opportunities for credit expansion in 2025. On this backdrop, Siyapatha Finance PLC recorded strong performance in 2025 despite the adverse impacts of Cyclone Ditwah, with profitability expanding by 29% to record the highest profit achieved by the Company in its operating history. Meanwhile its lending portfolio expanded by 44% as at the end of 2025.

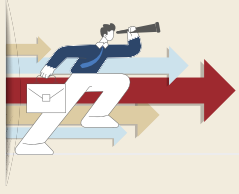
The improvement in the repayment capacity of borrowers underpinned by stable macro-economic conditions, supported improved collections and strong recoveries throughout 2025. Resultantly, the Company's Stage 3 portfolio declined by 15% to Rs 3,578 Mn as at end-2025, while its impaired loans (Stage 3) ratio improved to 5.57% as at the same date and compared better than the industry average. Furthermore, the upward trend in vehicle prices enhanced the market value of vehicle inventories, strengthening the collateral base of the Company's vehicle-backed lending facilities.

Sustainability Initiatives

- Siyapatha Finance PLC's dedicated Sustainability Unit provided oversight and coordinated sustainability-related initiatives across the Company.
- Advanced the implementation of the Sustainability Road Map, embedding Environmental, Social, and Governance (ESG) considerations into business operations, lending practices, and stakeholder engagement.
- Engaged in environmental conservation efforts under the "Siyapathen Mihi Kathata" initiative through community-based programmes focused on environmental protection, biodiversity enhancement, and awareness creation.
- Supported sustainable economic activity by encouraging financing for environmentally responsible, energy-efficient, and renewable energy projects among customers.

Outlook

In 2026, Siyapatha Finance PLC will focus on its strategic priorities of yield, efficiency, and systems and processes to drive sustainable growth. The Company aims to optimise returns on its lending portfolio, enhance operational efficiency, and strengthen core systems to support scalable and customer-centric operations. Leveraging digitalisation, process improvements, and disciplined risk management, Siyapatha Finance PLC will continue to deliver reliable financial solutions, integrate sustainability considerations into its business, and create long-term value for customers, employees, shareholders, and the wider community amid an evolving macroeconomic and regulatory environment.



SAMPATH INFORMATION TECHNOLOGY SOLUTIONS LIMITED – IT SERVICES

As a fully owned subsidiary of Sampath Bank PLC, Sampath IT Solutions (SITS) continues to play a strategic role in strengthening the Bank's digital ecosystem while extending its capabilities across the broader business landscape. Our strong foundation in financial services, complemented by deep systems integration expertise, enables us to support mission-critical platforms and deliver meaningful, outcome-driven digital transformation initiatives for our clients.

During the year under review, we further strengthened our core service offerings across Enterprise Solutions, Software Solutions, and Managed Services, with a strong specialisation in FinTech. Our approach to innovation remains pragmatic and disciplined focused on addressing real business challenges, enhancing operational efficiency, and delivering measurable value, while upholding the highest standards of reliability, security, and governance.

Our people remain central to our success. Guided by our "Making a Difference" philosophy, we continue to foster a people-centric, empathy-driven culture rooted in integrity, accountability, and collaboration. Alongside business performance, we remain mindful of our broader responsibility, reinforcing responsible business practices and contributing positively to the communities we serve.

Awards



Asian-Oceanian Computing Industry Organisation (ASOCIO) awards and, for the second consecutive year, won the ESG category award. This milestone established SITS as the first Sri Lankan organisation to secure a category award in consecutive years.



The "Award of the Night" - Gold and Bronze awards for redefining, re-energising, and recognising sustainable and digital business initiatives through the implementation of enterprise solutions at the International Conference on Sustainable and Digital Business (ICSDB) 2025, organised by SLIIT Business School.



The Silver award for Best In-House Solution at the National ICT Awards (NBQSA) 2025, organised by BCS – The Chartered Institute for IT, Sri Lanka Section.



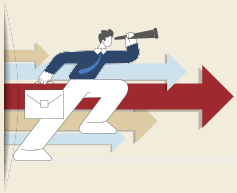
3 Gold awards, 2 Silver awards, and 3 Bronze awards at the National Project Management Excellence (NPME) Awards 2025, organised by the Project Management Institute (PMI) Sri Lanka Chapter.

Outlook

SITS' outlook is closely aligned with the continued growth of the FinTech sector, underpinned by rapid advancements in Artificial Intelligence (AI) and other emerging digital technologies. AI-enabled solutions, intelligent automation, and data-driven platforms are increasingly reshaping financial services, driving sustained demand for secure, scalable, and high-impact technology solutions.

In parallel, the Sri Lankan Government's National Digital Economy Strategy and the expansion of e-government and digital public infrastructure initiatives present significant opportunities for SITS. These national priorities are accelerating digital adoption across banking, payments, financial inclusion, and public services areas where SITS' deep domain knowledge and systems integration expertise enable the delivery of meaningful and sustainable outcomes.

SITS remains committed to integrating Environmental, Social, and Governance (ESG) principles into its operations and growth strategy. Through responsible technology deployment, strong governance practices, and initiatives that promote digital inclusion, ethical innovation, and community development, the Company aims to create long-term value for stakeholders while supporting Sri Lanka's broader digital and sustainability objectives.



Collectively, these factors position SITS to advance FinTech led digital transformation, accelerate AI-driven innovation, and reinforce its role as a trusted technology partner in the national digital journey.

PERFORMANCE OF SUBSIDIARIES

SAMPATH SECURITIES (PVT) LIMITED - STOCK BROKING

Formerly known as SC Securities (Pvt) Limited, the Company was rebranded as Sampath Securities (Pvt) Limited with effect from 12th December 2025. A wholly owned subsidiary of Sampath Bank PLC, Sampath Securities has been a key participant in Sri Lanka's capital market since 1992, providing stock broking services to both local and international investors.

Team Sampath Securities comprises over 35 registered investment advisors, the majority of whom possess more than 15 years of industry experience and hold extensive academic and professional qualifications. The Company's operations are further strengthened by a team of highly skilled technical and fundamental analysts, enabling the delivery of well-researched and timely investment insights to clients.

Sampath Securities enjoys a strong reputation among both local and international investors. During the year, the Company actively participated in numerous local and international events, road shows, strategic marketing campaigns and investor forums aimed at enhancing brand visibility and deepening investor engagement in the growing capital markets of Sri Lanka.

In addition to its existing branch presence in Kandy and Kurunegala, Sampath Securities plans to establish a presence at the Colombo Stock Exchange by reserving a trading cube at the Kegalle CSE floor, which is scheduled to be opened in the near future.

Key Opportunities and Challenges

Sampath Securities is well-positioned to capitalise on the consistent growth and performance of Sri Lanka's corporate sector. The Company leverages Sampath Bank's strong franchise to provide facilities to its customers for capital market activities. In addition, the Company also leverages the Bank's extensive branch network to provide stock broking services to Sampath Bank's customer base.

Sampath Bank's initiative to launch wealth management and broader capital markets services also provides the Company with significant opportunity to participate in broader capital market initiatives, through their excellent network and distribution platform.

The prevailing low and stabilising interest rate environment provides favourable conditions for increased capital market participation, particularly among high-net-worth investors seeking improved risk-adjusted returns. Sustained moderation in interest rates continuous to encourage the allocation of funds to market-based instruments, supporting consistent investment activity and long-term capital market development.

The gradual economic recovery, supported by ongoing fiscal reforms and IMF-backed programmes, together with improved political stability, significantly strengthened investor confidence during the year. This positive sentiment contributed to a sustained market uptrend in 2025, with the ASPI reaching approximately 23,700 points in November, reflecting a 45% increase and reinforcing the Colombo Stock Exchange's continued upward momentum and sustainable growth. It should also be noted that the Company operates in a highly competitive environment, facing competition from all active stock broking firms in the industry. Despite overall market growth, retail participation remains relatively low, with limited financial literacy and prevailing risk aversion continuing to constrain broader market expansion. In addition, market volatility, evolving regulatory compliance requirements, pressure on brokerage margins, and the need for continuous investment in technology and talent development remain ongoing challenges in sustaining growth and enhancing competitiveness.

Sustainability Initiatives

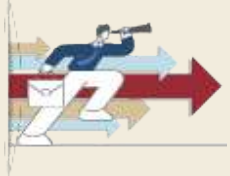
- Participated in sustainability disclosure standard training conducted by Ernst & Young, in collaboration with the parent company, with a view to ensuring future compliance.
- Initiated groundwork relating to Greenhouse Gas (GHG) emission measurement and reporting.

Milestones Achieved During the Year

- Achieved a Return on Equity (ROE) of 21% in 2025.
- Recorded a strong Profit after Tax (PAT) in 2025, exceeding the previous year's PAT by 100%.
- Achieved an 87% increase in active clients' brokerage income, compared to the year 2024.
- Attained a market share of 4.4% in terms of overall brokerage as at end-December 2025.
- Finance costs declined by 54%, while finance income increased by 105% compared to the previous year.
- Operations continued to align with ISO 9001:2015 Quality Management Systems Certification, reinforcing the company's commitment to operational excellence and continuous improvement.

Outlook

Supported by the strength and synergies of the Sampath Bank Group, Sampath Securities will focus in the near term on achieving its budget targets through operational efficiency, disciplined cost management, and strong financial and compliance performance. Over the longer term, the company aims to leverage technology, broaden its client offerings, and draw on Group support to expand its market presence and position itself among Sri Lanka's top three stockbroking firms by turnover.



SAMPATH CENTRE LIMITED - RENTING OF COMMERCIAL PROPERTY

Established in 1996 as Sampath Bank's first subsidiary, Sampath Centre Limited's core business comprises renting commercial property. Accordingly, the Company owns and manages the building located at No. 110, Sir James Peiris Mawatha, Colombo 02, which accommodates the Bank's head office. Sampath Centre Limited's strategy focuses on maintaining the property in excellent condition through regular property inspections, providing prompt attention to maintenance issues, and conducting timely repairs and/or upgrades to ensure maximum tenant satisfaction. During the year under review, Sampath Centre Limited successfully completed its construction and renovation project, ensuring that all facilities were modern, well-maintained, and fit-for-purpose.

Key Opportunities and Challenges

The property's prime location in the heart of Colombo, an area experiencing rapid development, supports potential for value appreciation over time. However, several challenges persist. The competition within the property management industry continues to intensify underpinned by the increased availability of Grade A office space in Colombo offering superior amenities. Furthermore, the building's limited parking facilities may be inadequate to meet the needs of both employees and customers. Despite these challenges, Sampath Centre Limited remains committed to addressing these challenges proactively to ensure that the property continues to serve the evolving needs of its tenant.

Sustainability Initiatives

- The company launched a tank restoration programme in line with its parent company's 'Wewata Jeewayak' initiative to facilitate a reliable, year-round water supply to farmers in the dry zone.
- Implemented measures to improve its waste management process which included the segregation of waste. A PET bottle collection point was introduced to direct PET bottles for recycling.
- The company carried out a Greenhouse Gas (GHG) emission calculation and verification to assess its environmental footprint and identify opportunities for emission reduction across operations.
- Initiated the process to obtain green building accreditation for the Sampath Centre building, demonstrating the company's commitment to sustainable building practices, energy efficiency, and long-term environmental responsibility.

Outlook

Looking ahead, Sampath Centre is expected to continue on enhancing the quality of the existing building to provide better services to tenants while effectively managing operational cost as the construction and renovation project is completed. Furthermore, Sampath Centre has already focused on expanding its property portfolio through the selective acquisition of properties and the development of purpose-built premises to support the Parent Company's branch network with the objective of generating stable, long-term rental income.



GOVERNANCE AND RISK MANAGEMENT

Corporate Governance Reports

Chairman's Message on Corporate Governance | 217
Corporate Governance at Sampath Bank | 218
Governance Structure | 232

Governance Leadership

Board of Directors | 234
Corporate Management | 238
Chief Managers | 241

Report by the Senior Independent Director | 244

Committee Reports

Board Nominations and Governance Committee Report | 245
Board Audit Committee Report | 256
Board Human Resources and Remuneration Committee Report | 264
Board Integrated Risk Management Committee Report | 271
Board Related Party Transactions Review Committee Report | 279
Board Sustainability Committee Report | 285
Board Credit Committee Report | 291
Board Strategic Planning Committee Report | 295
Board Shareholder Relations Committee Report | 299
Board Treasury Committee Report | 303
Board Marketing Committee Report | 306
Board IT Committee Report | 311

Compliance Report | 316

Risk Management Report | 317

A RESILIENT ARCHITECTURE

At the heart of the Bank stands protective structures, controls and processes that shield against uncertainty and reinforce resilience. Guided by accountability and prudent management, we are poised to deliver stability, safeguard continuity and empower long-term value creation.



CORPORATE GOVERNANCE REPORTS

CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

Dear Stakeholders

Strong corporate governance underpins sustainable growth by harmonising strategic priorities with stakeholder needs, business conditions and environmental responsibility. Over the years, the Bank has developed and refined its Corporate Governance Framework which serves as a cornerstone for robust, transparent and forward-looking governance practices, reflecting this philosophy. We continue to assess the adequacy and effectiveness of our governance framework, ensuring that it addresses the concerns that transform and shape our way forward.

BOARD COMPOSITION

The Board remained unchanged during the year except for the retirement of the Managing Director Mrs Ayodhya Iddawela Perera and the appointment of Mr Sanjaya Gunawardana as the Managing Director/Chief Executive Officer. The transition and evaluation were overseen by the Board Nominations and Governance Committee. The Board's stability and effective dynamics continue to be a key strength, allowing Directors to advance multiple strategic initiatives in a cohesive manner that will shape the future of banking for Sri Lankans.

AREAS OF BOARD FOCUS

A key strength of the Board is the number of Board Sub-Committees that have been formulated to assist the Board with detailed oversight of critical matters. This structure ensures detailed oversight of these matters, facilitating effective management and resource allocation to implement appropriate solutions and plans.

Risk management remains a key focus of the Board amid industry-wide uncertainty, with the Bank proactively implementing mitigative actions to manage emerging risks and maintain resilience. Sustainability was another focus area as Sustainability Reporting in accordance with SLFRS S1 and S2 became mandatory in 2025. Capital management and liquidity continued to remain key priorities for the Bank throughout the year. In line with these priorities, the Bank successfully issued Basel III Compliant-Tier 2 Debentures in March 2025, strengthening its capital base and supporting sustainable business growth. Building on this momentum, the Bank has also announced its intention to further enhance its capital position through the proposed issuance of Basel III Compliant-Tier 2 Debentures and/or Basel III Compliant-Tier 2 Green Bonds and/or Basel III Compliant-Tier 2 Sustainability Bonds. Additionally, progress on the Bank's digital transformation was a regular agenda item for the Board of Directors. The Board Sub-Committees in charge of respective business areas provided regular updates to the Board on these matters including updating the Board's knowledge of related matters.

BOARD TRAINING AND EVALUATION

Through structured engagements with Management and external experts, the Board enhanced its collective understanding of regulatory and emerging developments, supporting the discharge of its oversight responsibilities on issues of strategic significance to the Bank. Directors also participated in relevant training programmes to further strengthen their knowledge and competencies. Effectiveness of the Board and its Sub-Committees was assessed during the year through evaluations and the results have been discussed with the respective Chairpersons and the Committee members.

REGULATORY ALIGNMENT

In continuation of the regulatory developments introduced in 2024, the Bank has made significant progress in meeting the requirements of the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka. I am pleased to report that the Bank has complied with all regulatory milestones due thus far, with several requirements achieved well ahead of the stipulated timelines.

The Bank remains fully committed to maintaining the highest standards of governance and regulatory compliance and we reaffirm that all remaining obligations under the said Direction will be met within the prescribed timelines. Furthermore, the Bank continues to remain fully compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

REPORTING ON CORPORATE GOVERNANCE

In 2025, the Bank adopted a novel approach to presenting Corporate Governance Reports, anchored in the Bank's framework and Board Sub-Committee requirements. Recognising the Board as the principal authority for maintaining governance standards, this year's report provides a clear overview of compliance with mandatory and voluntary governance requirements. Additionally, it delineates the responsibilities of the Board and its Sub-Committees, underlining the Board's sustained commitment to stewardship and accountability on behalf of its stakeholders.

Key governance information is structured under the pillars of Performance and Conformance to ensure clarity and transparency. The Annual Report highlights the collaborative and disciplined process underpinning the preparation of Board and Board Sub-Committee reports, reflecting the Bank's strong commitment to upholding high standards of corporate governance. This approach reinforces stakeholder confidence while ensuring continued alignment with evolving regulatory expectations and best practices.

RECOGNITION OF EXCELLENCE

Sampath Bank further reinforced its reputation for exemplary corporate governance and transparency by securing the Overall Bronze Award at the SAARC Anniversary Awards for Corporate Governance Disclosures 2024. This prestigious regional recognition reflects the Bank's steadfast commitment to maintaining robust governance structures, transparent reporting practices and responsible stewardship.

The award was conferred following the Merit Award the Bank received from the Institute of Chartered Accountants of Sri Lanka for Excellence in Corporate Governance Disclosures in 2023. These accolades underscore the Bank's continuous efforts to enhance the quality, clarity and completeness of its disclosures, its adherence to internationally aligned governance standards, and its proactive approach to communicating risks, controls and strategic priorities to stakeholders.

These acknowledgements underscore the Bank's robust governance frameworks, transparent reporting practices and the collaborative efforts of its teams. These achievements not only reflect the Bank's dedication to upholding integrity and ethically responsible reporting but also reinforce stakeholder trust and confidence. These milestones serve as both an acknowledgment of past accomplishments and a driving force to continuously enhance governance standards, ensuring sustainable value creation for all stakeholders.

COMPLIANCE

On behalf of the Board of Directors, I declare that the Bank encompassing the Board, Corporate Management and all Employees has adhered to the highest standards of good governance during the year. The Bank has fully complied with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka as well as all relevant regulatory requirements mandated by the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka, Section 9 of the Listing Rules of the Colombo Stock Exchange and all other applicable statutory and regulatory frameworks, including the Bank's internal constitutional framework. The Board confirms that these governance principles have been diligently observed across all levels of the Bank, underscoring our unwavering commitment to transparency, integrity, accountability and the long-term sustainability of the institution.

The Board, both collectively and individually, continues to set the tone for promoting ethics and integrity across the Bank, providing consistent guidance and oversight to strengthen the organisation's ethical culture. "The Policy on Internal Code of Business Conduct and Ethics for Directors", together with the "Code of Conduct for Corporate Management" and the "Code of Conduct for Employees", clearly outlines the ethical standards and behavioural expectations applicable to all staff. Employees are required to participate in regular awareness programmes to ensure they remain fully informed of these ethical obligations. The Bank's commitment to ethical business practices is further reinforced by its "Policy on Anti Bribery and Corruption", which expressly prohibits bribery, corruption and any other form of unethical conduct. Complementing this is the "Policy on Whistleblowing", which ensures confidentiality and protection for stakeholders who report concerns or irregularities in good faith. The Bank also upholds a comprehensive Code of Conduct and Ethics that sets out guidelines for the dissemination, monitoring and compliance of statutory and voluntary governance requirements. Throughout the year under review, adherence to this Code was rigorously maintained and all matters falling within its scope were duly reviewed and addressed by the Bank's Disciplinary Committee with periodic updates to BAC.



HARSHA AMARASEKERA
Chairman

19th February 2026
Colombo, Sri Lanka

CORPORATE GOVERNANCE REPORTS

CORPORATE GOVERNANCE AT SAMPATH BANK

Corporate Governance at Sampath Bank continues to evolve as a dynamic and integral component of the Bank's strategic stewardship, risk discipline and long-term resilience. In an operating environment characterised by heightened regulatory expectations, evolving stakeholder demands, rapid digital transformation and increased focus on Environmental, Social and Governance (ESG) considerations, the Bank recognises that sound governance practices are fundamental to preserving trust and safeguarding the interests of all stakeholders.

As a Domestic Systemically Important Bank in Sri Lanka, we understand that strong governance is not merely a compliance requirement, but a strategic foundation that underpins trust, stability and sustainable value creation. Our Corporate Governance Framework has been thoughtfully developed to support sound decision-making, ethical conduct, transparency and robust oversight while integrating both Performance and Conformance elements as its core pillars. Further, the Framework is structured to seamlessly integrate regulatory mandates, voluntary codes and evolving best practices into the Bank's internal policy architecture and operating procedures. This holistic approach emphasises stakeholder trust, enhances responsibility to depositors and shareholders and contributes to sustaining the Bank's reputation for sound governance and prudent stewardship thereby strengthening stakeholder confidence.

Shaping organisational culture and ethical conduct beyond compliance, corporate governance is permeated across all aspects of the Bank's operations. Through this Report, the Bank demonstrates its continued commitment to sound governance by detailing compliance with Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks (CBSL Direction), the Listing Rules of the Colombo Stock Exchange (CSE Rules) and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (Code 2023), while outlining key practices and initiatives undertaken during the year.

During 2025, the Bank adopted a novel and structured approach in presenting the Corporate Governance Report, anchored to the Bank's Corporate Governance Framework developed in alignment with the Performance and Conformance Model. Under this model, Performance encompasses Strategy Formulation and Policy Making, while Conformance focuses on Accountability and Monitoring and Supervision, as illustrated in the accompanying visual representation.

In line with the framework, all mandatory and voluntary governance requirements applicable to the Board of Directors and Board Sub-Committees have been appropriately mapped and disclosed.



- Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks **(CBSL Direction)**
- Listing Rules of the Colombo Stock Exchange **(CSE Rules)**
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka **(Code 2023)**

We affirm that the Bank has fully complied with the Corporate Governance requirements under the CBSL Direction, CSE Rules and Code 2023 as applicable for the reporting period.

This approach demonstrates how the Board, through the delegation of authority to its respective Board Sub-Committees, ensures compliance with relevant governance requirements. Recognising the Board as the apex authority responsible for upholding the Bank's governance standards, this Report provides a clear and transparent overview of compliance with both mandatory and voluntary requirements, while distinctly outlining the responsibilities and oversight exercised by each Board Sub-Committee.

This Report is structured to commence with a comprehensive overview of the responsibilities of the Board of Directors on pages 219 to 231, outlining how the Board has effectively discharged its mandatory and voluntary duties. This is complemented by the reports of the Board Sub-Committees on pages 245 to 315, which demonstrate how these responsibilities have been fulfilled in a coherent and integrated manner under the oversight and governance of the Board of Directors. In doing so, each Board Sub-Committee provides a focused narrative on its contributions within the Performance and Conformance Model, clearly evidencing the effective discharge of its mandatory and voluntary responsibilities.

We invite our stakeholders to explore the Bank's governance ethos, providing insight into the robustness of its oversight mechanisms and the practices adopted to promote transparency, resilience and sustainable success over the long-term.

Elements of Corporate Governance Framework

Regulatory Requirements	Internal Frameworks	Voluntary Codes and Best Practices
» The Companies Act No. 07 of 2007 and its amendments	» Articles of Association	» The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka
» The Banking Act No. 30 of 1988 and its amendments	» Board-approved Terms of Reference of Board and Board Sub-Committees	» The Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka
» Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks	» Board-approved policy frameworks for governance, risk, compliance and operational areas	» Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board
» The Anti-Money Laundering Laws and Regulations and Financial Transactions Reporting Act No. 6 of 2006 and its amendments	» Codes of Conduct for Directors, Corporate Management and other Employees	» Sustainability Accounting Standards Board (SASB) Standards for Commercial Banks
» The Listing Rules of the Colombo Stock Exchange		» The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
» The Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021		» Preparer's Guide to Integrated Reporting issued by the Institute of Chartered Accountants of Sri Lanka
» The Inland Revenue Act No. 24 of 2017 and its amendments		» ISO 27001 Information Security Management
» The Shop and Office Employees Act No. 19 of 1954 and its amendments		» United Nations Global Compact (UNGC) Sustainability Principles
» The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995		» International Labour Organisation (ILO) Convention for Social and Labour issues inducing Human Rights
» The Foreign Exchange Act No. 12 of 2017 and its regulations		» United Nations Sustainable Development Goals (SDG)
» The Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka		
» Sri Lanka Accounting Standards and Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka		
» All other applicable regulations		

GRI 2-9,12,15,16,18

EXECUTIVE SUMMARY

The Board of Directors of Sampath Bank PLC (The Bank) provides leadership to the Bank's Corporate Governance Framework by setting strategic direction, ensuring effective oversight and upholding accountability to key stakeholders. The Board comprises an appropriate balance of Executive and Non-Executive Directors, collectively bringing a diverse range of skills, experience and expertise. This balanced and diverse composition enhances the Board's capacity to provide clear strategic guidance while exercising objective, effective and independent supervision of the Bank's affairs.

In discharging its responsibilities, the Board adopts a holistic approach that integrates both Performance and Conformance. It provides strategic stewardship through the formulation of long-term vision, policy direction and executive oversight, while ensuring robust compliance with regulatory, ethical and risk governance standards. Through this dual focus, the Board safeguards the Bank's stability, resilience and sustained value creation.

Beyond regulatory compliance, the Board continues to position governance as a strategic enabler that supports innovation, digital transformation and inclusive economic growth, including support to the SME sector. Looking ahead, the Board remains committed to embedding strong governance practices across all levels of the organisation, with the ambition of not only meeting regulatory requirements but also setting benchmarks for ethical leadership and governance excellence within the financial sector.

BOARD OF DIRECTORS

Composition, Independence, Diversity and Expertise

As at 31st December 2025, the Bank was governed by a well-structured and diverse Board of Directors, ensuring adherence to sound corporate governance principles. The Board comprised eleven (11) members, including nine (09) Non-Executive Directors (NEDs), of whom seven (07) were Independent Directors (INDs), thereby reinforcing objectivity and responsibility in decision-making. The remaining two (02) members served as Executive Directors (EDs), providing operational insight and strategic leadership. The Bank recognises the importance of gender diversity as part of its governance practices where until 23rd September 2025, the Board comprised three (03) female Directors; following the retirement of former Managing Director, Mrs Ayodhya Iddawela Perera effective 24th September 2025, the Board continued with two (02) female Directors as of date.

Accordingly, the composition of the Board reflects the Bank's commitment to maintaining a balanced mix of independence and diversity to safeguard stakeholder interests and promote sustainable growth. The diagram on page 247 demonstrates the diversity and expertise of the Board, showcasing a breadth of industry knowledge, leadership experience and specialised competencies which enable the Board to steer the Bank effectively through evolving market dynamics, drive innovation and ensure long-term value creation for all stakeholders.

Further, the profiles of Directors detailing their qualifications, expertise, Executive/Non-Executive and Independent/Non-Independent status, memberships in Board Sub-Committees, Companies and other entities in which each Director serves as a Board member along with their key appointments are disclosed on pages 234 to 237.

Board Sub-Committees

During 2025, the Board was supported in its oversight responsibilities by twelve (12) Board Sub-Committees established to strengthen governance and enhance the effectiveness of the Board's decision-making process. Five (05) of these Committees are mandated under applicable regulatory requirements, while the remaining seven (07) have been voluntarily established in alignment with global good governance practices. Each Sub-Committee operates under Board-approved Terms of Reference (TORs), is chaired by a designated Chairperson and reports directly to the Board. The Company Secretary or a nominee appointed by the Company Secretary, serves as Secretary to these Committees and ensures the maintenance of minutes and records. The detailed reports of these Committees, including their composition, responsibilities, key activities and compliance with applicable governance requirements are presented on pages 245 to 315 of this Annual Report.

Attendance at Board Meetings

The Board of Directors demonstrates its commitment to effective governance by consistently attending Board and Sub-Committee meetings, ensuring that responsibilities are discharged at the highest level of effectiveness. The details of the attendance of the Board of Directors at Board and Sub-Committee meetings are given on page 227 of this Annual Report.

ROLES AND RESPONSIBILITIES OF CHAIRMAN AND MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

The Chairman provides strategic leadership to the Board, ensuring that it operates effectively and fulfils its responsibilities in a timely and comprehensive manner. He promotes open and constructive dialogue and encourages active participation from all Directors. By establishing the appropriate ethical and behavioural tone, the Chairman fosters a culture of integrity and accountability. In addition, he oversees key corporate governance matters and guides stakeholder engagement, thereby reinforcing the Board's commitment to sound governance and sustainable value creation.

The Managing Director/Chief Executive Officer (MD/CEO) is accountable to the Board for providing strategic leadership to the Corporate Management Team and overseeing the Bank's regular operations and business activities. In this capacity, the MD/CEO ensures the effective implementation of Board-approved strategies and policies while leading the Management Team in executing strategic initiatives aligned with the Bank's strategic objectives. He fosters a risk-aware and inclusive culture, promotes behaviours consistent with the Bank's core values and creates an enabling environment that empowers Sampath Team to achieve both professional and personal aspirations.

RISK GOVERNANCE AND INTERNAL CONTROLS

Sampath Bank's risk governance structure provides clear definitions of roles and responsibilities for managing risk throughout the Bank. The Board of Directors is collectively accountable for risk oversight, supported by Board Sub-Committees that function under delegated authority. The Board-appointed Sub-Committees also offer direction and supervision to Corporate Management, ensuring the effective application of the Bank's Integrated Risk Management Framework. This includes managing risk in the execution of the Bank's business strategy across key areas of activity, developing and applying necessary risk control measures, enhancing risk monitoring and reporting systems and promoting a culture of risk awareness throughout the Bank.

The Board holds ultimate responsibility for establishing and enforcing comprehensive internal control frameworks that are both appropriate and effective. This responsibility extends beyond mere formulation to ensure proper implementation and ongoing evaluation of these systems. In addition, the Board rigorously assesses the adequacy and integrity of the Bank's internal controls.

COMPLIANCE AND ETHICS

Code of Conduct and Whistleblowing Mechanism

The Board continues to demonstrate the Bank's strong commitment to ethical governance by fostering a culture of integrity, accountability and transparency throughout the organisation. To reinforce these principles, the Bank has established a comprehensive suite of Codes of Conduct applicable to Directors, Corporate Management and Employees. These include the "Policy on Internal Code of Business Conduct and Ethics for Directors", the "Code of Conduct for Corporate Management" and the "Policy on Internal Code of Business Conduct and Ethics for Employees". Collectively, these frameworks set out the expected standards of professional conduct and ensure that ethical practices are consistently embedded across all levels of the Bank.

GRI 2-14,15,16,18,27

The Bank's whistleblowing mechanism is established to foster a culture of openness, accountability and transparency, in alignment with recognised best practices and regulatory standards. It provides a secure and accessible channel for any individual to report concerns, whether anonymously or otherwise regarding unethical behaviour, misconduct or violations of laws and regulations, without fear of retaliation. Furthermore, the Board reaffirms its commitment to maintaining the strict confidentiality of the whistleblower's identity and the information reported, thereby safeguarding trust and integrity throughout the process.

Compliance and Training

The Directors are updated and well equipped through continuous training, professional development, structured induction and regular updates on regulatory, economic and industry developments. The Bank requires all team members to complete mandatory training modules on the Code of Conduct, reinforcing the organisation's commitment to the highest standards of personal and corporate integrity. These training programmes comprehensively address critical areas such as anti-bribery and corruption, anti-money laundering, conflict of interest and other risk-related topics essential for ethical and compliant operations. By mandating this training, the Bank ensures that employees are well-informed about regulatory requirements, internal policies and best practices.

Regulatory Breaches and Remedial Actions

During the year under review, the Bank has ensured comprehensive compliance with applicable policies, laws, regulations and ethical standards governing its operations. The extent of this compliance is transparently disclosed within this Report on pages 221 to 231 and 245 to 315, in strict adherence to statutory requirements and best practices in corporate governance. This disclosure reflects the Bank's unwavering commitment to regulatory conformity, ethical conduct and accountability, thereby reinforcing stakeholder confidence and promoting a culture of integrity across the Bank. Further, in the event of any regulatory breaches or material non-compliance identified during the year under review, such instances are transparently disclosed in the Corporate Governance Report, as appropriate, together with the corrective actions undertaken by the Bank to address and mitigate the impact of such breaches.

SHAREHOLDER RELATIONS

The Board Shareholder Relations Committee (BSRC) assists the Board in ensuring that rights of shareholders are upheld and that their concerns are identified and addressed in a timely manner. Accordingly, the quarterly Financial Statements were published within the stipulated time with an explanatory note on the performance of the Sampath Bank Group. Notices regarding changes that may impact shareholders were also made in a timely manner to the Colombo Stock Exchange under the advisement of the BSRC. The Board Shareholder Relations Committee Report, presented on pages 299 to 302, demonstrates the engagement with shareholders during the year under review.

The Annual General Meeting (AGM) continues to serve as the primary forum for engagement between shareholders and the Board of Directors. The Bank encouraged shareholder participation at the AGM, which saw shareholders actively attending the meeting as well as exercising their voting rights through proxy. Shareholders also have the opportunity to access the Company Secretary through the Secretariat Department to raise any matters of concern during the year. In 2025, the Bank further provided an opportunity for shareholders to express their views and suggestions at the Shareholder Relations Forum, which was convened subsequent to the AGM.

STAKEHOLDER ENGAGEMENT

Relationship with Stakeholders

Bank stakeholders include customers, employees, regulators, investors and the wider community in which the Bank operates. It is the fundamental duty of the Board to protect the interests of the Bank's stakeholders by exercising appropriate control to ensure the Bank is managed effectively to meet stakeholder expectations. The Bank's Articles of Association empower the Board to make decisions that safeguard stakeholder interests.

Engagement Channels

The Bank operates under a Board-approved policy that defines the modes of engagement with its diverse stakeholders, including investor forums and individual discussions. As a responsible corporate entity committed to Environmental, Social and Governance (ESG) principles, the Bank prioritises sustainable practices and effective stakeholder engagement. In line with this commitment and its strategic focus on digitalisation, the Bank utilises multiple electronic communication channels to ensure efficient and transparent interactions.

SUSTAINABILITY AND ESG GOVERNANCE

ESG Oversight at Board Levels

The Bank is committed to fostering a sustainable, socially responsible and ethical business environment by integrating ESG principles into its operations. To reinforce this commitment, the Board of Directors established the Board Sustainability Committee (BSC), with the objective of creating long-term value for all stakeholders and contributing positively to the environment and society. Further details are provided in the Board Sustainability Committee Report on pages 285 to 290.

Climate-related Risks and Opportunities (CRRO) Disclosures

The Bank is committed to transparent and comprehensive reporting of CRROs in alignment with sustainability disclosure standards. In this regard, the Bank has disclosed the required CRRO information in accordance with Sri Lanka Sustainability Disclosure Standards, SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2: Climate-related Disclosures. These disclosures provide stakeholders with insights into the Bank's approach to identifying, managing and mitigating climate-related risks, as well as its strategies for leveraging opportunities arising from the transition to a low-carbon economy.

Social Responsibility Initiatives

The Bank's Social Responsibility Initiatives are anchored in a comprehensive governance and sustainability framework that aligns with global standards such as the UN Sustainable Development Goals (SDGs). The approach emphasises responsible investment via sustainable financial instruments, namely green and social bonds, alongside capacity building and stakeholder engagement to foster inclusive growth. Core principles include non-discrimination, equal opportunity and community impact, with projects designed to generate long-term social and environmental value. The Bank issues detailed policies, operational manuals and periodic directives to maintain a dynamic CSR framework, supported by transparent reporting and impact measurement mechanisms. This holistic strategy integrates environmental stewardship, social equity and ethical governance, reinforcing the Bank's commitment to sustainability and stakeholder value creation.

BOARD EVALUATION AND EFFECTIVENESS

Regular and structured evaluations of the Board of Directors are fundamental to effective corporate governance, particularly within a regulated banking environment. These evaluations provide a structured framework to assess how well the Board and its members fulfil their fiduciary responsibilities, exercise independent judgment and provide oversight of strategy, risk and regulatory compliance. Key

GRI 2-12,18,27

aspects reviewed include Board composition, the quality of deliberations and decisions, the adequacy of information provided, the conduct of meetings and the nature of engagement with management.

In line with applicable regulatory and voluntary requirements, the Bank conducts an annual assessment of the performance of the Board against its approved objectives. This process covers the Board as a whole, individual Directors and each Board Sub-Committee, including an evaluation of whether responsibilities set out in the relevant Terms of Reference have been effectively discharged. The Company Secretary coordinates the process and consolidates the responses into a report for consideration by the Board and relevant Sub-Committees.

These evaluations support the Board in discharging its responsibilities to the Bank and its stakeholders by identifying skills gaps, development needs, succession planning considerations and areas where governance practices may be strengthened. The process also promotes informed self-reflection, enabling Directors to remain engaged, diligent and effective in their roles.

KEY ACTIVITIES IN 2025

- Strengthened the implementation of the Bank's governance framework and ensured continuity and stability during the leadership transition.
- Strengthened the internal control framework to support strategic transformation, while reinforcing a robust fraud prevention culture through enhanced training and awareness.
- Oversaw the alignment of remuneration and incentive structures with the Bank's strategy, risk appetite and values to support a sustainable performance culture.
- Considered the evolving and interconnected risk landscape and guided initiatives to enhance the Bank's predictive capabilities and organisational resilience.
- Ensured transparent review of related party transactions, safeguarding stakeholder interests.
- Provided strategic oversight to advance the Bank's sustainability agenda, supporting initiatives that drive long-term transformation and sustainable value creation.
- Monitored enhancements to credit risk management to optimise risk-adjusted returns, supported by improved evaluation.
- Provided strategic oversight by deliberating on long-term priorities, considering multiple scenarios amid uncertainty and exercising informed judgment to shape the Bank's strategic direction.
- Reinforced the Bank's commitment to long-term shareholder value by promoting transparency, ethical conduct and sustainable business practices.
- Exercised oversight over treasury activities to support the Bank's financial resilience and balance sheet strength.
- Ensured alignment of branding and marketing strategies with the Bank's strategic direction, while monitoring their effectiveness through appropriate performance measures.
- Guided initiatives to strengthen digital leadership by supporting a secure and resilient technology foundation that enhances customer experience and drives sustainable growth.

ROLE OF THE BOARD OF DIRECTORS IN SHAPING CORPORATE GOVERNANCE

The Board of Directors of the Bank assumes a pivotal role in steering the institution towards sustainable growth and long-term value creation by exercising robust oversight within a well-defined Corporate Governance Framework founded on the Performance–Conformance model. The Board sets the "tone at the top" by articulating a clear vision, mission and strategic direction aligned with the Bank's purpose, risk appetite and stakeholder expectations, while delegating day-to-day operations to Senior Management and retaining ultimate responsibility for outcomes. In line with regulatory and voluntary requirements, the Board has established Board Sub-Committees to enable focused oversight, independent judgment and informed decision-making. Through these mechanisms, the Board ensures compliance with applicable laws, prudential regulations, internal policies and voluntary best practice guidelines, while safeguarding the interests of shareholders, depositors, employees and other key stakeholders.

The Board of Directors actively oversees strategy formulation and execution, ensuring that growth initiatives, digital transformation, product innovation and market expansion are pursued within acceptable risk boundaries. It regularly reviews financial and non-financial performance indicators, stress testing results, capital adequacy and liquidity positions to assess whether Management is delivering sustainable returns without compromising the Bank's stability. In embracing voluntary governance guidelines and international best practices, the Board promotes principles of transparency, integrity, fairness and responsibility, thereby strengthening market confidence and institutional resilience. Furthermore, the Board places strong emphasis on ethical conduct, corporate culture and ESG considerations, recognising that long-term performance is inseparable from sound values and responsible banking practices.

By continuously assessing its own effectiveness, composition and skill mix, the Board ensures it possesses the collective competence and independence necessary to constructively challenge Management and provide strategic guidance. Succession planning for both Board and Senior Management roles is treated as a critical governance responsibility, supporting leadership continuity and organisational stability.

In essence, the Board of Directors leverages the Corporate Governance Framework as a strategic compass, ensuring disciplined oversight, responsible stewardship and sustained value creation across all facets of the Bank's operations.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Board's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

GRI 2-13,15

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
Code 2023 A.1	**Effective Board** The Bank maintains a strong and effective Board that carries out its duties in line with applicable laws, regulations and sound governance practices. Additionally, Directors receive regular updates on regulatory changes during Board Meetings, ensuring their knowledge stays current and enabling them to perform their responsibilities efficiently.	✓
Code 2023 A.1.2	**Leadership to the Board** The Board recognises its responsibility to perform the key functions that are fundamental to the Bank's long-term success. It provides strategic direction through entrepreneurial leadership, while establishing a robust framework of prudent and effective controls and sound risk management practices that form the foundation of the Bank's governance structure. As the business continues to grow in scale, nature and complexity, the Board's responsibilities have broadened across multiple dimensions, requiring careful oversight, vigilant monitoring and proactive engagement to navigate emerging challenges and capitalise on new opportunities. Further details on the Board's oversight of risk management, including how principal risks are identified, managed and mitigated, are presented in the Risk Management Report on pages 317 to 347. The Directors' Statement on Internal Control Over Financial Reporting, provided on pages 360 to 361, outlines the Board's responsibilities and assurance regarding the effectiveness of the Bank's internal control framework.	✓
CBSL Direction 1.2, 5, 5.1, 9.2(h)(iii) CSE Rule 9.6.1, 9.6.2 Code 2023 A.2, A.2.1	**Board-Defined Responsibilities of Chairman and MD/CEO** The Board has duly appointed the Chairman and the MD/CEO of the Bank in accordance with the applicable regulatory requirements and their respective functions and responsibilities have been clearly documented and approved by the Board. The division of responsibilities between the Chairman and the MD/CEO is clearly documented, consistent with the requirement for these roles to be held by separate individuals. The Chairman serves as a NED, while the MD/CEO functions as an ED responsible for the day-to-day management of the Bank, carried out in accordance with Board-approved strategic objectives, corporate values and the overall risk policy and risk management framework. **Relationships Among the Directors Including Chairman and MD/CEO** The identities of the Chairman and the MD/CEO are disclosed in the Profiles of the Board of Directors are given in page 234 of this Annual Report. As detailed on pages 358 to 359 and further elaborated in Note 47 to the Financial Statements on pages 458 to 461, there are no material financial, business or familial relationships among the Chairman, the MD/CEO and the other members of the Board. These disclosures are based on the annual declarations submitted and the Register of Directors' Interests, which is updated as and when required.	✓
CBSL Direction 6, 6.1(a), 6.1(c), 6.1(d), 6.1(e), 6.1(f), 9.2(g) CSE Rule 9.3.1, 9.3.2, 9.3.3	**Board Appointed Committees** As of 31st December 2025, twelve (12) Board Sub-Committees had been established by the Board, of which five (05) are mandated under applicable regulatory requirements, while the remaining seven (07) are voluntary committees formed to enhance the Board's decision-making process in line with global good governance practices. The quorum for each Board Sub-Committee comprises half of its members. All Sub-Committees act on behalf of the Board and operate under the oversight of their respective Chairpersons in accordance with the Board-approved TORs. Each Committee reports directly to the Board and the composition of the Board Sub-Committees complies with regulatory requirements where applicable. In addition, as stipulated by regulatory guidelines, the Chairman of the Board does not serve as the Chairman of the Board Nominations and Governance Committee, Board Audit Committee, Board Human Resources and Remuneration Committee, Board Integrated Risk Management Committee or the Board Related Party Transactions Review Committee. The Company Secretary or a nominee appointed by the Company Secretary, serves as Secretary to Sub-Committees and is responsible for maintaining minutes and records with sufficient detail under the supervision of the respective Chairpersons. The minutes of all Committee meetings are submitted to the Board, ensuring that Directors remain fully apprised of the matters discussed and decisions taken. The Reports of the following Board Sub-Committees are included in this Annual Report, outlining their Membership, Key Activities, Responsibilities and Performance during the year under review: » Board Nominations and Governance Committee on pages 245 to 255; » Board Audit Committee on pages 256 to 263; » Board Human Resources and Remuneration Committee on pages 264 to 270; » Board Integrated Risk Management Committee on pages 271 to 278; » Board Related Party Transactions Review Committee on pages 279 to 284; » Board Sustainability Committee on pages 285 to 290; » Board Credit Committee on pages 291 to 294; » Board Strategic Planning Committee on pages 295 to 298; » Board Shareholder Relations Committee on pages 299 to 302; » Board Treasury Committee on pages 303 to 305; » Board Marketing Committee on pages 306 to 310; » Board IT Committee on pages 311 to 315. Details of the Board Sub-Committees, including the key activities undertaken during the year, the frequency of meetings and the attendance of individual Directors, are disclosed in the respective Board Sub-Committee Reports, given on pages 245 to 315 of this Annual Report.	✓
CBSL Direction 6.1(b)	**Delegation of Authority to Board Sub-Committees** The Board has delegated specific authorities to the established Board Sub-Committees through the respective TORs, empowering each Committee to act on behalf of the Board within its designated purview. In addition, the Sub-Committees are responsible for reviewing specific matters and where deemed necessary, reporting such matters to the Board together with Sub-Committee recommendations for consideration.	✓

GRI 2-15,27

Regulation	Description	Compliance Status
Strategy Formulation		
CBSL Direction 1.1(e) Code 2023 A.1.2	**Engagement with Stakeholders** It is the fundamental duty of the Board to protect the interests of all stakeholders, including shareholders, customers, employees, regulators and the wider community, by exercising appropriate control to ensure the Bank is managed effectively in order to meet stakeholder deliverables. The Bank's Articles of Association empower the Board to make decisions to protect the interests of all stakeholders. In addition, the Customer Charter, the Bank's HR Policy Manual, the "Policy on Managing Conflicts of Interest", the BSRC, as well as the Board Related Party Transactions Review Committee (BRPTRC), together create a fully-fledged ecosystem to uphold the interests of all stakeholders. The Board engages directly with employees, customers, regulators and shareholders from time to time. For this purpose, a Board-approved "Policy on Communication" is in place and serves as the basis for communicating with all stakeholders, including depositors, creditors, shareholders and borrowers. Refer pages 58 to 65 for further details on "Engaging with Our Stakeholders".	✓
CBSL Direction 1.1(q)	**Relationship with Regulators** To demonstrate its dedication to good governance, the Bank has consistently fostered strong relationships with regulators. The MD/CEO, or an appointed representative, attends all scheduled CEO/MD forums on governance organised by the Central Bank of Sri Lanka (CBSL). Additionally, the Board of Directors and relevant officers participate in meetings and special events convened by the regulators, including the CBSL, as applicable.	✓
CBSL Direction 1.1(u), 9.2(i), 9.2(j) CSE Rule 9.8.5, 9.8.6, 9.15 Code 2023 A.1.2	**Compliance with Laws and Regulations** During the year under review, the Bank's level of compliance with applicable policies, laws, regulations and ethical standards is disclosed in the Corporate Governance Report on pages 218 to 231 and 245 to 315, in accordance with statutory requirements. In line with the CBSL Direction, the Board further ensures that any supervisory concerns raised by regulators are addressed promptly, with the assistance of the relevant Board Sub-Committee operating within its respective area of oversight. As the Bank's second line of defence, the Compliance Department monitors regulatory changes and performs rigorous due diligence to ensure that the Bank remains compliant with new legislative requirements and statutory updates, thereby providing the necessary oversight to manage legal risk and maintain institutional integrity. The Bank maintained a sound regulatory compliance position during the year, with no regulatory actions initiated. The Bank ensured compliance with the requirements of Banking Act Direction No. 05 of 2024 for Licensed Banks issued by the Central Bank of Sri Lanka, except for those requirements disclosed under "Way Forward" section given on page 231 of this Annual Report. Further, the Bank is in the process of upgrading its Transaction Monitoring System to strengthen Anti Money Laundering (AML) monitoring capabilities, enabling the identification of emerging money laundering typologies and financial crime trends and enhancing overall AML compliance. In addition, continuous training programmes on the Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) framework were conducted to ensure that staff are equipped to identify, manage and report suspicious activities. These programmes are designed to educate team members on evolving risks, regulatory requirements and internal procedures. A mandatory and comprehensive e-Learning Certification Programme for all team members was hosted on "Sampath Vidvan", covering modules on Compliance, Risk, Internal Audit, IT and Human Resources. The Director of Bank Supervision of the Central Bank of Sri Lanka has not communicated to the Bank any material non compliance giving rise to supervisory concerns in relation to the Bank's risk management or compliance with regulatory directions that are required to be disclosed to the general public, nor have any administrative fines been imposed. The overall risk profile of the Bank was well managed during the period under review. The Bank's systems are governed by Board and Management Committees with appropriate expertise and resources and are compliant with statutory and regulatory requirements. During the year, the Bank further strengthened its risk management activities to enhance safeguards and mitigate risk exposures. No penalties were imposed in relation to Rules 9.8.5, 9.8.6 and 9.15 of the CSE Rules during the year under review.	✓
Policy Making		
CBSL Direction 4.2 CSE Rule 9.2.1, 9.2.3, 9.2.4, 9.5.1, 9.5.2, 9.10.1	**Policies in Terms of CSE Rules and Code 2023** In compliance with the CSE Rules and the Code 2023, the Bank has established the following policies and made them accessible on its corporate website, www.sampath.lk, with effect from 1st October 2024. These policies are also available to shareholders upon submission of a written request to the Company Secretary. » Policy on Matters Relating to the Board of Directors » Policy on Board Committees » Policy on Corporate Governance » Policy on Nominations and Re-election of Directors » Policy on Remuneration » Policy on Internal Code of Business Conduct and Ethics for Directors » Policy on Internal Code of Business Conduct and Ethics for Employees » Policy on Risk Management and Internal Controls » Policy on Relations with Shareholders and Investors » Policy on Environmental, Social and Governance Sustainability » Policy on Control and Management of Bank Assets and Shareholder Investments » Policy on Corporate Disclosures » Policy on Whistleblowing » Policy on Anti-Bribery and Corruption	✓

GRI 2-9,13

Policy Making

Regulation	Description	Compliance Status
Code 2023 I.1, I.1.1, I.1.3, I.1.4, I.2, I.2.1, I.2.2	The Bank, at the time of articulating the "Policy on Matters Relating to the Board of Directors", incorporated the requirements prescribed in CSE Rules 9.5.1 and 9.10.1 and Principle I.2.1 of Code 2023, thereby confirming compliance with these provisions. This Board-approved policy also clearly specifies the matters reserved for the Board's decision, ensuring that the direction and control of the Bank remain within the authority of the Board in line with regulatory guidelines and recognised best practices. Changes made to the above policies during the year under review are presented under the sub-heading "Disclosures Related to Policies Adopted in Line with the CSE Rules and the Code 2023" within the respective Board Sub-Committee Reports.	✓
CSE Rule 9.2.2 Code 2023 D.6.7,I.1.2	**Chairman's Affirmation on the Code of Conduct and Ethics** The Chairman's affirmation regarding the introduction of a Bank-wide Code of Conduct and Ethics, the status of compliance with same and awareness of any violations thereof are provided on page 217 of this Annual Report.	✓
Code 2023 D.6.3	**Monitoring of Share Dealings by Directors and Key Management Personnel** A process is in place to monitor the share dealings carried out by the Directors, Key Management Personnel (KMPs) and identified employees involved in financial reporting, in a timely manner.	✓
CBSL Direction 1.7 Code 2023 A.1.3	**Obtaining Independent Professional Advice** A Board-approved policy is in place enabling Directors to seek independent professional advice, when deemed necessary, at the Bank's expense. This facility is coordinated through the Company Secretary, with the approval of the Board Chairman, to support Directors in the effective discharge of their duties.	✓

CONFORMANCE

Accountability

Regulation	Description	Compliance Status
CBSL Direction 2.2(a), 2.2(b), 2.3, 2.5(a), 3.2(b) CSE Rule 9.8.1, 9.8.2, 9.8.6 Code 2023 A.5, A.5.1, A.5.2	**Composition of Board** The composition and balance of the Board are guided by the Bank's Articles of Association and applicable regulatory requirements such as the CBSL Direction and the CSE Rules. The Bank is led by a competent and well-balanced Board of Directors, providing effective leadership and strategic direction. During the year under review, the Board comprised eleven (11) Directors, consisting of two (02) EDs and nine (09) NEDs, of whom seven (07) served as INDs. There were no changes to the minimum ratio of Independent Directors required under prevailing regulations during 2025. Accordingly, the Board composition continued to meet all specified regulatory requirements relating to Board balance, as outlined below: » CBSL Direction stating that the number of EDs shall not exceed 1/3 of the total number of Directors of the Board; » CBSL Direction stating that the number of Independent, NEDs shall not be less than 1/2 of the total number of Directors of the Board; » CSE Rule stating that the number of INDs should not be less than 1/3 of the total number of Directors of the Board; » Code 2023 which prescribes that 2/3 of NEDs of the Board should be independent. Until 23rd September 2025, the Board comprised three (03) female Directors and with effect from 24th September 2025, two (02) female Directors continued to represent the Board, in line with the applicable regulatory requirements on gender representation. Based on the above, the Board maintains a balanced distribution of authority, ensuring that no single Director holds unfettered decision-making power. During the year under review, no NED exceeded the maximum permitted tenure of nine (09) years, in compliance with the relevant CBSL Direction.	✓
CBSL Direction 2, 9.2(h)(ii) CSE Rule 9.10.4(a), 9.10.4(b), 9.10.4(d), 9.10.4(e), 9.10.4(g) Code 2023 A.10.1	**Diversity of the Board** The Board diversity is demonstrated on page 247 of the Board Nominations and Governance Committee Report, whereas the profiles of Directors, detailing their qualifications, expertise, Executive/Non-Executive and Independent/Non-Independent status, memberships in Board Sub-Committees, companies and other entities in which each Director serves as a Board member, along with their key appointments are disclosed on pages 234 to 237.	✓
CBSL Direction 1	**Ultimate Responsibility and Accountability of the Board** The Board carries ultimate responsibility and accountability for overseeing the Bank's affairs, including its governance framework, business strategy, financial stability and risk management. It ensures that the Bank's operations comply with statutory expectations and regulatory requirements, while remaining aligned with sound banking practices. Directors make decisions objectively, prioritising the interests of depositors, creditors, shareholders and other stakeholders. All decisions are deemed to be those of the Board collectively, unless a Director expressly records a dissent.	✓

GRI 2-13

Accountability

Regulation	Description	Compliance Status
CBSL Direction 5.2(b), 5.2(c), 5.3(a), 5.3(b), 5.3(c), 5.3(d), 5.3(e), 5.3(f), 5.3(g), 5.3(h), 5.3(i) Code 2023 A.3, A.3.1, A.5.9	**Chairman of the Board of Directors** The Chairman leads the Board and ensures that it operates effectively, with all key matters deliberated in a timely and appropriate manner. The Chairman ensures that the "Policy on Internal Code of Business Conduct and Ethics for Directors", together with the TOR of the Board and its Sub-Committees, clearly define the duties, responsibilities and expected standards of conduct for Directors. The Chairman also ensures that Directors are adequately briefed on matters arising at Board meetings and receive sufficient information in a timely manner. The Chairman is responsible for maintaining an appropriate balance between EDs and NEDs, thereby supporting independent and objective decision-making at Board level. He also facilitates the effective contribution of NEDs and promotes constructive engagement between EDs and NEDs. In consultation with the Board of Directors, the Company Secretary develops the agenda for Board meetings, which is reviewed and finalised by the Chairman to ensure that all significant matters requiring the Board's attention are addressed. He encourages active participation by all Directors, facilitates open discussion including the expression of dissenting views and promotes proactive engagement in the best interests of the Bank. This emphasis on meaningful participation is reflected in the responses submitted through the annual self-evaluation process completed by each Director. In line with governance requirements, the Chairman held a meeting with NEDs on 6th May 2025, without the presence of EDs. The Chairman ensures that the Board exercises effective oversight of the Bank's operations and its obligations to depositors, shareholders and other stakeholders. He does not engage in the direct supervision of employees nor partake any executive duties whatsoever. As Chairman of the Board and in his capacity as a member of the BSRC, he ensures that robust mechanisms are in place to facilitate effective shareholder communication and that shareholder perspectives are appropriately conveyed to the Board. The Board will make the necessary arrangements to comply with the requirements stipulated under Section 5.2 of CBSL Direction, taking these obligations into due consideration.	✓
CBSL Direction 5.4	**The Managing Director/Chief Executive Officer** The MD/CEO, as the highest senior executive, is accountable to the Board for providing leadership to the Corporate Management Team and overseeing the Bank's day-to-day operations and business activities. The MD/CEO is responsible for ensuring the effective implementation of Board-approved policies and for upholding the Bank's regulatory and fiduciary obligations. The MD/CEO serves as a Non-Executive Director of Sampath Centre Limited and Sampath Wealth Management Limited, wholly owned subsidiaries of the Bank. In addition, the MD/CEO has been appointed to the Boards of several institutions established to support the development and effective functioning of the banking industry. Despite these additional responsibilities, the MD/CEO ensures that such directorships do not impede his ability to dedicate the requisite time and attention to his role as the MD/CEO of the Bank. Further, the profile of the MD/CEO is given on page 234 of this Annual Report.	✓
CBSL Direction 5.2(a) CSE Rule 9.6.3(a), 9.6.3(b), 9.6.3(c), 9.6.3(d), 9.6.3(e), 9.6.4, 9.10.4(i) Code 2023 A.1.2, A.5.7, A.5.8	**The Senior Independent Director** To ensure an enhanced independent element within the Board, Mr Dilip de S Wijeyeratne has been appointed as the Senior Independent Director (SID), as the current Chairman is a Non-Independent Director. The role of the SID is governed by the Board-approved TOR, which is designed to strengthen the independent element within the Board. The SID's profile is presented on page 235 of the Annual Report, while the "Report by the Senior Independent Director" on page 244 outlines the effectiveness of his role during the year. In 2025, the SID convened meetings in accordance with regulatory requirements and best practice standards, with details of these meetings provided in the "Report by the Senior Independent Director." In line with the Board-approved TOR, the SID holds a casting vote at such meetings and communicates his feedback and recommendations to the Chairman and other Board members as appropriate. The SID is also accessible for confidential discussions with Directors and represents the interests of all shareholders at meetings.	✓
CBSL Direction 4, 4.1, 4.3, 4.4 Code 2023 A.1.2	**Management Functions Delegated by the Board** The Board has a clear understanding of the delegation arrangements in place and consciously delegates authority to Management to perform specific duties, thereby ensuring an appropriate balance of power and preventing the concentration of authority in any individual. Such delegation does not hinder the Board's ability to carry out its responsibilities in accordance with the Bank's Articles of Association. Management, in exercising the authority delegated to them, is required to provide regular reports to the Board on the matters undertaken. The Board reviews and approves delegation arrangements as necessary to ensure they remain aligned with the Bank's evolving requirements while supporting the effective functioning of the Board. In this regard, the following Operational Level Committees provide specialised oversight of the functions delegated by the Board.	✓

Management Committees		
Asset & Liability Committee (ALCO)	Information Security Committee	Operational Risk Management Committee (ORMC)
Credit Policy, Risk and Portfolio Review Committee (CPR & PRC)	Internal Capital Adequacy Assessment Process (ICAAP) Working Committee	Outsourcing Committee
Data Dissemination Committee (DDC)	Internal Control Over Financial Reporting (ICOFR) Steering Committee	Procurement Committee
Environmental, Social and Governance Committee	Investment Committee	Recovery Plan (RCP) Working Committee
Fraud Risk Management Committee (FRMC)	Model Risk Management Committee (MRMC)	Risk and Compliance Committee

GRI 2-13,15

Accountability		
Regulation	Description	Compliance Status
CBSL Direction 3.2(a), 3.2(c)	**Eligibility Criteria of the Directors** In accordance with the CBSL Direction, none of the Directors on the Board has exceeded the age limit of 70 years. Furthermore, no Director holds directorships in more than twenty (20) companies, entities or institutions, inclusive of the Bank's subsidiary companies. Additionally, Profiles of the Board of Directors are given in pages 234 to 237 of this Annual Report.	✓
CBSL Direction 2.1(c)	**Abstention from Participation in Appointment of Independent Directors** No circumstances arose during the year under review that required any Director representing a shareholder to abstain from participation or voting in the appointment of Independent Directors of the Bank.	✓
CBSL Direction 2.5(b), 2.5(c) CSE Rule 9.8.3, 9.8.5 Code 2023 A.5.3, A.5.4, A.5.5	**Independence of Non-Executive Directors** Each NED submitted a signed and dated declaration on a quarterly basis, commencing from 1st January 2025, confirming his/her independence or non-independence against the specified criteria and the Board carried out an evaluation of the independence of Directors based on such declarations. Independent NEDs are expressly identified by specifying their individual directorship status in all corporate communications that disclose the names of Directors of the Bank. No Independent Director impaired his/her independence, as set out in the relevant regulatory requirements, during the year under review.	✓
CBSL Direction 2.4	**Calibre and Integrity of Non-Executive Directors** The Bank's NEDs possess proven records of integrity and professionalism, together with the knowledge, skills and experience necessary to exercise independent judgement on matters relating to strategy, performance, resources and the long-term sustainability of the Bank.	✓
CBSL Direction 2.6 CSE Rule 9.9 Code 2023 A.5.6	**Alternate Directors** The appointment of Alternate Directors to represent Directors at Board meetings may be made where necessary, in line with the Board-approved policy and subject to relevant regulatory requirements and approvals. However, no Alternate Directors were appointed during the year 2025.	✓
Code 2023 A.4	**Financial Acumen of the Board** As provided on pages 234 to 237, it is evident that a majority of Directors possess sufficient financial acumen on matters relating to finance.	✓
CSE Rule 9.10.4(c)	**Material Business Relationships** The details of immediate family and/or material business relationships with other Directors of the Bank are provided in the Annual Report of the Board of Directors on the Affairs of the Company on pages 351 to 357. Further, information pertaining to the Directors is disclosed in the following reports: » Related Party Transactions on pages 458 to 461 (Note 47); » Directors' Interests in Contracts with the Bank on pages 358 and 359; » Directors' attendance at Board Meetings and Board Sub-Committee meetings are given on page 227.	✓
CBSL Direction 3.3	**Cooling-off Period** The Bank fully complied with the directions relating to the mandatory cooling-off period when appointing new Directors to the Board during the year under review. Accordingly, the Bank ensured adherence to stipulated requirements in the appointment of Mr Sanjaya Gunawardana as the MD/CEO during the year under review.	✓
CBSL Direction 1.3, 1.4(a), 1.4(b), 1.4(c), 1.6, 2.7 CSE Rule 9.10.4(f), 9.10.4(h) Code 2023 A.1.1, A.1.5, A.1.6, A.1.7, A.5.10, A.6, A.6.1, A.6.2	**Board Meetings** Regular Board Meetings are held, while special meetings are scheduled on a needs basis and the Board met fifteen (15) times during 2025. Such regular Board Meetings necessarily involve the active in-person participation of a majority of Directors entitled to be present. The Bank has minimised obtaining approval via the circulation of written resolutions/papers, resorting to this practice only in exceptional circumstances. Approvals obtained via circulation were ratified at the Board Meetings held immediately thereafter. Additionally, resources are in place to enable members to participate in Board Meetings virtually, fostering active engagement and ensuring seamless communication across all locations. During the year under review, the Board ensured that the majority of its members regularly attended Board Meetings in person, while Directors who joined meetings virtually under exceptional circumstances attended in person at least on a half-yearly basis, in compliance with regulatory requirements. Every Director commits sufficient time to Board matters and Directors who are members of the respective Board Sub-Committees are dedicated to their responsibilities. All Directors attended at least two-thirds (2/3) of the Board Meetings and no Director was absent from three consecutive meetings during the year under review. More than half (1/2) of the Board members were present at each meeting, constituting the quorum for Board Meetings conducted in 2025. Further, more than one-third (1/3) of the Independent NEDs were present at each meeting. During the year under review, in discharging their duties, the Directors exercised independent judgment primarily in relation to performance and conformance, strategy, resource allocation, risk management, compliance and standards of business conduct.	✓

Accountability

Regulation	Description	Compliance Status

DIRECTORS' ATTENDANCE AT BOARD AND BOARD SUB-COMMITTEE MEETINGS (ATTENDED/ELIGIBLE TO ATTEND)

Mr Harsha Amarasekera	01	Main Board 15/15	9/9	-	-	-	-	-	-	6/6	0/1	-	8/9	-							
Mr Rushanka Silva	02	Main Board 15/15	9/9	-	-	9/11	-	-	23/26	6/6	1/1	-	9/9	6/9							
Mr Dilip de S Wijeyeratne	03	Main Board 15/15	9/9	17/17	7/7	-	5/5	4/4	-	5/6	-	4/5	-	-							
Ms Aroshi Nanayakkara	04	Main Board 15/15	9/9	-	7/7	11/11	-	-	-	6/6	-	5/5	9/9	9/9							
Mr Vajira Kulatilaka	05	Main Board 15/15	-	-	7/7	-	5/5	-	26/26	6/6	-	5/5	-	9/9							
Mrs Keshini Jayawardena	06	Main Board 14/15	9/9	17/17	7/7	-	-	4/4	25/26	4/6	-	-	-	-							
Mr Vinod Hirdaramani	07	Main Board 15/15	6/9	-	5/7	-	-	-	18/26	4/6	-	3/5	4/9	-							
Mr Hiran Cabraal	08	Main Board 15/15	-	-	-	11/11	5/5	3/4	-	6/6	1/1	5/5	-	9/9							
Mr Keith Modder	09	Main Board 14/15	-	17/17	7/7	9/11	-	4/4	-	6/6	-	-	7/9	9/9							
Mr Sanjaya Gunawardana (Appointed w.e.f. 24.09.2025)	10	Main Board 4/4	-	-	-	-	-	1/1	6/7	2/2	-	1/1	2/3	2/2							
Mr Ajantha de Vas Gunasekara	11	Main Board 15/15	-	-	-	-	-	-	-	5/6	-	-	-	-							
Mrs Ayodhya Iddawela Perera (Retired on 23.09.2025)		Main Board 8/11	-	-	-	-	-	2/3	11/19	2/4	1/1	2/4	4/6	4/7							

BNGC BAC BHRRC BIRMC BRPTRC BSC BCC BSPC BSRC BTC BMC BITC

Dates of regular Board Meetings and Board Sub-Committee Meetings are scheduled well in advance and the notice of meetings together with the agenda and relevant papers are generally circulated seven (07) days prior to the meeting via a secure link, providing Directors sufficient time to prepare. There is provision to circulate urgent papers closer to the meeting on an exceptional basis. Further, minutes of the meetings are generally provided within the stipulated period.

The Board has access to comprehensive quantitative and qualitative information required to enable them to effectively discharge their duties. Management provides detailed information to Directors during the monthly Board Meetings. Board papers are informative and any further information required by Directors is provided by Management upon request. A Board-approved procedure is in place enabling all Directors to request the inclusion of matters of concern in the agenda, while all Directors have access to KMPs should they need to seek information for discussions at Board Meetings. The following processes are in place to ensure this:

- Agenda and Board papers are circulated with adequate time for Directors to review them.
- Relevant members of the Management Team are available to provide explanations and clarifications, if required.
- Management information is provided in agreed formats on a regular basis to enable Directors to assess the performance-conformance and stability of the Bank.

Any Director who is unable to attend a meeting is updated on the proceedings prior to the next meeting through:

- formally documented minutes of meetings;
- a separate document on matters arising from the minutes, highlighting items to be completed and those requiring follow-up action from previous meetings (this is taken up immediately after the confirmation of minutes);
- archived minutes and Board papers accessible electronically for the convenience of Directors.

Additionally, in compliance with regulatory requirements, the Company Secretary maintains the minutes of Board Meetings together with the official recordings. These records are securely stored on a protected platform and are made available for inspection by any Director or the regulator upon reasonable notice, ensuring transparency and adherence to governance standards.

The minutes of Board and Board Sub-Committee Meetings capture the important concerns raised and views expressed by Directors individually, to reflect as precisely as possible how the Board arrived at its decisions during deliberations. When preparing the minutes of a meeting, the concerns raised by each Director are clearly recorded together with the responses provided by others, where such inputs are relevant to the final decision of the Board.

The detailed minutes of the meetings include the following:

- a summary of the data and information used by the Board in its deliberations;
- the matters considered by the Board members;
- the fact-finding discussions and the issues of contention or dissent;
- the testimonies and confirmations of relevant KMPs, indicating compliance with the Board's strategies and policies and adherence to applicable laws and regulations;
- matters related to risks to which the Bank is exposed, together with an overview of the risk management measures adopted;
- the decisions and resolutions of the Board and Board Sub-Committees.

Accountability

Regulation	Description	Compliance Status
CBSL Direction 1.5(a), 1.5(b), 1.5(c), 1.5(d) Code 2023 A.1.4	**Role of the Company Secretary** The appointment of the Company Secretary is carried out in accordance with Section 43 of the Banking Act No. 30 of 1988. In line with these statutory requirements, the Board has appointed a Company Secretary who is an Attorney-at-Law of the Supreme Court of Sri Lanka, to oversee secretarial services for Board and shareholder meetings and to perform other functions prescribed under applicable statutes and regulations. The Bank's Articles of Association outline the criteria governing the appointment and removal of the Company Secretary. The Company Secretary serves as a member of the Corporate Management Team at the grade of Deputy General Manager and is recognised as part of the Bank's KMPs. The primary role of the Company Secretary is to guide the Board in discharging its duties and responsibilities by promoting sound corporate governance practices and apprising the Board of legislative and regulatory developments. The Company Secretary is responsible to the Board for maintaining minutes of Board Meetings and circulating them to all Directors. Directors are also granted secure electronic access to past Board papers and minutes via iPads and minutes are made available for inspection by the regulator upon reasonable notice. Furthermore, the Company Secretary ensures that Directors are kept informed of changes in the regulatory landscape so they may effectively fulfil their responsibilities. The Company Secretary is also responsible for implementing BNGC recommended Director training, development and capacity building programmes. A Board-approved policy ensures that all Directors have access to the advice and services of the Company Secretary in matters relating to compliance with applicable rules, regulations, directions and statutory requirements. The profile of the Company Secretary is provided on page 237 of this Annual Report.	✓
CBSL Direction 9.2(b)	**Oversight of Internal Controls and Financial Reporting** The Board Audit Committee (BAC) is responsible to the Board for implementing a comprehensive and effective framework of internal controls that enables BAC and the Board to provide reasonable assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. The Annual Report includes the Directors' Statement on Internal Control Over Financial Reporting, which is given on pages 360 and 361, where the Board confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	✓
CBSL Direction 9.2(c), 9.2(h)(i)	**Independent Assurance on Internal Controls Over Financial Reporting** The Board has obtained independent assurance from the External Auditor to confirm the effectiveness of the Bank's Internal Controls Over Financial Reporting System, as per the "Sri Lanka Standard on Assurance Engagements 3050" and this Independent Assurance Report is given on page 362. The findings presented in the Factual Findings Report of the External Auditor, addressed to the Board, are consistent with the matters disclosed in this Report and do not identify any inconsistencies with those reported by the Board. The recommendations made by the Auditors, where relevant, will be taken into consideration.	✓
CBSL Direction 1.10	**Compliance with Capital Adequacy Requirements** The Board oversees capital adequacy and other prudential indicators to ensure that the Bank maintains capital levels required by the CBSL. The Bank has also established a clearly defined risk appetite and considers industry benchmarks when assessing its capital needs. During the year under review, the Bank remained compliant with the minimum capital adequacy requirements. In response to prevailing macroeconomic challenges, the Bank continued to maintain an internal capital buffer above the regulatory minimum to mitigate potential risks.	✓
Code 2023 G.5	**Disclosure of the Process for Identifying and Managing Cyber Security Risks** The Board has entrusted the Board IT Committee (BITC) with oversight of the Bank's processes for identifying and managing cyber security risks, which represent a key risk area for the Bank. The manner in which the Committee discharged its responsibilities during the year is set out in the BIRMC Report (under Principle G) on page 276 and BITC Report on pages 311 to 315 of this Annual Report.	✓
Code 2023 D.1.2, D.1.4	**Financial and Business Reporting** The Board holds ultimate responsibility for ensuring that the Bank meets all its financial reporting obligations. In this regard, the Board provides oversight to confirm that all regulatory reports are filed with relevant authorities such as the Central Bank of Sri Lanka, the Department of Inland Revenue, the Registrar of Companies and the Colombo Stock Exchange within the prescribed timelines. The Bank also publishes its Interim Financial Statements and Annual Report in accordance with the stipulated timelines of the respective regulators, enabling shareholders to obtain a clear and timely understanding of the state of affairs of the Bank. The Annual Report of the Board of Directors on the Affairs of the Company, provided on pages 351 to 359, includes the declarations required by the Code 2023 concerning financial and business reporting.	✓
CBSL Direction 1.9, 1.11, 9.2(d), 9.2(f), 9.2(k), 11 CSE Rule 9.1.3, 9.10.2,	**Disclosures by the Board of Directors** The Bank remains fully solvent and no circumstances have emerged that could challenge its solvency. Should such a situation occur, the Bank will notify the Director of Bank Supervision of CBSL in accordance with applicable regulatory requirements. In line with the Bank's "Policy on Internal Code of Business Conduct and Ethics for Directors", the Board holds responsibility for informing the Director of Bank Supervision and ensuring that timely public disclosures, in line with regulatory standards are made in the event of such an occurrence. Details of Directors including EDs are given on pages 234 to 237 and the Directors' interest in contracts with the Bank including the remuneration paid to and transactions with Directors are given in Table 1. Aggregate values of remuneration paid to and transactions with KMPs excluding EDs are given in Table 2.	✓

GRI 2-19,27

Accountability

Regulation	Description	Compliance Status
9.10.3, 9.10.5, 9.14.8(4), 9.16, 9.17 Code 2023 D.1.6, D.1.7, D.6.2, D.7, D.7.1		

Table 1

Category	Amount Rs 000
Loans and advances	15,583
Credit cards	5,467
Deposits	321,792
Debentures	300,000
Aggregate value of remuneration/fee paid by the Bank	
Directors' fees and expenses	134,514
Short term benefits paid to Executive Directors including the MD/CEO	170,337
Post-employment benefits paid to Executive Directors	
Statutory	10,168
Non-statutory	15,780
Interest income	1,268
Interest expense	90,042
Cash dividend paid (Gross)	6,317
Number of shares held as at 31st December 2025	681,176

Table 2

Category	Amount Rs 000
Loans and advances	153,979
Credit cards	34,965
Indirect facilities	2,222
Deposits	241,824
Debentures	21,560
Short term employment benefits	889,790
Post-employment benefits	
Statutory	68,417
Non-statutory	7,069
Interest income	10,411
Interest expense	22,843
Cash dividend paid (Gross)	9,856
Number of shares held as at 31st December 2025	673,877

Remuneration paid to and transactions with the EDs are included in Table 1.

As required under the applicable regulatory framework, in the event of any inconsistency between the Bank's Articles of Association and the CBSL Direction, the CBSL Direction shall prevail. However, where the Articles of Association impose a more stringent standard, the Bank will comply with those higher provisions.

The Bank has adhered to the Corporate Governance requirements outlined in Section 9 of the CSE Rules. Accordingly, the relevant disclosures and the Bank's level of compliance with these provisions are presented on pages 221 to 231 and 245 to 315 of this Annual Report.

Upon any changes to the composition of the Board of Directors, the Bank makes immediate market disclosures in accordance with the relevant regulatory requirements. Accordingly, the Bank made an immediate market announcement on 24th September 2025 regarding the appointment of Mr Sanjaya Gunawardana as the MD/CEO, following the completion of the term of office of the outgoing MD, Mrs Ayodhya Iddawela Perera. As required by the regulatory authorities, this change in the position of MD/CEO was approved by the Board of Directors consequent to the review of the Board Nominations and Governance Committee. Additionally, in terms of Section 9.10.3 of the CSE Rules, the Bank ensures that timely disclosures are made regarding changes to the composition of the Board of Directors and Board Sub-Committees; however, no such changes occurred during the year under review.

The Bank remains fully cognisant of the enforcement procedures applicable in instances of non-compliance with the Corporate Governance requirements stipulated in the CSE Rules and is committed to upholding these standards at all times.

The declarations by the Board of Directors as required by Rule 9.16 of the CSE Rules are given in:

- Directors' Interests in Contracts with the Bank on pages 358 and 359;
- Directors' Statement on Internal Control Over Financial Reporting on pages 360 and 361;
- Chairman's Message on Corporate Governance on page 217;
- Corporate Governance Report – "Compliance with Laws and Regulations" section given on page 223.

The Bank's capital did not fall below 50% of the value of Shareholders' Funds during the year under review. However, if such an event were to occur, the Bank would duly notify the shareholders in line with applicable laws.

A process is in place to ensure the timely disclosure of price-sensitive and material information to the public. In accordance with the Board-approved "Policy on Communication", the responsibility for disseminating market announcements relating to price-sensitive information is vested with the Company Secretary.

The Management Discussion and Analysis is given on pages 101 to 215 and covers the information specified in the Code 2023, which includes the following:

- business model;
- industry structure and developments;
- opportunities and threats;
- risk management;
- internal control systems and their adequacy;
- corporate governance;
- stakeholder relationships;
- social and environmental governance activities carried out by the Bank;
- financial performance;
- investment in physical and intellectual capital;
- human resource management activities carried out by the Bank; and outlook for the future.

The affirmative statement by the Board of Directors regarding compliance with the rules applicable to Related Party Transactions is provided on pages 351 to 359 of the Annual Report, under the Annual Report of the Board of Directors on the Affairs of the Company.

GRI 2-15

Accountability

Regulation	Description	Compliance Status
	The Corporate Governance Report, given on pages 218 to 231 and 245 to 315, provides information regarding the Corporate Governance practices in the Bank, which are in compliance with: the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the CBSL, the requirements of Rule 9 of the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance 2023 issued by the ICASL. The disclosures relating to Section 7 of the CSE Rules are given under Supplementary Information in this Annual Report on page 540.	
CBSL Direction 9.1, 9.2(a) Code 2023 A.1.2, D.1, D.1.1	**Financial Disclosures** To uphold transparency and strengthen market discipline, the Board is committed to providing timely public disclosures that align with regulatory requirements and reflect the scale and complexity of the Bank's operations. The Bank's Annual Audited Financial Statements and Quarterly Financial Statements are prepared in accordance with relevant accounting standards, laws and regulations and in the formats prescribed by supervisory and regulatory authorities. These Financial Statements provide a true and fair assessment of the Bank's financial position and are presented on pages 370 to 520 of this Annual Report. Furthermore, a statement confirming that the Annual Audited Financial Statements have been prepared in line with applicable accounting standards and regulatory requirements is included in the Annual Report of the Board of Directors on the Affairs of the Company, given on pages 351 to 359. The Annual Report provides stakeholders with a comprehensive and balanced overview of the Bank's financial position and performance, business model, governance framework, organisational structure, risk management practices, internal controls and the key challenges, opportunities and future prospects. It serves as the Bank's primary channel for presenting financial and non-financial disclosures, integrating both narrative and visual elements to enhance clarity and understanding. Further detail on the Bank's position, performance and forward-looking outlook is presented in the Chairman's Message on pages 22 to 25, the Managing Director/Chief Executive Officer's Review on pages 26 to 32 and the Management Discussion and Analysis on pages 101 to 215.	✓
CBSL Direction 9.2(e)	**Disclosure of Net Accommodation Granted to Related Parties** Related Party Transactions are given in Note 47 to the Financial Statements on pages 458 to 461 and the net accommodation granted to related parties is given below.	✓

Category of related party transaction	As a % of regulatory capital of the Bank	Amount Rs 000
Directors	0.01	16,108
Close relations of Directors	0.002	3,590
Concerns in which the Directors of the Bank have a substantial interest	6.75	11,710,044
Concerns in which close relations of any of the Bank's Directors have a substantial interest	-	-
Officers performing executive functions of the Bank	0.09	157,321
Shareholders owning material interest in the Bank	-	-
Subsidiaries	2.74	4,764,825
Holding company of the Bank	-	-
Directors of subsidiary companies	0.05	89,827
Directors of the holding company of the Bank	-	-
Close relations of officers performing executive functions of the Bank or shareholder having a material interest	0.01	20,801
Concerns, whose director is a director of the Bank	10.72	18,614,689
Concerns in which the Bank's material shareholders have a substantial interest	7.15	12,406,101
Concerns in which a close relation of an individual material shareholder has substantial interest	-	-

Monitoring and Supervision

CBSL Direction 1.1(k), 1.1(l), 1.1(p)	**Define Areas of Authority and Key Responsibilities for Directors and KMP** The Board under the recommendation of Board Human Resources and Remuneration Committee (BHRRC) has clearly defined the scope of authority and key responsibilities for the Bank's KMPs, as set out in their respective Position Descriptions. During the year under review, the Board met regularly, on a needs basis, with the MD/CEO and KMPs to review policies, maintain effective communication and monitor progress towards corporate objectives, enabling the KMPs to discharge their duties in line with the Board's strategic direction and governance framework.	✓
CBSL Direction 1.1(j), 8.1	**Key Management Personnel** The Bank has identified KMPs as individuals holding positions that have the capacity to significantly influence the policies, direct activities and exercise control over the Bank's operations and risk management functions. Accordingly, the Board has designated the members of Corporate Management, including the MD/CEO, the Chief Compliance Officer (CCO) and the Assistant Company Secretary as KMPs of the Bank. Additionally, effective 1st July 2025, the Board appointed a Chief Operating Officer (COO) who is part of the Corporate Management team and has also been recognised as KMP of the Bank. Further, the BHRRC provides oversight and guidance on matters relating to KMPs, including recommending and approving appointments and ensuring sound succession planning. The Committee also reviews performance evaluation frameworks for KMPs to ensure alignment with the Bank's strategic objectives and stakeholder interests. Additionally, it recommends and approves remuneration structures in compliance with applicable laws and prevailing industry standards. The overall responsibility of the Board is one of oversight rather than involvement in the Bank's day-to-day operations. This responsibility requires the Board to ensure that Senior Management conducts the daily activities of the Bank in a safe, sound and prudent manner and in alignment with the strategies and policies approved by the Board. In fulfilling this responsibility, the Board clearly defines the authority and responsibilities of Senior Management, ensures that their actions remain consistent with the Bank's approved business strategy and policies and meets with them regularly, as necessary, to review progress toward corporate objectives.	✓

Monitoring and Supervision

Regulation	Description	Compliance Status
	The Board also exercises rigorous oversight by questioning and critically evaluating explanations and information presented by Senior Management, assessing whether their collective knowledge and expertise remain appropriate for the Bank's size, scale, diversity and operational complexity and holding Senior Management accountable for their actions. Through these measures, the Board ensures effective governance, strategic alignment and responsible management of the Bank's operations.	
CBSL Direction 8, 8.3	**Responsibilities of the Senior Management** In terms of the CBSL Direction, Senior Management includes the MD/CEO and the KMPs of the Bank. Accordingly, the Board has identified the members of Corporate Management, including the MD/CEO, the Chief Compliance Officer and the Assistant Company Secretary, as KMPs representing the Senior Management of the Bank. The Senior Management ensures that they: » contribute substantially to the Bank's sound Corporate Governance Framework through their personal conduct; » devote sufficient professional time to discharge their duties; » implement business strategies, risk management systems, risk and compliance culture, processes and controls for managing both financial and non-financial risks in line with the directions of the Board; » recognise and respect the independent duties of the risk management, compliance and internal audit functions and do not interfere in the exercise of such duties; » receive access to regular training to maintain and enhance competencies and keep abreast of developments relevant to their respective areas of responsibility; » are responsible for delegating duties to staff and overseeing such delegated duties; » establish a management structure that promotes Bank-wide accountability and transparency; » take appropriate remedial or disciplinary action if any breaches are identified; » regularly provide the Board and the Board Sub-committees, as applicable, with information on material matters, including but not limited to: » changes in business strategy or risk strategy/risk appetite, » performance and financial condition, » breaches of risk limits or compliance rules, » internal control failures, » legal or regulatory concerns; » notify the Director of Bank Supervision of CBSL upon becoming aware of any material information that may negatively affect the fitness and propriety of a Board member or another Senior Management member. Recognising the importance of good governance, the Senior Management proactively fulfilled the above requirements.	✓
CBSL Direction 9.3	**Resignation of Directors and Regulatory Disclosures** In the event that a Director wishes to resign from his/her position as a Director, a written communication tendering his/her resignation, along with the reasons for such, will be communicated to the Board by duly tabling the same at the immediately succeeding Board Meeting. The same will be informed to the regulatory authorities as per the requirements of the CSE Rules and the Companies Act No. 07 of 2007, together with a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders through a CSE market announcement and the Bank's official website. During the year under review, no Directors resigned from their positions as Directors, other than Mrs Ayodhya Iddawela Perera, who served as the Managing Director and completed her term of office on 23rd September 2025 and the necessary disclosures were disseminated in line with regulatory requirements.	✓

Way Forward

Sampath Bank, guided by its Board of Directors, continues to uphold strong governance practices and embed robust Corporate Governance principles founded on capable and ethical leadership. In striving for long-term sustainability, the Bank remains committed to meeting all regulatory governance requirements while proactively adopting best practices in Governance. As a responsible corporate citizen, the Bank also pays close attention to emerging developments in the governance landscape. In this context, the Bank has already complied with the requirements of the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the CBSL, effective from 1st January 2025, well ahead of the stipulated timelines. Furthermore, to elevate Corporate Governance standards within the prescribed timeframe, the Bank is actively progressing with the implementation of the remaining directions and guidelines mandated under the aforementioned CBSL regulation.

CBSL Direction Reference	Requirement	Effective Date
5.2(a)	The Chairperson shall be an Independent, Non-Executive Director. In the event the Chairperson becomes Non-Independent after the initial appointment, as an interim arrangement, the Board shall designate an Independent Director as the Senior Director for a period not exceeding six months with suitably documented terms of reference.	31st December 2027
6.2(a)	The Chairperson of the BAC shall be an Independent Director and is not the chair of the Board or any other Board committee.	1st January 2027
6.5(a)	BIRMC shall be chaired by an Independent Director who is not the chair of the Board or any other Board committee.	1st January 2027

In continuing its commitment to sound governance and transparent stewardship, the Board of Directors ensures that each of its Sub-Committees operates within a clearly defined regulatory and policy framework. The mandatory and voluntary corporate governance requirements, together with its status of compliance applicable to each Board Sub-Committee, are presented in pages 245 to 315 of this Annual Report, offering a comprehensive view of the governance architecture and demonstrating how Board oversight is strengthened through effective delegation and clearly articulated responsibilities.

HARSHA AMARASEKERA
Chairman

19th February 2026
Colombo, Sri Lanka

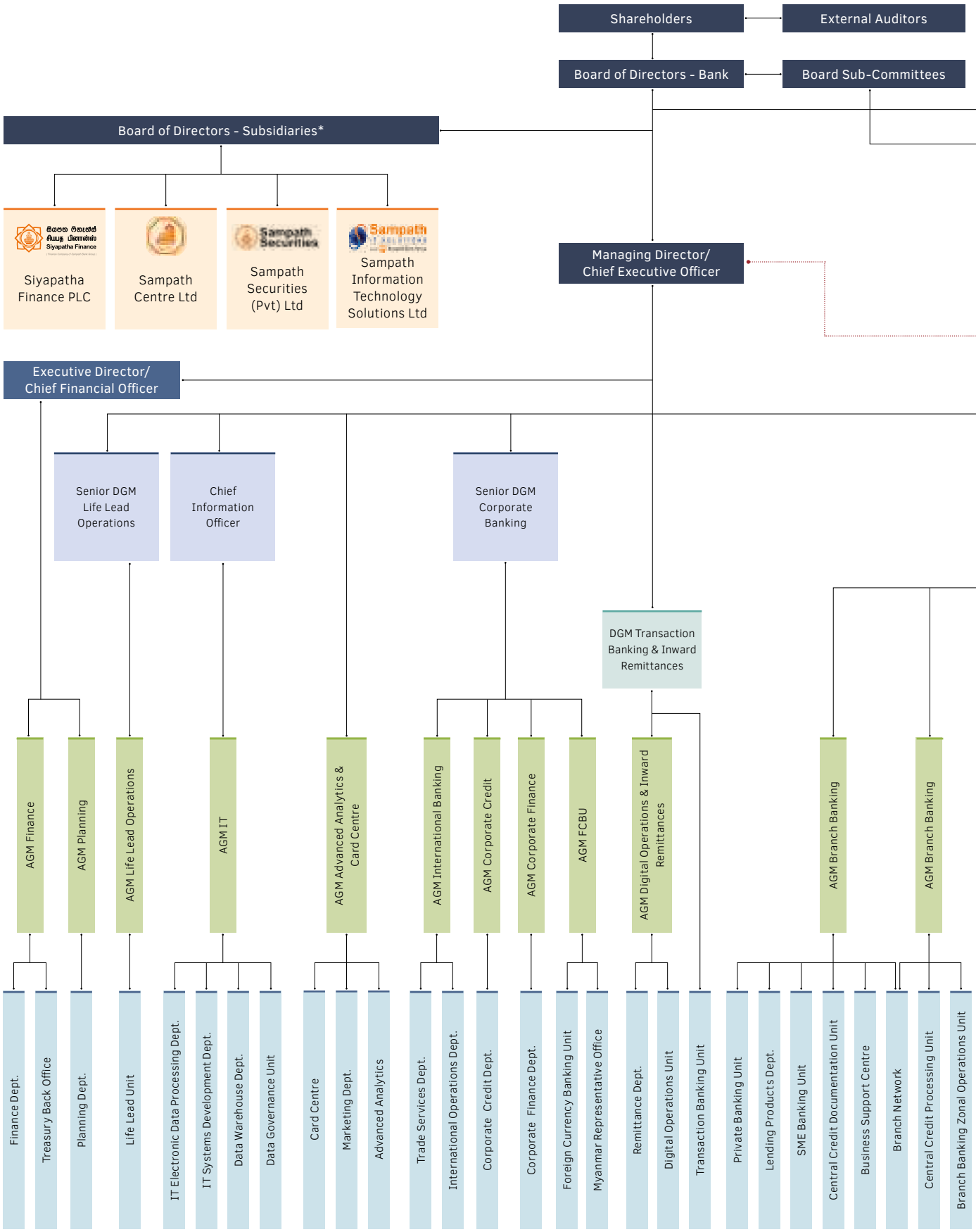
SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer

LASANTHA SENARATNE
Company Secretary

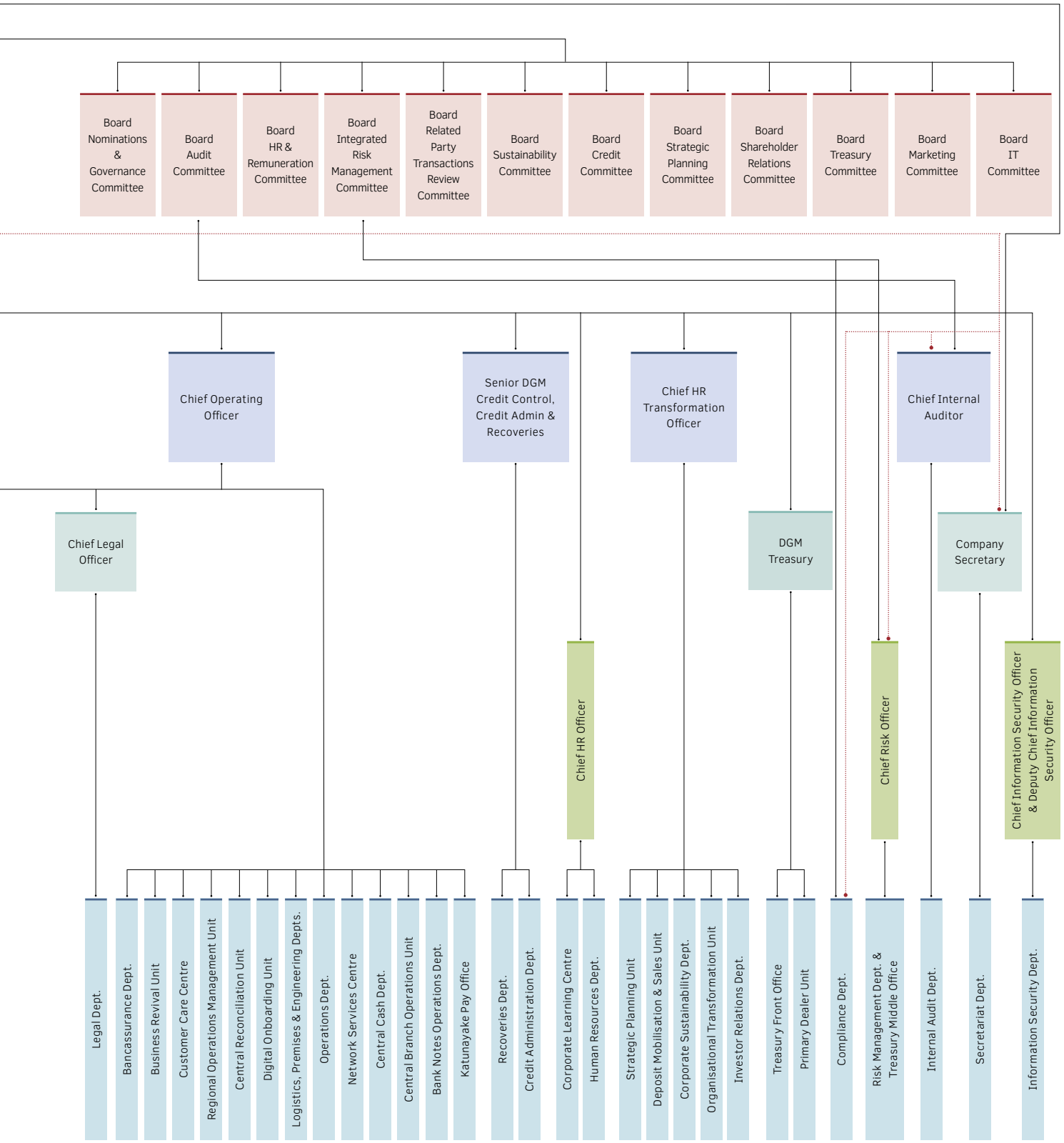
CORPORATE GOVERNANCE REPORTS

GOVERNANCE STRUCTURE

GRI 2-9,13,24



** Sampath Wealth Management Ltd, a new subsidiary of the Bank, was incorporated with effect from 6th January 2026.*


Board Nominations & Governance Committee
Board Audit Committee
Board HR & Remuneration Committee
Board Integrated Risk Management Committee
Board Related Party Transactions Review Committee
Board Sustainability Committee
Board Credit Committee
Board Strategic Planning Committee
Board Shareholder Relations Committee
Board Treasury Committee
Board Marketing Committee
Board IT Committee
Chief Operating Officer
Senior DGM Credit Control, Credit Admin & Recoveries
Chief HR Transformation Officer
Chief Internal Auditor
Chief Legal Officer
DGM Treasury
Company Secretary
Chief HR Officer
Chief Risk Officer
Chief Information Security Officer & Deputy Chief Information Security Officer
Legal Dept.
Bancassurance Dept.
Business Revival Unit
Customer Care Centre
Regional Operations Management Unit
Central Reconciliation Unit
Digital Onboarding Unit
Logistics, Premises & Engineering Depts.
Operations Dept.
Network Services Centre
Central Cash Dept.
Central Branch Operations Unit
Bank Notes Operations Dept.
Katunayake Pay Office
Recoveries Dept.
Credit Administration Dept.
Corporate Learning Centre
Human Resources Dept.
Strategic Planning Unit
Deposit Mobilisation & Sales Unit
Corporate Sustainability Dept.
Organisational Transformation Unit
Investor Relations Dept.
Treasury Front Office
Primary Dealer Unit
Compliance Dept.
Risk Management Dept. & Treasury Middle Office
Internal Audit Dept.
Secretariat Dept.
Information Security Dept.

GOVERNANCE LEADERSHIP

BOARD OF DIRECTORS

GRI 2-9,11,18



Harsha Amarasekera, President's Counsel
Chairman

Appointed as Non-Independent, Non-Executive Director on 18th August 2020

Chairman of the Board of Directors with effect from 30th August 2020

Expertise
Law

Qualifications
- Attorney-at-Law of the Supreme Court of Sri Lanka
- President's Counsel

Current Appointments

Non-Independent, Non-Executive Chairman
Sampath Bank PLC

Independent, Non-Executive Chairman
CIC Holdings PLC
Swisstek (Ceylon) PLC
Swisstek Aluminium Ltd
CIC Agri Businesses (Pvt) Ltd
Vallibel Power Erathna PLC

Independent, Non-Executive Co-Chairman
Royal Ceramics Lanka PLC

Non-Executive Chairman
Sampath Centre Ltd

Chairman
Colombo Port City Economic Commission

Independent, Non-Executive Director
Expolanka Holdings Ltd

Non-Executive Director
Galle Face Management Company (Pvt) Ltd
Link Natural Products (Pvt) Ltd
Millennium Airlines (Pvt) Ltd
Millennium Investments Lanka (Pvt) Ltd
Ceylon Hotels Holdings (Pvt) Ltd
EFL Global Logistics (Pte) Ltd
Lanka Walltiles PLC
Lanka Tiles PLC



Sanjaya Gunawardana
Managing Director/Chief Executive Officer

Appointed as the Managing Director/Chief Executive Officer with effect from 24th September 2025

Expertise
Retail Banking, Trade Finance, Information Technology, Strategic Planning and Organisational Development

Qualifications
- McKinsey Pinnacle Leadership Development from the McKinsey Center for CEO Excellence, UAE
- Strategic Management in Banking from the INSEAD Business School, France
- Digitalisation of Retail Banking from the McKinsey and Co., Singapore
- Leading Change and Organisational Renewal from the Harvard Business School, Boston, U.S.A.
- Organisational Strategy Formulation and Execution from the Harvard Business School India Research Centre
- IFC Green, Social and Sustainability Bonds Programme from the International Finance Corporation (IFC), Luxembourg

Current Appointments

Managing Director/Chief Executive Officer
Sampath Bank PLC

Non-Executive Director
Sampath Centre Limited
Lanka Financial Services Bureau Ltd

Director
Sri Lanka Banks' Association (SLBA)
LankaPay (Pvt) Ltd



Rushanka Silva
Deputy Chairman

Appointed as Non-Independent, Non-Executive Director on 1st September 2017

Deputy Chairman of the Board of Directors with effect from 24th September 2020

Expertise
Finance & Management Accounting, Marketing, Business Communication, Managerial Economics, Financial Analysis

Qualifications
- Masters of Business Administration (MBA) from University of Western Sydney, Australia
- Associate Member of the Chartered Institute of Management Accountants, UK (ACMA)
- Alumnus of Harvard Business School, USA

Current Appointments

Deputy Chairman
Sampath Bank PLC
Siyapatha Finance PLC

Chairman
Braybrooke Residential Properties (Pvt) Ltd
Braybrooke Residential Towers (Pvt) Ltd
Indra Hotels and Resorts Kandy (Pvt) Ltd

Non-Executive Chairman
Sampath Information Technology Solutions Ltd

Managing Director
Indra Traders (Pvt) Ltd

Director
Indra Motor Spares (Pvt) Ltd
Indra Property Development (Pvt) Ltd
Indra Service Park (Pvt) Ltd

Executive Director
Suntech Solutions (Private) Ltd
Mirigama Solar (Pvt) Ltd

BNGC Board Nominations and Governance Committee
BAC Board Audit Committee
BHRRC Board HR & Remuneration Committee
BIRMC Board Integrated Risk Management Committee
BRPTRC Board Related Party Transactions Review Committee
BSC Board Sustainability Committee

BNGC BAC BHRRC BRPTRC BSC BSPC BTC



Dilip de S Wijeyeratne
Senior Independent Director

Appointed as Non-Independent, Non-Executive Director on 13th November 2018

Independent Director with effect from 8th August 2019

Senior Independent Director with effect from 6th May 2022

Expertise
Banking, Finance, Risk Management & Compliance, Investment Banking & Treasury

Qualifications
- Graduate Member of Australian Institute of Company Directors (AICD)
- Associate Member of the Institute of Chartered Accountants of Sri Lanka (ACA)
- Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA)

Current Appointments

Senior Independent Director
Sampath Bank PLC
Singer Sri Lanka PLC
Hayleys Fibre PLC

Independent, Non-Executive Director
Janashakthi Insurance PLC

BNGC BHRRC BIRMC BSPC BTC BMC BITC



Aroshi Nanayakkara
Independent, Non-Executive Director

Appointed as Non-Independent, Non-Executive Director on 30th May 2019

Independent Director with effect from 27th June 2019

Expertise
Enterprise Risk, Corporate Strategy, Banking & Finance, Human Capital & Engagement

Qualifications
- BSc. in Management from the Massachusetts Institute of Technology, USA
- MSc. in Management from London School of Economics, UK
- ACMA and CGMA from the Chartered Institute of Management Accountants, UK

Current Appointments

Immediate Past Chairperson
Sri Lanka Institute of Directors

Independent, Non-Executive Director
Sampath Bank PLC
Asian Hotels & Properties PLC
Royal Palms Beach Hotels PLC
Tangerine Beach Hotels PLC
Keells Food Products PLC

Chief Executive Officer
Global Consulting Company

Managing Director
Rubik International (Pvt) Ltd

BHRRC BRPTRC BCC BSPC BTC BITC



Vajira Kulatilaka
Independent, Non-Executive Director

Appointed as Independent, Non-Executive Director with effect from 25th June 2020

Expertise
Engineering, Banking & Finance, Investment Banking & Treasury

Qualifications
- BSc. in Civil Engineering (First Class Honours), University of Moratuwa
- MEng. in Industrial Engineering and Management from Asian Institute of Technology, Thailand
- Chartered Financial Analyst (CFA) from Institute of Chartered Financial Analysts, USA
- Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA)

Current Appointments

Senior Independent, Non-Executive Director
Access Engineering PLC

Independent, Non-Executive Director
Sampath Bank PLC
Printcare PLC
Hemas Hospitals (Pvt) Ltd
L T L Holdings Ltd

Non-Executive Director
Printcare Digital Solutions (Pvt) Ltd

BCC Board Credit Committee
BSPC Board Strategic Planning Committee
BSRC Board Shareholder Relations Committee
BTC Board Treasury Committee
BMC Board Marketing Committee
BITC Board IT Committee

GOVERNANCE LEADERSHIP

BOARD OF DIRECTORS



Keshini Jayawardena
Independent, Non-Executive Director

Appointed as Independent, Non-Executive Director with effect from 1st October 2020

Expertise
Banking, Law, Leadership Development

Qualifications
- BSc. (Econ) in International Relations from the London School of Economics & Political Science, UK
- Solicitor of the Supreme Court of England & Wales from the College of Law, UK

Current Appointments
Independent, Non-Executive Director
Sampath Bank PLC

Associate Consultant
Bridge Partnership, UK
Enolla Consulting, UK



Vinod Hirdaramani
Independent, Non-Executive Director

Appointed as Independent, Non-Executive Director with effect from 16th February 2021

Expertise
Business Management

Qualifications
- BA degree from the Northwestern University, USA
- Alumnus of Harvard Business School, USA

Current Appointments
Independent, Non-Executive Director
Sampath Bank PLC

Non-Independent, Non-Executive Director
Windforce PLC

Executive Director
Hirdaramani Leisure Holdings (Private) Limited
Hirdaramani Apparel Holdings (Private) Limited
Hirdaramani Investment Holdings (Private) Limited
Hirdaramani International Exports (Private) Limited
Hirdaramani (Private) Limited
Hirdaramani Power (Private) Limited
Hirdaramani Mercury Apparel (Private) Limited
HI Fashions Holdings (Private) Limited
C K T Apparel (Private) Limited
Ceylon Knit Trend (Private) Limited
Long Island Clothing Company (Private) Limited
The Island Watch Company (Private) Limited
Rosewood (Private) Limited
Zenith Insurance Brokers (Private) Limited
Hirdaramani Partners (Private) Limited
Mandalay (Private) Limited
Vinik (Private) Limited



Hiran Cabraal
Independent, Non-Executive Director

Appointed as Independent, Non-Executive Director with effect from 30th June 2022

Expertise
Risk Management, Financial Crime Compliance, Investment Banking & Treasury

Qualifications
- BSc. in Economics (Agricultural & Resource Economics) from University of Maryland at College Park, USA

Current Appointments
Chairman
Affno Virtual Market Pte. Ltd. (Singapore)
Affno Virtual Market Pte. Ltd. (Sri Lanka)

Managing Director
HSVC (Vietnam) Company Ltd

Independent, Non-Executive Director
Sampath Bank PLC
The Lighthouse Hotel PLC
Jetwing Symphony PLC



Keith Modder
Independent, Non-Executive Director

Appointed as Independent, Non-Executive Director with effect from 2nd April 2024

Expertise
Information Technology

Qualifications
- Diploma in Business Management from the National Institute of Business Management (NIBM)

Current Appointments
Independent, Non-Executive Director
Sampath Bank PLC

Non-Executive Director
Digital Mobility Solutions Lanka PLC

Executive Director
Keystone (Pvt) Ltd
Lariam (Pvt) Ltd

Non-Executive Chairman
HUMANISE AI-FZCO



Ajantha de Vas Gunasekara
Executive Director/Chief Financial Officer

Appointed as Executive Director with effect from 29th October 2020

Expertise
Banking, Finance & Insurance

Qualifications
- Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA)
- Associate Member of the Association of Chartered Certified Accountants of UK (ACCA)
- Fellow Member of the Certified Management Accountants of Sri Lanka (FCMA)

Current Appointments
Executive Director/Chief Financial Officer
Sampath Bank PLC

Non-Executive Director
Sampath Centre Limited

Director
LankaBangla Finance PLC
LankaBangla Securities PLC



Lasantha Senaratne
Company Secretary

Appointed as the Company Secretary with effect from 1st February 2019

Expertise
Governance, Banking, Law, Compliance

Qualifications
- PhD in Corporate Governance in the Financial Sector (University of Colombo, Faculty of Law)
- Attorney-at-Law of the Supreme Court of Sri Lanka
- Senior Fellow Member of the Institute of Bankers of Sri Lanka
- Degree of Bachelor of Laws (LL.B) from the University of Colombo
- Master of Laws (LL.M) from the University of Colombo
- Masters of Business Administration (MBA) from the University of Colombo
- International Diploma in Governance, Risk and Compliance (GRC) from the University of Manchester, UK
- Associate Member of the Institute of Chartered Corporate Secretaries of Sri Lanka

Current Appointments
Member of the Faculty Advisory Committee (FAC)
Centre for Banking Studies, Central Bank of Sri Lanka

External Faculty Board Member
Faculty of Management and Finance, University of Colombo



Muditha Walpola
Assistant Company Secretary

Appointed as the Assistant Company Secretary with effect from 1st February 2019

Expertise
Banking, Law

Qualifications
- Attorney-at-Law of the Supreme Court of Sri Lanka
- Advanced Post Attorney Diploma in Banking, Finance and Insurance Laws from the Incorporated Council of Legal Education
- Master of Laws (LL.M) Global Business and Finance Law from the University of the West of England, Bristol

GOVERNANCE LEADERSHIP

CORPORATE MANAGEMENT



Sanjaya Gunawardana
Managing Director/Chief Executive Officer



Ajantha de Vas Gunasekara
Executive Director/Chief Financial Officer



Deepal De Silva
Chief Operating Officer



Tharaka Ranwala
Senior Deputy General Manager -
Life Lead Operations



Ajith Salgado
Chief Information Officer



Manoj Akmeemana
Senior Deputy General Manager - Credit Control, Credit Administration & Recoveries
(Retired w.e.f. 4th January 2026)



Amal Kirihene
Senior Deputy General Manager -
Corporate Banking



Lalith Weragoda
Chief Human Resource Transformation Officer



Charitha Jayawickrama
Chief Internal Auditor



Rajendra Ranasinghe
Deputy General Manager - Transaction Banking & Inward Remittances



Prassantha De Silva
Deputy General Manager - Treasury



Lasantha Senaratne
Company Secretary



Theja Silva
Chief Legal Officer

> Through customer-centric solutions, digital innovation and sustainable practices, we remain committed to fostering inclusive growth while delivering on our strategic priorities, to position Sampath Bank as the nation's most trusted and preferred banking partner.

GOVERNANCE LEADERSHIP

CORPORATE MANAGEMENT



Ananda Wijitha
Assistant General Manager - Chief Information Security Officer



Pasan Manukith
Assistant General Manager - Information Technology



Shiran Kossinna
Assistant General Manager - Life Lead Operations



Kusal De Silva
Assistant General Manager - Corporate Finance



Chatura Rudesh
Assistant General Manager - FCBU



Janaka Jayasuriya
Assistant General Manager - Branch Banking



Kumari Jayasuriya
Assistant General Manager - Corporate Credit



Halin Hettigoda
Assistant General Manager - International Banking



Udara Suraweera
Assistant General Manager - Digital Operations & Inward Remittances



Kasun Ratnayake
Chief Risk Officer



Darshin Pathinayake
Assistant General Manager - Advanced Analytics & Card Centre



Asanka Liyanage
Assistant General Manager - Branch Banking



Sachithri Fernando
Assistant General Manager - Planning



Gayani Jinadasa
Assistant General Manager - Finance



Chryshanthi Lokuhetty
Chief Human Resource Officer



Ranil Amarasuriya
Deputy Chief Information Security Officer

CHIEF MANAGERS



Nalaka Gunawardena
Chief Manager - Internal Audit



Aloka Ekanayake
Chief Manager - Corporate Credit



Champika Nanayakkara
Chief Manager - Business Revival Unit



Kasun Fernando
Chief Manager - Branch Banking



Thushantha Sumithraarachchi
Chief Manager - Systems & Procedures



Janaka Karunaratne
Chief Manager - Operations



Keshan Dabare
Chief Manager - Branch Banking



Manoji Hettigoda
Chief Manager - Corporate Credit



Asantha Punchihewa
Chief Manager - Branch Banking



Rohana Aluthgedara
Head of Recoveries



Pujitha Rajapaksa
Chief Manager - Inward Remittances



Namal Gunawardena
Chief Manager - Corporate Credit



Amila Thewarapperuma
Head of Operations



Chaminda Jayasinghe
Head of Data Governance Unit



Vipula Kuruppuarachchi
Chief Manager - Corporate Credit



Kithsiri Dodamgoda
Head of EvolveX Personal Loans



Janaka Mohotty
Chief Manager - Business Support Centre



Sudharshana Jayasekera
Chief Compliance Officer



Nalin Tilakaratne
Chief Manager - Branch Banking



Sajani Abeysekera
Chief Manager - Corporate Finance

GOVERNANCE LEADERSHIP

CHIEF MANAGERS



Anton David
Head of Collections



Nuwan Wickramanayake
Chief Manager - IT EDP



Priyanka De Silva
Chief Manager - Corporate Credit



N Jeyaseelan
Chief Manager - Recoveries



Namal Wegiriya
Chief Manager - Risk Management Unit



Rajindra Tillekeratne
Chief Dealer Trading



Tharindu Abeywardana
Chief Economist/Head of Research



Mewan Gunawardena
Chief Dealer ALM



Prasanna De Silva
Chief Security Consultant



Sapumal Jayatissa
Chief Manager - IT Systems



Sudath Illeperuma
Chief Manager - Credit Administration



Salinda Jayawardena
Chief Manager – FCBU



Jayasanka Kotuwella
Chief Manager - Compliance



Ravindra Gunawardane
Chief Manager – Branch Banking



Colin Kahatapitiya
Chief Manager - Information Technology



Janani Thewarapperuma
Chief Manager – Corporate Office



Charith Kumarasiri
Chief Manager - Finance



Thangavelu Gobinath
Head of Transaction Banking



Shyanika Hewage
Head of Private Banking



Heshan Perera
Principal Data Engineer



Kiruparan Balachandran
Principal Data Scientist



Harindu Nanayakkara
Head of Special Projects



Shamal Seneviratne
Chief Manager - Navam Mawatha Branch



Anjali Goonetilake
Chief Manager - Marketing



Damith Dehipitiya
Chief Manager - Central Credit Processing Unit



Samuditha Jayakody
Chief Manager - Market Risk/Middle Office



Roshini De Silva
Head of Relief Banking



Dinesh Waidyarathna
Chief Manager - Branch Banking



Virajinie Bandara
Chief Manager - Operations



Kapila Nawaratne
Chief Manager - Branch Banking



Wathsala Guruge
Chief Manager - Branch Banking



Indika Samarasekara
Chief Manager - Trade Services



Nuwan Pathirana
Head of Sustainability



Aruna Krishantha
Chief Manager - IT EDP



Manula Nanayakkara
Chief Manager - IT EDP



Thilina Costa
Chief Manager - Investor Relations

> We help individuals and businesses realise their ambitions by delivering holistic, customer-focused solutions that extend beyond mere financial needs.

SCAN ME!

Scan this QR code to view our entire leadership team including Senior Managers

REPORT BY THE SENIOR INDEPENDENT DIRECTOR

Dear Stakeholders

As the Senior Independent Director of Sampath Bank PLC, I continued to exercise independent and objective judgment in Board proceedings, contributing to balanced and well informed decision-making. In line with the Board-approved Terms of Reference, I promoted constructive engagement among the Non-Executive Directors and ensured they had a platform to express their views constructively.

I also remained available as an impartial and confidential point of contact for Directors seeking to raise concerns or matters requiring independent evaluation, while additionally serving as a trusted counsel to the Chairman in addressing corporate governance related considerations for all stakeholders.

Further, in accordance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka 2023, I serve as the Chairman of the Board Nominations and Governance Committee, a role I hold by virtue of my position as the Senior Independent Director. This appointment reinforces the Bank's alignment with key governance principles.

The Board-approved Terms of Reference clearly set out my responsibilities, authority and scope of accountability. All Board members, including a majority of Independent, Non-Executive Directors, are aware of the expectations associated with my role. This has enabled me to ensure that my duties are discharged in accordance with the same. This report sets out the manner in which I discharged my duties as a Senior Independent Director.

ACTIVITIES IN 2025

The Chairman and I worked together to manage the succession process for appointment of the Managing Director/ Chief Executive Officer, working closely with the Board Nominations and Governance Committee.

> "The ability to exercise independent judgement is critical given the continued elevation of uncertainties across the industry. My role as Senior Independent Director has been to ensure that all Board members are able to constructively contribute thereby upholding the integrity and transparency of our governance framework and processes."

I take the lead in the annual review of Board effectiveness and ensure that the performance of individual Directors is reviewed.

In the discharge of my statutory and oversight responsibilities to shareholders, I attended the Annual General Meeting held on 28th March 2025, which provided a well-rounded insight into the views, concerns and expectations expressed by shareholders.

MEETINGS CHAIRED IN COMPLIANCE WITH STATUTORY AND VOLUNTARY GOVERNANCE REQUIREMENTS

A meeting of the Independent Directors was held on 15th August 2025 without the presence of the other Directors to discuss matters and concerns relating to the Bank and the operations of the Board. The matters raised and recommendations from the meeting were communicated to the Chairman and other Board Members and action points were agreed to address the same.

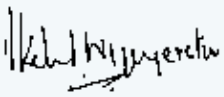
Two (02) meetings were held with the Non-Executive Directors without the presence of the Chairman on 18th March 2025 and 16th December 2025 to appraise the Chairman's performance and to discuss matters concerning governance practices.

Further, a meeting with the Executive Directors was conducted on 7th November 2025 to facilitate discussion and communication of governance related matters. These engagements were conducted to provide guidance to the Chairman.

Additionally, I seek to advance the Bank's governance standards in accordance with international best practices, anchored in robust and well established governance principles.

CONFIRMATION

I confirm that I have carried out the duties in accordance with Section 9.6.3 of Listing Rules of the Colombo Stock Exchange as summarised in this report. I also confirm that I have a casting vote at the meetings with the Independent Directors and the Non-Executive Directors although the occasion to use it has not arisen during the year.



DILIP DE S WIJEYERATNE
Senior Independent Director

19th February 2026
Colombo, Sri Lanka

BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT



> The Board Nominations and Governance Committee had an active year, strengthening implementation of the governance framework and ensuring a smooth transfer of the baton with the change in the leadership of the Bank

Dilip de S Wijeyeratne - Chairman

GRI 2-9,10,13,24,27

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Law
- Leadership Development
- Corporate Strategy
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

» Managing Director/Chief Executive Officer (MD/CEO).

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The role, functions and the composition of the Board Nominations and Governance Committee (BNGC) are defined by the provisions of the:

» Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka ("CBSL Direction");

» Listing Rules of the Colombo Stock Exchange ("CSE Rules");

» Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/ Eligible to Attend)	Date of Appointment to the Committee
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Chairman	9/9	25th February 2021
Mr Rushanka Silva	Non-Independent/ Non-Executive	Member	9/9	1st May 2020
Mr Harsha Amarasekera	Non-Independent/ Non-Executive	Member	9/9	24th September 2020
Mrs Keshini Jayawardena	Independent/ Non-Executive	Member	9/9	27th January 2021
Mr Vinod Hirdaramani	Independent/ Non-Executive	Member	6/9	6th May 2022
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Member	9/9	1st August 2022

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- **Corporate Governance Framework**

  Maintained and continuously improved its Corporate Governance Framework by establishing clear roles, responsibilities and accountability mechanisms. This framework underpinned effective oversight, informed decision-making and the long-term sustainability of the Bank.

- **Board Knowledge Development**

  A comprehensive calendar of knowledge-sharing and training initiatives was developed and implemented for Board members. These sessions enhanced Directors' competencies, kept them abreast of regulatory changes and built awareness of emerging industry trends, thereby strengthening the Board's collective effectiveness.

- **Regulatory Communication Including CBSL Engagement**

  Board communications with regulatory authorities were prepared and submitted with precision, ensuring effective correspondence and proactive engagement with the CBSL. This strengthened compliance and fostered constructive regulatory relationships.

- **Governance Disclosures**

  Timely and accurate preparation of corporate governance disclosures was ensured in accordance with statutory and regulatory requirements. These disclosures, published in the Annual Report, promoted transparency, accountability and stakeholder confidence.

BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-9,13

KEY ACTIVITIES IN 2025

- **Governance Policy Review**

  Governance related policies were subject to regular, systematic review to ensure they remained current, effective and compliant with evolving legal, regulatory and industry requirements. This proactive approach supported resilience and adaptability in governance practices.

- **Board Succession and MD/CEO Appointments**

  Succession planning for Board of Directors was managed with rigour, including the identification and appointment of successors to the MD/CEO position. This process was designed to maintain effective leadership and preserve the strategic direction of the organisation.

- **Election and Re-election of Directors**

  Guidance and oversight were provided for Annual General Meeting (AGM) proceedings, particularly in relation to the election and re-election of Board of Directors. These processes were conducted in alignment with governance protocols and shareholder expectations.

- **Embedding Governance Culture Among Subsidiaries**

  The governance culture was extended to subsidiaries through the review and approval of remuneration structures, oversight of Director nominations and appointments and continuous monitoring of alignment with the parent organisation's governance standards. This ensured consistency and accountability across the group.

- **Assessment of Independence of Directors**

  Thorough assessments of Director independence were conducted to uphold the integrity of Board decision-making. These evaluations ensured compliance with regulatory standards and reinforced the principles of impartiality and good governance.

- **KMP Promotions and Succession**

  Oversaw and facilitated promotion processes and succession planning for KMPs. This ensured a structured and transparent approach to talent development, while safeguarding leadership continuity and strengthening the pipeline of future leaders.

- **Board and Sub-Committee Performance Evaluation**

  Comprehensive evaluations of the Board, its Sub-Committees and the MD/CEO were coordinated to assess effectiveness, identify opportunities for improvement and drive the continuous enhancement of governance practices. This ensured accountability and strengthened Bank's performance.

KEY RESPONSIBILITIES OF THE COMMITTEE

» **Appointment and Evaluation of Directors, MD/CEO and KMPs**

The BNGC is responsible for establishing and maintaining formal, transparent procedures for identifying, evaluating, recommending, selecting and appointing/re appointing Directors, the MD/CEO and KMPs of the Bank. It also evaluates appointments to the Board and its Sub-Committees, ensuring that no member participates in decisions regarding his/her own appointment. Further, the Committee conducts quarterly reviews of the independence status of Independent, Non-Executive Directors, assessing any conflicts of interest and notifying the Director of Bank Supervision of any changes.

» **Diversity and Eligibility Criteria for Directors, MD/CEO and KMPs**

The BNGC considers and recommends the re-appointment or re-election of existing Directors based on their collective knowledge, experience, performance, contribution and diversity factors such as gender and age, as well as other commitments, including directorships in other companies and other principal commitments. It also establishes the criteria; academic, professional, skills based and key attributes required for selecting Directors and appointing or promoting individuals to the position of MD/CEO and KMPs. In doing so, the Committee ensures that the Directors, MD/CEO and KMPs meet the "Fit and Proper" standards under applicable laws and regulations.

» **Succession Planning and Capacity Building**

The Committee periodically identifies new expertise needs and recommends succession arrangements for the Board, retiring Directors and KMPs. It ensures that the Bank maintains a robust succession plan for the MD/CEO and KMPs through transparent processes for identifying, grooming and annually reviewing potential successors. Additionally, the BNGC ensures Directors remain updated on regulatory, technological, macroeconomic and sectoral developments, while also identifying ongoing training needs and recommending relevant capacity building programmes.

» **Board Composition and Performance Evaluation**

The BNGC is responsible for establishing and maintaining a suitable process for the periodic evaluation of the performance of the Board of Directors and the MD/CEO to ensure responsibilities are effectively discharged. It also reviews the structure, size, qualifications and overall composition of the Board and its Sub-Committees to ensure alignment with the Bank's strategic and governance needs.

» **Corporate Governance Framework and Regulatory Compliance**

The Committee periodically reviews, recommends, updates and implements the Bank's Corporate Governance Framework and related policies, taking into account laws, regulations and best practices. It also receives reports from Management regarding compliance with governance framework, including SEC Act requirements, CSE Rules and other laws and evaluates any deviations and justifications provided.

» **Governance and Oversight Responsibilities**

The Committee ensures that, in the event Alternate Directors are appointed, such nominees fulfil the criteria specified in the rules and regulations applicable to the Bank prior to such appointment. It also obtains the views of the Board Integrated Risk Management Committee (BIRMC) in selecting the Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) and of the Board Audit Committee (BAC) in selecting the Chief Internal Auditor (CIA). The Committee further reviews and recommends nominations for directorships in subsidiary companies to ensure suitability and proper approval by the Bank's Board of Directors. In addition, it recommends the appropriate indemnity and insurance cover for Directors and KMPs.

» **Strengthening Committee Effectiveness**

The Committee carries out any additional BNGC related activities it deems necessary to enhance the effectiveness and efficiency of the BNGC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

DISCLOSURES BY THE COMMITTEE

» The Board of Directors performs an annual self-evaluation of its individual performance as well as an assessment of the overall performance of the Board as a whole and its Sub-Committees. The results of the performance of the Board are discussed by the Board and plans are formulated to address any areas observed for improvements as appropriate.

- The Senior Independent Director conducted a separate meeting with the Independent Directors, enabling them to raise major issues relating to the Bank in terms of the CSE Rules during the year under review. In addition, Independent Directors are free to express their views on issues relating to the Bank at Board meetings.
- Induction programmes are conducted for newly appointed Directors on Corporate Governance, CSE Rules, Securities Market Regulations and other applicable laws and regulations, covering the regulatory and practical aspects, along with familiarisation with the key focus areas of the Bank. The Board of Directors is periodically apprised of Corporate Governance, CSE Rules, Securities Market Regulations and other applicable laws and regulations, as appropriate.

DECLARATIONS BY THE COMMITTEE

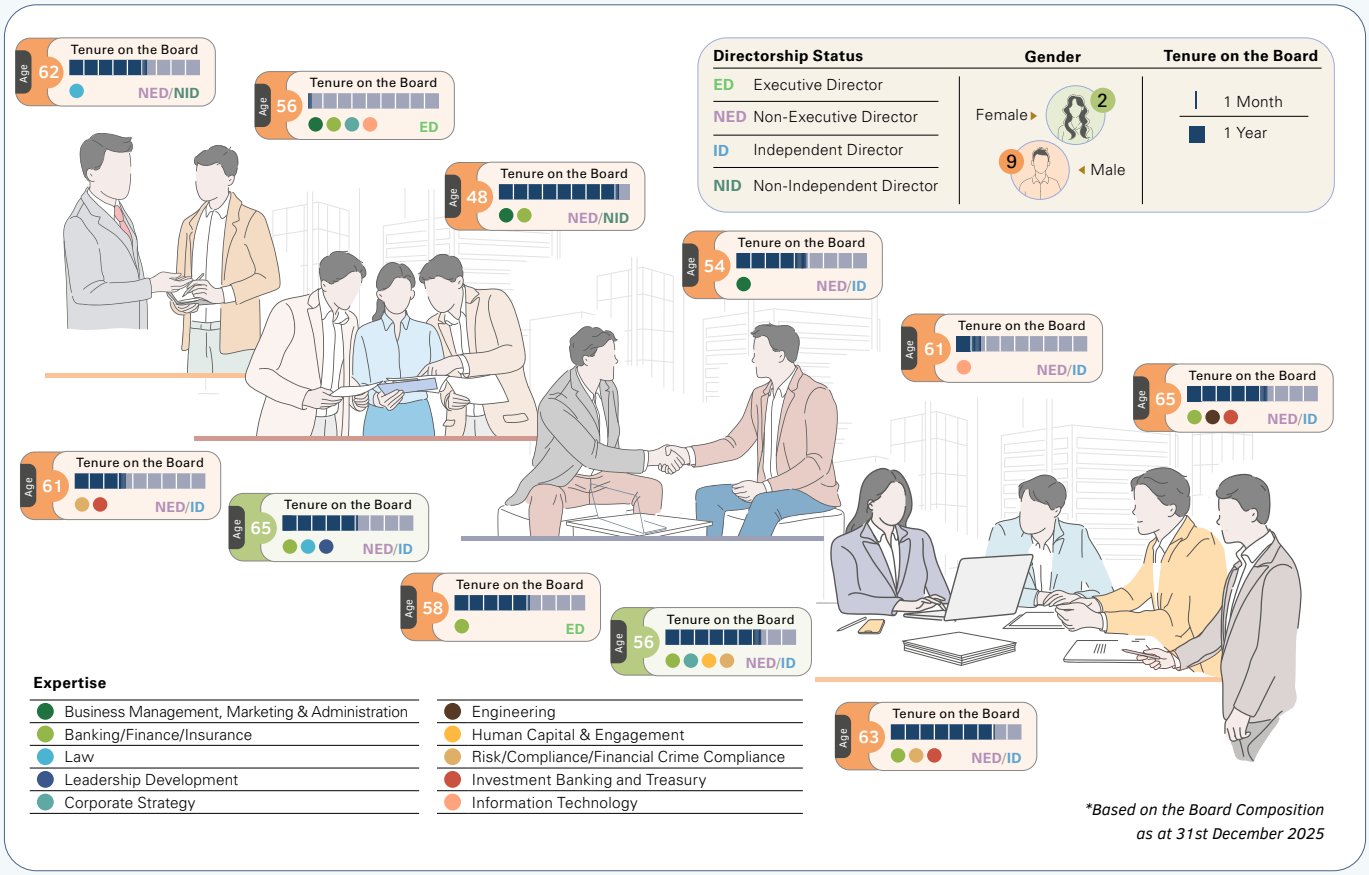
- The Bank maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the MD/CEO to ensure that their responsibilities are discharged satisfactorily.
- The Bank periodically assesses the independence of the Non-Executive Directors in accordance with the requirements of the CBSL Direction, CSE Rules and the Code 2023 and confirms that the respective Directors meet the applicable independence criteria.
- The Bank has ensured overall compliance with the Corporate Governance requirements stipulated under the CSE Rules, in accordance with the timelines specified therein.
- The Bank has already complied with the requirements stipulated under the CBSL Direction, which is effective from 1st January 2025, as appropriate. Further, the Bank will ensure overall compliance with the aforementioned regulation in accordance with the timelines specified therein.

REPORTING TO THE BOARD

The Minutes of Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.



Based on the Board Composition as at 31st December 2025

The following Directors were re-elected at the 39th Annual General Meeting in terms of provision stipulated in the Articles of Association of Sampath Bank and other applicable regulatory requirements.

BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-10,12,13

Name of the Director	Board Sub-Committee Memberships*	Date of First Appointment as a Director	Date of Last Re-election as a Director	Directorships in Other Listed Entities	Material Relationships
Mr Vajira Kulatilaka	**Chairman** BRPTRC, BCC **Member** BHRRC, BSPC, BTC, BITC	25th June 2020	28th March 2025	**Commitments over the preceding three years** Independent, Non-Executive Director of Printcare PLC, Access Engineering PLC and Panasian Power PLC **Present commitments** Details are given in profiles of Board of Directors on pages 234 to 237.	None
Mr Harsha Amarasekera	**Chairman** BSPC **Member** BNGC, BSRC, BMC	18th August 2020	28th March 2025	**Commitments over the preceding three years** Independent, Non-Executive Chairman of CIC Holdings PLC, Swisstek (Ceylon) PLC and Vallibel Power Erathna PLC Independent, Non-Executive Co-Chairman of Royal Ceramic Lanka PLC and Vallibel One PLC Independent, Non-Executive Director of Expo Lanka Holdings PLC, Hayleys Leisure PLC and Ambeon Capital PLC **Present commitments** Details are given in profiles of Board of Directors on pages 234 to 237.	Mr Harsha Amarasekera served as a Non-Executive Director (Co-Chairman) of Vallibel One PLC* until 1st September 2025. ** Vallibel One PLC ranks as the top shareholder of the Bank, holding 14.95% of the issued number of shares.*
Mrs Keshini Jayawardena	**Chairperson** BHRRC, BSC **Member** BNGC, BAC, BCC, BSPC	1st October 2020	28th March 2025	**Commitments over the preceding three years** None **Present commitments** Details are given in profiles of Board of Directors on pages 234 to 237.	None

*Based on the Sub-Committee membership as at 31st December 2025.

BNGC – Board Nominations and Governance Committee
BAC – Board Audit Committee
BHRRC – Board Human Resources and Remuneration Committee
BSRC – Board Shareholder Relations Committee
BSC – Board Sustainability Committee
BCC – Board Credit Committee
BSPC – Board Strategic Planning Committee
BTC – Board Treasury Committee
BMC – Board Marketing Committee
BITC – Board IT Committee
BRPTRC – Board Related Party Transactions Review Committee

GRI 2-10,12,13

ROLE OF BOARD NOMINATIONS AND GOVERNANCE COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BNGC functions as a mandatory Board Sub-Committee responsible for ensuring strong corporate governance by managing Board appointments, succession planning and compliance with regulatory governance frameworks. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this mandatory Committee.

Corporate Governance provides a framework for directing and controlling an organisation to achieve sustainable value while promoting integrity and accountability. It is commonly viewed through two complementary pillars, Performance and Conformance, where Performance focuses on enabling effective strategic direction and long-term organisational effectiveness and Conformance ensures accountability, regulatory compliance and disciplined oversight in line with applicable laws and ethical standards. Within this framework, the BNGC acts as a key authority through which the Board strengthens leadership and maintains a robust and contemporary governance framework aligned with global best practices.

PERFORMANCE

Strategy Formulation

The BNGC's contribution to Performance begins with the premise that strategy is only as effective as the governance capability that steers the Bank. A Board's ability to provide strategic direction depends heavily on whether its collective skills, experience, independence and diversity are in line with the Bank's operating environment and strategic ambitions. Accordingly, the Committee supports the Board by helping to shape and maintain a Board that is capable of guiding the Bank through growth cycles, innovative change and shifting stakeholder expectations.

A central strategic lever within the Committee's remit is the structured and transparent approach to appointments and re-appointments. By maintaining clear processes to identify, evaluate and recommend candidates for the Board, its Sub-Committees and key leadership roles, including the MD/CEO and KMPs, the BNGC ensures that leadership decisions are not reactive or personality driven, but anchored in forward looking organisational requirements.

The Committee also strengthens the strategic capacity of the Board by periodically reviewing the structure, size and composition of the Board and its Sub-Committees. This review enables a purposeful assessment of whether the Board has the necessary blend of professional judgement, sector exposure and governance competence to challenge management constructively, test strategic assumptions and steer the Bank through transformation. Importantly, the Committee's approach recognises diversity as a strategic asset: diversity of background, age, gender and professional experience enhances the quality of deliberation, broadens perspectives and supports more resilient decision-making.

The BNGC's oversight of succession planning for Directors, the MD/CEO and KMPs is not merely a continuity exercise; it is a strategic safeguard that ensures leadership transitions do not disrupt the execution of the Bank's roadmap. Effective succession planning also supports talent resilience and leadership continuity by identifying potential successors, assessing readiness and promoting development actions that bridge skill or knowledge gaps. By maintaining this forward looking focus across short, medium and long horizons, the Committee strengthens organisational preparedness and supports sustained value creation.

Additionally, the Committee's support to strategy is reinforced through the evaluation of Board and MD/CEO performance. Performance evaluations provide the Board with an evidence based mechanism to identify strengths and improvement areas relating to strategic oversight, Board dynamics and governance discipline.

Policy Making

While strategy provides direction, policies translate governance intent into consistent organisational behaviour. Under the Performance dimension, the BNGC contributes to value creation by strengthening the Bank's governance policy framework, ensuring that governance principles are operationalised through clear standards, defined responsibilities and disciplined processes.

The Committee's governance policy role is anchored in its responsibility to periodically review and update the overall Corporate Governance Framework and related policies within its scope. This ensures that governance arrangements remain aligned with evolving laws, regulatory requirements and recognised best practices and that governance remains a living system rather than a static set of statements. By regularly reviewing governance policies as regulatory and industry expectations evolve, the Committee enables the Bank to maintain strong governance credibility while allowing management to operate within clearly defined delegations of authority.

The BNGC's policy making responsibilities not only assure compliance, but also enable consistency, clarity and confidence in how the Bank is governed, thereby supporting better decisions, oversight and outcomes.

CONFORMANCE

Accountability

The Conformance dimension of governance is centered on accountability—ensuring that authority is exercised responsibly and that governance decision-making remains transparent, fair and subject to appropriate scrutiny. The BNGC reinforces accountability through clear governance structures, disciplined processes and evaluation mechanisms that support continuous improvement. A foundational accountability mechanism is that the Committee operates under a Board-approved TOR that articulates its scope, authority, responsibilities, quorum and reporting obligations.

Accountability is strengthened through a robust framework for periodic performance evaluation of the Board and the MD/CEO. Such evaluations provide structured insight into whether governance responsibilities are being discharged satisfactorily and whether Board and leadership practices remain effective.

The Committee's oversight prevails over appointments and re-appointments by emphasising integrity and objectivity in decision-making. Practices such as requiring Directors to abstain from participating in deliberations concerning their own appointment or re-appointment protect independence and mitigate perceived conflicts, strengthening stakeholder confidence in governance processes.

Monitoring and Supervision

Monitoring and Supervision complete the Conformance dimension by ensuring that governance systems are not only well designed but also effectively implemented and continuously improved. The BNGC supports this by providing oversight of the Corporate Governance Framework, monitoring key governance conditions such as independence and fitness and propriety and ensuring that governance practices remain aligned with required standards.

Monitoring is strengthened by the expectation that management provides periodic information on adherence to the governance framework, including any deviations or non-compliances. This enables the Committee to apply informed oversight, evaluate the adequacy of remedial actions and escalate matters to the Board where necessary, ensuring that governance matters are addressed proactively.

The Committee's monitoring role also includes oversight of the independence status of Independent, Non-Executive Directors and the management of factors that could impair independent judgement. By maintaining an active focus on independence, the Committee supports the credibility of Board oversight and promotes balanced governance decisions.

The Committee strengthens supervisory discipline through structured operations, ensuring that monitoring responsibilities are executed consistently and with due diligence.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BNGC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-9,10,12,13

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The Board has delegated its authority to the BNGC through the TOR, enabling the Committee to discharge nominations and governance related functions on behalf of the Board. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
CBSL Direction 6.4(m) CSE Rule 9.11.5(viii), 9.11.5(ix), 9.11.5(x)	**Corporate Governance Framework of the Bank** The Bank's Corporate Governance Framework has been established in compliance with the CSE Rules, applicable regulatory requirements and recognised industry and international best practices. This framework is subject to ongoing review and enhancement by the BNGC, as and when considered necessary. Grounded in the principles of both Performance and Conformance, the governance framework promotes transparency, accountability and robustness, while aligning with the highest standards of corporate governance. Through periodic reviews, the BNGC ensures continued adherence to evolving regulatory requirements and best practices, thereby reinforcing the Bank's commitment to strong governance, sustainable long-term growth and the protection of stakeholder interests. Management is required to submit detailed reports to the BNGC on the Bank's adherence to the Corporate Governance Framework, enabling the Committee to evaluate the level of compliance with regulatory requirements and other applicable laws.	✓
CSE Rule 9.11.5(iv)	**Criteria for Selection of Directors** The BNGC has established and continues to maintain a defined set of criteria for the selection of Directors, encompassing academic and professional qualifications, relevant skills, experience and key personal attributes. The selection process is conducted in line with the Board-approved "Policy on Nominations and Re-election of Directors" and the "Procedure on Selection, Nomination, Appointment and Election of Directors", with due consideration given to the nature and complexity of the Bank's business, industry specific standards and regulatory requirements. Accordingly, new Directors, including EDs, are appointed by the Board of Directors to the Board and its Sub-Committees upon consideration of the recommendations of the BNGC. During the year under review, Mr Sanjaya Gunawardana was appointed as the MD/CEO with effect from 24th September 2025, in line with the above criteria.	✓
CBSL Direction 1.1(o), 6.4(h), 6.4(i) CSE Rule 9.11.5(vi) Code 2023 A.1.2, A.7.3	**Succession Plan for Directors** The BNGC periodically reviews the composition of the Board and considers the need for additional or new expertise to support the Bank's strategic and governance requirements. The Committee also oversees succession arrangements for Directors, including retiring Directors, to ensure continuity and effectiveness of Board leadership. In this regard, a Board-approved procedure covering succession planning for retiring Directors is in place, supporting the orderly transition and timely appointment of suitably qualified individuals. **Succession Plan for MD/CEO and KMPs** The BNGC ensures establishing and overseeing an effective succession strategy for the MD/CEO and KMPs. The Board-approved succession plans for the MD/CEO and KMPs are maintained in line with applicable requirements to ensure the availability of qualified and competent individuals, identified from both internal and external sources, with diverse skills and experience to support the Bank's short, medium and long-term strategic objectives, taking into account the size, scale, diversity and complexity of the Bank's operations. Additionally, the succession plans incorporate a structured and transparent process to identify potential successors and to determine their training and development requirements, including initiatives to groom identified successors by addressing skill and knowledge gaps relevant to their prospective roles. Furthermore, the Committee reviews the succession plans annually to ensure their continued relevance and effectiveness. The Bank also develops and updates succession plans for KMPs, aligned with its strategic objectives, with at least one potential successor identified for each key role. In addition, a Board-approved succession plan for Corporate Management is in place.	✓
CBSL Direction 6.4(d), 6.4(g)	**Eligibility Criteria for Key Managerial Appointments** The BNGC has set certain eligibility criteria, including qualifications, experience and key attributes, to be considered for the appointment or promotion to key managerial positions as well as the position of MD/CEO. Additionally, in the selection of the CRO and CCO, the Committee obtains the views of the BIRMC, while in the selection of the CIA, it obtains the views of the BAC. Further, the BNGC considers the applicable statutes and guidelines in setting the relevant criteria.	✓
CSE Rule 9.11.5(i)	**Evaluation of Appointments to the Board and its Sub-Committees** The BNGC evaluates appointments to the Board of Directors and Board Sub-Committees based on established criteria ensuring that such appointments support effective governance and oversight. The members of the BNGC do not engage in decisions relating to his/her own appointment to the Board and its Sub-Committees.	✓

GRI 2-15,18

Regulation	Description	Compliance Status
Strategy Formulation		
CBSL Direction 1.1(m)(ii), 1.8(a), 1.8(b), 1.8(c)	**Managing Conflicts of Interest** The Directors take necessary steps to avoid conflicts of interest or the potential conflicts of interest, arising from their activities, commitments to other organisations, dealings with related parties and interactions with other stakeholders. Further, Directors abstain from participating in discussions or decision-making on matters in which they, their close relations or entities in which they have a substantial interest are involved. Such Directors are also restricted from receiving or accessing information relating to those matters, whether physically or electronically, in order to uphold sound governance practices and regulatory compliance. Additionally, the Directors annually confirm that there are no relationships among themselves or between the Directors, the MD/CEO and KMPs, that could result in excessive familiarity, undue influence or coercion. The Bank ensures that the Register of Directors' Interests is regularly updated in accordance with applicable regulatory requirements.	✓
CBSL Direction 1.1(n), 1.1(m)(iii) CSE Rule 9.11.5(v) Code 2023 A.9, A.9.1, A.9.2, A.9.4	**Board Performance Evaluation** The Board of Directors performs an annual self-evaluation of individual performance as well as an assessment of the overall performance of the Board, the records of which are maintained by the Company Secretary. This evaluation is carried out with each Board member appraising the collective performance of the Board to assess whether it is discharging its responsibilities satisfactorily. As part of this process, each Director is required to complete a Performance Evaluation Form in line with the relevant regulatory provisions and the responses are compiled and submitted by the Company Secretary to the Board of Directors. The annual self-evaluations submitted by individual Directors for 2024 was reviewed and discussed collectively by the Board during 2025 to identify weaknesses and implement necessary changes, as appropriate, to ensure that the Board of Directors continued to fulfil the responsibilities entrusted to them in line with the defined areas of authority. Further, a self-review process to ascertain the extent of the contribution, participation and engagement of each Board Sub-Committee is conducted in parallel with the Board performance evaluation by the Directors. The responses are compiled by the Company Secretary and tabled at the BNGC for its review, followed by submission to the Board of Directors for approval. Additionally, the outcomes are disseminated to the respective Sub-Committees for discussion. In addition, the respective evaluations for the year 2025 will be conducted during 2026. Moreover, the Bank maintains a suitable process for the periodic evaluation of the performance of the MD/CEO to ensure that responsibilities are satisfactorily discharged, in line with the current practice of Board evaluations. Additionally, the BNGC reviewed the MD/CEO's performance evaluation and confirmed to the Board that the MD/CEO effectively fulfilled the duties for the year 2024. Further details related to the performance evaluation of the MD/CEO are given on page 269 of the BHRRC Report.	✓
Policy Making		
CBSL Direction 6.1(c) CSE Rule 9.11.3 Code 2023 A.7.6	**TOR of the Committee** The BNGC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓
CSE Rule 9.2.1(a), 9.2.1(b), 9.2.1(c), 9.2.1(j)	**Disclosures Related to Policies Adopted in Line with the CSE Rules and the Code 2023** The following policies adopted in line with the CSE Rules and the Code 2023, were reviewed by the Committee during the year under review. **Policy on Matters Relating to the Board of Directors** A Board-approved "Policy on Matters relating to the Board of Directors" is in place, following the recommendation of BNGC and has been hosted on the Bank's official website. » **Changes Made to the Policy during 2025** In order to enhance the effectiveness of the policy, based on the recommendation of the Committee, the Board-approved the amendments made under the sub-headings "1. Board compositions", "4. Board meetings", "5. Chairperson", "6. Managing Director/Chief Executive Officer (MD/CEO)" and "7. Appraisal of the Board and MD/CEO".	✓

BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-10,15

Policy Making

Regulation	Description	Compliance Status
Code 2023 I.1.1(a), I.1.1(b), I.1.1(c), I.1.1(j)	**Policy on Board Committees** A Board-approved "Policy on Board Committees" is in place, following the recommendation of BNGC and has been hosted on the Bank's official website. » **Changes Made to the Policy during 2025** In order to enhance the effectiveness of the policy, based on the recommendation of the committee, the Board-approved the amendments made under the sub-headings "1. Formation of mandatory Board committees" and "2. Formation of voluntary Board Committees". **Policy on Corporate Governance** A Board-approved "Policy on Corporate Governance" is in place, following the recommendation of the Committee and has been hosted on the Bank's official website. Additionally, no amendments were made to the policy during the year under review. **Policy on Nominations and Re-election of Directors** A Board-approved "Policy on Nominations and Re-election of Directors" is in place, following the recommendation of the committee and has been hosted on the Bank's official website. Additionally, no amendments were made to the policy during the year under review. **Policy on Corporate Disclosures** A Board-approved 'Policy on Corporate Disclosures' is in place, following the recommendation of the Committee and has been published on the Bank's official website. No amendments were made to the policy during the year under review.	✓
CBSL Direction 1.1(m)(i), 2.1(a), 6.4(b) CSE Rule 9.11.2, 9.11.5(iii) Code 2023 A.7	**Board-Approved Nomination and Appointment Framework** The Board of Directors has delegated to the BNGC the responsibility for implementing and evaluating the effectiveness of the Board-approved "Policy on Nominations and Re election of Directors" and the "Procedure on Selection and Appointment of the CEO and Key Management Personnel," in compliance with applicable regulatory requirements.	✓
CBSL Direction 1.8(d)	**Policy on Managing Conflicts of Interest** The Directors are fully aware of their responsibility to identify, disclose and manage any conflict of interest or potential conflicts of interest in accordance with the Bank's "Policy on Managing Conflicts of Interest" and the CBSL Directions. The Policy has been formulated in line with prevailing regulatory requirements and best practices and its adequacy and effectiveness are reviewed periodically by the Board on the recommendation of the BNGC. The aforesaid Policy on Managing Conflicts of Interest ensures that the Board is not dominated or unduly influenced by any individual Director or group of Directors in a manner that could be detrimental or prejudicial to the interests of depositors, creditors and the Bank as a whole. In accordance with the Policy, where a conflict of interest is deemed to exist in relation to a Director, his/her close relative, or a concern in which the Director has a substantial interest, the relevant Director refrains from participating in deliberations, expressing views, granting approvals or accessing related information, whether physically or electronically. Such instances are appropriately recorded in the minutes for future reference and the concerned Director is excluded from the quorum for the relevant discussion. In addition, the "Policy on Internal Code of Business Conduct and Ethics for Directors" further reinforces the fiduciary responsibility of Directors in identifying, disclosing and effectively managing conflicts of interest, thereby promoting high standards of integrity, transparency and ethical conduct in Board deliberations and decision-making. Furthermore, the "Policy on Anti-Bribery and Corruption", together with relevant internal guidelines, reinforce its commitment to upholding robust anti-corruption practices. In addition, a comprehensive and effective internal control framework has been established to identify, record and disclose Related Party Transactions in accordance with applicable requirements.	✓
CBSL Direction 1.1(d)	**Independent Judgment of Directors** The Board of Directors comprises leading professionals of repute in their respective fields who are able to exercise their independent judgment. BNGC ensures that Director evaluation processes and nomination processes assess their ability to operate and exercise their judgement and express their opinions in an unfettered manner that is not prejudicial to the interests of the depositors, creditors and the Bank as a whole. Additionally, meetings with the Senior Independent Director provide an opportunity for NEDs to raise any concerns in this regard. Furthermore, this requirement is addressed under the Bank's "Policy on Managing Conflicts of Interest".	✓

GRI 2-9,10

Policy Making

Regulation	Description	Compliance Status
Code 2023 A.1.4	**Insurance Cover for Directors and Officers** In accordance with regulatory requirements and based on the recommendation of the BNGC to the Board, the Bank maintains an Insurance Policy on Directors and Officers Liability and Company Reimbursement Insurance. The adequacy and effectiveness of this insurance coverage are periodically reviewed with the support of external expertise.	✓

CONFORMANCE

Accountability

Regulation	Description	Compliance Status
CSE Rule 9.11.1	**Formation of the Committee** The Board has established the BNGC to strengthen corporate governance by overseeing Board and key managerial appointments, succession planning and ensuring adherence to applicable governance requirements as set out in the relevant regulations.	✓
CBSL Direction 6.4(a) CSE Rule 9.11.4(1), 9.11.4(2) Code 2023 A.7.1	**Composition and the Chair of the BNGC** The Senior Independent Director serves as the Chairman of the BNGC and during the year under review, the Committee comprised six (06) NEDs, of whom four (04) were Independent. The MD/CEO attends Committee meetings by invitation, except when matters relating to the MD/CEO are under consideration.	✓
CBSL Direction 2.1(b), 6.4(e) CSE Rule 9.11.5(ii) Code 2023 A.7.4, A.8, A.8.1, A.8.2, A.8.3, A.9.3	**Appointment, Re-election and Resignation of Directors** The appointments of new Directors to the Board are communicated to shareholders via the Colombo Stock Exchange, together with all disclosures required under the relevant regulatory provisions. Accordingly, the appointment of the MD/CEO, Mr Sanjaya Gunawardana, was announced through the CSE, accompanied by a summary of his professional expertise, other directorships and his shareholding in the Bank. In accordance with the Articles of Association and applicable governance requirements, any Director appointed by the Board after the preceding AGM is required to offer himself or herself for election by shareholders at the next AGM. NEDs are appointed to the Board for specific terms, subject to re-election based on the regulatory requirements. The BNGC makes recommendations regarding the re-election of current Directors who retire by rotation in terms of Article 87 of the Articles of Association of the Bank, taking into account, inter alia, the periodic evaluations of the performance and contributions made by the Director concerned towards the overall discharge of the Board's responsibilities. In addition, a self review process to ascertain the extent of the contribution, participation and engagement of each Director is conducted in parallel with the Board performance evaluation by the Directors. In accordance with the aforementioned provision, one third of the NEDs retire at each AGM and submit themselves for re-election. The following Directors will retire and offer themselves for re-election at the 40th AGM: 1. Mr Dilip de S Wijeyeratne 2. Mr Vinod Hirdaramani 3. Mr Hiran Cabraal The following Directors were re-elected at the 39th AGM: 1. Mr Vajira Kulatilaka 2. Mr Harsha Amarasekera 3. Mrs Keshini Jayawardena The BNGC ensures that no Director or employee of another Bank is appointed, elected, or nominated to the Board of the Bank. In addition, the Code of Conduct applicable to employees explicitly restricts them from being elected or nominated as Directors of another Bank. During the year under review, no Directors of the Bank resigned from their positions prior to the completion of their term of office.	✓

BOARD NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-15,18

Regulation	Description	Compliance Status
Accountability		
CBSL Direction 3, 3.1, 3.2(d), 5.5, 6.4(c), 8.2 CSE Rule 9.7.1, 9.7.2, 9.7.3, 9.7.4, 9.7.5 Code 2023 A.1.2	**Fitness and Propriety of Directors, MD/CEO and KMPs** The Bank obtains declarations and affidavits from the Directors, the MD/CEO and KMPs as required during the year and submits them to the CBSL to ensure that all individuals continue to satisfy the Fit and Proper requirements prescribed under applicable statutes and regulatory directions. **Fitness and Propriety of Directors** The BNGC prudently assesses the Fitness and Propriety of Directors when considering new appointments to the Board and during the annual review of their continuation in office. This assessment supports Board diversity and strengthens the Board's ability to engage in constructive debate and sound decision-making. The BNGC ensures that Directors and the MD/CEO are evaluated in accordance with the Fit and Proper Assessment Criteria defined in the relevant regulatory guidelines. The Bank obtained annual declarations from all Directors confirming their ongoing compliance with the Fit and Proper requirements and no instances of non-compliance were reported during the year under review. Further, when evaluating Board appointments and re-appointments, the BNGC ensures that each Director has the capacity to devote adequate time to effectively discharge their responsibilities. **Fitness and Propriety of MD/CEO** The MD/CEO has satisfied the Fit and Proper Assessment Criteria outlined in Sections 44A and 76H of the Banking Act and possesses the requisite authority, stature, knowledge, competencies and expertise appropriate for the Bank's size, scale, diversity and complexity of operations. **Fitness and Propriety of Senior Management** In accordance with Sections 44A and 76H of the Banking Act of Sri Lanka and in line with the Fitness and Propriety requirements prescribed under Section 42(2) of the Act, the BNGC has evaluated the members of Senior Management as determined by the CBSL and confirmed that each individual is Fit and Proper to hold their respective positions. This assessment ensures that all members of Senior Management meet the regulatory criteria and are capable of effectively discharging their duties.	✓
CBSL Direction 6.1(f) CSE Rule 9.11.4(3), 9.11.6 Code 2023 A.7.5	**Disclosures Relevant to the Committee** The Board Nominations and Governance Committee Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BNGC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BNGC** In terms of the Board-approved TOR, the quorum of the BNGC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. The BNGC met nine (09) times during the year (2024: 09) complying with the requirements set out in the regulations.	✓
CBSL Direction 6.4(f)	**Quarterly Evaluation of Independence Status of the Directors** The BNGC, in line with the new requirement effective from 1st January 2025, initiated the process to evaluate the independence of the "Independent Non-Executive" Directors on a quarterly basis. This evaluation ensures that these Directors remain free from any conflicts of interest that could hinder their independent judgment. Any changes to their independence status, if identified, will be reported to the regulatory authorities.	✓

GRI 2-17,18

Monitoring and Supervision

Regulation	Description	Compliance Status
CBSL Direction 6.4(l) CSE Rule 9.11.5(vii) Code 2023 A.7.2	**Evaluation of Board Structure and Competencies** The Board, on the recommendation of the BNGC, considers the requirement of additional skills, knowledge and expertise to the Board as appropriate. Further, the BNGC annually reviews the structure, size, qualifications, diversity and composition of the Board and its Sub-Committees to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Bank and to ensure the effective discharge of the duties and responsibilities of the Board and its Sub-Committees. In evaluating the composition of the Board, the Committee gives due consideration to the collective and individual skills, knowledge, experience and professional expertise of Directors, together with their Fitness and Propriety, both at the time of making new appointments to the Board and when assessing the suitability of NEDs who are due for re-election. Members of the BNGC abstain from participating in deliberations and decisions relating to their own appointment or re-election. In addition, the Chairman refrains from presiding over meetings at which matters concerning the identification and selection of his successor are considered.	✓
CBSL Direction 6.4(k) 6.4(j) Code 2023 A.1.8	**Director Training, Development and Regulatory Awareness** The BNGC plays a key role in identifying the training and development needs of the Directors and recommends relevant training, capacity building and professional development programmes. The Committee ensures that Directors remain current and well equipped to discharge their stewardship responsibilities and fiduciary duties by recommending appropriate training, capacity building and professional development initiatives. Directors are regularly updated on applicable laws and regulations, macroeconomic developments, technological advancements and emerging trends in the financial sector and broader markets relevant to the banking industry. In consultation with the Board, the BNGC facilitates access to a range of learning opportunities, including training programmes, seminars and workshops aligned with evolving regulatory frameworks, economic conditions, technological developments and industry dynamics. The annual Board self-assessment process serves as an important mechanism for identifying individual training needs, while a comprehensive induction programme provides newly appointed Directors with essential knowledge and competencies required for their roles. The Board further encourages the sharing of knowledge and insights among Directors. As the apex governance body, the Board recognises the importance of strengthening its collective understanding of economic, environmental and social matters that influence the Bank's strategic direction. During 2025, Directors participated in a number of training programmes covering both general aspects of directorship and areas specific to the banking industry. » Enhancing ESG Reporting: Bridging Sustainability Disclosure Standards in Emerging Markets » Session on Navigating the AML Landscape: Key Insights for Leaders » Asset Liability Management » Disclosure of Dealings by Directors and Relevant Interests in Transactions » Role of the Board of Directors in Managing Climate Risks and Opportunities » Final Countdown to Compliance: Climate First Reporting » CEO Forum at the 11th Annual Cyber Security Summit 2025 - AI as Your Greatest Asset and Your Newest Vulnerability » Board's Role in Mandatory Sustainability Reporting » "Mobilising Together" Sustainable Finance Conference 2025 » Evolving Economic Landscape: Board Level Strategic Briefing » Awareness Session on Directors' Liabilities » Awareness Session on Cyber Security for Board of Directors	✓

On behalf of the Board Nominations and Governance Committee,

DILIP DE S WIJEYERATNE
Chairman - Board Nominations and Governance Committee

LASANTHA SENARATNE
Secretary - Board Nominations and Governance Committee

19th February 2026
Colombo, Sri Lanka

BOARD AUDIT COMMITTEE REPORT



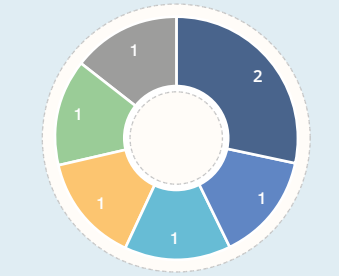
> The BAC ensured the Bank's internal control framework was robust and ready to support the strategic transformation initiatives, while strengthening fraud prevention and control culture through comprehensive Bank-wide training delivered by the Internal Audit Department.

Dilip de S Wijeyeratne - Chairman

GRI 2-24

Diversity of Expertise

No. of Directors



- Banking/Finance/Insurance
- Law
- Leadership Development
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Managing Director/Chief Executive Officer (MD/CEO)
- Executive Director/Chief Financial Officer (ED/CFO)
- Chief Internal Auditor (CIA)
- External Auditors
- Chief Risk Officer (CRO), Chief Compliance Officer (CCO) and other Key Management Personnel (KMPs) on need basis.

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary or CIA functioned as the Secretary to the Committee during the year under review.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The role, functions and the composition of the Board Audit Committee (BAC) are defined by the provisions of the:

- Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka ("CBSL Direction");
- Listing Rules of the Colombo Stock Exchange ("CSE Rules");
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/ Eligible to Attend)
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Chairman	17/17
Mrs Keshini Jayawardena	Independent/ Non-Executive	Member	17/17
Mr Keith Modder	Independent/ Non-Executive	Member	17/17

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- Strengthened internal controls and governance practices in response to the Bank's rapidly evolving and technology-driven operating environment, ensuring readiness for strategic transformation initiatives.
- Enhanced organisational resilience by advising on enhancing control measures to strengthen data protection and mitigate cybersecurity risks arising from the rapid expansion of digital banking.
- Assure rigorous compliance controls to meet evolving regulatory requirements and maintain integrity.
- Provided continuous oversight and insight to guide the Bank's adaptation to emerging risks associated with digitalisation, ensuring robust control frameworks were embedded into new and existing processes.
- Expanded Bank-wide training on internal controls, fraud prevention, compliance culture and risk awareness, delivered through the Internal Audit Department, to ensure staff adaptability and competency in the face of increased operational and technology-related risks.

Additionally, the BAC strengthened its oversight of cybersecurity, data protection and privacy, compliance and the overall effectiveness of internal controls. The Committee maintained proactive engagement with Management, Internal Auditors and External Auditors to ensure the timely identification of emerging risks and to provide assurance on the reliability of financial and non-financial reporting. The BAC remained committed to fostering ethics, transparency and continuous improvement as the cornerstones of strong governance and operational integrity.

KEY RESPONSIBILITIES OF THE COMMITTEE

- Reviewing financial information and monitoring the integrity of the financial statements of the Bank, its annual report, accounts and quarterly reports prepared for disclosure, prior to submission to the Board of Directors and ensuring compliance with statutory provisions, accounting standards and accounting policies.
- Reporting to the Board of Directors on the quality, appropriateness and acceptability of the Bank's accounting policies and practices.
- Assessing the reasonableness of the underlying assumptions based on which estimates and judgments are made when preparing the financial statements.

GRI 2-27

- Overseeing the Internal Audit function and reviewing of audit reports to ensure that appropriate actions are taken by the Management to implement the recommendations made by the Internal Auditors.
- Assessing the independence and reviewing the adequacy of the scope, functions, audit programmes and resources of the Internal Audit Department (IAD), including the appointment of the CIA and the performance of the CIA and senior staff members of the IAD.
- Overseeing the appointment, compensation, resignation and dismissal of the External Auditor, including review of the External Audit function, its cost and effectiveness and monitoring of the External Auditors' independence, integrity and objectivity.
- Reviewing the adequacy and effectiveness of the internal controls, Risk Management and ensure compliance with Corporate Governance and regulatory requirements.
- Ensuring compliance with the Environmental, Social and Governance (ESG) laws and regulations which are applicable to the Bank.
- Assessing the Bank's ability to continue as a going concern in the foreseeable future.
- Reviewing the Terms of Reference (TOR) of the Committee periodically and ensuring that it reflects the best practices of the industry at all times.

Financial Reporting

The BAC reviewed and recommended the quarterly and annual financial statements prior to submitting for the approval of the Board of Directors to ensure transparency and integrity in the financial reporting process. The Committee obtained and reviewed assurances from the MD/CEO and the ED/CFO that the financial records had been properly maintained and that the financial statements present a true and fair view of the Bank's operations. The BAC also received reports from the Internal Auditors and External Auditors on the effectiveness of internal controls over financial reporting processes, the appropriateness of the accounting policies and their consistent application in accordance with legal and regulatory requirements. Additionally, the BAC considered the current business landscape and the factors outlined above when evaluating the assumptions and applying judgments related to the financial statements.

External Auditors

The BAC is tasked with oversight of the Bank's relationship with the external auditor. The BAC reviewed and monitored the independence, integrity and objectivity of the External Auditor and assessed the effectiveness of their audit process, considering the relevant professional and regulatory requirements. To ensure that the External Auditor had the independence to discuss and express their opinions on any matter, they were provided with further opportunities to meet with the BAC separately, without the presence of the Executive Directors.

The Committee ensured compliance with the requirements for the rotation of audit partners in accordance with the directions issued by the Central Bank of Sri Lanka (CBSL) concerning the rotation of the External Auditor and the Specific engagement partner and confirmed that compliance will be achieved within the specified time frame. The Letter of Representation issued to the External Auditor by Management was also reviewed by the Committee.

The Committee obtained a statement from the External Auditor confirming that they are and have been independent throughout the conduct of the audit engagement, in accordance with all relevant regulatory and professional requirements.

Messrs Ernst & Young, Chartered Accountants, has been appointed as the Bank's External Auditor since its inception and the present Engagement Partner has served in his role since January 2023. The Committee discussed the audit plan, scope and methodology to be adopted in conducting the annual audit with the External Auditor prior to the commencement of the audit for the financial year 2025. There were no limitations of scope and the BAC obtained assurances that Management had provided all information and explanations requested by the External Auditor.

The financial statements were reviewed by the External Auditor, whose opinion is set out on pages 366 to 368. The Committee also met with the External Auditor to review the Management Letter along with Management's responses.

In line with the requirements for changing the external auditor as specified by the relevant regulations, the Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants, be appointed for the financial year ending 31st December 2026, subject to the approval of the shareholders at the 40th Annual General Meeting (AGM).

Provision of Non-Audit Services

The BAC conducted its annual review of the "Policy on Engagement of External Auditors for Non-Audit Services" to ensure compliance with regulatory requirements. The BAC also assessed the non-audit services provided to ensure that independence and objectivity were not impaired by the provision of such services, taking into consideration the related fees and scope.

Internal Control Over Financial Reporting

- Sampath Bank is required to comply with Section 9.2(b) of the CBSL Direction and assess the effectiveness of Internal Controls Over Financial Reporting (ICOFR). The BAC assessed the effectiveness of the Bank's system of ICOFR as of 31st December 2025, based on the criteria set out in the guidances for Directors of Banks under "The Directors' Statement of Internal Control", issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in 2010.
- The Internal Controls Over Financial Reporting Steering Committee comprises the CIA (Chairperson), Chief Operating Officer (COO), ED/CFO, CRO, CCO and Chief Information Security Officer (CISO). The MD/CEO also participated in the ICOFR Steering Committee meetings as an invitee. The ICOFR Steering Committee supported the IAD in conducting its review of ICOFR and Management Information Systems. In this regard, assessments were carried out by the IAD to determine whether documented procedures were being followed by the respective process owners, to ensure the design effectiveness, the operating efficiency and effectiveness of the Internal Controls and the Management Information Systems, as well as to identify areas for improvement on an ongoing basis.
- The Committee obtained and reviewed assurances from the MD/CEO and other KMPs regarding the adequacy and effectiveness of the Bank's risk management and internal control systems. To comply with this requirement, the ICOFR verification process was streamlined and revamped during 2024 and further strengthened in 2025.
- Recognising the need for agility in a rapidly evolving financial landscape and regulatory environment, the Bank has integrated advanced technologies into its internal control and risk management frameworks while ensuring alignment with ESG principles. The BAC reinforced its commitment to strong governance and sustainable practices, with a focus on digital innovation and automation to enhance efficiency, transparency, ethical conduct and long-term value creation. This included enhancing oversight of credit risk, liquidity risk, operational risk and technology risk related systems and controls, as well as controls of related systems and processes. Based on the assessments carried out by the Internal Auditor and External Auditor, the BAC concluded that, as of 31st December 2025, the Bank's system of ICOFR is effective. The Directors' Statement on the Bank's Internal Control Over Financial Reporting is provided on pages 360 and 361.
- The Bank's External Auditors assessed the effectiveness of the existing system of ICOFR and provided an assurance report to the Board of Directors, indicating that nothing has come to their attention that causes them to believe financial reporting was inconsistent with their understanding of the processes adopted by the Board of Directors for reviewing the design and operating effectiveness of the Bank's internal control system. The External Auditors' Assurance Report on the Bank's system of Internal Control Over Financial Reporting is provided on page 362.

Internal Audit

As the third line of defence, the internal audit function has been established independently from the first and second lines of defence, reporting directly to the BAC. During the year, the BAC continued to fulfil its mandate to monitor and review the scope, methodologies, audit programmes, extent and effectiveness of the activities of the Bank's IAD, including a review of the progress made on audit activities

GRI 2-12,16

and achievements against the Bank's Audit Plan. The BAC noted the increased focus by the Internal Audit function on technology driven audit techniques to monitor the Bank's digital transformation efforts and safeguard against cybersecurity threats. The Committee reviewed all major findings revealed through audit investigations and potential fraud monitoring activities carried out during the year under review.

The BAC also reviewed the resource requirements of the IAD. The performance evaluation of the CIA and the senior staff members of the IAD for the year 2025 will be carried out by the Committee during the first quarter of 2026.

Annual Corporate Governance Report

The Annual Corporate Governance Report for 2025, including the Reports of the Board of Directors and its regulatory and voluntary Sub-Committees, is presented on pages 221 to 231 and 245 to 315, as required under Section 9.2(h)(i) of the CBSL Direction. The Bank's External Auditor has performed the procedures set out in Sri Lanka Related Services Practice Statement 4750 (SLRSPS 4750), issued by CA Sri Lanka, to meet the compliance requirements of the said Corporate Governance Direction. Their findings, presented in their report dated 19th February 2026 and addressed to the Board of Directors, are consistent with the matters disclosed above and no inconsistencies have been identified in this regard.

Whistleblowing

The Bank's "Policy on Whistleblowing" continued to be implemented as a component of the Corporate Fraud Risk Management Framework and was made available on the Bank's official website in line with the requirements specified in the CSE Rules. Furthermore, the "Procedure on Whistleblowing" was developed to enhance internal stakeholders' understanding of the whistleblowing process to be followed. The recommendations provided by the BAC were incorporated into the Whistleblowing Policy and Procedure, as applicable, to further strengthen the whistleblowing mechanism. The Policy and Procedure empower any team member who has a legitimate concern regarding an existing or potential wrongdoing by any person within the Bank to voluntarily bring such concern to the attention of the Chairman of the BAC, either through the Company Secretary or the CIA. Concerns raised are investigated in accordance with the standard procedure and the identity of the person raising the concern is kept confidential.

PROFESSIONAL ADVICE

The BAC has the authority to seek external professional advice from time to time on matters within its purview. During the year, several consultations were sought with various professionals on matters under the Committee's purview.

DECLARATION BY THE COMMITTEE

The Bank has already complied with the requirements stipulated under CBSL Direction, which is effective from 1st January 2025, as appropriate. Furthermore, the Bank will ensure overall compliance with the aforementioned regulation in accordance with the timelines specified therein.

REPORTING TO THE BOARD

The minutes of the Committee meetings were tabled at Board meetings, thereby providing Board members with access to the deliberations of the Committee. Additionally, the Chairman of the BAC provides a verbal summary of the key matters of concern arising from each meeting to the Board of Directors.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD AUDIT COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BAC is a key mandatory Board Sub-Committee established to strengthen stakeholder confidence by ensuring robust financial reporting, sound internal controls, independent audit oversight and regulatory compliance. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this mandatory Committee. Entrusted with safeguarding the integrity of the Bank's financial stewardship, the Committee plays a critical role in reinforcing accountability, transparency and trust across the Bank. Its remit spans financial reporting integrity, audit assurance and adherence to regulatory requirements that translate the Bank's corporate intent into credible and reliable outcomes for shareholders, regulators and the broader financial community. Through its structured oversight of the internal audit function, external audit engagements and compliance assurance processes, the BAC serves as a key guardian of institutional discipline.

Anchored in the concepts of "Performance" and "Conformance," the mandate of the Committee operates across these two integrated dimensions. Together, they enhance the Bank's governance effectiveness by ensuring accurate financial reporting, effective internal controls, proper risk management and full alignment with regulatory and ethical expectations ultimately strengthening stakeholder trust in the Bank's overall governance architecture.

PERFORMANCE

Strategy Formulation

The BAC assesses whether strategic initiatives can be executed within a control environment that is reliable and resilient, through considerations of risk, financial reporting integrity, technology readiness and regulatory alignment. It safeguards the independence and capacity of the internal audit function while reinforcing clarity of responsibilities across the three lines of defence. Thereby, the BAC ensures that the Bank's growth priorities such as new product development, expansion of digital channels and data driven decision-making are supported by robust management information systems (MIS), strong ICOFR and a well structured, disciplined audit programme. Through these mechanisms, the Committee ensures that strategic initiatives are executed within a sound governance and control environment that protects the integrity, resilience and long-term sustainability of the Bank's operations.

The Committee's strategic scrutiny is continuous and embedded within its governance responsibilities rather than limited to periodic reviews. Operating under a Board-approved TOR, the Committee has unrestricted access to information, systems and personnel, enabling rigorous examination of strategic assumptions ahead of key reporting milestones. Structured agenda planning, supported by timely and comprehensive briefing materials, ensures that strategic matters affecting financial reporting are reviewed proactively, reducing the likelihood of unforeseen issues and supporting well informed Board deliberations. In essence, the BAC enables strategy by ensuring that governance readiness keeps pace with strategic ambition aligning the Bank's control infrastructure, reporting processes and assurance capabilities to the scale and speed of strategic change and converting strategic intent into credible, transparent and auditable outcomes.

Policy Making

Policies form the foundation for governance whereas the BAC plays a pivotal role in ensuring translating strategic priorities into enforceable standards that guide conduct, controls and assurance across the Bank. The Whistleblowing Policy plays a salient role in ensuring confidential reporting, fair investigation and protection from reprisals. Its regular and/or annual review strengthens transparency and trust, while clear escalation protocols and Committee oversight embed ethical vigilance into day-to-day operations. The Committee's policy remit also includes the, "Policy on Engagement of External Auditors for Non Audit Services" and "Policy on Risk Management and Internal Controls". Collectively, these policies operationalise the Bank's governance culture and ensure alignment between assurance activities, strategic priorities and regulatory expectations.

GRI 2-12

Further, the Internal Audit Charter safeguards internal audit independence, reinforces a risk based audit approach and protects the objectivity of Internal Auditors.

Moreover, regular reviews of the Committee's TOR and the policies ensure that those remain responsive to emerging regulations and evolving best practices. This ongoing renewal helps keep the Bank's governance operating system up to date, resilient and effective.

CONFORMANCE

Accountability

Accountability is central to the mandate of the BAC, ensuring that the Bank's financial reporting is consistent and compliant. The Committee reviews the annual and interim financial statements with particular attention to significant judgements, changes in accounting policies, audit adjustments, unusual transactions and going concern assumptions. These reviews go beyond procedural checks, requiring the Committee to challenge whether management's narrative is supported by underlying evidence and control structures. Accountability is further reinforced through written attestations from the relevant KMPs on the maintenance of financial records and the effectiveness of internal controls, as well as through the Committee's report outlining its composition, meetings held, key activities and regulatory compliance.

The BAC also evaluates the External Auditors' performance and objectivity, oversees audit partner rotation, reviews management letters and approves permissible non audit services within defined safeguards. In addition, the Committee expects adherence to non financial reporting obligations, ensuring that ESG related disclosures accurately reflect the Bank's broader responsibilities to society and the environment. Through these practices, the BAC promotes disciplined governance and enhances the credibility and transparency of the Bank's overall reporting framework.

Monitoring and Supervision

The Committee's monitoring and supervision oversight extend across Internal Audit, External Audit, ICOFR, Management Information Systems (MIS) reliability, technology risk and legal and regulatory compliance. It approves the Internal Audit Plan, tracks progress, reviews key findings and ensures timely remediation. Independent external quality assessments will be executed, at the discretion of the Committee, to further validate the competency of the Internal Audit function, allowing the Committee to refine resources and methodologies as the Bank evolves. Oversight of the External Audit process is similarly structured, with the Committee reviewing the audit scope and evaluating audit observations, reservations and management letter comments, probing root causes and necessary follow up actions. Beyond audit matters, the Committee reviews the effectiveness of compliance systems, oversees investigations of non-compliance, manages the whistleblowing framework and monitors technology related risks and ESG linked reporting obligations.

The monitoring approach of the BAC is integrated and coordinated, ensuring consistency across the Bank's broader governance ecosystem. The Committee works closely with other Board Sub-Committees to avoid oversight gaps or overlaps and ensures that minutes, key observations and conclusions are formally recorded and escalated to the Board. Its mandate to access information, obtain independent expertise and challenge assumptions ensures that emerging innovations are supported by strong controls and aligned to the Bank's governance expectations.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BAC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE

Strategy Formulation

Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The Board has delegated its authority to the BAC through the TOR, enabling the Committee to discharge audit related functions on behalf of the Board. Additionally, the BAC is empowered to oversee specific concerns and, where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
CBSL Direction 1.1(c)(ii)	**Strengthening Audit Function via the Three Lines of Defence** In alignment with the Bank's commitment to strong risk governance, clear organisational responsibilities have been established across the three lines of defence. The Internal Audit function has been designated as the third line of defence, operating independently of both the first and second lines of defence to ensure objectivity and robust oversight.	✓
CBSL Direction 1.1(c)(iii)	**Positioning and Resourcing of Internal Audit Function** The Internal Audit Function is properly positioned, sufficiently staffed and resourced to carry out its responsibilities independently, objectively and effectively. The CIA functionally reports directly to the BAC, ensuring independence. The Bank has a separate Board Sub-Committee with responsibility for oversight of risk and compliance and such matters are addressed in the Board Integrated Risk Management Committee (BIRMC) Report on pages 271 to 278.	✓
CBSL Direction 1.1(f) CSE Rule 9.13.4(1)(v)	**Oversight of Internal Control Systems and Management Information Systems** The BAC reviews the adequacy and integrity of the Bank's Internal Control Systems and MIS, including the established mechanisms to prevent unauthorised disclosure of material information and recommends these to the Board of Directors.	✓
Code 2023 D.3	**Oversight of Accounting Policies and Internal Controls** The BAC, under the oversight of the Board of Directors, reviews and approves the Bank's accounting policies annually, or sooner if required, to ensure alignment with the Bank's business model and compliance with applicable accounting standards and best practices. It also reviews Internal Audit Reports submitted by the IAD, monitors the implementation of follow-up actions and evaluates the activities of the Internal Audit function. Further, the Committee provides assurance to the Board of Directors on the effectiveness of financial processes, the integrity of financial reporting and the adequacy of internal controls, while exercising oversight over the performance, objectivity, independence and integrity of the External Auditor. Based on the reports provided by the BAC during 2025, the Board of Directors concluded that the Bank's ICOFR system is effective.	✓

GRI 2-12,16

Regulation	Description	Compliance Status
Strategy Formulation		
CBSL Direction 6.2(o)	**Authority to Investigate and Engage Professional Expertise** The BAC is vested with explicit authority to investigate matters within its TOR and any other audit related concerns. It is empowered with the necessary resources and granted full access to information required to discharge its responsibilities effectively. In addition, the Committee has the authority to seek external professional advice and invite individuals with relevant expertise to attend meetings as circumstances may warrant, reinforcing its commitment to robust governance and independent oversight.	✓
CSE Rule 9.13.4(1) (vi)	**Compliance with Auditing Standards** In adherence to the Sri Lanka Auditing Standards, the BAC exercises oversight to maintain the robustness and effectiveness of the Bank's internal control systems and risk management frameworks.	✓
Code 2023 D.2.2, D.2.2.1, D.2.2.4	**Directors' Statement on Internal Control and Financial Reporting Compliance** The BAC under the oversight of the Board of Directors, is responsible for formulating and implementing appropriate and adequate Internal Control Systems and reviewing the adequacy and the integrity of the Bank's internal control system and MIS. Additionally, the Directors' Statement on Internal Control Over Financial Reporting, given on pages 360 and 361 of this Annual Report, confirms the effectiveness of the Bank's internal control system and affirms that its financial reporting framework provides reasonable assurance on reliability and compliance with relevant accounting principles and regulatory requirements.	✓
Policy Making		
CBSL Direction 6.1(c) CSE Rule 9.13.2 Code 2023 D.3.2	**TOR of the Committee** The BAC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓
CBSL Direction 1.1(v), 6.2(r) CSE Rule 9.2.1(k) Code 2023 D.6.4, I.1.1(k)	**Policy on Whistleblowing** A Board-approved "Policy on Whistleblowing" is in place following the recommendation of the BAC and has been hosted on the Bank's official website. The Policy is reviewed at least annually and any amendments are disclosed in the Bank's Annual Report. Under this policy, a whistleblower may, in confidence, raise concerns about possible improprieties in financial reporting, internal controls, or other improprieties without risk of reprisal. To enhance clarity and in line with the Committee's recommendation, the Board-approved amendments to the Policy under the sub-headings "2. Whistleblower Protection", "3. Reporting Mechanism", "5. Responsibilities" and "6. Awareness Building" of the published Whistleblowing Policy. The Company Secretary and the CIA take appropriate action on all communications received in their offices regarding non-compliance with the Bank's Code of Business Conduct and Ethics, including anonymous communications. Such matters are escalated to the Chairman of the BAC, who addresses them in an appropriate manner in line with the established procedure. The "Policy on Whistleblowing" fosters an environment of utmost confidentiality, trust and protection for all stakeholders who report irregularities in good faith, ensuring they are not penalised or subjected to any adverse treatment for doing so. The BAC ensures the effective implementation of the whistleblowing mechanism for fair and independent investigation of such matters and appropriate follow-up actions. Moreover, employees and other stakeholders may, within the ambit of this policy, report concerns to the regulators as well. **Procedure on Whistleblowing** The Procedure on Whistleblowing further supports internal stakeholders by clearly outlining the process to be followed when raising concerns.	✓
CSE Rule 9.2.1(f) Code 2023 I.1.1(f)	**Policy on Risk Management and Internal Controls** A Board-approved "Policy on Risk Management and Internal Controls" is in place, following the recommendation of the BIRMC and BAC and has been hosted on the Bank's official website. Details of the amendments to this policy are provided in the BIRMC Report on pages 271 to 278.	✓
CBSL Direction 6.2(f) CSE Rule 9.13.4(1) (xi)	**Policy on Engagement of External Auditors for Non-Audit Services** A Board-approved "Policy on Engagement of External Auditors for Non-Audit Services" is in place, based on the recommendation of the BAC and in accordance with the guidelines issued by the regulatory authorities. In line with this policy, the necessary approval of the BAC is obtained before procuring any non-audit services from the External Auditor. When considering such engagements, the BAC assesses the availability of the required skills and experience, evaluates whether the nature of the proposed services and the associated fees individually or in aggregate, pose any threat to the Auditor's independence and/or objectivity and ensures that appropriate safeguards are implemented where required. Matters requiring further consideration are referred to the Board as deemed necessary.	✓

GRI 2-9

CONFORMANCE		
Accountability		
Regulation	Description	Compliance Status
CBSL Direction 6.2(a) CSE Rule 9.13.3(4), 9.13.3(6)	**Chair of the BAC** The Chairman of the BAC, Mr Dilip de S Wijeyeratne, is an Independent, Non-Executive Director and an Associate Member of the Institute of Chartered Accountants of Sri Lanka, as well as a Fellow Member of the Chartered Institute of Management Accountants, UK and is not the Chairman of the Board. The Profile of Mr Dilip de S Wijeyeratne is given on page 235.	✓
CBSL Direction 6.2(b), 6.2(c) CSE Rule 9.13.3(1) Code 2023 D.3.1	**Composition of the BAC** The Committee consists of three (03) Independent, Non-Executive Directors. The members of the Committee possess a diverse set of skills and expert knowledge in finance, accounting and auditing, which align well with the Bank's size, scale, diversity and complexity of operations. The majority of the members of the BAC are not constituted by members of the BIRMC and vice versa. The details of the membership of the Committee are given on page 256 of this report.	✓
CSE Rule 9.13.1, 9.13.4(2) Code 2023 D.2.1.4	**Separate Board Sub-Committees for Audit and Risk** The Bank maintains separate Board Sub-Committees to perform the Audit and Risk functions, with the BAC and the BIRMC independently discharging their respective responsibilities. In addition to the BAC Report, the BIRMC Report is provided on pages 271 to 278 of this Annual Report.	✓
CBSL Direction 6.2(n) CSE Rule 9.13.3(5)	**Regular Attendees of the BAC Meetings** Other Board members, the MD/CEO, CIA, ED/CFO, CRO, CCO, other KMPs and representatives of the External Auditor attend the BAC meetings upon the invitation of the Committee for the relevant agenda items. In addition to the regular Committee meetings, the BAC meets with the External Auditor and the Internal Auditor without the presence of the EDs. Accordingly, during the year 2025, two (02) meetings were held with the External Auditors and four (04) meetings were held with the CIA separately, without the presence of the EDs.	✓
Code 2023 D.2.2.3	**Oversight of Internal Controls** The IAD conducts regular reviews of the internal control systems and reports are presented to the BAC. The BAC reviews the reports submitted by the IAD together with the recommendations and management responses. During the year 2025, the BAC convened eleven (11) meetings to review the Bank's internal controls and procedures. The minutes of these meetings are duly tabled at Board meetings for further consideration. Additionally, the BIRMC oversees the processes related to the Bank's Risk Management Framework and the BIRMC Report is provided on pages 271 to 278 of this Annual Report.	✓
CBSL Direction 6.2(d) CSE Rule 9.13.4(1)(iii), 9.13.4(1)(xii)	**Appointment and Removal of External Auditors** The BAC has made recommendations to the Board in relation to the appointment and re-appointment of the External Auditor, the audit services to be provided in compliance with applicable statutes, the implementation of CBSL guidelines issued to External Auditors from time to time, the application of relevant accounting standards and the determination of the service period of the Auditors, audit fees, as well as any resignation or dismissal of the Auditor. In addition, the Committee has made recommendations to the Board in respect of the remuneration and terms of engagement of the External Auditors. Further, in accordance with Sections 22(6), 7B and 7C of the Banking (Amendment) Act No. 24 of 2024, the Bank is required to replace its External Auditor, Messrs Ernst & Young, within two years of the Act's effective date, which is prior to 15th June 2026. Accordingly, the Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants, be appointed for the financial year ending 31st December 2026, subject to the approval of the shareholders at the AGM. Further, the BAC will ensure that the service period of the engagement of the External Auditor does not exceed six (06) years and that the engagement partner is changed once every three (03) years, in line with the applicable regulatory and governance requirements.	✓
CBSL Direction 1.1(r)	**Due Diligence on External Auditor Engagement** The BAC conducts the required due diligence in relation to the appointment and ongoing oversight of the External Auditor and provides its recommendations to the Board accordingly.	✓
CBSL Direction 6.2(s)	**Relationship with the External Auditor** The BAC, as the key representative body, oversees the Bank's relations with the External Auditor and reports to the Board in this regard, if necessary.	✓
CBSL Direction 6.2(j)	**Review of Audit Findings** The BAC reviews and discusses any issues, concerns, or observations arising from the interim and final audits, together with any other matters the External Auditor wishes to raise, including those that may require discussion in the absence of the MD/CEO and KMPs, where necessary.	✓
CBSL Direction 6.1(f) CSE Rule 9.13.5 Code 2023 D.3.3	**Disclosures Relevant to the Committee** The BAC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance. In addition, the BAC undertook the annual evaluation of the independence, integrity and objectivity of the External Auditor, as well as the effectiveness of the audit process.	✓

Monitoring and Supervision		
Regulation	Description	Compliance Status
CBSL Direction 6.1(a)	**Reporting to the Board** The BAC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e) CSE Rule 9.13.3(2)	**Quorum of the Committee** In terms of the Board-approved TOR, the quorum of the BAC consists of at least half of its members.	✓
CBSL Direction 6.1(d), 6.2(q), 6.2(p)	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The BAC meets regularly in accordance with its TOR and convenes additional meetings as necessary. Members are provided with due notice and comprehensive briefing materials in advance, ensuring they are fully informed of the matters scheduled for discussion. Accordingly, the BAC met seventeen (17) times during the year under review (2024:15) in compliance with regulatory requirements, comprising eleven (11) regular meetings, two (02) meetings with the External Auditor and four (04) meetings with the CIA. The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary or CIA functions as the Secretary to the Committee. The Company Secretary maintains minutes of all BAC meetings and submits the same to the Main Board for its perusal.	✓
CSE Rule 9.13.4(1) (xiii)	**Matters Reported by the BAC to the Board of Directors** During the year under review, matters reported by the BAC were duly heard and satisfactorily resolved by the Board.	✓
CBSL Direction 6.2(l) Code 2023 D.2.2.2	**Internal Audit Function** The BAC exercises oversight over the Internal Audit function and discharges its responsibilities in this regard in accordance with the clearly defined terms set out in its TOR. In fulfilling this mandate, the Committee reviews and discusses with the CIA the Annual Audit Plan, including the adequacy of its scope of work, as well as the functions and resources of the IAD. The BAC also ensures that the Department is vested with the necessary authority to effectively discharge its responsibilities. Further, the Committee monitors the progress of the approved Audit Plan at its meetings and considers the audit programmes, Internal Audit Processes and Internal Audit Reports, together with the recommendations made by the IAD. In doing so, the BAC ensures that appropriate corrective actions are taken by Management to address the matters highlighted. In addition, the Committee reviews the performance of the CIA and senior staff members of the IAD. In line with its governance mandate, the BAC recommends to the Board the appointment or termination of the CIA and senior staff members within the Internal Audit function. The Committee also ensures that it is promptly apprised of any resignations of senior staff members of the IAD, including the CIA and provides an opportunity for the resigning individuals to present the reasons for their decision. The Bank's Internal Audit function, led by the CIA and reporting functionally to the BAC, is structured to maintain independence from all audited activities, while operating with impartiality, professional competence and the highest standards of professional care.	✓
CBSL Direction 6.2(m)	**Internal Investigations and Implementation of Recommendations** The BAC has reviewed the major findings of internal investigations during the year under review and the management's responses thereto. The Committee also reviewed whether the recommendations arising from such investigations have been implemented.	✓
CBSL Direction 6.2(h)	**Oversight of Financial Reporting and Internal Controls** The BAC reviews the accounting policies and systems, as well as the internal control framework, with a view to ensuring greater transparency and integrity in the Bank's financial reporting process and the adequacy of accounting and other internal controls.	✓
CSE Rule 9.13.4 (1)(iv) Code 2023 D.1.3, D.1.5	**Assurance on Financial Reporting and Internal Controls** The BAC obtained and reviewed assurance from the MD/CEO and the ED/CFO that the financial records have been properly maintained and that the financial statements give a true and fair view of the Bank's operations and finances; and from the MD/CEO and other KMPs responsible, regarding the adequacy and effectiveness of the Bank's risk management and internal control systems. The relevant statements by the Directors, MD/CEO, ED/CFO, the respective KMPs and the Auditors regarding their reporting responsibilities for operations and finance, as well as the adequacy and effectiveness of the Bank's Risk Management and Internal Control systems, are included in this Annual Report, comprising this report and other related reports, as detailed below: » Directors' Statement on Internal Control Over Financial Reporting on pages 360 and 361. » The Managing Director/Chief Executive Officer's and the Chief Financial Officer's Responsibility Statement on page 363. » The Statement of Directors' Responsibility for Financial Reporting on pages 364 and 365. » The Report of the External Auditors on pages 366 to 368.	✓

GRI 2-15

Monitoring and Supervision		
Regulation	Description	Compliance Status
CBSL Direction 6.2(i) CSE Rule 9.13.4(1)(ii)	**Review of Financial Information and Reporting Integrity** The Committee reviews financial information in order to monitor the integrity of the Financial Statements, Annual Report, Accounts and Quarterly Reports prepared for disclosure, as well as the significant financial reporting judgments contained therein. When reviewing the Bank's Annual Report and Accounts and Quarterly Reports prior to submission to the Board, the Committee focuses on the following: » significant judgements made by management; » any changes in accounting policies and practices; » significant adjustments arising from the audit; » the going concern assumption; » the compliance with relevant accounting standards and other legal requirements; » significant matters highlighted including financial reporting issues, significant and unusual events or transactions and how these matters are addressed; » any Related Party Transaction and Conflicts of Interest situation which have arisen within the Bank; » removal/resignation of External Auditor (if any); » re-appointment of external auditor.	✓
CSE Rule 9.13.4(1)(i)	**Financial Reporting and Regulatory Compliance** The Annual Audited Financial Statements and Quarterly Financial Statements are prepared and published in accordance with the requirements and formats prescribed by the supervisory and regulatory authorities, in line with the relevant accounting standards, laws and regulations. The financial statements provide a true and fair view of the financial position of the Bank. These Financial Statements are set out on pages 370 to 520 of this Annual Report. A statement confirming that the Annual Audited Financial Statements have been prepared in accordance with applicable accounting standards and regulatory requirements is included in the Annual Report of the Board of Directors on the Affairs of the Company given on pages 351 to 359.	✓
CSE Rule 9.13.3(3)	**Review of Quarterly Financials** The BAC convenes meetings as frequently as necessary, while ensuring that it meets at least once every quarter prior to recommending the financial statements for release to the market.	✓
CBSL Direction 6.2(g)	**Determination and Oversight of External Audit Scope** The BAC discusses issues, problems and reservations (if any) arising from the interim and final audits, as well as any other matters the External Auditor may wish to discuss, including matters that need to be addressed in the absence of the MD/CEO and KMPs, if necessary. During the year 2025, the BAC met with the External Auditor without the presence of the EDs of the Bank on two (02) occasions. Further, prior to the commencement of the audit, the BAC discusses and finalises with the External Auditor the nature and scope of the audit to ensure that it includes: » an assessment of the Bank's compliance with the relevant directions in relation to Corporate Governance and ICOFR; » the preparation of financial statements for external purposes in accordance with relevant accounting principles and reporting obligations. As Messrs Ernst & Young – Chartered Accountants was engaged as the External Auditor for the year under review, no circumstances arose that necessitated coordination with another audit firm prior to the commencement of the audit.	✓
CBSL Direction 6.2(e)	**Independence and Effectiveness of the External Auditor** The BAC reviews and monitors the External Auditor's independence, integrity, objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	✓
CSE Rule 9.13.4(1)(x)	**Review of External and Internal Audit Functions** The BAC reviews the results and scope of the work of the External Auditors and the Internal Audit function and evaluates the performance, objectivity, independence and integrity of both the External Auditor and the Internal Audit function.	✓
CBSL Direction 6.2(k)	**Review of External Auditor's Management Letter** The BAC reviews the External Auditor's Management Letter together with management's responses thereto.	✓

On behalf of the Board Audit Committee,

DILIP DE S WIJEYERATNE
Chairman - Board Audit Committee

LASANTHA SENARATNE
Secretary - Board Audit Committee

19th February 2026
Colombo, Sri Lanka

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT



> The Committee continues to review and recalibrate the remuneration and incentive structures to ensure that they are aligned with the Bank's strategic goals and corporate values, nurturing a sustainable and value-based performance culture at the Bank.

Keshini Jayawardena - Chairperson

GRI 2-19,20,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Law
- Leadership Development
- Corporate Strategy
- Engineering
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Investment Banking &Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Managing Director/Chief Executive Officer (MD/CEO)
- Chief Human Resource Transformation Officer (CHRTO)
- Chief Human Resource Officer (CHRO)

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The role, functions and the composition of the Board Human Resources and Remuneration Committee (BHRRC) are defined by the provisions of the:

- Banking Act Direction No.05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka ("CBSL Direction");
- Listing Rules of the Colombo Stock Exchange ("CSE Rules");
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mrs Keshini Jayawardena	Independent/ Non-Executive	Chairperson	7/7
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Member	7/7
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Member	7/7
Mr Vajira Kulatilaka	Independent/ Non-Executive	Member	7/7
Mr Vinod Hirdaramani	Independent/ Non-Executive	Member	5/7
Mr Keith Modder	Independent/ Non-Executive	Member	7/7

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- Introduced a new Performance Management System as part of the strategic enhancement of performance and reward frameworks. In alignment with this initiative, a Performance Based Bonus Scheme (PBBS) was established, linking rewards to individual performance for employees at Manager level and above marking a significant step towards fostering a performance driven culture.
- Refined Key Performance Indicators (KPIs) for Executives and Senior Management to ensure alignment with both short-term priorities and long-term strategic objectives of the Bank.
- A new governance and reporting structure has been developed to support the Bank's transformation journey.
- Revisited and strengthened the succession planning process by identifying potential successors for each key leadership role, ensuring a robust pipeline of talent and continuity in strategic leadership.
- Considered a salary increment across all employee grades to maintain competitive compensation levels and support the Bank's talent attraction and retention efforts.
- Conducted a comprehensive review of all HR policies to ensure alignment with the Bank's strategic direction and to build a future-ready, resilient workforce.

GRI 2-18,19,20

KEY ACTIVITIES IN 2025

- Allocated a total investment of Rs 206 Mn towards Training and Development initiatives including overseas training aimed at enhancing global exposure and strengthening leadership competencies across the organisation and comprehensive training of all management level staff in the new Performance Management System.
- Rolled out a comprehensive year-round employee engagement calendar aimed at fostering a collaborative, inclusive and high-morale workplace culture through structured engagement initiatives.
- Reviewed and approved revised "Reward Management Policy for Key Management Personnel" to reward for the climate-related KPIs.

KEY RESPONSIBILITIES OF THE COMMITTEE

- **Remuneration Policy and Performance Oversight**

  The BHRRC is responsible for formulating and recommending for Board approval the Bank's remuneration policy for Directors and remuneration, benefits and performance-based incentive policy for the MD/CEO and Key Management Personnel (KMPs) and Bank staff and for this purpose periodically obtains market benchmarks on the remuneration of comparable companies in respect of the Board of Directors, the MD/CEO and Senior Management, whilst ensuring that all regulatory requirements are met in respect of such remuneration policy.

  The BHRRC also sets performance goals and targets for MD/CEO and KMPs and submits them for Board approval. The Committee periodically evaluates the performance of the MD/CEO and KMPs against approved targets.

- **Alignment with Risk Governance**

  In discharging its duties, the BHRRC coordinates closely with the Board Integrated Risk Management Committee (BIRMC) to ensure that remuneration remains aligned with the Bank's risk culture and risk appetite. This includes the existence of a claw-back Policy in respect of performance-based payments made to MD/CEO and KMPs reinforcing that performance-based compensation is tied to honest and ethical conduct.

- **Governance and Human Resources Strategy**

  The Committee is responsible for all aspects of corporate governance relating to human resources, advises the MD/CEO and CHRO on staff salary revisions and major organisation structure changes and oversees the development, implementation and review of the Bank's HR strategy, workforce plans and key HR objectives in line with the overall strategic goals.

- **Human Capital Development and Ethical Compliance**

  The BHRRC reviews and reports to the Board on talent development, succession planning, career development and retention initiatives. It also monitors the ethical standards to be adopted by human capital and ensures that the necessary processes are in place to support compliance. In addition, the Committee keeps under review the provisions of the Employees' Provident Fund and Employees' Pension Plan.

- **Strengthening Committee Effectiveness**

  The Committee carries out any additional BHRRC related activities it deems necessary to enhance the effectiveness and efficiency of the BHRRC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The minutes of Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BHRRC is a mandatory Board Sub-Committee that provides strategic oversight and governance for the Bank's human capital management. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this mandatory Committee. Its mandate, as articulated in the TOR and governance principles, is to ensure that the Bank's approach to human resources and remuneration is both strategically robust and ethically sound. The BHRRC's direction is best understood through the concepts of "Performance" and "Conformance," which together ensure that the Bank's leadership not only drives value creation but also upholds the highest standards of accountability and integrity.

PERFORMANCE

Strategy Formulation

The BHRRC leads the strategic direction of the Bank's human resources and remuneration frameworks, shaping policies that drive excellence and align with the Bank's vision. The Committee collaborates closely with the Board to establish both annual and long-term objectives for the MD/CEO and KMPs. These objectives are meticulously aligned with the Bank's vision, risk appetite and business priorities, ensuring that leadership efforts are directed towards sustainable growth and stakeholder value. The annual targets are aligned with the Bank's short, medium and long-term strategic objectives, ensuring focused execution and measurable outcomes. The Committee's involvement in strategy formulation thus extends beyond remuneration to encompass broader aspects of organisational leadership and direction.

The Committee's strategic role extends to the formulation of remuneration policies that incentivise high performance while maintaining fairness, competitiveness and ensuring strong collaboration on essential work pillars. By benchmarking against industry standards and consulting with external advisors, when necessary, the BHRRC ensures that the Bank's compensation structures attract and retain top talent, foster leadership effectiveness and support the achievement of strategic business outcomes. The Committee also advises on workforce planning, talent retention, training and performance enhancement thereby reinforcing the Bank's capacity to execute its strategic plan.

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

GRI 2-19,20

Policy Making

Policy making is one of the core functions of the BHRRC under the performance pillar. The Committee is tasked with reviewing and recommending policies related to key result areas of Human Resource Management encompassing talent acquisition, employee career advancement, performance and reward management, training and development, employee relations, employee well-being, ethics and integrity and grievance handling and dispute resolution, which are designed to promote a culture of performance, transparency, equity and ethical conduct across all levels of the Bank.

The BHRRC oversees the implementation of a Code of Business Conduct and Ethics, which sets clear expectations for professional and ethical behaviour across the Bank. The Bank's commitment to ethical conduct is further reinforced by a dedicated "Policy on Anti-Bribery and Corruption", which is regularly updated to reflect best practices and regulatory changes.

The Committee plays a key role in shaping remuneration through the "Policy on Remuneration", which establishes principles for fair, competitive and performance-linked pay structures and benefits. Complementing this is the newly introduced "Claw-Back Policy for Performance-based Payments made to Key Management Personnel", ensuring responsibility and alignment with long-term objectives of the Bank. Additionally, ESG performance indicators were integrated into the performance scorecards of relevant KMPs to embed sustainability-accountability across the Bank. Accordingly, the BHRRC recommended revisions to the Reward Management Policy for KMPs to accommodate and align with this enhancement.

The Committee regularly reviews and updates policies to reflect best practices, market standards and evolving regulatory expectations, ensuring that the Bank remains at the forefront of corporate governance. The BHRRC's policy making role is thus integral to fostering a culture of professionalism, ethical behaviour and prudent decision-making throughout the Bank.

CONFORMANCE

Accountability

Accountability is a foundational principle of the BHRRC's governance role where the Committee's composition and functioning are regulated to ensure independence and transparency. The BHRRC is responsible for recommending remuneration packages for the MD/CEO, the Executive Directors, Management and other staff, which are subsequently approved by the Board. This process ensures that no individual is involved in setting their own compensation, thereby avoiding conflicts of interest. The Committee also determines the remuneration of Non-Executive Directors, adhering to principles of non-discrimination and market alignment.

The BHRRC also collaborates with the BIRMC to ensure that approach to remuneration is consistent with the Bank's risk appetite. Moreover, the newly introduced Claw-Back Policy of the Bank, strongly reflects the accountability entrusted on KMPs, reinforcing their responsibility to uphold strategic stewardship and deliver stakeholder expectations, particularly in the pursuit of defined objectives. The BHRRC's accountability is further demonstrated by its annual self-assessment and reporting to the Board on its compliance with governance standards and overall effectiveness.

Monitoring and Supervision

Monitoring and supervision are integral to the BHRRC's conformance responsibilities. The Committee reviews the implementation of HR strategies, monitors compliance with policies and assesses the effectiveness of performance management systems. It maintains minutes of its meetings and decisions, ensuring transparency. Monitoring is executed in accordance with documented procedures that align with the relevant policies, thereby ensuring consistency and adherence to established governance standards.

The BHRRC oversees the ethical standards adopted by the Bank's human capital, ensuring that management has institutionalised processes for compliance with the Code of Conduct and other regulatory requirements. The Committee also evaluates the performance of the MD/CEO and KMPs against established goals, using standardised procedures to ensure objectivity and alignment with strategic outcomes.

The Committee's monitoring and supervision extend to the review of its own TOR, ensuring that its scope, authority and duties remain aligned with regulatory standards and best practices. The BHRRC's commitment to continuous improvement is reflected in its annual self-assessment and openness to external benchmarking. The BHRRC also reviews the provisions of the Employees' Provident Fund and Pension Plan, advises on organisational changes and recommends governance improvements to the Board as and when required.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable corporate governance requirements pertaining to the BHRRC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BHRRC has been delegated by the Board to act on its behalf in matters related to human resources and remuneration. Additionally, the BHRRC is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓

GRI 2-12,15,18,20

Regulation	Description	Compliance Status
Strategy Formulation		
CBSL Direction 6.3(e) Code 2023 A.11.1	**Goals and Targets for the Directors, MD/CEO and the KMPs** The collective goals and targets applicable to the Board of Directors for the year under review, are outlined in the TOR of each Board Sub-Committee, which were approved by the Board of Directors upon the recommendation of the BHRRC. Additionally, at the commencement of each year, the BHRRC, in consultation with the Board and MD/CEO, sets out clearly defined goals and performance targets for the MD/CEO and KMPs, aligned with the Bank's short, medium and long-term strategic objectives to ensure focused execution and measurable outcomes. For the year 2025, these goals and targets were formally documented and approved by the Board based on the recommendation of the BHRRC.	✓
CSE Rule 9.12.7(1)	**Accountability of BHRRC in Determining Remuneration for Executive Directors and MD/CEO** The remuneration framework for Executive Directors (EDs), including the MD/CEO, is designed to support the Bank's long-term success and sustainability by attracting, retaining and motivating high-calibre leadership, while fostering the development of skills essential to strategic execution and governance excellence. The framework comprises transparent, performance-related components that balance short, medium and long-term objectives, thereby aligning individual performance with the Bank's strategic goals and stakeholder interests. These performance-related elements are reviewed and recommended by the BHRRC and subsequently approved by the Board, upholding fairness and accountability. The remuneration framework is also subject to periodic review, informed by market research and other relevant insights, to ensure competitiveness and responsiveness to evolving governance standards. The terms of employment for EDs and MD/CEO are presided by their respective Contracts of Employment, which reflect the Bank's commitment to integrity, transparency and market-aligned practices.	✓
CBSL Direction 1.1(i)	**Alignment of Remuneration with Risk Culture and Appetite** The BHRRC has been delegated by the Board, to ensure that the Bank's remuneration framework is aligned with its established risk culture and risk appetite.	✓
Policy Making		
CBSL Direction 6.1(c) CSE Rule 9.12.5 Code 2023 B.2.16	**TOR of the BHRRC** The BHRRC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee.	✓
CBSL Direction 1.1(t), 1.1(s) CSE Rule 9.2.1(d), 9.2.1(e), 9.2.1(l) Code 2023 D.6, D.6.1, I.1.1(d), I.1.1(e), I.1.1(l)	**Disclosures Related to Policies Adopted in line with the CSE Rules and the Code 2023** Under the recommendation of the BHRRC, the Board-approved "Policy on Remuneration","Policy on Internal Code of Business Conduct and Ethics for Employees" and the "Policy on Anti-Bribery and Corruption" are in place and have been published on the Bank's official website. The Committee reviewed these policies during the year under review and acknowledged that no changes had been made to the same. **Code of Business Conduct and Ethics** The Board of Directors, both collectively and individually, set the tone from the top in fostering a culture of ethics and integrity across the Bank. In this regard, the BHRRC, under the direction of the Board, has established a robust governance framework comprising: » Policy on Internal Code of Business Conduct and Ethics for Directors » Code of Conduct for Corporate Management » Policy on Internal Code of Business Conduct and Ethics for Employees These frameworks are designed to promote a strong corporate culture rooted in professionalism, ethical conduct and prudent decision-making at all levels of the Bank. To reinforce the Bank's commitment to sound governance and on the recommendation of the BHRRC, comprehensive codes of conduct have been implemented. These provide clear guidance on critical areas such as data confidentiality, conflict of interest, bribery and corruption, handling of financial and non financial benefits and gifts, integrity in reporting, fair dealing, protection and appropriate use of company and information assets, prevention of sexual harassment and the fair treatment of customers. These codes are periodically reviewed and updated to ensure continued alignment with evolving regulatory requirements and industry best practices. In support of its zero tolerance stance on corruption, the Bank has also adopted institution-wide internal guidelines, together with dedicated policies including the "Policy on Anti Bribery and Corruption" and the "Policy on Managing Conflicts of Interest," further strengthening its ethical foundation.	✓

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

GRI 2-15,20,23

Policy Making

Regulation	Description	Compliance Status
CBSL Direction 6.3(d)	**Remuneration for Directors, MD/CEO and the KMPs** The Bank has instituted a Board-approved, Bank-wide "Policy on Remuneration" to set the standards of remuneration for Directors, KMPs and employees, based on recommendations from the BHRRC. Additionally, the Bank has instituted Board-approved policies on Reward Management to guide the determination of remuneration for KMPs and employees. These policies are further supported by internal practices that govern all aspects of remuneration, including salaries, allowances, special payments and benefits at termination or retirement, as well as other financial and non-financial benefits applicable to both Executive and Non-Executive Directors and KMPs.	✓
CSE Rule 9.12.3 Code 2023 B.1	**Remuneration for Executive Directors** The "Policy on Remuneration" outlines the process for determining the remuneration of EDs who are members of the Bank's Corporate Management Team. This policy is aligned with prevailing market standards and includes performance-related components that are both challenging and transparent. These elements are designed to strike a balance between performance outcomes and reward, reinforcing the Bank's commitment to merit-based recognition and ethical governance. A formal mechanism is in place to ensure that no individual Director partakes in deciding their own remuneration which is also supported by the "Policy on Managing Conflicts of Interest".	✓
CSE Rule 9.12.4	**Remuneration for Non-Executive Directors** The Board collectively determines the remuneration levels for Non-Executive Directors (NEDs) in accordance with the "Policy on Remuneration," adopted following the review and recommendation of the BHRRC.	✓
CBSL Direction 6.3(i)	**Claw-Back Policy** The Bank has established a Board-approved "Claw-Back Policy for Performance-based Payments made to Key Management Personnel", based on the recommendations of the BHRRC. This policy outlines a structured framework of principles and procedures under which the Bank may recover performance-based remuneration in specific circumstances, such as fraud, misappropriation of funds, or other misconduct. It is designed to uphold the integrity of the Bank's financial operations, protect stakeholder interests and reinforce the principle that variable compensation must align with ethical and responsible conduct. The policy is effective from 1st January 2026 and reflects the Bank's ongoing commitment to sound governance and accountability in executive remuneration practices.	✓

CONFORMANCE

Accountability

Regulation	Description	Compliance Status
CSE Rule 9.12.2 Code 2023 B.2.1	**Formation of BHRRC** The Board has established the BHRRC for the purpose of conducting human resources and remuneration as set out in the relevant regulations.	✓
CBSL Direction 6.3(a) CSE Rule 9.12.6(2)	**Chair of the BHRRC** Mrs Keshini Jayawardena, an Independent, Non-Executive Director who is not the Chair of the Board, serves as the Chairperson of the BHRRC.	✓
CBSL Direction 6.3(b) CSE Rule 9.12.6(1), 9.12.8(a) Code 2023 B.2.2, B.2.15	**Composition of the BHRRC** The Committee comprises six (06) Independent, Non-Executive Directors and does not include either Non-Independent Directors or Executive Directors. The details of the membership of the Committee are given on page 264 of this report.	✓
CBSL Direction 6.3(c)	**MD/CEO Presence at BHRRC Meetings** The MD/CEO attends BHRRC meetings by invitation; however, the MD/CEO is not present when matters relating to him or her are discussed.	✓
CSE Rule 9.12.8(b) Code 2023 B.3	**Statement on the Remuneration Policy** A Board-approved, Bank-wide "Policy on Remuneration" establishes the standards for determining remuneration for Directors, KMPs and employees, based on recommendations from the BHRRC and these standards have been duly adhered to throughout the year under review.	✓
CSE Rule 9.12.1	**Definition for Remuneration** The term "remuneration," as referenced herein, includes both monetary payments and all forms of non-monetary benefits received.	✓
CBSL Direction 6.1(f) Code 2023 B.3.1	**Disclosure Relevant to the Committee** The BHRRC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓

GRI 2-18,20

Regulation	Description	Compliance Status
Accountability		
Code 2023 B.2.13	**Authority to Determine NED's Remuneration** The Board, as the apex authority of the Bank, has formally delegated to the BHRRC the responsibility for determining and recommending the remuneration levels of NEDs. All such recommendations are subject to the review and approval of the Board.	✓
Code 2023 B.3.2	**Aggregate Remuneration of the Senior Management Including MD/CEO** Refer to page 229.	✓
CSE Rule 9.12.8(c)	**Aggregate Remuneration of the EDs and NEDs** Refer to Note 47.3.1 in the Financial Statements on page 458.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BHRRC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BHRRC** In terms of the Board-approved TOR, the quorum of the BHRRC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. The BHRRC met seven (07) times during the year (2024: 06) complying with the requirements set out in the regulations.	✓
CSE Rule 9.12.7(2) Code 2023 B.2.3	**Access to Professional Advice for Remuneration** The BHRRC operates with access to independent professional advice on remuneration related matters, as and when required, to support informed, objective and balanced decision-making. In formulating proposals concerning the remuneration of Senior Management, the Committee consults with the Chairman and the MD/CEO, to ensure that such recommendations are aligned with the Bank's strategic objectives, governance framework, regulatory requirements and risk appetite.	✓
CBSL Direction 6.3(f) Code 2023 A.11, A.11.2	**Performance Evaluation of MD/CEO and KMPs** The performance evaluation of Mrs Ayodhya Iddawela Perera (Former MD) for the year 2024 was approved by the BHRRC and subsequently reviewed by the Board Nominations and Governance Committee, with reference to the Bank's achievements against the established goals. The outcome of this evaluation was reported to the Board, which expressed satisfaction with her performance during the year. Evaluations of the KMPs for the year ended 2024 were carried out during 2025. The performance assessments for the MD/CEO and KMPs for the year ended 31st December 2025 are scheduled to be reviewed by the BHRRC in 2026. These evaluations are conducted in accordance with standardised procedures to ensure consistency, objectivity and alignment with both the Bank's strategic outcomes and prevailing industry benchmarks.	✓
CBSL Direction 6.3(h)	**Risk Oversight on Remuneration** The BHRRC collaborated with the BIRMC to ensure that the remuneration for Directors, MD/CEO and KMPs aligns with Bank's risk appetite limits, prior to determining such payments.	✓
Code 2023 B.2, B.2.4, B.2.5	**Remuneration for NEDs, EDs and the Senior Management** The BHRRC exercises monitoring and supervision over the remuneration frameworks for EDs and NEDs. The Committee reviews compensation structures to ensure they remain competitive and effective in attracting and retaining Directors of the required calibre. Executive remuneration is closely monitored to confirm that performance-linked components are appropriately balanced, supporting both immediate and long-term Bank's objectives. The Committee also oversees the process for Senior Management compensation, ensuring it is structured to motivate excellence without exceeding prudent limits. Provisions are in place under the Bank's Claw-back arrangements to recover performance-based payments made to KMPs under specific circumstances. Through these supervisory mechanisms, the Bank maintains transparency, accountability and alignment with regulatory standards, thereby reinforcing the integrity and effectiveness of its human capital management.	✓
Code 2023 B.2.6	**Comparative Analysis of Remuneration** As part of its mandate, the BHRRC periodically reviews the Bank's remuneration structures against prevailing industry standards and relevant corporate benchmarks to ensure competitiveness, fairness and alignment with the Bank's strategic objectives and governance principles.	✓
Code 2023 B.2.8, B.2.10	**Performance-Based Remuneration for Executive Leadership and Senior Management** The remuneration framework for EDs' incorporates transparent, performance-related components that balance short, medium and long-term objectives. This approach aligns individual performance with the interests of the Bank and its stakeholders, while providing appropriate incentives for high-level performance. All performance-related elements are reviewed and approved by the BHRRC in consultation with the Board. The Bank has implemented a team-based performance-related remuneration scheme for all employees since 2016. Additionally, during the year under review and following the guidance of the BHRRC, the Bank implemented a Performance-Based Bonus Scheme to recognise and reward the individual contributions of team members at the Manager level and above, marking a significant milestone in promoting a performance-driven culture. This initiative fosters an efficient work environment within a competitive, incentivised framework created by a blend of effective incentive design and strong cultural factors that balance individual drive with collaboration and fairness.	✓

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

GRI 2-15,18,20

Monitoring and Supervision		
Regulation	Description	Compliance Status
	The Bank's established Claw-back Policy, applicable to performance-based payments to the MD/CEO and KMPs, enables the recovery of performance-linked remuneration in specific circumstances as referenced under Section 6.3 (i) in page 268 of this report.	
Code 2023 B.2.7	**Annual Salary Increment** In determining annual salary increase for employees for financial year 2025, the BHRRC considered multiple factors, macroeconomic conditions, market comparable salaries and internal factors etc. with a view of attracting and retaining top talent for the Bank while ensuring their well-being.	✓
Code 2023 B.2.11, B.2.12	**Compensation Commitments for EDs** No compensation is payable by the Bank to its NEDs on "early termination" of term for any reason whatsoever. Accordingly, during the year under review no early termination of Directors was occurred. The terms of employment, including termination benefits, for the MD/CEO and EDs are governed by their respective Contracts of Employment.	✓
CBSL Direction 6.3(g)	**Special Payments/Financial and Non-financial Benefits for Retiring Directors, MD/CEO and KMPs** Provisions are in place to consider special payments, as well as financial and non-financial benefits (as a retirement payment) at the sole discretion of the Board of Directors, to retiring Directors, the MD/CEO and KMPs at the time of termination of employment or retirement. Such considerations are subject to the necessary regulatory and shareholder approvals applicable at the time, as appropriate. Accordingly, no special payments or financial and non-financial benefits were made to Directors, the MD/CEO and KMPs during the year under review.	✓
Code 2023 D.6.6	**Dissemination of Code of Conduct** The Code of Conduct of the Bank is also disseminated company-wide through structured communication channels to ensure all employees are aware of and understand their responsibilities under the Code. During the reporting period non-compliance with the same were addressed promptly with corrective actions.	✓
Code 2023 D.6.5	**Training on Code of Conduct** Structured training relating to the Code of Business Conduct and Ethics is mandatory for all new employees, ensuring that ethical standards are understood and upheld from the outset. Formal acknowledgment of compliance is required, promoting accountability. Additionally, the BHRRC mandates that all team members complete the required training modules available on the Bank's e-learning platform. These include mandatory courses such as the Code of Conduct and Anti-Bribery and Corruption. The Committee recognises that training is a critical component of each employee's annual objective setting, reinforcing the Bank's commitment to fostering an ethical and compliant workplace culture.	✓
CBSL Direction 7.5	**Accommodation Granted to Employees** The Bank has instituted robust measures to ensure that no employee receives preferential treatment or accommodation beyond what is provided under the approved staff benefit schemes and it is governed by the Board-approved Policies on Reward Management as recommended by the BHRRC. To ensure fairness and transparency, employees are regularly reminded through operational circulars not to extend favourable treatment to fellow employees, their close relations, or any entity in which they or their relations hold a substantial interest, except as expressly permitted under the Bank's Operational Guidelines and Directives. These practices reinforce the Bank's commitment to ethical conduct, equitable treatment and sound governance across all levels of the organisation.	✓
Code 2023 B.2.9	**Share Option Schemes for EDs** No Executive Share Option Scheme was implemented or introduced during 2025.	✓
Code 2023 B.2.14	**Level of Remuneration and Share Option Schemes for NEDs** The BHRRC ensures that the remuneration levels for NEDs appropriately reflect the time commitment and responsibilities associated with their roles, while also taking into account prevailing market practices, which are reviewed periodically. Remuneration for NEDs does not include Share Option Schemes.	✓

On behalf of the Board Human Resources and Remuneration Committee,

KESHINI JAYAWARDENA
Chairperson - Board Human Resources and Remuneration Committee

LASANTHA SENARATNE
Secretary - Board Human Resources and Remuneration Committee

19th February 2026
Colombo, Sri Lanka

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT



> Increasing uncertainty and connectivity of risk have been noted by BIRMC and we are shaping our agenda to enhance the Bank's predictive capabilities while building resilience to withstand potential shocks.

Aroshi Nanayakkara - Chairperson

GRI 2-9,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Corporate Strategy
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Management Representatives:

- Mr Kasun Ratnayake - Chief Risk Officer (CRO)
- Mr Sudharshana Jayasekera - Chief Compliance Officer (CCO)

Regular Attendees to the Committee Meetings by Invitation:

- Managing Director/Chief Executive Officer (MD/CEO)
- Executive Director/Chief Financial Officer (ED/CFO)
- Chief Information Security Officer (CISO)
- Management Representatives in charge of Credit, Market, Liquidity, Operational and Strategic Risks

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The role, functions and the composition of the Board Integrated Risk Management Committee (BIRMC) are defined by the provisions of the:

- Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka ("CBSL Direction");
- Listing Rules of the Colombo Stock Exchange ("CSE Rules");
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Chairperson	11/11
Mr Hiran Cabraal	Independent/ Non-Executive	Member	11/11
Mr Rushanka Silva	Non-Independent/ Non-Executive	Member	09/11
Mr Keith Modder	Independent/ Non-Executive	Member	09/11

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- Responsibilities of BIRMC and Risk Management Department (RMD) were updated as per the new CBSL Directions.
- All risk-related policies were thoroughly reviewed and updated to incorporate amendments necessitated by regulatory changes, shifts in the economic environment, and emerging best practices within the financial services industry.
- A dedicated Environmental, Social & Governance (ESG) Sustainability Procedure was introduced, reinforcing the Bank's commitment to responsible and sustainable business practices across all operations.
- A formal Model Risk and Validation Procedure was established to enhance governance and ensure robust oversight of model development, validation, and ongoing performance monitoring.
- The Procedure on Credit Rating/Scoring Models was reviewed and strengthened to enhance the robustness and consistency of borrower risk evaluation.
- The Internal Capital Adequacy Assessment Process (ICAAP) was independently validated by an external third party to ensure methodological soundness and regulatory compliance.
- Credit Rating/Scoring Models were subjected to independent third-party validation to confirm their continued accuracy, reliability, and suitability for risk decision-making.
- The Resolution Plan was implemented to enhance the Bank's risk resilience and recovery capability, in line with prevailing regulatory requirements.
- The Recovery Plan (RCP) was comprehensively revamped in accordance with the CBSL Banking (Special Provisions) Act Direction No. 01 of 2025, issued under the Banking (Special Provisions) Act (BSPA) No. 17 of 2023.

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

GRI 2-12

KEY ACTIVITIES IN 2025

- The number of Industry Analyses and Post-Mortem Analyses conducted during the year was increased, strengthening credit risk insights and lessons-learned mechanisms.
- The evaluation process for impairment of Individually Significant Loans (ISL) was enhanced in line with regulatory recommendations, resulting in improved accuracy and consistency in impairment assessments.
- Same-day rate reconciliation for all foreign exchange transactions was implemented to ensure timely and accurate reporting of the Net Open Position (NOP), supporting effective daily market risk monitoring.
- A fully operational ESG Risk Management Framework was integrated into the Bank's lending processes. ESG risk categories are now captured at the loan account level by the Credit Administration Department, with ESG classifications seamlessly reflected in the core banking system (Finacle) for each facility.
- The Bank adopted the SLFRS Sustainability Disclosure Standards and the identified Climate-Related Risks and Opportunities (CRROs) are aligned with these disclosure requirements.
- Under the 2025 Risk and Control Self-Assessment (RCSA) exercise, all newly established departments formed under the Bank's transformation initiatives were assessed. In addition, third-party IT service providers were evaluated using a Bank defined vendor risk assessment framework.
- Technology Risk Appetite statements and tolerance limits were formally established and approved by the Board, reinforcing governance over technology and cyber risks.

KEY RESPONSIBILITIES OF THE COMMITTEE

- **Enterprise Level Risk Oversight**

  The BIRMC provides comprehensive oversight by assessing key risks including credit, market, liquidity, operational, information security and strategic risks on a monthly basis using relevant risk indicators and management information. For subsidiary companies, risk management is conducted on both solo and consolidated bases and the Committee works closely with Key Management Personnel (KMPs) to make decisions on behalf of the Board within its delegated authority and responsibilities.

- **Oversight of Risk Appetite**

  The Committee advises and reports to the Board on exposures against the approved risk appetite, while ensuring an effective, independent risk management function under the CRO as part of the second line of defence. It recommends appointments and changes relating to the CRO, oversees the CRO's performance and receives regular reports on the Bank's risk profile, exposures against the established appetite limits and limit breaches. The Committee also oversees the strategies implemented by the MD/CEO and KMPs for managing capital, liquidity and key risks such as credit, market, operational, information security and strategic risks to ensure alignment with the stated risk appetite.

- **Oversight of Management Committees and Risk Controls**

  The Committee reviews the adequacy and effectiveness of all management level committees involved in risk taking activities such as the Credit Policy, Risk and Portfolio Review Committee, Asset and Liability Committee (ALCO) and the Risk and Compliance Committee to ensure risks are managed within the limits set by the Committee. It takes prompt corrective action when risks exceed prudent levels and assesses all aspects of risk management and compliance, including updates to the Business Continuity Plan (BCP). Where officers fail to identify risks or act on recommended measures, the Committee refers such matters to the disciplinary committee. It also submits a risk assessment report to the Board within a week of each BIRMC meeting, seeking the Board's views, concurrence or directions.

- **Compliance Function Establishment and Regulatory Adherence**

  The Committee establishes the Bank's compliance function and appoints a dedicated Compliance Officer who is a KMP and reports to the BIRMC periodically on adherence to laws, regulations, regulatory guidelines and approved policies across all business operations. It also maintains an effective communication and coordination mechanism with the Board Audit Committee (BAC) to facilitate information exchange and ensure robust management of all risks, including emerging risks and to support any required adjustments to the Bank's integrated risk management framework.

- **Risk Appetite and Cultural Stewardship**

  The Committee examines whether employee incentives appropriately reflect the Bank's risk, capital, liquidity and earnings positions, while respecting the mandate of the Board Human Resources and Remuneration Committee (BHRRC). It recommends all risk management policies for Board approval and conducts annual reviews of risk related policies. The Committee sets and maintains the Bank's risk appetite and tolerance levels at both enterprise and business unit levels, ensures ongoing awareness of changes in the Bank's risk profile and promotes clear and independent reporting lines across overall business activities and risk management functions. It also works to cultivate a proactive risk management culture throughout the Bank.

- **Capital Strategy, Recovery Planning and Risk Limit Actions**

  The Committee reviews and formulates the Bank's strategy and methodology for allocating internal and economic capital, including the ICAAP and recommends these for Board approval. It evaluates the Bank's Recovery Plan to ensure robust recovery options are available under stressed conditions and ensures adequacy of the tools, systems and resources required for effective risk management and compliance, including recommending the necessary budget provisions. The Committee also reviews the Liquidity Contingency Funding Plan to ensure its adequacy and outlines the actions to be taken when approved risk appetite limits are breached.

- **Disclosure, Validation and Information Security Oversight**

  The Committee reviews and approves risk related public disclosures required under CBSL Directives and engages external and independent reviewers, when necessary, to validate the Bank's risk measurement methodologies and outputs. It also ensures the installation of an effective Information Security system, monitors related controls and reviews the quarterly progress of the Information Security Committee to strengthen the Bank's overall information security posture.

- **Enhancing Risk Processes and Organisational Resilience**

  The Committee reviews and assesses the Bank's risk management process, including the adequacy of the overall control environment in key risk areas and updates to the BCP. It regularly reviews risk outcomes, their impacts, implications and related mitigation actions. The Committee also ensures the presence of a process to monitor ESG risks and that the Bank maintains a robust Disaster Recovery Plan that is periodically tested.

- **Risk Framework Evaluation and Board Delegated Duties**

  The Committee annually reviews the Bank's risk management framework, processes, practices, Key Risk Indicators (KRIs) and responsibilities to ensure same are clearly defined and effectively monitored. BIRMC also reviews management reports on emerging risks, its sources and related mitigation measures, while ensuring the Bank's insurance programme remains adequate.

GRI 2-12,18,23

» **Strengthening Committee Effectiveness**

The Committee carries out any additional risk related functions it deems necessary to enhance the effectiveness and efficiency of the BIRMC's functions and those of the Board. It also reviews its TOR periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee. The risk assessments were submitted to the Board within the required timelines from each BIRMC meeting.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD INTEGRATED RISK MANAGEMENT COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BIRMC serves as a mandatory Sub-Committee, providing strategic oversight and assurance on the Bank's integrated risk management framework. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this mandatory Committee. Its mandate, as defined in the TOR and governance principles, is to ensure that the Bank's approach to risk is both comprehensive and aligned with its strategic objectives. The Committee's role encompasses safeguarding the Bank's resilience by embedding a robust risk culture and practices that balance value creation with prudent risk-taking. The BIRMC's governance responsibilities can be understood through the dual lenses of "Performance" and "Conformance," which together ensure the Committee's effectiveness and integrity.

PERFORMANCE

Strategy Formulation

The BIRMC assists the Board in translating strategic objectives into a risk-informed plan that is resilient, executable and aligned with stakeholder expectations. This process begins with a comprehensive assessment of the operating environment, encompassing macroeconomic indicators, competitive dynamics, regulatory developments, technological trends and emerging risks, ensuring that strategic decisions are grounded in realistic assumptions and measurable outcomes. The Committee further ensures that risk appetite and risk tolerance are clearly defined, regulated and embedded across the Bank through limits, thresholds and KRIs, which cascade to business lines and enable informed decision-making.

The BIRMC reviews and recommends methodologies for internal and economic capital allocation, including the ICAAP, to ensure that capital is deployed where it generates sustainable value without compromising prudence. Concurrently, the Committee oversees strategies implemented by the MD/CEO and KMPs for liquidity management and balance sheet resilience, ensuring alignment with the Board-approved risk appetite. This alignment across capital, liquidity and risk appetite fosters coherence, maintaining solvency under stress while supporting profitable growth.

The Committee evaluates the outcomes of recovery plans, business continuity plans and extended Disaster Recovery (DR) simulations to confirm that critical business units can be maintained during plausible disruptions. In an increasingly digital environment, the BIRMC also ensures that cyber risk is integrated into strategic initiatives, so that digitalisation is supported by proportionate controls and robust incident preparedness.

Ultimately, the BIRMC's role in strategy formulation focuses on integrating risk considerations into the Bank's strategic direction. By aligning risk appetite with growth, capital with opportunity and resilience with execution capability, the Committee enables the Board to pursue its objectives within a disciplined and risk-aware framework.

Policy Making

Policies serve as the parameters that translate strategy into consistent practice. Acting under delegated authority from the Board, the BIRMC recommends and conducts an annual review of enterprise risk policies covering credit, market, liquidity, operational, compliance and information security risks. In addition, it oversees policies on internal controls and the management of Bank's assets and shareholder investments. These measures ensure that the Bank's risk framework remains current, practical and proportionate to its footprint and regulatory obligations.

The BIRMC ensures that Bank-wide risk policies remain dynamic, evolving in response to lessons learned from incidents, insights from internal audits, supervisory feedback and changes in the risk landscape. When refinements are required, the Committee recommends updates that enhance clarity such as improving risk identification and defining control responsibilities and strengthening enforceability through clear thresholds and sanctions. These actions support the consistent application of policies across the Bank, thereby setting the risk culture and tone.

Once approved by the Board, policies are cascaded through Management briefings, training sessions and awareness programmes to embed a shared understanding of expectations across the Bank. Where disclosures are mandated by CBSL Directives, the BIRMC reviews risk-related communications to ensure accuracy and completeness. Additionally, the Committee assesses the adequacy and effectiveness of Management Committees, including the Credit Policy, Risk and Portfolio Review Committee and ALCO, to confirm that specific risks are managed within the quantitative and qualitative limits set by the BIRMC and that remediation plans are implemented promptly and verified.

CONFORMANCE

Accountability

The BIRMC plays a pivotal role in reinforcing stewardship and transparency across the Bank's risk governance framework. Operating under delegated authority from the Board, the Committee's mandate extends beyond compliance, where it is designed to safeguard the Bank's resilience and sustainability in an evolving risk environment.

At its core, the BIRMC ensures that risk management practices remain robust, responsive and aligned with both regulatory requirements and the Bank's strategic objectives. Through structured reporting and regular engagement with Senior Management, the Committee ensures accountability for risk outcomes. The BIRMC monitors the Bank's risk profile, evaluates exposures against approved risk appetite and oversees the effectiveness of internal controls. By maintaining this disciplined approach, the Committee provides assurance that risks are pre-identified, managed proactively and mitigated within defined parameters.

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

GRI 2-12,20,23

The Committee receives regular updates on KRIs and emerging trends enabling informed decision-making at the highest level. This collaborative approach ensures that risk governance is integrated across Business Units, leading to a culture of responsibility and risk awareness throughout the Bank. Furthermore, recognising that stakeholder confidence depends on clear and accurate communication, the BIRMC supports disclosures in the Annual Report and other mandated communications, which covers governance practices, enterprise risk and the effectiveness of the Risk Management Framework, providing stakeholders with a clear view of how risks are managed and controlled.

Ultimately, the BIRMC's role is not limited to compliance or reporting; it is about embedding risk awareness into the Bank's strategic approach to uphold regulatory and fiduciary accountability when managing risks posed to the organisation. Through its actions, the Committee safeguards financial stability, operational resilience and regulatory adherence, while supporting sustainable value creation for shareholders and other stakeholders. Its work underscores the Bank's commitment to sound governance principles and a proactive approach to risk management, ensuring that the Bank remains resilient during turbulent economic conditions and well-positioned for long-term sustainability.

Monitoring and Supervision

The Committee serves as a critical pillar in the Bank's governance structure, ensuring that risk oversight is comprehensive, proactive and aligned with strategic objectives. Its monitoring and supervisory responsibilities extend through the Risk Management Framework, providing assurance that risks are pre-determined, managed effectively and mitigated within outlined parameters.

Meeting at regular intervals and as circumstances demand, the Committee maintains a continuous focus on the Bank's enterprise-wide risk profile. By leveraging structured reporting and advanced risk assessment tools, the BIRMC ensures that decision-making is informed and timely, enabling the Bank to respond swiftly to emerging challenges. The Committee's oversight is not confined to individual risk categories; rather, it adopts a holistic approach that integrates credit, market, liquidity, operational, compliance and information security risks into a unified framework. This integrated perspective allows for early detection of vulnerabilities and supports decisive intervention when required. Through its engagement with Senior Management, the BIRMC fosters a culture of accountability and risk awareness across all Business Units.

The Committee provides oversight on resilience, focusing on business continuity and disaster recovery to ensure operational readiness under stress scenarios. Furthermore, the BIRMC's monitoring and supervision safeguard financial stability, operational resilience and regulatory compliance. Through a disciplined and forward-looking approach, the Committee ensures the Bank remains well-positioned to navigate uncertainty and deliver sustainable value to stakeholders. Its initiatives reflect a strong commitment to a proactive risk culture, reinforcing the foundation for long-term growth and resilience.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BIRMC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The Board has delegated its authority to the BIRMC through TOR, enabling the Committee to discharge risk related responsibilities on behalf of the Board. Additionally, the BIRMC is empowered to oversee specific concerns and, where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
CBSL Direction 1.1(b) Code 2023 A.1.2	**Board Responsibility for Risk Policy and Procedural Framework** In accordance with the Board's mandate to approve the Bank's overall risk policy and risk management procedures with measurable goals, the Risk Management Framework has been comprehensively developed and integrated into the Strategic Plan 2024–2028.	✓
CBSL Direction 1.1(c)(i)	**Board's Role in Shaping a Robust Risk Governance Culture** The BIRMC holds responsibility for independently reviewing, identifying, measuring, monitoring and controlling all risk exposures within the Bank. To fulfil this mandate, the Committee recommends risk policies, defines the Bank's risk appetite, identifies key risk areas, establishes risk governance structures and implements systems for prudent measurement, monitoring and management of principal risks. Operating under the authority of the Main Board, the BIRMC ensures timely reporting of significant risk events to the Board. The Risk Management Report given on pages 317 to 347 provides detailed insights into these processes and outline material foreseeable risk factors impacting the Bank.	✓
CBSL Direction 1.1(c)(iv)	**Alignment of Risk Appetite with Strategic Objectives** The BIRMC is tasked with defining the Bank's risk appetite in alignment with its strategic objectives, capital and financial plans, subject to Board approval, as reflected in the Board-approved Risk Appetite Statement. Furthermore, the Bank's Risk Appetite Limits and KRIs are continuously monitored to ensure adherence and support effective, proactive risk management.	✓
CBSL Direction 1.1(i)	**Risk Culture and Appetite in Alignment with the Remuneration** The Board Human Resources and Remuneration Committee collaborates with the BIRMC to ensure that the Bank's approach to remuneration aligns with its risk culture and risk appetite limits.	✓

GRI 2-12

Strategy Formulation

Regulation	Description	Compliance Status
CBSL Direction 1.1(c)(ii)	**Strengthening Risk Culture via the Three Lines of Defence** Aligned with the Bank's commitment to strong risk governance, clear organisational responsibilities have been defined across the three lines of defence. Business Units are primarily responsible for managing risks at the source, ensuring that all risk-taking activities remain within the defined risk appetite. Independent risk management and compliance functions provide a second layer of oversight, separate from business operations and internal audit, to ensure adherence to regulatory standards and internal policies, as the third line of defence. This structured model strengthens the Bank's risk governance culture and guarantees comprehensive risk oversight throughout the Bank.	✓
CBSL Direction 1.1(c)(iii)	**Positioning and Resourcing of Risk Management and Compliance Oversight** The risk management and compliance function is properly positioned, sufficiently staffed and adequately resourced to carry out its responsibilities independently, objectively and effectively. In addition, the function is continuously strengthened through targeted capacity building initiatives and the adoption of digitalised tools and systems, enabling improved efficiency, enhanced data driven insights and more proactive oversight across the Bank.	✓
CBSL Direction 6.5(f)	**Independent Risk Management Function** An independent RMD has been established and is tasked with overseeing the Integrated Risk Management of the Bank. The RMD is headed by the CRO, who reports functionally to the BIRMC.	✓
Code 2023 D.2.1	**Risk Management Framework** In line with the recommendation of the BIRMC, a Board-approved Risk Management Framework has been implemented, outlining clear processes for identifying, assessing monitoring and managing risks, with defined delegation of responsibilities to ensure its effectiveness in supporting the achievement of the Bank's strategic, operational and financial objectives.	✓
CBSL Direction 1.1(c)(v)	**Managing and Reporting of Risk Appetite Limit Breaches** The BIRMC promptly initiates corrective measures to mitigate the impact of specific risks when such risks exceed the prudent levels established by the BIRMC in line with the Bank's policies, regulatory and supervisory requirements. In such occurrences, the BIRMC coordinates with the Human Resources Department regarding officers responsible for failing to identify these risks, ensuring appropriate actions are taken as directed. Additionally, the Bank has established Management-Level Committees to evaluate risks on a monthly/quarterly basis, with significant findings reported to the BIRMC for review. Furthermore, BIRMC meeting minutes, including any breaches of risk appetite limits, are escalated to the Main Board. The business and strategy focused Board Sub-Committees, namely the Board Credit Committee, Board Treasury Committee, Board Strategic Planning Committee are well represented by the CRO/a nominee appointed by the CRO, thereby ensuring robust second level oversight over potential risks stemming from business activities and strategic initiatives.	✓
CSE Rule 9.13.4(1)(vii)	**Review of Risk Management and Control Environment** The BIRMC holds regular meetings in compliance with its TOR and convenes additional meetings when necessary. The agenda encompasses matters related to all aspects of risk management and updated Business Continuity Plans. Additionally, the evaluation of the adequacy and effectiveness of the Bank's overall control environment is carried out by the Board Audit Committee with a view to reinforcing a strong governance structure and control environment.	✓
CBSL Direction 6.5(l) CSE Rule 9.13.4(1)(ix)	**Corrective Action for Risk Oversight** The BIRMC takes prompt corrective action to mitigate the effects of specific risks in case such risks are at levels beyond the prudent risk levels decided by BIRMC based on the Bank's policies, regulatory and supervisory requirements.	✓
CBSL Direction 6.5(h)	**Committee Oversight of Risk Exposure** The BIRMC recommends the Bank's risk appetite limits and KRIs, which are subsequently approved by the Board and monitored on an ongoing basis. The Bank's exposures against the risk appetite limits are regularly reported to the Committee. In addition, the Bank has established Management Committees to assess risks on a monthly/quarterly basis, with any significant risk-related findings submitted to the BIRMC for its review and consideration.	✓
CBSL Direction 1.1(h) Code 2023 A.1.2	**Board Oversight of Business Continuity and Disaster Recovery** The Board continues to serve as the ultimate authority responsible for ensuring the continuity of business operations in support of the going concern principle. Accordingly, a Board-approved BCP remains in place. The BCP is reviewed and updated annually or more frequently where necessary, to reflect changes in both the internal and external operating environment, with Board approval obtained for any material revisions. As part of the BCP testing program for the year, a DR Drill was conducted over an extended period to validate operational resilience and ensure uninterrupted continuation of critical operations and services. During the drill, all key operating systems, including core banking systems, were successfully operated through DR servers. In addition, a series of system simulations were carried out to assess system resilience against worst-case scenarios. Furthermore, the Bank has established delegated DR sites for all critical functions and these sites were tested on a quarterly basis to verify operational readiness and enhance the familiarity of relevant team members with DR procedures. To further strengthen safety and emergency preparedness, training programmes on "Fire Safety and Emergency Evacuation" were conducted, along with Fire and Emergency Evacuation Drills, to ensure the safety of building occupants and reinforce effective evacuation practices.	✓

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

GRI 2-9,12,23

Regulation	Description	Compliance Status
Strategy Formulation		
Code 2023 G	**Oversight of Risk and Cyber Resilience** The BIRMC provides oversight of the overall Risk Management Framework, which includes monitoring the Bank's approach to addressing cybersecurity risks as part of its broader responsibility for emerging and operational risks. Further details are provided on pages 311 to 315 in the Board IT Committee Report of this Annual Report.	✓
Policy Making		
CBSL Direction 6.1(c) Code 2023 D.4.2 , D.2.1.6	**TOR of the Committee** The BIRMC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓
CSE Rule 9.2.1(f), 9.2.1(i), 9.13.4(1) (viii) Code 2023 D.2, D.4, I.1.1(f) I.1.1(i)	**Risk Management Policies and Procedures** The Board, under the recommendation of the BIRMC, upholds rigorous risk governance standards through policies and procedures designed to identify and manage principal risks relevant to the Bank. By defining its risk appetite and embedding a robust risk management process alongside a strong system of internal controls, the Board of Directors ensures that strategic objectives are pursued in line with the Bank's assets and shareholder interests. The Board-approved policies on credit, market, operational, liquidity and compliance risk management, recommended by the BIRMC, provide a structured approach for the effective identification and management of risks across the Bank. **Disclosures Related to Policies Adopted in line with the CSE Rules and The Code 2023** The following policies related to risk management, adopted in line with the CSE Rules and the Code 2023, were reviewed by the Committee during the year under review. **Policy on Risk Management and Internal Controls** A Board-approved "Policy on Risk Management and Internal Controls" is in place, following the recommendation of the BIRMC and BAC and has been hosted on the Bank's official website. » **Changes Made to the Policy during 2025** In order to enhance the effectiveness of the policy, based on the recommendation of the Committee, the Board approved the amendments made under the sub-heading "1. Framework for Risk Management" and "4. Responsibilities under the framework of internal controls". **Policy on Control and Management of Bank Assets and Shareholder Investments** A Board-approved "Policy on Control and Management of Bank Assets and Shareholder Investments" is in place, following the recommendation of the BIRMC and has been hosted on the Bank's official website. Additionally, no amendments were made to the policy during the year under review.	✓
Accountability		
Code 2023 D.2.1.3, D.2.1.4, D.2.1.8	**Formation of BIRMC** The Board has established the BIRMC to oversee the risk management function, where the Committee's composition, scope, roles and responsibilities are determined based on applicable laws, regulatory requirements and sector/industry specific business risks.	✓
CBSL Direction 6.5(a)	**Chair of the BIRMC** Ms Aroshi Nanayakkara, an Independent, Non-Executive Director who is not the Chair of the Board, serves as the Chairperson of the BIRMC. Furthermore, the Bank is aware of the requirement specified in Section 6.5(a) of the CBSL Direction and will take the necessary steps to comply with this requirement in line with the regulatory timelines.	✓
CBSL Direction 6.5(b), 6.5(c) Code 2023 D.2.1.5, D.4.1	**Composition of the BIRMC** The Committee comprises four (04) Non-Executive Directors, of whom three (03) are Independent and majority of the members of the Committee are not constituted by the members of the BAC and vice-versa. The Committee collectively possesses experience in risk management practices and issues relevant to banking and financial services. The details of membership of the Committee are given on page 271 of this report.	✓
Code 2023 D.2.1.1, D.2.1.2	**Board's Role in Identifying and Managing Principal Risks** The BIRMC is responsible for independently reviewing, identifying, measuring, monitoring and controlling all the risks including those that would threaten its business model, future performance, solvency or liquidity. To ensure this process, the Committee is tasked with recommending the Bank's risk policies, defining the risk appetite, identifying principal risks, setting risk governance structures and implementing systems to measure, monitor and manage the principal risks prudently. Further, the BIRMC is under the oversight of the Board of Directors and is responsible for updating significant risk events to the Main Board. The Risk Management Report given on pages 317 to 347 provides further insights in this regard and contain the information pertaining to material foreseeable risk factors of the Bank.	✓

GRI 2-12

Regulation	Description	Compliance Status
Accountability		
CBSL Direction 6.5(d) CSE Rule 9.13.3(5)	**Management Representation and Invitees** The CRO and CCO attend Committee meetings as management representatives, while the MD/CEO, ED/CFO and other KMPs supervising credit, market, liquidity, operations and strategic risks are invited to attend on a regular basis. The CIO and Heads of Strategic Business Units participate in meetings as and when necessary.	✓
CBSL Direction 6.1(f) Code 2023 D.2.1.7, D.4.5	**Disclosures Relevant to the Committee** The BIRMC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
CBSL Direction 6.5(m)	**Regular Review of Risk Management** The BIRMC has regular meetings in compliance with its TOR and schedules additional meetings when required. The agenda of meetings covers matters pertaining to all aspects of risk management including updated BCPs.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BIRMC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of the BIRMC** In terms of the Board-approved TOR, the quorum of the BIRMC consists of at least half of its members.	
CBSL Direction 6.1(d) Code 2023 D.4.3	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. The BIRMC met eleven (11) times during the year (2024: 09) complying with the requirement set out in the regulations.	✓
Code 2023 D.4.4	**External Professional Advice** The Committee has the authority to seek external professional advice if required to discharge its duties effectively.	✓
CBSL Direction 6.5(e)	**Engagement with KMPs** The Committee maintained consistent engagement with KMPs through structured meetings and discussions and exercised its delegated decision-making authority on behalf of the Board strictly within the defined framework of responsibilities, ensuring full compliance with regulatory guidelines and adherence to corporate governance standards.	✓
CBSL Direction 6.5(j)	**BIRMC Oversight of MD/CEO and KMPs' Risk Initiatives** The BIRMC oversees the strategies implemented by MD/CEO and the KMPs for capital and liquidity management and management of all relevant risks of the Bank, such as credit, market, operational, information security and strategic risks, to ensure consistency with the stated risk appetite.	✓
CBSL Direction 6.5(i)	**CRO Oversight and Risk Governance** The CRO is responsible for evaluating and implementing suitable mitigating actions to effectively manage the various risks the Bank encounters in its operations. The BIRMC oversees the functioning of the CRO and the Committee receives regular reports and communications from the CRO and other relevant functions regarding the risk profile, exposures against the established risk appetite limits and any limit breaches.	✓
CBSL Direction 6.5(p)	**Role of Independent Function of CCO** An independent Compliance function has been established to ensure the Bank's adherence to laws, regulations and regulatory guidelines. Additionally, the Compliance Department monitors compliance with internal controls and approved policies across all areas of business operations. This function is led by a dedicated CCO, who is a KMP. The CCO functionally reports to the BIRMC and is responsible for escalating matters related to the Bank's compliance with regulations, laws and internal controls. The CCO also submits periodic reports to the BIRMC on the Bank's compliance with mandatory banking and other statutory requirements.	✓
CSE Rule 9.13.4(2)	**Maintaining Dedicated Committees for Risk and Audit Functions** To strengthen governance, the Bank operates a separate BIRMC for risk oversight and an independent BAC for audit functions. Details of the activities of the BAC, meetings held and Director attendance are presented in the BAC Report on pages 256 to 263 of this Annual Report.	✓
CBSL Direction 6.5(g)	**Risk Management at Bank and Group Level** The policies on credit, market, operational, liquidity and compliance risk management, which are recommended by the BIRMC and approved by the Board, provide the framework for the assessment and effective management of Bank-wide risks. Accordingly, the BIRMC discharges its responsibilities by periodically reviewing reports on pre-established risk indicators prepared by the RMD. Furthermore, the BIRMC assesses all risks of the Bank on a monthly basis through KRIs, management information, risk dashboards and risk assessment reports prepared for the Bank. The Bank has formed Management Committees to assess risks on a monthly or quarterly basis and any significant risk-related findings are submitted to the BIRMC for its review. Additionally, a Group risk assessment is conducted regularly to monitor the risks of subsidiary companies.	✓

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

Monitoring and Supervision		
Regulation	Description	Compliance Status
CBSL Direction 6.5(k)	**Ensuring Adequacy and Effectiveness of Management Committees** The BIRMC evaluates all Management Committees, including the Credit Policy, Risk and Portfolio Review Committee and ALCO, for adequacy and effectiveness in addressing specific risks and managing them within the risk limits set by the Committee in compliance with regulatory requirements.	✓
CBSL Direction 6.5(n)	**Oversight of Risk Management Failures and Remediation** The BIRMC notifies the Human Resources Department regarding officers accountable for failing to identify specific risks, in order to implement prompt corrective actions as directed.	✓
CBSL Direction 6.5(o)	**Submission of Risk Assessment Reports** The CRO, under the directions of the BIRMC, submits risk assessment reports to the Board within a week of the Committee meeting, seeking its views, concurrence and any guidance.	✓
CBSL Direction 6.5(q)	**Communication and Coordination between BIRMC and BAC** The BIRMC maintains effective communication and coordination with the BAC to enable exchange of information, ensuring robust management of all risks including emerging risks and making any necessary adjustments to the Bank's Integrated Risk Management Framework.	✓
CBSL Direction 6.5(r)	**Oversight of Employee Rewards and Risk Considerations** The BIRMC assesses whether the incentives provided to the employees take into consideration the levels of risk, capital, liquidity and earnings of the Bank without prejudice to the tasks of the Board Human Resources and Remunerations Committee.	✓

On behalf of the Board Integrated Risk Management Committee,

AROSHI NANAYAKKARA
Chairperson - Board Integrated Risk Management Committee

LASANTHA SENARATNE
Secretary - Board Integrated Risk Management Committee

19th February 2026
Colombo, Sri Lanka

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



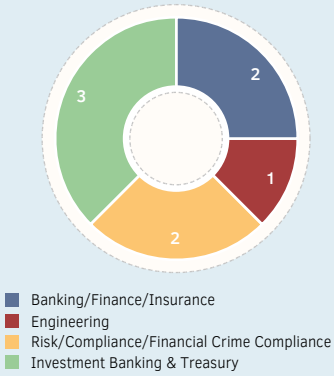
> We continue to focus on ensuring that interests of stakeholders are considered when reviewing related party transactions and that adequate disclosures are made in the relevant reports.

Vajira Kulatilaka - Chairman

GRI 2-9,15,24

Diversity of Expertise

No. of Directors



*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Managing Director/Chief Executive Officer (MD/CEO)
- Chief Compliance Officer (CCO)
- Any other officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The role, functions and the composition of the Board Related Party Transactions Review Committee (BRPTRC) are defined by the provisions of the:

- Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka ("CBSL Direction");
- Listing Rules of the Colombo Stock Exchange ("CSE Rules");
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mr Vajira Kulatilaka	Independent/ Non-Executive	Chairman	5/5
Mr Hiran Cabraal	Independent/ Non-Executive	Member	5/5
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Member	5/5

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- The Committee has instituted quarterly reporting to the Board, subsequent to its review, encompassing comprehensive disclosures on Related Parties, their transactions and the economic consequences arising from such transactions. This ensures that the Board understands the financial impact and risk implications of these dealings on the Bank's capital adequacy, profitability and overall stability, while enabling the identification of transactions conducted at arm's length, ensuring that undue benefits are not conferred upon related parties and confirming alignment with the Bank's strategic objectives and risk appetite.
- The Committee has implemented a thorough review of the "Procedure on Related Party Transactions", incorporating the requisites mandated by the Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange and the best practices.
- A Board-approved, Bank-wide "Policy on Related Party Transactions" was introduced under the recommendation of the Committee, strengthening the governance and compliance framework of the Bank.
- The Bank has implemented comprehensive mechanisms to strengthen the monitoring of related party transactions, focusing on enhancing system controls, streamlining approval processes and ensuring secure access, thereby reinforcing transparency and regulatory compliance.

KEY RESPONSIBILITIES OF THE COMMITTEE

- **Oversight of Related Party Transactions**

  The BRPTRC is responsible for reviewing all Related Party Transactions (RPTs) according to applicable rules and regulations and taking necessary measures to prevent conflicts of interest arising from transactions with identified related parties. The Committee ensures that policies, procedures and processes exist for the continuous identification, monitoring, reporting and reviewing of RPTs in line with relevant regulatory requirements. It also ensures that any Director

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-12,13,18,23

abstains from participating in discussions or voting on matters involving a transaction related to themselves or their close relations or interests. Further, the Committee upholds the principle that the Bank must not engage in transactions with related parties in a manner that grants more favourable treatment than that offered to other parties conducting similar business with the Bank. In all instances, the Committee ensures that the interests of shareholders as a whole are duly considered when entering into RPTs.

» **Board Approval of Related Party Transactions**

The Committee is vested with the authority to obtain Board approval for Related Party Transactions under its purview, ensuring that such approval is secured prior to the Bank entering into these transactions. In assessing whether Board approval is warranted, the Committee considers the factors prescribed under the applicable regulatory requirements.

» **Managing Conflicts of Interests and Expert Consultation**

The Committee ensures that any Director who is a related party abstains from participating in deliberations on the proposed Related Party Transaction, except where the Committee specifically requests to provide information for its assessment. Where potential conflicts warrant heightened scrutiny, the Committee may recommend the establishment of a special committee to further evaluate the transaction. The Committee is also empowered to obtain professional or expert advice as necessary to ensure an understanding of all aspects of the proposed RPTs, and, in instances involving substantial asset values, to seek competent independent advice in accordance with applicable regulatory provisions.

» **Reviewing of Recurrent RPTs**

For Recurrent Related Party Transactions, the Committee may establish guidelines for Senior Management to follow in their ongoing dealings with the related party, as deemed necessary. The Committee thereafter undertakes an annual review and assessment of these continuing relationships to ensure adherence to the established guidelines and to confirm that the transaction remains appropriate.

» **Reporting RPTs and Regulatory Compliance**

The Committee ensures that minutes of all its meetings are properly documented and submitted to the Board of Directors. It provides quarterly reports to the Board detailing related parties, RPTs and the economic consequences of the RPTs. Additionally, the Committee periodically reviews procedures and processes related to RPTs to ensure compliance with regulatory requirements and alignment with industry best practices.

» **Execution of Delegated Responsibilities**

The Committee carries out the functions and responsibilities delegated by the Board of Directors to be executed through the BRPTRC. It may also recommend amendments to its scope where it believes such changes are necessary to achieve enhanced regulatory compliance.

» **Strengthening Committee Effectiveness**

The Committee carries out any additional BRPTRC related activities it deems necessary to enhance the effectiveness and efficiency of the BRPTRC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings thereby, providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BRPTRC is a mandatory Board Sub-Committee tasked with overseeing and monitoring RPTs involving Directors, KMPs, subsidiaries and other connected parties. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this mandatory Committee. Its primary responsibility is to ensure that such RPTs are conducted on an arm's length basis, in full compliance with applicable laws, regulations and internal policies and in a manner that upholds the best interests of the Bank and its stakeholders. By providing independent review and approval, the BRPTRC plays a critical role in promoting transparency, preventing conflicts of interest and strengthening the Bank's Corporate Governance Framework. Guided by the principles of "Performance" and "Conformance," the BRPTRC ensures that RPTs are subject to rigorous monitoring, balancing value creation with uncompromising standards of transparency and safeguarding regulatory compliance.

PERFORMANCE

Strategy Formulation

At the strategic level, the BRPTRC oversees the managing of RPTs by setting clear boundaries and ensuring the applications of the rules on RPTs are consistently embedded across business lines. The Committee exercises the authority of the Committee granted by the Board to challenge, defer or reject proposals that do not meet the Bank's ethical and prudential standards. The BRPTRC is responsible for safeguarding interests of the stakeholders including the shareholders, ensuring that each RPT demonstrably serves the Bank's long-term value creation without conferring preferential treatment to any Related Party.

Policy Making

Strategies are operationalised through clearly articulated policy, procedures and processes for RPTs. The BRPTRC supports and periodically reviews the Bank's RPT guidelines embedded in the Policies and Procedures to ensure definitions of Related Parties, thresholds, approval hierarchies, documentation standards and disclosure requirements are up-to-date and uniformly applied. Additionally, the TOR of the BRPTRC define its scope, composition and duties where the procedures articulate reporting lines and decision-making powers, enabling disciplined execution and accountability across the Bank.

GRI 2-12,15,23

CONFORMANCE

Accountability

The BRPTRC strengthens accountability through comprehensive disclosures relevant to the Committee, including periodic submissions to the Board and the annual report. The Chairman of the BRPTRC leads proceedings, with the composition of the BRPTRC designed to uphold independence and expertise. The Committee escalates major and material transactions to the Board and identifies RPTs requiring shareholder approval, ensuring transparency and propriety. Further, a mechanism is in place for the Bank to make immediate disclosures of significant RPTs in line with statutory and listing requirements, as appropriate.

Monitoring and Supervision

The BRPTRC's comprehensive monitoring and oversight ensures that RPTs are consistently aligned with approved policies, procedures and regulatory requirements. The Committee upholds rigorous standards for the identification and classification of related parties and transaction types across business units, while enforcing strict protocols to prevent conflicts of interest. Regular, quarter-wise reporting to the Board enhances transparency by providing detailed insights into RPTs and economic consequences of the same. The Board oversight is further strengthened through periodic reviews of policies, procedures and processes governing RPTs, as well as through productive deliberations that include the reassessment of material changes to previously reviewed transactions. Management is responsible for providing the Committee with timely, complete and independently validated information, ensuring that RPTs are conducted at arm's length. This robust regime collectively reinforces the integrity, transparency and effectiveness of the Bank's approach to RPTs.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BRPTRC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE

Strategy Formulation

Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BRPTRC has been delegated by the Board to act on its behalf in matters relating to Related Party concerns. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
CSE Rule 9.14.3(2)	**Safeguarding Interests of the Shareholders** The Committee's primary responsibility is to safeguard the interest of the shareholders when entering into transactions with Related Parties and to provide specific measures to ensure that no favourable treatment is being offered to such parties, including Directors, MD/CEO or substantial shareholders.	✓
CBSL Direction 1.1(g)	**Managing Related Party Transactions** The BRPTRC is entrusted with overseeing Related Party exposures and ensuring that effective controls are in place to prevent conflicts of interest arising from RPTs.	✓
CSE Rule 9.14.3(3)	**Applications of the Rules on RPTs** The Committee went beyond the legal form and technicality to assess the objective and the economic and commercial substance of all RPTs.	✓
Policy Making		
CBSL Direction 6.1(c) Code 2023 D.5.3	**TOR of the BRPTRC** The BRPTRC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓
CBSL Direction 6.6(c) CSE Rule 9.14.3(4)	**Policy, Procedures and Processes for RPTs** The implemented "Policy on Related Party Transactions" and "Procedure on Related Party Transactions" set out the methodology to be followed to prevent any favourable treatment when entering into transactions with Related Parties. These frameworks ensure the identification, monitoring and reporting of RPTs in accordance with applicable laws, regulations and industry best practices. The "Procedure on Related Party Transactions" was reviewed by the BRPTRC in 2025 to ensure that the Bank remains aligned with updated regulatory guidelines. Additionally, the Bank has a Board-approved "Policy on Managing Conflicts of Interest", which ensures that appropriate safeguards are in place to prevent any undue advantage to Related Parties. This policy specifically addresses the creation or maintenance of reporting lines and information flows.	✓

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-9,15

CONFORMANCE		
Accountability		
Regulation	Description	Compliance Status
CSE Rule 9.14.1, 9.14.3(1)	**Formation of the BRPTRC** The Board has established the BRPTRC for the purpose of reviewing RPTs as set out in the relevant regulations.	✓
CBSL Direction 6.6(a)	**Chairman of the BRPTRC** Mr Vajira Kulatilaka, an Independent, Non-Executive Director who is not the Chair of the Board, serves as the Chairman of the BRPTRC.	✓
CBSL Direction 6.6(b) CSE Rule 9.14.2(1) Code 2023 D.5.2	**Composition of the BRPTRC** The Committee comprises three (03) Independent, Non-Executive Directors and does not include either Non-Independent Directors or Executive Directors. The details of the membership of the Committee are given on page 279.	✓
CBSL Direction 7.3	**Applicability of Banking Act Provisions** The Bank ensures compliance with the provisions of Section 47 of the Banking Act, with respect to accommodation granted to any of the Related Parties, except for any accommodation granted to MD/CEO or KMPs under a scheme applicable to the employees.	✓
CBSL Direction 6.6(g) Code 2023 D.5	**Ensuring Arm's-length Transactions** The "Procedure on Related Party Transactions" prohibits transactions, which would grant related parties more favourable treatment than that accorded to other customers including the following: » granting of "total net accommodation" to related parties, exceeding a prescribed percentage of the Bank's regulatory capital; » charging of a lower rate of interest than the Bank's best lending rate or paying more than the Bank's deposit rate for a comparable transaction with an unrelated comparable counterparty; » providing of preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, that extend beyond the terms granted in the normal course of business undertaken with unrelated parties; » providing services to or receiving services from a related party without an evaluation procedure; » maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties except as required for the performance of legitimate duties and functions.	✓
Code 2023 C.3, C.3.1, C.3.3	**Major and Material Transactions** The Bank provides necessary disclosures on major and material transactions to its shareholders in accordance with the Companies Act No. 07 of 2007, as well as the regulations issued under the Securities and Exchange Commission of Sri Lanka Act and the CSE Rules. The Bank's "Policy on Related Party Transactions" and the "Procedure on Related Party Transactions" mandates obtaining shareholder approval and making mandatory public disclosures for any major RPTs or series of such transactions, as defined by regulatory authorities. In terms of Section 185 of the Companies Act No. 07 of 2007, any major transaction proposed by the Bank must be approved by shareholders through a special resolution, with prior public notice provided via market announcements. During the year under review, the Bank neither engaged in nor committed to any major transaction that would materially impact on its net asset base, accordingly, no such disclosure or shareholder approval was required during the year under review.	✓
CSE Rule 9.14.6	**RPTs Requiring Shareholder Approval** During the year under review, the Bank did not engage in or commit to any transaction within the thresholds specified in the rule relating to recurrent or non-recurrent RPTs. Additionally, there was no incident regarding obtaining shareholders' approval for a recurrent related party transaction pertaining to a matter outside the ordinary course of business, in the opinion of the Committee.	✓
CBSL Direction 6.1(f) CSE Rule 9.14.8(3)	**Disclosures Relevant to the Committee** The BRPTRC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
CSE Rule 9.14.7, 9.14.8(1), 9.14.8(2)	**Immediate Disclosures** No such transactions occurred during the year under review. Disclosure of RPTs as per Section 9.14.7 and 9.14.8 (1) and (2) are given on page 536 under Investor Relations.	✓

GRI 2-12,15

Monitoring and Supervision

Regulation	Description	Compliance Status
CBSL Direction 6.1(a)	**Reporting to the Board** The BRPTRC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BRPTRC** In terms of the Board-approved TOR, the quorum of the BRPTRC consists of at least half of its members.	✓
CBSL Direction 6.1(d) CSE Rule 9.14.4(1)	**Secretary to the Committee, Maintaining Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. The BRPTRC met five (05) times during the year (2024: 04) complying with the requirement set out in the regulations.	✓
CSE Rule 9.14.4(2)	**Access to Professional Advice** The Committee has access to professional advice with regard to matters on RPTs as and when required.	✓
CBSL Direction 7.1 Code 2023 D.5.1	**Definition of Related Parties** The Bank under the "Procedure on Related Party Transactions" has identified the categories of persons considered as "Related Parties" as defined in LKAS 24, the Section 7.1 of the CBSL Direction 2024 and Gazette No. 2404/33 issued on 03rd October 2024 by the Government of Sri Lanka.	✓
CBSL Direction 7.2 CSE Rule 9.14.5(1), 9.14.10	**Types of Related Party Transactions** The following RPTs are covered, whereas the transactions listed under Rule 9.14.10 of the Listing Rules are exempt from the ambit of RPTs. » Granting of accommodation, as defined in the Banking Act Directions on maximum amount of accommodation/large exposures of the Bank. » Creation of any liabilities of the Bank in the form of deposits, borrowings and investments. » Provision of any services of a financial or non-financial nature provided to the Bank or received from the Bank. » Creation or maintenance of reporting lines and information flows between the Bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties.	✓
CSE Rule 9.14.4(3), 9.14.5(4)	**Board Oversight on RPTs** Where necessary, the Board approval is sought for the specific transactions in line with the internal procedure governing RPTs. In such instances, the approval of the Board of Directors is obtained prior to entering into the relevant transactions. In determining whether to obtain the approval of the Board of Directors for a RPT, the Committee takes into account the relevant factors as applicable by the Listing Rule and the Bank's internal procedures.	✓
CBSL Direction 7.4	**Accommodation Granted to Directors and Connected Parties** The BRPTRC ensures that when the Bank considers accommodation to its Directors and connected parties, the Bank follows requirements stipulated under the "Procedure on Related Party Transactions" ensuring no preferential treatments arise out of such transactions. In this regard during the year under review, the Committee ensured that prior to the completion of the transaction pertaining to accommodation with Directors and their connected parties, » Firstly, referred to the proposed transaction to the BRPTRC for its review, to ensure that no preferential treatment has been granted. » Secondly, refer to the Main Board for the sanction of the Board of Directors at a meeting, with not less than 2/3 of the number of Directors, other than the Director concerned. Additionally, any accommodation granted by the Bank to a person, a close relation of such person, or to a concern in which such person has a substantial interest is governed by the provisions stipulated under the applicable regulations if such person is subsequently appointed as a Director of the Bank. However, the above methodology will not apply if the accommodation was granted during the period when the Director was an employee and the accommodation was provided under a scheme common to employees of the Bank.	✓
CBSL Direction 6.6(f) CSE Rule 9.14.4(4), 9.14.5(5)	**Director Abstention in Related Party Discussions** No Director participates in any discussion or votes on matters concerning a proposed RPT in which he/she is a related party unless otherwise the particular Director is requested by the Committee to participate in the discussions for the express purpose of providing information concerning the RPT to the Committee. Further, the Committee recommends the creation of a Special Committee to review and approve the proposed RPTs if required. No such instance arose during the year under review.	✓

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-15

Monitoring and Supervision

Regulation	Description	Compliance Status
CBSL Direction 7.5	**Accommodation Granted to Employees** The details and compliance status of accommodations granted to employees are disclosed on page 270 under the Board Human Resources and Remunerations Committee Report in this Annual Report.	✓
CBSL Direction 6.6(d)	**Avoiding Any Conflicts of Interest in RPTs** The identified RPTs under the relevant categories and types, are reviewed by the BRPTRC prior to proceeding with the same to avoid any conflicts of interest.	✓
CSE Rule 9.14.5(3)	**Management's Responsibility in Providing Information to the BRPTRC** The Business Units facilitate the BRPTRC with all the facts and circumstances of the proposed RPTs and update the Committee with the following information where applicable: » related party's relationship to the Bank and interest in the transaction; » material facts of the proposed RPT, including the proposed aggregate value of such transaction; » benefits of the proposed RPT to the Bank; » availability of other sources of comparable products or services; and assessment of whether the proposed RPT is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.	✓
CSE Rule 9.14.5(6)	**Recurrent Related Party Transactions** In the event of recurrent RPTs, the Committee has established guidelines for the Management to follow in its ongoing dealings with the related parties and reviewed the same as appropriate.	✓
CSE Rule 9.14.5(2)	**Material Changes to a Previously Reviewed RPTs** In the event of any material changes to a previously reviewed RPT, such proposed changes are further reviewed by the BRPTRC prior to the completion of the transaction.	✓
CBSL Direction 6.6(e) Code 2023 D.1.8	**Quarter-wise Reporting to the Board** The Committee provides quarterly reports to the Board, outlining related parties and their transactions, along with the economic consequences of these transactions, presented in a dashboard format. Further, Directors and KMPs are required to submit declarations disclosing their transactions with the Bank on a periodic basis. The Bank maintains records made by Related Parties and their transactions in compliance with the respective Related Party disclosure requirements.	✓
CSE Rule 9.14.9	**Acquisition and Disposal of Assets from/to Related Parties** No acquisition or disposal of substantial assets from/to related parties took place during the year under review.	✓
CBSL Direction 7.6	**Writing-off of Accommodation to Related Parties** In accordance with regulatory requirements, the Bank is required to obtain prior approval from the CBSL before considering any write-off of accommodation granted to related parties whereas the said requirement is duly documented in the Bank's "Write-off/Write-down Policy of Non-Performing Credit Facilities".	✓

On behalf of the Board Related Party Transactions Review Committee,

VAJIRA KULATILAKA
Chairman - Board Related Party Transactions Review Committee

LASANTHA SENARATNE
Secretary - Board Related Party Transactions Review Committee

19th February 2026
Colombo, Sri Lanka

BOARD SUSTAINABILITY COMMITTEE REPORT



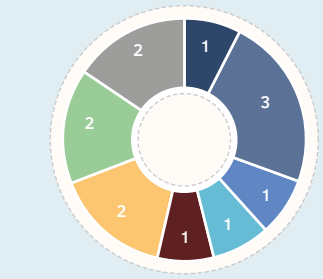
> The Board Sustainability Committee had a busy year in readiness for reporting in accordance with the comprehensive requirements of SLFRS S1 and S2 with the support of technical guidance. Encouragingly, the Committee was able to tap into a legacy of social and environment consciousness within the Bank as we engaged with management to formulate policies, plans and deliver change. The progress made during the year sets a strong foundation to widen the scope in the year ahead.

Keshini Jayawardena - Chairperson

GRI 2-14,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Law
- Leadership Development
- Corporate Strategy
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Executive Director/Chief Financial Officer (ED/CFO) - Chairman of ESG Management Committee
- Chief Human Resource Transformation Officer (CHRTO)
- Members of the ESG Management Committee
- Head of Sustainability
- Any Officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

The Board Sustainability Committee (BSC), formed on 29th May 2024, was established to enhance the Bank's sustainable business practices in alignment with Environmental, Social and Governance (ESG) standards relevant to the financial sector. Its primary objective is to strengthen the Bank's reputation as a responsible institution that fulfils both local and global sustainability requirements.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mrs Keshini Jayawardena	Independent/ Non-Executive	Chairperson	4/4
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Member	4/4
Mr Hiran Cabraal	Independent/ Non-Executive	Member	3/4
Mr Keith Modder	Independent/ Non-Executive	Member	4/4
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	1/1
Mrs Ayodhya Iddawela Perera (Until 23.09.2025)	Executive	Member	2/3

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- Obtained technical assistance for SLFRS S1 and S2 implementation to ensure that the Bank is compliant with the requirements in view of the mandatory reporting requirement for 2025.
- Working with external assurance providers on sustainability to ensure that their concerns are taken into consideration when formulating policies, processes and determining information requirements.
- Finalised Material Topics for 2025–2027, ensuring strategic focus on the most significant Environmental, Social and Governance (ESG) priorities.
- Implementation of SLFRS Sustainability Disclosure Standards across the Bank to strengthen climate-related financial disclosures.
- Integrated ESG performance indicators into relevant Key Management Personnel (KMPs) performance scorecards to embed sustainability accountability.
- Integrated ESG-related KPIs into the Executive Directors' remuneration framework, in alignment with the Bank's Reward Management Policy for KMPs.
- Conducted a comprehensive ESG and SLFRS S1 and S2 skill gap assessment for Board Members, Corporate Management and Chief Managers to enhance sustainability capabilities.
- Reviewed and updated the Bank's ESG Policy to reflect evolving regulatory and stakeholder expectations.

BOARD SUSTAINABILITY COMMITTEE REPORT

GRI 2-12,14,19,23

KEY ACTIVITIES IN 2025

- Developed and rolled out a detailed ESG Procedure to support consistent and structured ESG practices across the Bank.
- Formulated the Green Deposit Framework to promote environmentally responsible financial products.
- Successfully implemented the Environmental Management System (EMS) in alignment with ISO 14001:2015 standards.
- Developed the Sustainable Bond Framework to facilitate climate-aligned and sustainability-linked financing.

KEY RESPONSIBILITIES OF THE COMMITTEE

- **Sustainability Strategy and Policy Oversight**

  The BSC oversees the development and implementation of the Bank's sustainability strategy and policies, ensuring that appropriate strategies are in place to address Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs). It also ensures that the necessary skills and competencies are available or developed to effectively oversee these strategies and it establishes mechanisms for the prompt escalation of SRROs and CRROs to the Committee.

- **Board Engagement and Sustainability Target Setting**

  The Committee ensures that the Main Board is sufficiently informed about SRROs and CRROs when overseeing the Bank's strategies, major transactions, risk management processes and related policies including associated trade offs. It oversees the establishment of targets related to SRROs and CRROs, provides recommendations for monitoring progress toward those targets and ensures that related performance metrics are included in remuneration policies. The BSC also advises the Board on sustainability trends, risks, opportunities and regulatory changes.

- **Embedding Bank-wide Sustainability**

  The Committee ensures that sustainability is integrated into the Bank's business model, culture and operations. It reviews and guides sustainability initiatives, environmental practices and ethical conduct, while evaluating and overseeing sustainability reporting to stakeholders including sustainability reports, disclosures and communication methods to ensure compliance with statutory requirements and best practices.

- **Sustainability Assurance and Governance Oversight**

  The BSC reviews the scope, approach and coordination of independent external assurance providers for non financial and sustainability disclosures. It also reviews and provides guidance on management's role in governance processes, controls and procedures used to monitor, manage and oversee SRROs and CRROs. In addition, the Committee critically evaluates material topics proposed by Management and suggests improvements where appropriate.

- **Continuous Improvement and Reporting**

  The Committee facilitates continuous improvement in the Bank's non-financial reporting, sustainability disclosures and overall sustainability performance. It provides quarterly reports on SRROs and CRROs to the Main Board.

- **Strengthening Committee Effectiveness**

  The Committee carries out any additional sustainability related functions it deems necessary to enhance the effectiveness and efficiency of the BSC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD SUSTAINABILITY COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BSC functions as a voluntary Board Sub-Committee responsible for overseeing the Bank's framework for sustainability strategy, governance and performance and, in line with CSE Rule 9.2.1 and principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee. The Bank's commitment to balancing performance with conformance ensures that its business strategies not only drive financial growth but also align with national priorities such as environmental protection, social inclusion and economic resilience. By channelling investments into green finance, renewable energy and socially inclusive projects, the Bank supports the transition to a low-carbon economy and fosters inclusive growth across diverse communities. Transparent ESG reporting and robust governance practices set a benchmark for corporate responsibility, while the Bank's focus on team members' training and stakeholder engagement builds national capacity for sustainable finance, equipping individuals and businesses with the knowledge and tools needed to address emerging sustainability challenges. As a result, the Bank continues to strengthen its resilience and reputation while supporting sustainability initiatives in line with evolving requirements, thereby contributing to the country's Sustainable Development.

PERFORMANCE

Strategy Formulation

The BSC's strategic role begins with setting a clear sustainability vision integrated into the Bank's long-term business strategy. This includes identifying SRROs and CRROs, aligning them with short, medium and long-term objectives and ensuring the Committee is equipped to weigh these considerations and ascertain risk factors. The Committee institutionalises sustainability across the Bank's operating model, including credit proposals screened against ESG criteria, prioritisation of green and socially inclusive financing and team members' capability building through ESG-related training, Green House Gas (GHG) measurement and sustainable finance structuring are developed to ensure an evidence-based strategy.

Policy Making

Sound policy serves as the essential conduit that translates the Bank's strategic intent into practical, actionable steps. Operating under a Board-approved TOR, the Committee recommends and oversees policies that anchor sustainability strategies and guide decisions across business lines. The BSC advises the Board on sustainability trends and regulatory developments, ensuring policies remain responsive to evolving standards and stakeholder expectations. In addition, the BSC regularly reviews and updates the Bank's ESG Policy and Procedure to ensure alignment with emerging trends and standards, including the latest legal frameworks and societal priorities notably overseeing the CSR Policy. The BSC provided strategic oversight for the implementation of the Environmental Management System and the Bank's GHG quantification efforts. By integrating feedback from regulatory bodies and stakeholders, the Committee fosters a culture of continuous improvement and adaptability. These efforts not only safeguard compliance but also position the Bank as a leader in sustainable finance, capable of responding to emerging challenges and opportunities in both the national and global contexts.

GRI 2-14

CONFORMANCE

Accountability

Accountability is demonstrated through comprehensive reporting to stakeholders via Integrated Annual Report, detailing how ESG risks and opportunities are managed and measured. The BSC reviews external assurance processes for non-financial disclosures, reinforcing credibility. The Codes of Conduct guide ethical behaviour, while ESMS embeds sustainability in credit evaluation and operations. Resource-efficiency initiatives and community programmes complement risk controls, blending financial stewardship with societal impact.

The BSC comprises members who contribute skills and experience relevant to sustainability related matters. Additionally, its deliberations and oversight functions are further supported through the input and expertise of other Board members, including those who do not form part of the Committee. The work of the BSC is supported by a dedicated Sustainability Department and inputs from the Corporate Leadership of the Bank who play a key role in development and implementation of the Bank's sustainability agenda. In 2025, the Bank conducted comprehensive ESG and SLFRS S1 and S2 skill gap assessments covering the Board of Directors, Corporate Management and Chief Managers. The targeted evaluation identified areas where further expertise was needed, enabling the Bank to design tailored training and development programmes that strengthen sustainability competencies at all leadership levels. By proactively addressing skill gaps, the Bank ensures that its decision-makers are equipped to interpret complex ESG requirements and implement best practices, thereby underlining the credibility and effectiveness of its sustainability agenda.

Monitoring and Supervision

The BSC ensures effective monitoring and supervision of the Bank's sustainability agenda by reporting directly to the Main Board, thereby maintaining a clear line of oversight. Through regular engagement, the Committee works closely with Management to establish and refine robust controls for SRROs and CRROs, ensuring that these risks are identified, assessed and managed across all levels of the Bank. The BSC's approach includes the frequent review of dashboards and performance reports, which provide comprehensive insights into the progress of sustainability initiatives and highlight areas requiring further attention or corrective action. In addition, a Bank-wide Sustainability Governance Structure has been formed to operationalise ESG standards, bringing together diverse expertise and fostering collaboration across the organisation. This integrated approach not only supports adaptive management but also drives ongoing enhancements in the Bank's sustainability practices, positioning the Bank to respond proactively to emerging challenges and opportunities in the evolving landscape of sustainability.

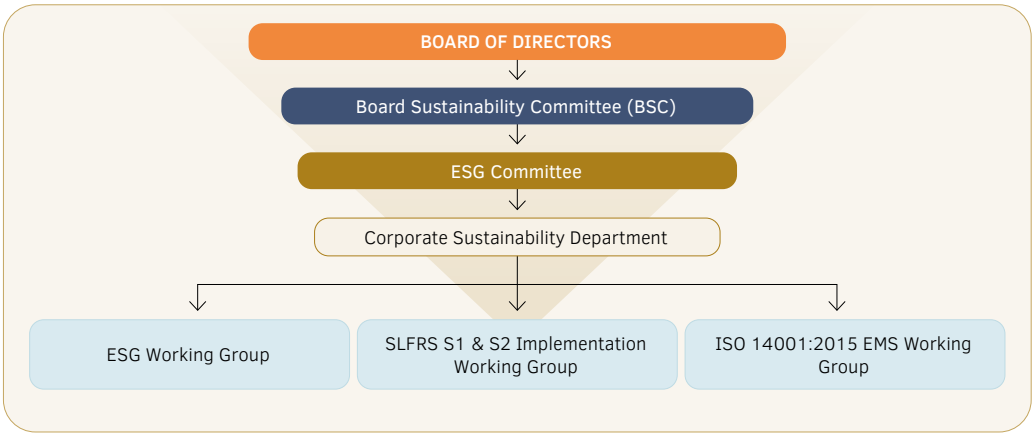
COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BSC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BSC has been delegated by the Board to act on its behalf in matters relating to sustainability related responsibilities. Additionally, the Committee is empowered to oversee specific concerns and, where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
Code 2023 H.2.1	**Recognising Significant Stakeholders and Material Topics** The Bank, under the oversight of the BSC, has implemented a structured process to identify and prioritise significant stakeholders based on their level of interest and influence. Material topics relevant to these stakeholders are assessed to ensure alignment with the Bank's sustainability and strategic objectives. Engagement methods are tailored to suit the nature of each stakeholder group to safeguard relevance, effectiveness and creating mutual value. These methods include surveys, consultations, meetings, partnerships and participation in industry forums, enabling the Bank to maintain meaningful and impactful stakeholder relationships.	✓
Code 2023 H.2	**Stakeholder Engagement and ESG Integration** The Board and KMPs actively engage with the Bank's stakeholders to understand evolving expectations related to sustainability and ESG concerns. These engagement efforts focus on critical ESG issues, including environmental protection and conservation, social responsibility and governance practices. Insights gathered from stakeholder engagements are incorporated into the Bank's strategic planning and enterprise risk management processes. Furthermore, regular engagement enables the Bank to promptly identify ESG risks and opportunities, supporting proactive and informed decision-making. The Bank recognises that institutional investors increasingly base their investment decisions on ESG factors. By aligning with stakeholder expectations and global standards such as the United Nations Sustainable Development Goals (UN SDGs), International Finance Corporation's Performance Standards and the CBSL Green Finance Taxonomy, the Bank thereby strengthens its reputation, enhances resilience and fosters long-term sustainable value creation. This alignment ensures that the Bank's ESG disclosures meet the expectations of responsible investors, while the BSC and the Board remain committed to transparent communication and the continuous improvement of ESG performance and disclosure.	✓

GRI 2-14

Strategy Formulation

Regulation	Description	Compliance Status
CBSL Direction 1.1(w)	**Promoting Sustainability through ESG Integration** The Board has consistently emphasised strengthening the Bank's ESG credentials. Sustainability has been institutionalised as a strategic pillar in the Bank's five-year roadmap and operationalised through a comprehensive ESG Policy and Procedure, which delineates the integration of ESG imperatives into core banking operations. In 2025, the Bank screened 1,635 of credit proposals using ESG criteria. In 2025, team members completed over 4,500 hours of training across 31 internal and external programmes covering ESG Business Integration, SLFRS S1 and S2 and the Environmental and Social Risk Management System.	✓
Code 2023 H.1	**Embedding ESG Risks and Opportunities into Bank's Strategic Plan** The Committee ensures that CRROs within the Bank's business model, banking practices and strategic planning. Furthermore, the Bank has formulated strategies to address identified CRROs across the short, medium and long-term, thereby strengthening the resilience of its business model and operations. Accordingly, the Bank has identified the following CRROs, recommended by Management and subsequently approved by the Committee, to be reported in the financial year ended 31st December 2025. » Extreme weather events - Climate-related physical risk » GHG emission quantification and transition planning - Climate-related transition risk » Sustainable finance - Climate-related opportunity	✓
Code 2023 H.5.1	**ESG Considerations and Their Business Impact** The Bank enhances investor confidence and supports sustainable financing initiatives through sound ESG practices. Resource efficiency strategies, waste reduction and Carbon footprint monitoring contribute to operational cost optimisation. Ethical business practices and impactful community empowerment programmes strengthen the Bank's social license to operate. Progressive HR practices and a sustainability-driven culture help attract and retain top talent. Compliance with CBSL regulations, SLFRS Sustainability Disclosure Standards (S1 and S2) and alignment with the UN SDGs ensure regulatory adherence and foster stakeholder trust. Recognising CRROs, the Bank has aligned its practices with SLFRS Sustainability Disclosure Standards and is in the progress of conducting scenario analysis under Network for Greening the Financial System (NGFS) frameworks to incorporate ESG risks into Internal Capital Adequacy Assessment Process (ICAAP). Furthermore, the Bank is progressing toward ISO 14001:2015 certification to minimise the environmental impacts of internal operations.	✓
Code 2023 H.3.1, H.3.1.1, H.3.1.2	**Environmental and Social Governance in Sustainability** The Committee ensures sustainability factors are addressed through a structured process of environmental and social governance. Environmental governance encompasses the management of the Bank's environmental impact by focusing on climate-related risks, resource efficiency and adherence to regulatory requirements. Social governance ensures responsible practices in key areas such as employee welfare and engagement, community involvement and the promotion of diversity and inclusion. Together, these mechanisms reinforce the Bank's commitment to sustainable operations and ethical business conduct. The suppliers and outsourced services are evaluated based on ESG due diligence to ensure that ethical and environmentally friendly suppliers deliver services to the Bank. Report on Natural Capital is given on pages 169 to 190 and report on Social and Relationship Capital is given on pages 142 to 168 in this Annual Report.	✓
Code 2023 H.3, H.4	**Sustainability Governance Structure** In line with best practices and regulatory requirements, the Bank has established a robust governance structure that integrates sustainability/ESG factors into its operations ensuring effective oversight, value creation and risk management across short, medium and long-term timeframes. The established structure encompasses a multi-layered structure that embeds ESG principles into decision-making processes as provided below.  	✓

GRI 2-12,14,23

Strategy Formulation		
Regulation	**Description**	**Compliance Status**
Code 2023 H.4.1	**Resource and Capital Management** Every employee plays an essential role in advancing the Bank's ESG strategy. Additionally, ESG Management Committee has been established with responsibilities that include developing and enhancing the Bank's ESG and sustainability strategies and policies, guiding decision-making and defining or revising materiality for sustainability-related risks and opportunities, such as, climate-related physical and transition risks. The Committee also oversees responses to sustainability risks, integration of ESG considerations across business units, setting targets, building skills and competencies, improving ESG disclosures and performance and establishing escalation mechanisms. Additionally, it reports to the BSC with recommendations on ESG trends, green sustainable lending, green borrowings and sustainability reporting.	✓
Code 2023 H.4.2	**Process for Managing Sustainability and ESG Factors** The Bank has implemented a structured process to ascertain, assess and manage sustainability and ESG factors that impact its long-term resilience and value creation. These factors are systematically evaluated for materiality and integrated into enterprise risk management and strategic planning frameworks. The process includes regular monitoring, scenario analysis and stakeholder engagement to ensure relevance and responsiveness. Mitigation strategies are developed and executed to address identified ESG risks and strengthen adaptability. Additionally, the ESMS is embedded into the credit evaluation process to screen all project loans and lending activities against ESG criteria, reinforcing the Bank's commitment to sustainable and responsible banking practices.	✓
Code 2023 H.1.1	**Regular Reporting to the Board on the Impact of Climate Related Risks and Opportunities** The BSC has identified the impacts of predetermined CRROs with the objective of integrating the same into the Bank's strategic plan. **Impacts on Climate Related Risks:** » GHG Emissions Quantification and Transitional Risk – The Bank has become a signatory to Partnership for Carbon Accounting Financials (PCAF), which has been communicated as a mitigative action and presented to BSC, Board Integrated Risk Management Committee (BIRMC) and the Main Board to keep the Board informed. » Extreme Weather – The Bank is currently developing a mechanism to assess climate-related scenarios and quantifying anticipated financial effects or report qualitative impacts. **Impact on Climate Related Opportunity:** » Sustainable Finance - Relevant Board Sub-Committees are kept informed on updates regarding the solar loan schemes, electric vehicles leasing, green deposit and all loans and projects screened based on Environmental and Social Risk Management System (ESMS), as well as financing for renewable energy projects. Further, any quantifiable climate-related disclosures will be reported in accordance with the predetermined materiality thresholds.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the Committee** The BSC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓
CSE Rule 9.2.1(h) Code 2023 I.1.1(h)	**Disclosures Related to Policies Adopted in line with the CSE Rule and the Code 2023** A Board-approved "Policy on Environmental, Social and Governance Sustainability" is in place following the recommendation of the BSC and has been hosted on the Bank's official website. » **Changes Made to the Policy during 2025:** In order to address the requirements specified in ISO 14001:2015 Environmental Management System (EMS) and based on the recommendation of the Committee, the Board-approved amendments made under sub-heading "3. Environmental Sustainability".	✓

CONFORMANCE		
Accountability		
Regulation	**Description**	**Compliance Status**
Code 2023 A.1.2, H.5.3	**Sustainability Governance and Strategic Integration** Sustainable business development is not viewed as a separate initiative but as a key driver of long-term value for the Bank. The Board adopts strategies that balance financial performance with environmental stewardship, social responsibility and ethical governance. In doing so, it considers the alignment of sustainability with the Bank's overall strategy, the management of risks and opportunities associated with ESG factors, meaningful stakeholder engagement, compliance with regulatory and ethical standards, fostering innovation in sustainable practices and enhancing investor confidence through a demonstrated commitment to responsible business conduct. By addressing these aspects, the Board aims to ensure responsible and ethical operations that strengthen resilience while contributing positively to societal and environmental progress. The Bank remains conscious of its role in mitigating environmental impacts and supporting sustainable socio-economic development.	✓

BOARD SUSTAINABILITY COMMITTEE REPORT

GRI 2-14

Regulation	Description	Compliance Status
Accountability		
	Leadership, Culture and Sustainable Business Practices The Bank complies with all mandatory corporate governance requirements and aligns with voluntary best practices to ensure transparency and accountability. The Bank's leadership structure, supported by Board Sub-Committees such as BIRMC and BSC, provides strong oversight of sustainability and governance. Bank's culture is guided by Board-approved Codes of Conduct that promotes ethical behaviour and responsible business conduct. Sustainability is embedded into core business model through ESMS for credit evaluations, resource efficiency initiatives and community development programmes. These measures strengthen resilience in the short term and support adaptability and growth in the medium and long-term. By integrating ESG principles into governance and risk management, the Bank ensures long-term value creation for diversified stakeholders.	
Code 2023 H.5, H.5.2	**Approach to ESG Risks and Opportunities** The Bank's sustainability-related disclosures are prepared with reference to Integrated Reporting, Global Reporting Initiative (GRI), SLFRS Sustainability Disclosure Standards and SASB and are intended to provide stakeholders with an overview of how ESG-related risks and opportunities are identified, considered and addressed within the Bank's governance, strategy and risk management processes. Identified CRROs are given on pages 83 to 98 of this Annual Report. ESG integration into the Bank's operation is given on "Our Strategy Report" on pages 34 to 40 and "Report on SLFRS S1 and S2 Sustainability-Related Financial Disclosures" on pages 70 to 100.	✓
Code 2023 H.5.4	**Sustainability/ESG Reporting** The BSC places strong emphasis on integrated reporting, which combines financial and non-financial information to provide a transparent and comprehensive view of the Bank's overall performance. This approach strengthens accountability while meeting stakeholders' expectations for responsible business conduct and enabling them to make informed decisions. The Bank also adheres to globally recognised standards, including the Global Reporting Initiative (GRI) and Integrated Reporting (IR), and complies with the SLFRS Sustainability Disclosure Standards. Further details are given in "Our Approach to Reporting" on pages 4 to 8 of this Annual Report.	✓
Code 2023 H.4.3	**Financial and Non-Financial Measures** In 2025, the Bank enhanced its materiality approach to prioritise the topics which are most significant to stakeholders and to the Bank. The refined assessment process strengthened the evaluation of the Bank's economic, environmental and social impacts, as well as related risks and opportunities affecting both financial and non-financial measures. The Bank identified financial and non-financial indicators for all material topics, including those linked to key stakeholder expectations and environmental and social factors. Please refer to the Materiality section on pages 54 to 57.	✓
CBSL Direction 6.1(f)	**Disclosures Relevant to the Committee** The BSC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities and the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BSC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of the BSC** In terms of the Board-approved TOR, the quorum of the BSC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. During 2025, the Committee met four (04) times.	✓

On behalf of the Board Sustainability Committee,

KESHINI JAYAWARDENA
Chairperson - Board Sustainability Committee

LASANTHA SENARATNE
Secretary - Board Sustainability Committee

19th February 2026
Colombo, Sri Lanka

BOARD CREDIT COMMITTEE REPORT



> Strengthening of credit risk management processes over the past few years has supported returns aligned to risks and expanded the tools for effective recovery of the businesses and repayment of facilities.

Vajira Kulatilaka - Chairman

GRI 2-9,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Law
- Leadership Development
- Corporate Strategy
- Engineering
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Representing BDO Partners, Mr Janakan Selvaratnam - Consultant to the Committee (until 31.12.2025)
- Any other officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence; a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

The Credit Committee was established on 9th December 1987 and was subsequently re-titled as the Board Credit Committee (BCC) on 22nd October 2008. At present, the Committee focuses on streamlining lending practices in alignment with regulatory requirements, risk appetite and business strategy to achieve its objectives in a competitive business environment.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mr Vajira Kulatilaka	Independent/ Non-Executive	Chairman	26/26
Mr Rushanka Silva	Non-Independent/ Non-Executive	Member	23/26
Mrs Keshini Jayawardena	Independent/ Non-Executive	Member	25/26
Mr Vinod Hirdaramani	Independent/ Non-Executive	Member	18/26
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	6/7
Mrs Ayodhya Iddawela Perera (until 23.09.2025)	Executive	Member	11/19

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- The BCC provided strategic direction and valuable insights into the in-depth analysis of off-shore lending proposals, enabling the Bank to strengthen and expand its off-shore footprint.
- The BCC provided strategic direction and valuable insights through in-depth analysis of offshore lending proposals, thereby supporting the Bank's efforts to strengthen and expand its offshore footprint, resulting in year-on-year growth of 118% as of the end of 2025.
- The Committee demonstrated strong commitment through effective monitoring, robust risk assessment, sound decision-making and strategic advisory oversight. These efforts supported exponential credit growth while significantly reducing the Bank's Stage III portfolio.
- Conducted regular portfolio performance reviews with close monitoring of watch-listed and stressed portfolios, supported by clear resolution strategies, resulting in improved asset quality.

KEY RESPONSIBILITIES OF THE COMMITTEE

Oversight of Credit Management

- The Committee oversees the Bank's overall credit management framework by ensuring the existence of Board-approved internal credit policies that incorporate all required elements of the Risk Management Framework as set out in Banking Act Direction No. 07 of 2011. These policies are periodically reviewed, including any management-initiated amendments and recommended to the Board with appropriate modifications. The Committee also ensures that the Bank's credit

BOARD CREDIT COMMITTEE REPORT

GRI 2-12

policies comply with all statutory and regulatory credit requirements, while promoting the maintenance of a well-diversified credit portfolio aligned with the Bank's risk-return profile and risk appetite and confirms that Board-approved portfolio exposure limits are established by obligor, industry and geography.

Ensuring a Sound Credit Origination Process

» The Committee ensures a sound credit origination process by recommending the delegation of lending powers to Management in line with Banking Act Direction No. 07 of 2011 on Integrated Risk Management and by regularly reviewing these delegations for continued compliance. It also reviews and approves credit proposals exceeding the authority levels granted to Key Management Personnel and Management level Committees in accordance with Board approved credit policies. In addition, the Committee evaluates and recommends to the Board any credit facilities that, in its judgment, require Board-level approval.

Review of Credit Portfolio Quality and Performance

» The Committee reviews the quality and performance of the Bank's credit portfolio by calling for periodic industry studies and single-borrower assessments, requesting regular portfolio reviews across key sectors, industries and countries and monitoring clients with large exposures. It also seeks rapid reviews of Non-Performing and Watch-Listed customers, including those at risk of moving into Watch Listing or Non-Performing Advances (NPA) and oversees high-level portfolio reviews of impairment stage movements.

Maintaining Adequate Controls Over Credit Risk

» The Committee maintains adequate controls over credit risk by ensuring that credit exposures remain within acceptable limits to optimise the Bank's risk-adjusted returns and by ensuring that stress testing is conducted whenever deemed necessary.

Oversight of Credit Origination, Documentation, and Risk Rating

» The Committee ensures the effectiveness of credit administration by maintaining consistent standards for credit origination and documentation and by ensuring that each obligor and facility is assigned an appropriate risk rating.

Identification and Administration of Problem Credits

» The Committee identifies and administers problem credits by continuously monitoring the Bank's credit quality through periodic portfolio reviews and performance assessments and by ensuring that post-credit monitoring, remedial management and post-mortem reviews are conducted where necessary.

Understanding Cyclical Economic Aspects

» The Committee monitors the cyclical dynamics of both the domestic and external economy by assessing shifts in the composition and quality of the credit portfolio, evaluating its risks inherent in the existing portfolio and the related mitigation strategies and obtaining independent economic insights to identify emerging risks and opportunities in the micro and macro-environment.

Evaluation of New Business Opportunities

» The Committee ensures the proper evaluation of new business opportunities by reviewing new credit-risk-related products from a credit risk management perspective.

Strengthening Committee Effectiveness

» The Committee carries out any additional credit related activities it deems necessary to enhance the effectiveness and efficiency of the BCC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings thereby providing the Board members with access to the deliberations of the Committee.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview. Accordingly, Mr Janakan Selvaratnam, representing BDO Partners, served as Consultant to the Committee until 31st December 2025.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD CREDIT COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BCC plays a pivotal role in ensuring that the Bank's credit management framework is robust, transparent and aligned with applicable regulatory and best practice standards. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee. The BCC is entrusted with the strategic oversight of all credit-related activities, encompassing the formulation and periodic review of credit policies, the assessment and approval of significant credit exposures and continuous reviewing of the Bank's credit portfolio. Through its diligent stewardship, the Committee not only safeguards the Bank against undue credit risk but also fosters a culture of prudent lending, risk awareness and operational excellence. By proactively adapting to evolving regulatory requirements and market dynamics, the BCC ensures that the Bank's credit practices remain resilient, competitive and supportive of sustainable growth. Its commitment to transparency further reinforces stakeholder confidence and upholds the integrity of the Bank's credit operations. The BCC's approach is anchored in the principles of "Performance" and "Conformance," ensuring that the Bank's lending function not only drives sustainable value creation through prudent lending and portfolio management, but also consistently upholds the highest standards of responsibility, transparency and risk control in all credit-related activities.

PERFORMANCE

Strategy Formulation

Formulating strategies is one of the core responsibilities of the BCC with regard to its purview where the Committee is entrusted with shaping the Bank's credit strategy, ensuring that lending practices and portfolio management align with the Bank's objectives and risk appetite. It ensures that a diversified portfolio of risk assets is maintained, supported by Board-approved exposure limits by borrower industry and geography. This strategic oversight mitigates concentration risks and promotes a balanced risk-return profile.

GRI 2-12,23

The BCC adopts a proactive approach to credit risk management by monitoring economic cycles, conducting stress tests and evaluating the composition and quality of the loan book. Independent insights from economists and industry experts are sought to anticipate market shifts and identify emerging risks and opportunities. Additionally, the Committee evaluates new business opportunities arising both onshore and offshore to ensure that innovation is pursued in a manner consistent with the Bank's risk management framework. Delegation of lending powers to management is recommended by the BCC, subject to periodic review, thereby empowering operational agility while maintaining strategic control at the Board level.

Additionally, the Business Revival Unit (BRU) was established proactively, ahead of the directive issued by CBSL requiring all licensed banks to set up such units. This strategic initiative underscores the Bank's commitment to supporting sustainable economic recovery and strengthening asset quality within the banking sector. The BRU is tasked with facilitating the revival of fundamentally viable businesses that have been adversely impacted by extraordinary macroeconomic conditions. Its core mandate is to assist enterprises facing actual or potential financial distress arising from reduced income streams, cash flow constraints, or operational disruptions.

Policy Making

The Committee ensures that comprehensive internal credit policies are formulated, reviewed and updated to reflect evolving regulatory requirements and industry best practices. Operating under a Board-approved TOR, the BCC maintains transparency and consistency in its governance processes.

The Committee reviews internal credit policies, including changes initiated by management and recommends them to the Board for approval. These policies encompass standards for credit origination, documentation and administration, ensuring operational soundness and regulatory compliance. By setting clear guidelines for risk rating assignments and portfolio reviews, the BCC fosters disciplined credit practices across the organisation.

Policy oversight also extends to ensuring that credit processes remain robust under evolving market conditions. The BCC is apprised with regular industry studies, borrower reviews and sectoral analyses to maintain the relevance and effectiveness of credit policies. Through its policy making role, the Committee establishes a governance framework that supports strategic objectives while safeguarding the Bank against undue risk exposure.

CONFORMANCE

Accountability

The Committee ensures that credit operations adhere to statutory provisions, regulatory requirements and internal controls. Its activities and key achievements are disclosed in this Annual Report, reinforcing transparency and stakeholder confidence.

The BCC monitors compliance with Board-approved credit limits and oversees the resolution of any regulatory breaches or internal control lapses. By embedding accountability into its processes, the BCC upholds integrity and transparency in credit management, thereby strengthening the Bank's governance framework and reputation.

Monitoring and Supervision

Acting under delegated authority from the Board, the BCC oversees credit evaluation, due diligence and remedial management processes which are integral to the BCC's conformance role, ensuring that credit activities are subject to rigorous oversight, subject to relevant delegated authority limits. The Committee reviews periodic credit portfolio reports, impairment movements and high-risk exposures to maintain portfolio quality. Annual and half-yearly industry studies, single borrower reviews and sectoral analyses are conducted to identify trends and emerging risks.

Through diligent monitoring and supervision, the BCC ensures that credit operations remain compliant, controlled and resilient, thereby supporting the Bank's long-term stability and growth.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BCC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BCC has been delegated by the Board to act on its behalf in matters relating to credit related responsibilities. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the Committee** The BCC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓

BOARD CREDIT COMMITTEE REPORT

CONFORMANCE		
Accountability		
Regulation	Description	Compliance Status
CBSL Direction 6.1(f)	**Disclosure Relevant to the Committee** The BCC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BCC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BCC** In terms of the Board-approved TOR, the quorum of the BCC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. During 2025, the BCC met twenty-six (26) times.	✓

On behalf of the Board Credit Committee,

VAJIRA KULATILAKA
Chairman - Board Credit Committee

LASANTHA SENARATNE
Secretary - Board Credit Committee

19th February 2026
Colombo, Sri Lanka

BOARD STRATEGIC PLANNING COMMITTEE REPORT

GRI 2-9,24



> Our strategy is carefully crafted by aligning long-term vision with the realities of the present and reliable forecasts of the future as we see them evolving. Recognising the high levels of uncertainty associated with the business, the Committee exercises high levels of scrutiny, deliberately different scenarios and applies its judgment in settling the Bank's strategic direction.

Harsha Amarasekera - Chairman

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Law
- Leadership Development
- Corporate Strategy
- Engineering
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Members of the Strategic Planning Department
- Members of the Planning Department
- Any other officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

The Board Strategic Planning Committee (BSPC) established following a Board decision on 30th January 1997, plays a pivotal role in ensuring the Bank's strategies align with its long-term objectives. In fulfilling this mandate, the Committee considers market trends, regulatory requirements, stakeholder expectations, competitiveness and financial stability. By comprising all Board members, the BSPC reinforces Board-level ownership of the Bank's long-term strategy, aligning growth objectives with systemic stability, regulatory expectations and risk appetite while fostering collective accountability, informed decision-making and a consistent strategic direction across the organisation.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/ Eligible to Attend)
Mr Harsha Amarasekera	Non-Independent/ Non-Executive	Chairman	6/6
Mr Rushanka Silva	Non-Independent/ Non-Executive	Member	6/6
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Member	5/6
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Member	6/6
Mr Vajira Kulatilaka	Independent/ Non-Executive	Member	6/6
Mrs Keshini Jayawardena	Independent/ Non-Executive	Member	4/6
Mr Vinod Hirdaramani	Independent/ Non-Executive	Member	4/6
Mr Hiran Cabraal	Independent/ Non-Executive	Member	6/6
Mr Keith Modder	Independent/ Non-Executive	Member	6/6
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	2/2
Mr Ajantha de Vas Gunasekara	Executive	Member	5/6
Mrs Ayodhya Iddawela Perera (Until 23.09.2025)	Executive	Member	2/4

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- During the year, the BSPC provided valuable input into the Bank's overall strategic direction, ensuring alignment with long-term objectives.
- The BSPC reviewed and recommended the strategic plan and annual budget for Board approval, confirming that financial resources were allocated in line with strategic priorities upon evaluating the risk review of the strategic plan submitted by the Risk Management Department and identifying the associated risks. This ensured that the budget supported both growth initiatives and prudent risk management.
- Quarterly reviews of the strategic plan's progress were conducted, allowing the Committee to monitor implementation against key milestones and provide timely guidance. Through this oversight, the BSPC strengthened accountability and ensured that the Bank remained responsive to market developments and stakeholder needs.
- Reviewed the strategies to address the identified climate related risks and opportunities.
- Reviewed and approved the ESG integration into the Bank's strategy.

BOARD STRATEGIC PLANNING COMMITTEE REPORT

GRI 2-12,14,23

KEY RESPONSIBILITIES OF THE COMMITTEE

» **Shaping Strategy and Long-Term Objectives**

The BSPC assists and guides Management in formulating the Bank's strategic direction, including defining the vision/purpose, short and long-term objectives for sustainable development. This includes advising the strategy function on establishing processes for planning, implementing, assessing and adjusting the business strategy, ensuring the integration of ESG criteria and requesting the evaluation of market competition using accepted strategic management tools.

» **Strategic Planning and Periodic Review**

The Committee fulfils its oversight responsibilities relating to the Bank's strategy through periodic reviews and supports Management in preparing short, medium and long-term plans to achieve the Bank's goals and objectives. It also ensures the preparation of a robust annual strategic plan that considers competitor analysis, market developments and technological trends that may impact the financial services industry.

» **Review of Strategic Objectives**

The Committee reviews the Bank's performance against strategic objectives on an annual basis.

» **Approval of Budget and Strategic Execution**

It finalises and approves the annual budget and oversees its implementation and execution against established strategic milestones and goals.

» **Approval and Evaluation of Strategic Initiatives**

The Committee approves specific short term initiatives, including new products, efficiency measures and profit generation opportunities and conducts post implementation assessments of strategic initiatives and programmes to evaluate its effectiveness.

» **Strengthening Committee Effectiveness**

The Committee carries out any additional strategy-related functions it deems necessary to enhance the effectiveness and efficiency of the BSPC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD STRATEGIC PLANNING COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BSPC is a voluntary Board Sub-Committee entrusted with providing strategic oversight and governance for the Bank's long-term direction and sustainable growth. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee. According to the TOR and governance principles, the Committee's mandate is to provide support and direction to Management in the development of the short, medium and long-term objectives in line with the Bank's strategic vision, purpose and corporate values. The BSPC's function reflects the concepts of "Performance" and "Conformance," which together ensures the strategic foresight with rigorous governance to achieve the Bank's objectives responsibly and effectively.

PERFORMANCE

Strategy Formulation

The BSPC ensures that the Bank's long-term direction, purpose, vision and values are transformed into clear, measurable objectives that resonate across the Bank. Taking a quantum leap, the Bank has continued to collaborate with a leading global consultancy firm since 2023, leveraging its international expertise to revamp its strategic direction. This engagement is not merely about incremental improvement but about reimagining the Bank's future in a rapidly evolving financial landscape, while also gaining access to global best practices, advanced analytics and innovative frameworks that challenge conventional thinking and unlock new growth avenues. This approach enables a holistic review of the Bank's business model, market positioning, digital transformation agenda and ESG commitments, ensuring that every strategic pillar is benchmarked against industry peers. By embedding ESG into the core of strategy formulation, the Committee strengthens resilience, positions the Bank to meet stakeholder expectations and identifies sustainable growth.

Policy Making

The Bank adheres to all applicable regulatory directives and guidelines when preparing the annual budget in alignment with the strategic plan. The guidelines issued by the Central Bank of Sri Lanka, the Sri Lanka Accounting Standards (SLFRS and LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and Sri Lanka Sustainability Reporting Standards (SLFRS S1 and S2), outline the principles and requirements governing financial reporting, compliance and prudential norms. Accordingly, the Bank ensures that its budgeting process incorporates these standards to maintain transparency, accuracy and regulatory conformity.

The BSPC ensures that the strategic planning framework remains current and incorporates global market trends and best practices when setting the Bank's strategic objectives, enabling it to stay competitive and responsive. The Committee's policies, aligned with the strategic plan, have paved the way for consistent and effective implementation of each strategy.

CONFORMANCE

Accountability

The BSPC ensures transparency and responsibility in its budgeting process by adhering to regulatory directives and recognised financial standards, thereby reinforcing stakeholder trust and compliance. Complementing this, the Committee plays a pivotal role in upholding accountability by establishing clear lines of responsibility and reporting. This structured approach ensures that all decisions and actions are traceable, aligned with the Bank's strategic objectives and foster a culture of ownership and integrity. Together, these practices enhance stakeholder confidence by demonstrating an understanding of the objectives entrusted to the Board and strengthen the Bank's ability to respond proactively to emerging challenges and opportunities.

GRI 2-12

Monitoring and Supervision

The monitoring and supervision component is vital to the effectiveness of BSPC, as it ensures that strategic initiatives are executed and remain aligned with the Bank's corporate values. Through regular oversight, the Committee monitors progress against established milestones, evaluates the effectiveness of implemented strategies and identifies areas requiring corrective action. This ongoing supervision enables the Committee to respond proactively to emerging risks, market changes and operational challenges. By embedding a culture of continuous oversight and timely intervention, the monitoring and supervision function empowers the BSPC to drive sustainable growth, enhance organisational resilience and ensure the successful realisation of the Bank's long-term vision.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BSPC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BSPC has been delegated by the Board to act on its behalf in overseeing the Bank's strategic vision, encompassing its short, medium and long-term goals. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
CBSL Direction 1.1(a) Code 2023 A.1.2	**Oversight of Strategic Objectives and Corporate Values** The BSPC is entrusted with the annual review and approval of the Bank's strategic objectives and corporate values, which embody the Bank's long-term aspirations. In fulfilling this mandate, the Committee undertakes a systematic evaluation of the strategic plan, ensuring that it remains aligned with the evolving goals of the Bank. This process encompasses the assessment and where necessary, the realignment of short and medium-term targets, as well as the annual budgets, with particular emphasis to the scale and complexity of the Bank's operations. To facilitate organisation-wide alignment, the BSPC oversees the effective communication of the Bank's strategic objectives and corporate values to all levels of staff. This is achieved through regular briefing sessions and is further reinforced by the Corporate Management Team. Moreover, these principles are integrated into the induction programme for new recruits, ensuring that the Bank's corporate values are instilled from the outset of employment. Prior to approving the Strategic Plan and the Annual Budget, the Board collaborated with the relevant Board Sub-Committees, the Corporate Management Team, the Strategic Planning Department, the Risk Management Department and the Compliance Department to weigh the risks and opportunities. The Board also undertakes to monitor the Bank's performance vis-à-vis the Strategic Plan and budget on a quarterly basis, taking into account the underlying downside risks associated with macro-economic variables. Furthermore, the strategic objectives and corporate values are also detailed on pages 10 and 50 of the Annual Report.	✓
CBSL Direction 1.1(b)	**Bank's Strategic Direction and Risk Framework** The revolving strategic plan for the period 2024 - 2028, which was recommended by the BSPC in 2023 in consultation with Corporate Management, was successfully implemented following approval by the Board. This strategic plan will remain in effect until 2028 and is subject to ongoing monitoring. The plan is reviewed annually by the BSPC to ensure continued alignment with the Bank's objectives. In addition, the Risk Management Framework and associated mechanisms, developed collaboratively by the BSPC and the Board Integrated Risk Management Committee (BIRMC), have been recommended and subsequently approved by the Board in accordance with the strategic plan 2024–2028. In pursuit of organisational excellence, measurable goals for the Bank have been established, with performance milestones assessed on a quarterly basis throughout 2025.	✓
Code 2023 H.1	**Integration of ESG into Strategic Planning** ESG considerations have been embedded across the Bank's strategic plan in line with the Committee's direction and subsequent Board approval, ensuring integration across all activities. Furthermore, the responsibility of the Board Sustainability Committee (BSC) for complying with the said requirement is detailed on page 288 of the BSC Report.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the BSPC** The BSPC has a written, Board-approved TOR that clearly defines its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓

BOARD STRATEGIC PLANNING COMMITTEE REPORT

CONFORMANCE		
Accountability		
Regulation	Description	Compliance Status
CBSL Direction 6.1(f)	**Disclosures relevant to the Committee** The BSPC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BSPC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BSPC** In terms of the Board-approved TOR, the quorum of the BSPC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. During 2025, the BSPC met six (06) times.	✓

On behalf of the Board Strategic Planning Committee,

HARSHA AMARASEKERA
Chairman - Board Strategic Planning Committee

LASANTHA SENARATNE
Secretary - Board Strategic Planning Committee

19th February 2026
Colombo, Sri Lanka

BOARD SHAREHOLDER RELATIONS COMMITTEE REPORT



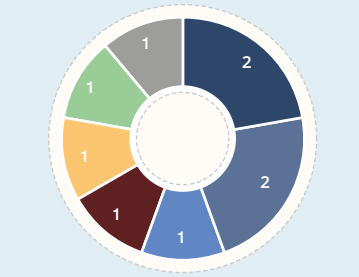
> True shareholder value is not measured by quarterly returns alone, but by the trust we earn, the transparency we uphold and the sustainability we secure for generations to come.

Rushanka Silva - Chairman

GRI 2-9,12,24

Diversity of Expertise

No. of Directors



*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

» Any officer/s required by the Committee.

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

In a landmark initiative, Sampath Bank emerged as the first listed entity in Sri Lanka to institute a Board Shareholder Relations Committee (BSRC) subsequent to the Board Meeting conducted on 28th August 2008, underscoring the Bank's dedication to strengthening shareholder confidence through enhanced transparency, trust and meaningful engagement between the Board and Shareholders.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mr Rushanka Silva	Non-Independent/ Non-Executive	Chairman	1/1
Mr Harsha Amarasekera	Non-Independent/ Non-Executive	Member	0/1
Mr Hiran Cabraal	Independent/ Non-Executive	Member	1/1
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	-
Mrs Ayodhya Iddawela Perera (Until 23.09.2025)	Executive	Member	1/1

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

» Providing a dedicated platform for shareholders to engage with members of the BSRC, the Committee also took into consideration the suggestions made by shareholders at the Shareholder Relations Forum held subsequent to the Annual General Meeting (AGM), enabling it to address matters relating to customer service standards, infrastructure convenience, shareholder benefits and other concerns, with the objective of enhancing service aspects and maintaining a strong and positive relationship with shareholders.

» The 39th AGM was successfully held with the participation of 327 shareholders of the Bank.

» Following shareholder approval at the AGM, the Bank distributed a cash dividend of Rs 9.35 per share, amounting to a total payout of Rs 10,964.75 Mn, the highest dividend declared in the Bank's history and completed the distribution to all entitled shareholders well ahead of regulatory timelines, demonstrating the Board's and Management's unwavering commitment to responsible stewardship, the protection of shareholder interests and the achievement of stakeholder aligned strategic objectives.

KEY RESPONSIBILITIES OF THE COMMITTEE

» **Strengthening Shareholder and Investor Relations**

Providing suggestions to the Board to improve Shareholder/Investor relations of the Bank.

» **Communicating Shareholder and Investor Feedback**

Presenting Shareholder/Investor feedback to the Management and to the Board.

» **Facilitating Shareholder and Investor Engagement**

Providing guidance to the Board on matters of Shareholder/Investor relations.

» **Strengthening Committee Effectiveness**

The Committee carries out any other activity within the scope of shareholder/investor related functions it deems necessary to enhance the effectiveness and efficiency of the BSRC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

BOARD SHAREHOLDER RELATIONS COMMITTEE REPORT

GRI 2-12,13,23

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD SHAREHOLDER RELATIONS COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BSRC functions as a voluntary Board Sub-Committee responsible for overseeing the Bank's framework for engagement with shareholders and investors. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee. Its mandate, as set out in the TOR and supporting governance principles, focuses on ensuring that shareholder and investor relations are conducted in a manner that is transparent, fair and consistent with regulatory and best practices. The work of the BSRC is underpinned by the principles of "Performance" and "Conformance", through which the Committee enables effective communication and value oriented engagement while simultaneously upholding strong standards of accountability, equitable treatment and Board stewardship.

PERFORMANCE

Strategy Formulation

The BSRC formulates and guides the Bank's approach to shareholder and investor relations within the authority delegated by the Board. Its strategic role includes determining the extent to which the Committee may act on behalf of the Board in specified shareholder matters or alternatively examine issues and submit recommendations for Board consideration. This balanced mandate enables timely and effective responses to shareholder concerns while safeguarding the primacy of Board decision-making. In discharging its responsibilities, the BSRC focuses on aligning shareholder communications with the Bank's long-term strategy and governance principles, strengthening structured channels for conveying shareholder views to the Board and promoting meaningful participation and dialogue at General Meetings and other engagement platforms. These strategies are embedded at Board level through the adoption of the relevant policies and procedures.

Policy Making

The BSRC's performance remit is underpinned by a robust policy framework that brings clarity, consistency and discipline to the Bank's shareholder and investor engagement practices. Within this framework, the BSRC recommends and oversees the formulation, adoption and periodic review of key policies governing relations with shareholders and investors, ensuring their continued relevance and alignment with the Bank's governance objectives.

A Board-approved "Policy on Communication" provides the overarching framework for stakeholder communication across the Bank. This policy supports a structured and coordinated approach to communication, enabling information to be disseminated in a manner that is consistent, well-governed and aligned with established governance principles. In addition, the "Policy on Relations with Shareholders and Investors" sets out the Bank's commitment to maintaining transparent and fair engagement with its shareholder base, while the "Policy on Control and Management of Bank Assets and Shareholder Investments" governs how shareholder funds are invested and managed, ensuring adequate returns and responsible stewardship, key components of the Bank's strategy for delivering shareholder value.

These policies collectively form a coherent governance structure that enables the BSRC to oversee shareholder relations in a manner that appropriately balances openness with control. Accordingly, the Committee's policy making role is integral to fostering discipline, transparent and effective engagement with shareholders, supporting the Board's stewardship responsibilities and reinforcing long-term shareholder confidence.

CONFORMANCE

Accountability

Accountability to shareholders is a fundamental element of the Bank's Corporate Governance Framework and the BSRC supports this obligation through its oversight of transparent disclosures and structured shareholder engagement. The Bank ensures the timely dissemination of information through established communication channels, while General Meetings serve as the primary forum for constructive dialogue between shareholders and the Board. In addition, the BSRC reinforces accountability through reporting to shareholders on the discharge of its responsibilities and oversight of mechanisms for the consideration of shareholder feedback and voting outcomes. Where required by regulation or recognised governance best practices, appropriate steps are taken to keep shareholders informed and to ensure that such matters are addressed through the Bank's established governance processes, thereby strengthening transparency, responsiveness and confidence in Board oversight. The introduction of clawback arrangements for the MD/CEO and Key Management Personnel underscores the Bank's strong commitment to safeguarding shareholder interests and upholding accountability at the highest level of governance, by enabling recovery where anticipated deliverables are not met. Moreover, the Bank demonstrates its strong commitment to transparent and timely information dissemination by ensuring that the Annual Report, Interim Financial Statements and other key disclosures are promptly published upon release to the Colombo Stock Exchange and made available on its corporate website.

Monitoring and Supervision

The BSRC's monitoring and supervision responsibility encompasses oversight of the Bank's shareholder engagement processes to ensure they are conducted in a structured, timely and well-governed manner. The Committee oversees adherence to applicable policies, statutory requirements and approved communication practices across shareholder interactions, including disclosures, engagement forums and the communication of outcomes. In addition, the BSRC monitors the effectiveness of mechanisms for identifying, considering and escalating material shareholder matters to the Board and oversees the orderly consideration and communication of outcomes on shareholder proposals. Through this disciplined approach, the Committee promotes continuous enhancement of shareholder relations practices, supporting a governance framework that is structured, transparent and resilient and that reinforces long-term confidence in the Bank's oversight and stewardship.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BSRC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

GRI 2-12,23

PERFORMANCE		
Strategy Formulation		
Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BSRC has been delegated by the Board to act on its behalf in Shareholder/Investor related concerns. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the Committee** The BSRC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓
CSE Rule 9.2.1(g), 9.4.2(a)	**Communication and Relations with Shareholders and Investors** The Chairman and the Board of Directors take appropriate measures to ensure effective and ongoing communication with shareholders, while ensuring that shareholders' views and concerns are conveyed to the Board through the BSRC. The Board-approved "Policy on Communication" provides a structured framework for implementing and delegating responsibilities related to Bank-wide stakeholder communication, including shareholders and investors.	✓
Code 2023 C.2, C.2.2, C.2.3, I.1.1(g)	**Disclosures Related to Policies Adopted in Line with the CSE Rule and The Code 2023** A Board-approved "Policy on Relations with Shareholders and Investors" is in place, following the recommendation of the BSRC and has been published on the Bank's official website. Additionally, no amendments were made to the policy during the year under review. Accordingly, the Bank ensures fair and transparent disclosures, focusing on integrity, accuracy, timeliness and relevance. Additionally, the responsibilities relating to stakeholder communication are clearly defined within the policy implementation mechanisms set out under each respective Policy.	

CONFORMANCE		
Accountability		
Regulation	Description	Compliance Status
CSE Rule 9.4.2(b), 9.4.2(c),	**Oversight of Shareholder Relations by the Board** Shareholders are duly notified that all communication or correspondence with the Bank should be directed through the Company Secretary, who serves as the primary liaison for conveying concerns and suggestions to the Directors or Management. The contact details of the Company Secretary are available in this Annual Report and on the Bank's corporate website.	✓
Code 2023 C.2.1, C.2.4, C.2.5, C.2.6, C.2.7	Shareholders also retain the discretion to communicate with members of the Board and may submit questions or request publicly available information from the Directors or Management at any time. The Company Secretary acts upon such concerns or requests and communicates the decisions determined by the Board. Furthermore, investors may contact the Head of Investor Relations for any matters relating to their investments or publicly available corporate information. The contact details of the Head of Investor Relations are similarly provided in this Annual Report and on the Bank's corporate website.	
Code 2023 E.1, E.2, F.2	**Engagement with Individual and Institutional Shareholders** The Board discharges its responsibility to shareholders by actively encouraging their participation in the Bank's decision-making processes through fair, timely and transparent disclosures. The Bank maintains a long-standing practice of encouraging individual shareholders to participate and vote at General Meetings. Shareholders are also encouraged to engage in the affairs of the Bank by submitting proposals and feedback through the "Stakeholder Feedback Form" provided on pages 571 and 572 of this Annual Report. In addition, General Meetings serve as an important forum for constructive engagement between the Bank and its shareholders. The Bank's AGM, in particular, is recognised as a well-attended event at which shareholders actively exercise their rights in various forms. Institutional investors, together with other investor groups, continue to exercise their voting rights proactively, expressing their views openly. Further, institutional Investors are kept apprised of the Bank's governance practices through the Annual Report and any new initiatives are highlighted at general meetings to ensure that due weightage is given to good Corporate Governance.	✓
Code 2023 E.1.1	**Shareholder Engagement and Dialogue** The BSRC convened a Shareholder Relations Forum following the 39th AGM held on 28th March 2025, as part of its oversight responsibilities to facilitate structured engagement with shareholders and ensure that shareholder views and concerns are formally communicated to the Board for consideration.	✓
Code 2023 C.1, C.1.4 CSE Rule 9.4.2(d)	**General Meetings** General Meetings provide shareholders with a structured platform to engage directly with the Board of Directors and Management. The Bank consistently encourages the conduct of these meetings in person, wherever practicable. The AGM serves as the principal forum for interaction between shareholders and the Board, enabling shareholders to express their views and actively participate in discussions on the Bank's affairs and the Shareholder Relations Forum held subsequent to AGM further provides an opportunity for shareholders to raise concerns and share feedback with Board members in an interactive manner.	✓

BOARD SHAREHOLDER RELATIONS COMMITTEE REPORT

Regulation	Description	Compliance Status
Accountability		
	The 39th AGM was convened physically at "Oak Room", the Cinnamon Grand on 28th March 2025. The Chairpersons of all mandatory Board Sub-Committees and the Senior Independent Director were available to answer questions. When convening General Meetings, the Bank adhered to the relevant regulatory requirements including the guidelines issued by the CSE for conducting virtual or hybrid meetings.	
Code 2023 C.1.1	**Timely Dissemination of Meeting Notices** In compliance with the provisions stipulated under the Companies Act No. 07 of 2007 and the Articles of Association of the Bank, the Notice of the AGM and related documentation are duly circulated to all shareholders within fifteen (15) working days prior to the date of the AGM. In the event that any other General Meetings are convened, the Bank ensures that notices are disseminated to shareholders within the timelines stipulated by the applicable statutes.	✓
CSE Rule 9.4.1 Code 2023 C.1.3, C.1.5	**Proxy Registration and Conduct of Voting at General Meetings** The Bank duly maintains a register to ensure that all valid proxies received in respect of General Meetings are properly recorded and counted. The register is closed on the proxy submission deadline specified in the Notice of Meeting. A mechanism is in place to ensure that all proxy votes lodged for each resolution are accurately recorded and counted. The number of votes received in favour of, against and abstaining on each resolution is announced at the AGM and records are maintained by the Bank in accordance with regulatory requirements. For the adoption of each resolution, the Chairman, after detailing the proxies registered, calls for a vote in line with established practices, where voting at the AGM was concluded on a show of hands and announces whether the resolution has been carried or not. In addition, the Bank ensures that a summary of the procedures governing voting at General Meetings is duly presented to shareholders at such meetings, in keeping with established governance practices.	✓
Code 2023 C.1.2	**Adoption of Resolutions and Voting at General Meetings** During the AGMs, separate resolutions are proposed and adopted for each substantive issue, including the adoption of the "Annual Report of the Board of Directors on the Affairs of the Company" and the Audited Financial Statements for the year under review. All proxy votes lodged, together with the votes of shareholders who participated at the AGM, are considered for each resolution. Votes withheld are not taken into account in determining the number of votes cast for or against each resolution.	✓
CBSL Direction 6.1(f)	**Disclosures Relevant to the Committee** This BSRC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Code 2023 D.1.7	**Capital Threshold Disclosure** In accordance with applicable laws and regulations, the Bank notifies shareholders if its capital falls below 50% of the value of shareholders' funds. During the year under review, the Bank's capital remains above the prescribed threshold at all times.	✓
Code 2023 A.10	**Timely Dissemination of Public Disclosures** The Bank's Annual Report, Interim Financial Statements and other relevant disclosures are made available for download on its corporate website and are published promptly upon release to the Colombo Stock Exchange. In addition, public disclosures are disseminated to shareholders on a timely basis through market announcements, ensuring transparency and equal access to information.	✓
Monitoring & Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BSRC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BSRC** In terms of the Board-approved TOR, the quorum of the BSRC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. The Committee met once during the year under review.	✓
Code 2023 F.1	**Informed Investment Decisions by the Shareholders and Potential Investors** The Annual Report provides comprehensive information to individual shareholders and prospective investors, enabling them to undertake their own independent analysis. This information, together with the quarterly Interim Financial Statements, facilitates informed assessments of the Bank's performance, financial position and future prospects.	✓

On behalf of the Board Shareholder Relations Committee,

RUSHANKA SILVA
Chairman - Board Shareholder Relations Committee

LASANTHA SENARATNE
Secretary - Board Shareholder Relations Committee

19th February 2026
Colombo, Sri Lanka

BOARD TREASURY COMMITTEE REPORT



> Treasury activities are pivotal to operations of the Bank, particularly in times of elevated uncertainties both locally and globally. Accordingly, the Board Treasury Committee has enhanced its vigilance as we navigated economic headwinds during the year.

Hiran Cabraal - Chairman

GRI 2-9,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Corporate Strategy
- Engineering
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Members of the Treasury Department
- Any other officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

The Board Treasury Committee (BTC) was established on 31st May 2012 to guide the Treasury Department in fulfilling its responsibilities which are closely aligned with enhancing the Bank's performance, improving profitability and driving long-term growth strategy. The BTC is responsible for assessing market developments and the country's economic outlook and for ensuring informed decision-making by monitoring various market risk factors pertaining to the Bank's Treasury function.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mr Hiran Cabraal	Independent/ Non-Executive	Chairman	5/5
Mr Dilip de S Wijeyeratne	Independent/ Non-Executive	Member	4/5
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Member	5/5
Mr Vajira Kulatilaka	Independent/ Non-Executive	Member	5/5
Mr Vinod Hirdaramani	Independent/ Non-Executive	Member	3/5
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	1/1
Mrs Ayodhya Iddawela Perera (Until 23.09.2025)	Executive	Member	2/4

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- **Transfer Pricing and Risk Management**
  Implementation of the Fund Transfer Pricing (FTP) and Asset and Liability Management (ALM) systems.
- **FX Trading and Foreign Currency Management**
  Actively managed FX positions to optimise liquidity and profitability amid volatile currency markets while maintaining compliance with regulatory FX position limits and prudential norms.
- **Government Securities Trading**
  Managed the Bank's LKR liquidity through active trading in government securities, locking in significant trading profits.
- **Liquidity and Funding Optimisation**
  Optimised liquidity and funding through currency swaps and money market transactions.
- **Governance and Market Risk Oversight**
  Present Value of a Basis Point (PVBP) based market risk limit structure and behavioural modelling through the implementation of the ALM/FTP systems.

BOARD TREASURY COMMITTEE REPORT

GRI 2-12,23

KEY RESPONSIBILITIES OF THE COMMITTEE

» **Oversight and Governance Responsibilities of the BTC**

The Committee is responsible for ensuring that the Bank's Treasury Policy aligns with industry best practices and for recommending amendments where necessary. In addition, it reviews and recommends the market and liquidity risk limits requested by the Treasury for approval by the Board of Directors, ensuring that these limits are consistent with the Bank's strategic goals and risk appetite.

» **Investment Oversight and Performance Monitoring**

BTC evaluates proposals relating to treasury investments and presents them for Board approval. It also reviews and approves the Key Performance Indicators (KPIs) assigned to the Treasury function and its key personnel.

» **Treasury Front Office Oversight and Operational Resilience**

The Committee conducts independent assessments of the effectiveness of the Treasury Front Office (TFO) to evaluate the adequacy of its staff capabilities, systems and operational processes. It also oversees the Business Contingency Plans related to Treasury operations, ensuring that these plans are robust, regularly tested and maintained in a state of readiness for activation when required.

» **Assets and Liability Committee Review and Independence of Treasury Functions**

As part of its governance role, the Committee reviews the minutes of the Assets and Liability Committee (ALCO) to ensure that treasury-related initiatives and associated risks are adequately discussed and addressed. It also ensures the independence of the Treasury Middle and Back Office functions to avoid any conflicts of interest. Moreover, the Committee follows up on regulatory breaches reported by the CBSL and control lapses identified by internal or external auditors to ensure they are resolved in a timely and satisfactory manner.

» **Evaluation of Market Risk Limit Deviations**

The Committee reviews and approves market risk limit breaches after evaluating management explanations and confirming that the necessary corrective actions have been effectively implemented.

» **Strengthening Committee Effectiveness**

The Committee carries out any additional treasury related activities it deems necessary to enhance the effectiveness and efficiency of the BTC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD TREASURY COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BTC is a voluntary Board Sub-Committee which provides strategic oversight and governance of the Bank's treasury operations in compliance with its approved TOR. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee. The Committee ensures that treasury activities are conducted within a robust risk governance framework, aligned with the Bank's risk appetite, regulatory expectations and strategic objectives. Its oversight encompasses liquidity management, market and investment risks, capital allocation and contingency planning to safeguard the Bank's financial stability. Guided by the principles of "Performance" and "Conformance", the BTC balances sustainable value creation with prudent risk management and transparency. Through ongoing monitoring of market developments, policy frameworks and KPIs, the Committee provides assurance over the resilience and soundness of the Bank's treasury function, supporting long-term stability as a Domestic Systemically Important Bank (D-SIB).

PERFORMANCE

Strategy Formulation

Strategy formulation is a core responsibility of the BTC and a key contributor to the performance pillar of corporate governance. Acting under delegated authority from the Board, the Committee provides strategic direction and oversight of the TFO, ensuring alignment with the Bank's objectives and risk appetite. The BTC reviews and recommends treasury-related proposals from Management committees, including the Asset & Liability Committee and the Investment Committee, covering investments, market and liquidity risk limits. In doing so, it positions the treasury function to proactively manage risk and capitalise on market opportunities. The Committee also commissions independent effectiveness reviews of treasury operations and approves KPIs for the function and its personnel, reinforcing accountability, capability and performance excellence.

Policy Making

Policy making is a vital component of the BTC's performance mandate. Operating under a Board-approved TOR, the Committee ensures transparency and consistency in its functions. The BTC reviews the Bank's Treasury-related policies and recommends updates to reflect industry best practice and regulatory requirements. This proactive approach ensures that the Bank's Treasury operations are governed by robust, up-to-date policies that support sound risk management and operational efficiency. The Committee also oversees business contingency plans for TFO, ensuring they are comprehensive, regularly tested and capable of supporting continuity during disruptions. Policy oversight extends to safeguarding the independence of the Treasury Middle and Back Offices, preventing conflicts of interest and reinforcing operational integrity. Furthermore, the BTC periodically reviews its own TOR to maintain alignment with evolving best practices and regulatory guidelines. Through these policy making responsibilities, the BTC establishes a robust governance framework that underpins effective treasury management and supports the Bank's long-term strategic objectives.

CONFORMANCE

Accountability

Accountability is a cornerstone of corporate governance and a key element of the BTC's conformance responsibilities. The Committee ensures that treasury operations comply with statutory provisions, regulatory requirements and internal controls. The BTC's mandate, activities and performance are transparently disclosed in the Annual Report, reinforcing accountability to the Board and broader stakeholders. Acting under delegated authority, the BTC provides focused oversight on treasury-related matters and specific areas of concern. By maintaining rigorous accountability mechanisms, the BTC is in line with the enhanced supervisory expectations applicable to a Domestic Systemically Important Bank.

GRI 2-12

Monitoring and Supervision

Monitoring and Supervision are integral to the BTC's conformance role, ensuring effective oversight of treasury functions. The Committee reviews ALCO decisions to confirm that treasury-related initiatives and risks are properly addressed. It examines and approves breaches of market risk limits, seeks management explanations and confirms corrective actions. This oversight ensures risk exposures remain within approved parameters and deviations are promptly rectified. The BTC safeguards the independence of the Treasury Middle and Back Offices, enhancing the reliability of financial reporting. It also regularly reviews and updates business contingency plans, supporting resilience against operational disruptions. Additionally, the BTC undertakes any other activities necessary to enhance treasury effectiveness and efficiency, allowing proactive responses to emerging risks and opportunities. Through diligent monitoring and supervision, BTC upholds the highest standards of compliance, ensuring controlled, transparent and compliant Treasury operations.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BTC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE

Regulation	Description	Compliance Status
Strategy Formulation		
CBSL Direction 6.1(b)	**Authority of the Committee** The BTC has been delegated by the Board to act on its behalf in treasury-related functions. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the Committee** The BTC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓

CONFORMANCE

Regulation	Description	Compliance Status
Accountability		
CBSL Direction 6.1(f)	**Disclosures Relevant to the Committee** The BTC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BTC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BTC** In terms of the Board-approved TOR, the quorum of the BTC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. During 2025, the BTC met five (05) times.	✓

On behalf of the Board Treasury Committee,

HIRAN CABRAAL
Chairman - Board Treasury Committee

LASANTHA SENARATNE
Secretary - Board Treasury Committee

19th February 2026

BOARD MARKETING COMMITTEE REPORT



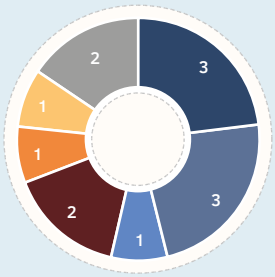
> The Board Marketing Committee ensured that the branding and marketing activities were aligned to the strategy of the Bank while implementing measures to assess its effectiveness and efficiency.

Aroshi Nanayakkara - Chairperson

GRI 2-9,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Law
- Corporate Strategy
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Members of the Marketing Department
- Any other officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

The Board Marketing Committee (BMC) was established on 28th June 2012 by the Board of Directors, with a focus of providing oversight and directions on marketing strategies of the Bank that drive the business, revenue growth and customer satisfaction to enhance the profitability of the Bank.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/ Eligible to Attend)
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Chairperson	9/9
Mr Rushanka Silva	Non-Independent/ Non-Executive	Member	9/9
Mr Harsha Amarasekera	Non-Independent/ Non-Executive	Member	8/9
Mr Vinod Hirdaramani	Independent/ Non-Executive	Member	4/9
Mr Keith Modder	Independent/ Non-Executive	Member	7/9
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	2/3
Mrs Ayodhya Iddawela Perera (Until 23.09.2025)	Executive	Member	4/6

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- **Swarna Pusthaka Awards**

  The "Swarna Pusthaka Awards" is a distinguished literary award ceremony in Sri Lanka, dedicated to celebrating excellence in Sinhala literature. The 2025 edition of this prestigious event was held on 13th September 2025 at the Bandaranaike Memorial International Conference Hall (BMICH), organised annually by the Sri Lanka Book Publishers Association. The "Swarna Pusthaka Awards" recognise the most outstanding Sinhala novel published within the year. The initiative not only honours literary achievement but also fosters cultural enrichment and promotes emerging literary talent across the nation. This year, Sampath Bank, served as the main sponsor of the event. The Bank's involvement underscores a meaningful synergy between commerce and culture, demonstrating how corporate support can play a pivotal role in uplifting national arts and literature.

- **Raigam Tele'es 2024**

  Raigam Tele'es is one of Sri Lanka's most celebrated television award ceremonies, recognising excellence in teledrama, acting, directing and production. Held at the Shangri-La Colombo on 29th March 2025, this glamorous event brings together the country's top creative talents and media personalities to honour outstanding achievements in the television industry. While Raigam Tele'es dazzles with creativity and celebrates artistic brilliance, Sampath Bank brings a different kind of prestige as its main sponsor. By supporting this iconic television awards event, Sampath Bank not only reinforces its leadership in finance but also highlights its role as a patron of the arts, bridging the worlds of commerce and creativity in a meaningful way.

KEY ACTIVITIES IN 2025

» **The Partnership with the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)**

The CA Sri Lanka Annual Conference held from 8th to 10th October 2025, is a flagship event that brings together the country's top accounting professionals, business leaders and policymakers. It serves as a platform for thought leadership, exploring critical issues in finance, governance and economic development, while fostering professional excellence and innovation in the accounting field. Sampath Bank has proudly been an official partnership with the CA Sri Lanka. Its involvement underscores a commitment to empowering the professional community, aligning financial innovation with the advancement of ethical leadership and sustainable business practices.

» **The Sri Lanka Fintech Summit 2025**

The Sri Lanka Fintech Summit 2025 which was held on 24th and 25th September 2025, is a premier gathering of innovators, policymakers and tech leaders driving the future of finance. With a spotlight on digital banking, blockchain and disruptive financial technologies, the summit fosters dialogue and collaboration to accelerate Sri Lanka's digital economy. As a leading financial institution in Sri Lanka, Sampath Bank's sponsorship of the Sri Lanka Fintech event reflects its forward-thinking commitment to digital transformation. This partnership highlights Sampath Bank's dedication to innovation, collaboration and empowering the next wave of fintech solutions.

» **The Chamber of Young Lankan Entrepreneurs (COYLE) Events**

The Chamber of Young Lankan Entrepreneurs (COYLE) continues to be a driving force in promoting entrepreneurship, leadership and innovation across Sri Lanka. Through a series of dynamic events including the prestigious COYLE Awards and high-impact masterclasses, the organisation brings together emerging business leaders, seasoned industry experts and global thought leaders to inspire and empower the next generation of entrepreneurs. By supporting COYLE's mission, the Bank reinforces its role as a catalyst for innovation and youth empowerment in the country's business landscape.

» **Nallur Festival**

Sampath Bank actively participated in the historic Nallur Kandaswamy Kovil Festival in Jaffna, held from 10th to 21st August 2025, engaging with over 200,000 devotees. Through a series of community outreach and promotional activities across the Northern Province, the Bank strengthened relationships at the grassroots level while promoting its financial solutions. This initiative reflected Sampath Bank's ongoing commitment to fostering cultural connections and enhancing financial inclusivity across Sri Lanka.

» **Hilton Oktoberfest 2025**

Sampath Bank partnered with Hilton Colombo for the much-anticipated Oktoberfest 2025, celebrating one of the most vibrant cultural events of the year. As the official card partner, Sampath Cards offered exclusive discounts and privileges to cardholders, enhancing their festive experience. The collaboration successfully strengthened brand visibility, engaged high-value customer segments and reinforced Sampath Bank's positioning as a lifestyle-enabling brand.

» **Unstoppable Woman - Women's Day Initiative 2025**

In celebration of International Women's Day 2025, Sampath Bank proudly hosted a grand event titled "Unstoppable Woman", featuring a panel discussion aimed at empowering women entrepreneurs within the SME sector. The event also marked the launch of the revamped "Saviliya" loan scheme, tailored specifically to support women-led businesses. The panel discussion brought together three inspiring women entrepreneurs who shared their journeys, insights and success stories with selected Bank's SME customers. Their experiences offered valuable guidance and motivation to aspiring women entrepreneurs, reinforcing Sampath Bank's commitment to fostering inclusive economic growth.

» **World Environment Day 2025**

To celebrate World Environment Day 2025, the Bank launched impactful initiatives aligned with the global theme "Ending Plastic Pollution" on 5th June 2025. The celebration aimed to educate, engage and empower employees while reinforcing the Bank's commitment to sustainability and supporting global efforts to beat plastic pollution.

» **Brand Health Study**

Sampath Bank conducted a brand health study to understand how well the Bank is performing in the minds of consumers and how the Bank stacks up against competitors. This study evaluated factors like brand awareness, usage, consideration, brand equity and advertising recall against market players. This provides both diagnostic insights and strategic direction which are crucial for growth, market positioning and long-term success.

» **Brand Valuation Report**

Sampath Bank obtained the brand valuation report as it provides insights to Bank management on the current strengths and weaknesses of the Sampath brand relative to competitors in the local market, how Bank's brand value has evolved this year and to understand the value that lies within the Sampath brand for internal management purposes.

» **Royal Colombo Golf Club - Monthly Medal Golf Tournament 2025**

Sampath Bank continued its proud association as the main sponsor of the prestigious monthly medal golf tournament held at the Royal Colombo Golf Club on the 4th and 5th of April 2025. Our continued partnership with this esteemed tournament underscores our dedication to supporting elite sporting events that reflect our brand values of prestige, excellence and relationship building.

» **Symphony Orchestra**

Sampath Bank proudly sponsored the Symphony Orchestra of Sri Lanka's (SOSL) pops: A trilingual extravaganza, a vibrant celebration of Sinhala, Tamil and English musical traditions. The exclusive performance, held on 24th May 2025 for Sampath Bank's valued customers, featured renowned artists. The event offered an inspiring symphonic experience that resonated deeply with audiences, embodying the spirit of inclusivity, artistry and shared cultural appreciation. The event stood as a testament to the power of music to unify communities and foster enduring connections beyond banking.

» **Colombo International Book Fair 2025**

Sampath Bank was the Official Banker of the Colombo International Book Fair for the 17th consecutive year, held from 27th September 2025 to 6th October 2025 at the BMICH, Colombo. As Sri Lanka's largest annual literary and publishing exhibition, the fair attracted a wide audience of book lovers, students, educators and families, with book launches, reading sessions, children's activities and cultural programmes. By partnering with this landmark event, Sampath Bank reinforced its commitment to promoting literacy, learning and community engagement, while supporting the growth of Sri Lanka's reading culture and knowledge economy.

BOARD MARKETING COMMITTEE REPORT

GRI 2-12

KEY ACTIVITIES IN 2025

» **EDEX Expo 2025**

Sampath Bank was the Official Banker for EDEX Expo 2025, held from 17th to 19th January 2025 at the BMICH, Colombo and from 25th and 26th January 2025 at the Kandy City Centre (KCC). As Sri Lanka's largest education and career exhibition, the expo brought together thousands of students, parents and job seekers, connecting them with local and international universities, vocational institutes and future career opportunities. By supporting EDEX Expo 2025, Sampath Bank reinforced its commitment to empowering youth and contributing to the nation's knowledge economy through education and career development.

» **Future Minds 2025**

Sampath Bank was the Official Banking Partner of Future Minds 2025, held from 6th to 8th June 2025 at the BMICH, Colombo and from 14th and 15th June 2025 at the KCC, Kandy. Marking its 20th edition, Future Minds continued to serve as Sri Lanka's premier higher education and career guidance exhibition, attracting students, parents and education providers from across the country. Through its partnership, Sampath Bank supported the event in connecting youth with academic pathways, vocational training and career opportunities both locally and internationally, reaffirming the Bank's commitment to empowering the nation's youth and strengthening its role as a trusted partner in education and community development.

» **Donz Rugby 2025**

Sampath Bank partnered with Donz Rugby (D. S. Senanayake College, Colombo-Rugby) in 2025 as the official banking partner, continuing its support for sports, youth development and community empowerment. Through this partnership, the Bank supported the Donz Rugby teams' season, providing financial backing, visibility and a platform for players to develop skills, discipline and leadership. By aligning with this dynamic grassroots sports initiative, Sampath Bank reinforced its commitment to empowering young talent, promoting healthy competition and contributing to the social fabric of Sri Lanka.

» **Sampath Bank Economic Forum 2025**

Sampath Bank hosted its flagship Economic Forum on 21st August 2025 at Cinnamon Life, Colombo, under the theme "Sri Lanka at the Crossroads: Navigating Trade Turbulence, Currency Risk & the Global Reset." The event brought together key stakeholders from across industries to discuss pressing economic challenges and opportunities shaping the nation's future. The Forum provided valuable insights into global trade disruptions, currency market risks and strategies to adapt to the rapidly changing global landscape. It also explored how the private sector can contribute to sustaining reforms, driving innovation and fostering resilience in the economy. By organising this high-level platform, Sampath Bank reinforced its role as a thought leader and strategic partner in national economic development, supporting its customers with knowledge and foresight to navigate a dynamic business environment.

» **Sri Lanka Design Festival and Mercedes Benz Fashion Week 2025**

Sampath Bank was the banking partner for Sri Lanka Design Festival (SLDF) and Mercedes Benz Fashion Week (MBFWSL) 2025 which was held at the Cinnamon Life City of Dreams, Colombo from 19th to 23rd November 2025. These festivals attract designers, entrepreneurs and professionals from various industries. Partnering with high profile events like SLDF and MBFWSL positions the Bank as a supporter of innovation, creativity and cultural development.

» **Colombo Golf League 2025**

Sampath Bank was the title sponsor of the Colombo Golf League, making a historic milestone in Sri Lankan sports as the nation's first ever franchised golf league which was held on 5th to 7th December 2025 at Royal Colombo Golf Club. As the title sponsor, Sampath Bank reaffirms its longstanding commitment to the development of sports and community engagement in Sri Lanka. The partnership between Sampath Bank and the Colombo Golf League reflects a shared vision for excellence, integrity and the advancement of sport in the country.

KEY RESPONSIBILITIES OF THE COMMITTEE

» **Marketing Strategy Alignment**

The BMC reviews and aligns the Bank's marketing strategies with its annual and medium-term strategic objectives. It also reviews the customer strategy and evaluates performance against the objectives set by the Bank.

» **Brand and Customer Experience Management**

The Committee reviews the Brand strategy and its performance and monitors customer service standards and related strategies to ensure alignment with the Customer Charter.

» **Marketing Expenditure and Research Oversight**

The Committee provides oversight of marketing expenditure and reviews market research on the brand, customers, products and competition to support informed decision-making.

» **Oversight of Marketing Expenditure**

The Committee approves marketing expenses excluding capital expenditure that are included in the annual marketing budget and updates the Main Board periodically on such sanctioned expenses, as deemed necessary.

» **Strengthening Committee Effectiveness**

The Committee carries out any additional marketing related activities it deems necessary to enhance the effectiveness and efficiency of the BMC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times.

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

GRI 2-12,23

ROLE OF BOARD MARKETING COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BMC functions as a voluntary Board Sub-Committee responsible for overseeing the Bank's framework for marketing strategy, brand stewardship, customer engagement and market research. Additionally, in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee. The BMC operates within a governance framework that integrates "Performance" and "Conformance", ensuring the marketing function is strategically effective and ethically sound. This approach is underpinned by established marketing principles, including a deep focus on customer needs, value creation and brand stewardship.

The BMC ensures responsiveness to market dynamics and customer expectations by continuously reviewing and aligning marketing initiatives with the Bank's vision. Emphasising segmentation, targeting and positioning (STP), the Committee guides the identification and service of key customer segments, development of compelling value propositions and cultivation of a strong, differentiated brand presence.

The BMC also ensures that marketing activities comply with applicable and ethical standards, fostering transparency through oversight of marketing expenditures, adherence to guidelines and regular self-assessment to maintain alignment with industry norms. By embedding performance and conformance into its operations, the BMC delivers marketing strategies that are forward-looking, innovation-oriented and grounded in integrity and accountability. As a result, strategies are developed and executed with a clear understanding of customer value, competitive positioning and long-term brand equity, enabling the Bank to achieve sustainable growth, strengthen stakeholder relationships and uphold its reputation as a responsible, forward-thinking financial institution.

PERFORMANCE

Strategy Formulation

The BMC focuses on strategy formulation as one of its core responsibilities under the performance dimension. The Committee plays a pivotal role in shaping marketing strategies that align with the Bank's overall vision and long-term objectives. It is tasked with reviewing and aligning marketing strategies with annual and medium-term strategic goals. This involves assessing market trends, customer behaviour and competitive dynamics to ensure that the Bank's marketing initiatives remain relevant and impactful. As part of this strategic oversight, the Committee also verifies periodic brand health study checks and conducts brand valuations to evaluate the strength and equity of the Bank's brand. These assessments provide critical insights that inform marketing decisions and ensure that brand positioning supports the Bank's growth objectives.

Policy Making

Policy making complements strategy formulation by providing an internal framework within which marketing activities are executed. The BMC is also responsible for approving marketing policies that govern branding, customer engagement and promotional activities of the Bank. These policies serve as guiding principles, ensuring consistency and compliance across all marketing operations. The Committee undertakes a comprehensive review of customer service strategies and brand performance, while establishing prudent limits on marketing expenditure to safeguard the Bank against potential risks and ensure optimal resource allocation.

CONFORMANCE

Accountability

The BMC upholds responsibility through transparent reporting and adherence to internal guidelines. During the year under review, the Committee ensured that the Main Board was regularly updated on marketing expenditure in line with the Bank's overall strategic plan, enabling effective oversight of measures taken. In addition, the BMC reviewed market research related to the Bank's brand, customer segments, products and competitive landscape. These measures reinforce the Committee's commitment to ethical governance and informed decision-making, ensuring that marketing initiatives align with the Bank's strategic objectives while maintaining transparency.

Monitoring and Supervision

Monitoring and supervision are critical to ensuring that marketing strategies and policies are implemented effectively and deliver the intended outcomes. The BMC exercises comprehensive oversight over marketing expenditure, brand performance and customer service initiatives. Through diligent monitoring, the Committee safeguards the Bank against reputational and financial risks, ensuring that all marketing activities contribute positively to strategic objectives.

In addition to these responsibilities, the BMC approves marketing expenses within the annual marketing budget and provides timely updates to the Main Board on such sanctioned expenses. The Committee also undertakes any other marketing-related functions deemed necessary to enhance effectiveness and efficiency. Supervision further extends to evaluating market research findings, brand health analyses and brand valuation studies, enabling informed decisions that strengthen competitiveness and improve customer satisfaction. These measures collectively reinforce the Committee's commitment to operational integrity.

BOARD MARKETING COMMITTEE REPORT

GRI 2-12,13

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BMC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE

Strategy Formulation

Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BMC has been delegated by the Board to act on its behalf in marketing related concerns. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the Committee** The BMC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓

CONFORMANCE

Accountability

Regulation	Description	Compliance Status
CBSL Direction 6.1(f)	**Disclosures Relevant to the Committee** The BMC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓
Monitoring and Supervision		
CBSL Direction 6.1(a)	**Reporting to the Board** The BMC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BMC** In terms of the Board-approved TOR, the quorum of the BMC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. During 2025, the Committee met nine (09) times.	✓

On behalf of the Board Marketing Committee,



AROSHI NANAYAKKARA
Chairperson - Board Marketing Committee



LASANTHA SENARATNE
Secretary - Board Marketing Committee

19th February 2026
Colombo, Sri Lanka

BOARD IT COMMITTEE REPORT



> The Committee strengthened the Bank's digital leadership by building a secure, resilient and innovative technology foundation that enhances customer experience, enables smarter decision-making and drives sustainable growth.

Keith Modder - Chairman

GRI 2-9,24

Diversity of Expertise

No. of Directors



- Business Management, Marketing & Administration
- Banking/Finance/Insurance
- Corporate Strategy
- Engineering
- Human Capital & Engagement
- Risk/Compliance/Financial Crime Compliance
- Investment Banking & Treasury
- Information Technology

*an individual Director may represent more than one discipline

Regular Attendees to the Committee Meetings by Invitation:

- Chief Information Officer (CIO)
- Chief Information Security Officer (CISO)
- Any other officer/s required by the Committee

The Company Secretary functioned as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary functioned as the Secretary to the Committee during the year under review.

FORMATION OF THE COMMITTEE

The Board of Directors established the Board IT Committee (BITC) on 26th October 2017 to provide strategic oversight of the Bank's IT agenda. The Committee ensures that digital transformation initiatives and cybersecurity measures are effectively governed, while aligning the Bank's IT strategies with its overall business objectives.

COMMITTEE MEMBERSHIP DURING THE YEAR 2025

Board Member	Directorship Status	Membership Status	Attendance (Attended/Eligible to Attend)
Mr Keith Modder	Independent/ Non-Executive	Chairman	9/9
Mr Rushanka Silva	Non-Independent/ Non-Executive	Member	6/9
Ms Aroshi Nanayakkara	Independent/ Non-Executive	Member	9/9
Mr Vajira Kulatilaka	Independent/ Non-Executive	Member	9/9
Mr Hiran Cabraal	Independent/ Non-Executive	Member	9/9
Mr Sanjaya Gunawardana (w.e.f. 24.09.2025)	Executive	Member	2/2
Mrs Ayodhya Iddawela Perera (Until 23.09.2025)	Executive	Member	4/7

w.e.f. – with effect from

Refer pages 234 to 237 for the profiles of the committee members.

KEY ACTIVITIES IN 2025

- The BITC continued to provide strategic oversight for Sampath Bank's technology agenda in 2025, ensuring the Bank's digital transformation advanced in line with its core pillars: Run the Bank, Change the Bank, Secure the Bank and Innovate the Bank.
- The Committee successfully steered the rollout of the Evolve-X program, creating a next-generation digital foundation that accelerated product innovation and elevated customer experiences. A major milestone was the expansion of API banking, enabling secure, real-time integration with FinTechs and corporate partners and introducing the Bank's open banking strategy. The Committee also drove the adoption of a state-of-the-art Customer Relationship Management platform to deliver service excellence, alongside an Asset & Liability Management system to strengthen balance sheet management. Furthermore, the Committee championed the integration of advanced data analytics and Artificial Intelligence, empowering the Bank with deeper insights and smarter decision-making capabilities.
- BITC maintained a strong focus on operational excellence, overseeing the deployment of advanced solutions for process automation and IT services management, driving improvements in efficiency and service quality. In addition, the Committee steered the Bank's adoption of cloud readiness, laying the groundwork for scalable and resilient digital operations.
- Cybersecurity remained a top priority. The Committee ensured continuous monitoring, regular penetration testing and robust incident response protocols, strengthening the Bank's resilience against evolving digital threats and safeguarding critical assets.
- The Committee fostered a culture of innovation by institutionalising agile project management and advancing data governance frameworks. This enabled rapid delivery of new digital offerings and ensured compliance with regulatory requirements.

BOARD IT COMMITTEE REPORT

GRI 2-12,23

KEY ACTIVITIES IN 2025

- The implementation of a digital signature mechanism for paper submissions for Board Sub-Committees marks the Bank's transition toward a paperless environment, setting a precedent for other Board Sub-Committees and reinforcing the commitment to innovation, sustainability and a fully digital future.
- All initiatives in 2025 reflect a direct progression of Sampath Bank's strategic technology pillars, with the BITC ensuring that the Bank remains a leader in digital banking and technology-driven value creation.

KEY RESPONSIBILITIES OF THE COMMITTEE

- **IT Strategy and Alignment**

  The Board IT Committee is responsible for reviewing and recommending the Bank's IT strategic plan, ensuring that it is aligned with the Board-approved overall Strategic Plan of the Bank.

- **Monitoring Technological Developments**

  The Committee periodically updates the Board on emerging technological developments and trends that may impact the Bank as well as financial services industry in the future.

- **Oversight of IT Policies, Budgets and Operational Expenditure**

  The Committee reviews and recommends the Bank's IT-related policies and evaluates proposed IT expenditures and budgets. It also approves budgeted IT operational expenditure, within the limits of the approved annual budget, based on recommendations made by the Procurement Committee.

- **Monitoring Digital Transformation and IT Security**

  The Committee reviews the progress of the Bank's digitalisation journey, reinforcing the ongoing strengthening of IT security requirements and measures.

- **Digital Capability Development and Training**

  The Committee reviews training programmes on digitalisation, including the onboarding and familiarisation of staff with new technologies and digital platforms.

- **Strengthening Committee Effectiveness**

  The Committee carries out any additional IT related activities it deems necessary to enhance the effectiveness and efficiency of the BITC's functions and those of the Board. It also reviews its Terms of Reference (TOR) periodically to ensure that it reflects industry best practices at all times..

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board meetings, thereby providing the Board members with access to the deliberations of the Committee.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the Committee for the year 2024 was conducted in 2025 by its members. The results were presented to the Committee, areas for improvement were identified and plans for improvement were duly communicated to the Board. The self-evaluation for the year 2025 will be conducted in 2026 by the members of the Committee.

ROLE OF BOARD IT COMMITTEE IN SHAPING CORPORATE GOVERNANCE

The BITC forms as voluntary Board Sub-Committee in line with CSE Rule 9.2.1 and Principle I.1 of Code 2023, the Bank has published its "Policy on Board Committees" on the corporate website, further affirming and highlighting the establishment and continued operation of this voluntary Committee.

BITC plays a critical role in maintaining the Bank's IT governance, ensuring that technology management is resilient, transparent and in line with regulatory expectations and industry benchmarks. The Committee is charged with strategic oversight of IT-related matters, including the development and regular review of IT policies, the evaluation and endorsement of significant technology investments and the ongoing assessment of the Bank's IT risk profile. Through its vigilant leadership, the BITC protects the Bank from technological and cyber risks while promoting a culture of innovation, risk awareness and operational excellence. By staying ahead of regulatory changes and technological advancements, the Committee ensures that the Bank's IT practices remain secure, competitive and conducive to sustainable digital growth. Grounded in the principles of "Performance" and "Conformance," the BITC guarantees that the Bank's technology function not only drives long-term value through strategic innovation, but also consistently maintains the highest standards of responsibility, transparency and risk management in IT activities.

PERFORMANCE

Strategy Formulation

The BITC's role begins with aligning the Bank's IT roadmap to strategic objectives, ensuring that technology initiatives support growth, resilience and customer experience. The BITC has adopted a focused approach, aligning senior IT leadership to four key principles: "Run the Bank", "Change the Bank", "Innovate the Bank" and "Secure the Bank". This structure ensures operational stability, drives digital transformation and strengthens cybersecurity. By assigning clear leadership to each area, the Committee delivers targeted oversight and supports the Bank's strategic technology goals. Additionally, the Committee reviews and recommends the IT strategic plan, evaluates emerging technologies and recommends the Board on the implications. It prioritises investments based on strategic value and risk considerations, maintaining a balance between innovation and resilience. Budget oversight is integral to this process, with the BITC validating that expenditures align with expected benefits and return on investment. Additionally, the BITC monitors digital transformation journey of the Bank.

Beyond alignment, the BITC provides challenge and calibration testing whether proposed investments are sequenced coherently, resourced adequately and capable of delivering both customer outcomes and control effectiveness. The Committee assesses how trends such as automation, artificial intelligence and new threat vectors reshape the business model and risk landscape. It translates these insights into actionable guidance for the Board, ensuring technology choices remain relevant, defensible and value accretive. Cybersecurity posture is integrated into strategy formulation. The BITC promotes secure coding standards, robust vulnerability management and layered network defences as enabling foundations for digital growth.

Policy Making

The BITC functions within a Board-approved TOR that defines its scope and authority. The Committee reviews and recommends IT-related policies covering information security, data governance, third-party access, secure development and business continuity. Policies are periodically reviewed and updated to reflect regulatory changes and industry's best practices. The BITC ensures that policies are supported by layered controls preventive, detective and corrective implemented through standards such as network segmentation and privileged access management.

GRI 2-12,13

CONFORMANCE

Accountability

The BITC operates under clear Board delegation and reports directly to the Board, reinforcing transparent oversight. Cybersecurity leadership strengthens accountability where the Board has appointed a CISO with authority, expertise and budget to implement a comprehensive cyber-risk management program effectively and submits periodic reviews to the Committee for its recommendation. Further, the Bank maintains common Disaster Recover (DR) sites and conducts periodic DR drills under its Business Continuity Plan (BCP) framework to ensure system resilience and security, with key findings from these exercises escalated to the BITC for its review.

Monitoring & Supervision

The BITC allocates agenda time for cyber-risk management, compliance tracking and incident reviews where independent audits and certifications validate control effectiveness. Regular Vulnerability Assessments and Penetration Tests (VAPT) are carried out to ensure that the Bank's IT systems and infrastructure remain secure by proactively identifying, evaluating and addressing potential security weaknesses before they can be exploited. The BITC affirms that independent assurance constitutes a fundamental element of its supervisory responsibilities, providing objective validation of the Bank's information technology controls and risk management practices. Additionally, a state-of-the-art SOC (Security Operations Centre) operates at all times to monitor, detect and respond to cyber threats. Any deviations requiring Board attention are reported to the BITC periodically and as necessary.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT

We confirm that the Bank has fully complied with the applicable Corporate Governance requirements pertaining to the BITC, as prescribed under the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks ("CBSL Direction"), the Listing Rules of the Colombo Stock Exchange ("CSE Rules"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023") and other applicable laws and best practices for the reporting period, while diligently fulfilling all duties and responsibilities outlined in the Committee's TOR. Accordingly, the status of compliance and related explanations are structured under the concepts of Performance and Conformance and are presented below.

PERFORMANCE

Strategy Formulation

Regulation	Description	Compliance Status
CBSL Direction 6.1(b)	**Authority of the Committee** The BITC has been delegated by the Board to act on its behalf in IT-related functions. Additionally, the Committee is empowered to oversee specific concerns and where the Committee determines that an issue warrants the Board's attention, to report back with its recommendations.	✓
Code 2023 G.1	**Network and Remote Access Security Controls** The Bank has deployed multiple firewalls and other security measures to protect its internal systems. Additionally, the Information Security Department (ISD) conducts regular vulnerability assessments and code reviews to ensure these systems remain effective and reliable in preventing both internal and external breaches. All devices connected to the Bank's infrastructure are authorised through a Network Access Controller and the use of any other remote access solutions is strictly prohibited unless prior written approval is obtained. Remote access is only granted to external users with a valid business need and all access points to the Bank's network are routinely evaluated, with any modifications formally approved.	✓
Policy Making		
CBSL Direction 6.1(c)	**TOR of the Committee** The BITC has a Board-approved TOR clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.	✓

CONFORMANCE

Accountability

Regulation	Description	Compliance Status
Code 2023 G.3	**Board-Level Oversight of Cybersecurity Risk Management** The CISO supports the Board's oversight responsibilities by providing monthly updates on the information security strategy and the status of ongoing projects through the Information Security Dashboard, which is presented to the BITC and the BIRMC. Reflecting its commitment to robust cyber risk governance, the Board of Directors, through the BITC and BIRMC, ensures that sufficient and dedicated time is allocated at committee meetings to deliberate on cybersecurity risks, controls and mitigation measures. Significant cybersecurity matters and emerging concerns identified at committee level are escalated to the Board of Directors by the Chairman of the BITC, who is also a member of the BIRMC, through regular updates, thereby ensuring timely visibility and informed decision-making. In addition, the CISO submits the Annual Information Security Risk Assessment Report to the BIRMC, enabling the Board to review identified high and medium-risk areas and to provide guidance on appropriate remediation strategies. This structured reporting, review and escalation framework reinforces effective Board-level oversight of the Bank's cybersecurity risk management.	✓

GRI 2-12,13

Accountability		
Regulation	Description	Compliance Status
	In addition, cyber risk management updates submitted to the BIRMC facilitate an independent assessment of potential vulnerabilities and the evaluation of mitigation actions undertaken, thereby reinforcing the second line of defence. Concurrently, the same are deliberated at the BITC to ensure that IT strategies and operational initiatives are aligned with adequate risk controls within the first line of defence. Furthermore, critical incident reports are escalated to the aforesaid Sub-Committees for timely review. Observations and recommendations from independent reviewers, including ISO and PCI DSS Qualified Security Assessors (QSAs), are also communicated to the BITC and BIRMC via updates from the Information Security Committee, ensuring a comprehensive and transparent governance framework. An overview of the governance considerations in respect of these matters is provided in the BIRMC Report (under Principle G) on page 276 of this Annual Report.	
Code 2023 A.1.2	**Oversight of Information Systems, Cybersecurity and Risk Management** The Board of Directors of the Bank has continued to provide strong oversight and strategic direction in guiding the Bank's digital journey as a key enabler of its overall strategic plan. Through regular and structured engagements at the BITC and the Board Integrated Risk Management Committee (BIRMC), the Board has overseen the integrity of information systems, internal controls, cybersecurity, business continuity and enterprise-wide risk management. These Sub-Committees have enabled the Board to ensure that robust digital platforms, governance frameworks and control mechanisms are in place to support innovation, enhance operational efficiency, strengthen customer experience and maintain resilience in an increasingly digital banking environment. The Board has actively monitored key performance and risk indicators, reviewed technology related incidents and endorsed continuous enhancements to systems and processes.	✓
Code 2023 G.2	**Chief Information Security Officer's Mandate and Responsibilities in Cybersecurity Risk Management** The Board has appointed a CISO with the necessary expertise, authority and budgetary allocation to lead the cybersecurity initiatives. As the head of the ISD functioning as the second line of defence, CISO has introduced a comprehensive set of information security policies and procedures, which are reviewed and updated annually to reflect evolving technological standards. Further, the Bank has implemented Bank-wide "Policy on Information Security" provides a unified governance framework for managing cybersecurity risks, safeguarding the confidentiality, integrity and availability of information assets, ensuring regulatory compliance and supporting secure, resilient banking operations. The CISO also oversees the review, investigation and reporting of information security incidents to the Central Bank of Sri Lanka (CBSL). In addition, the CISO proactively monitors global cybersecurity trends including phishing, social engineering and emerging threat vectors to ensure the Bank remains resilient against evolving threats. Based on these insights, the ISD conducts comprehensive awareness initiatives such as training sessions, internal posts, SMS campaigns, social media flyers, email communications and advertisements. These efforts are aimed at safeguarding both internal employees and the Bank's customer base by promoting secure practices and enhancing cyber vigilance across all stakeholder groups. To protect the Bank's internal network and digital assets, the CISO and the ISD have implemented a comprehensive set of technical controls. These include conducting regular VAPT, deploying Security Information and Event Management (SIEM) tools and utilising various monitoring solutions to track activity across social media platforms and the wider internet. Through continuous monitoring and proactive threat detection, the ISD has mitigated cybersecurity risks and safeguarded both the Bank's confidential information and customers from potential cyber thefts. Data Loss Prevention (DLP) tool has been implemented to monitor and control data movement across internal and external channels. In addition, a cross-functional management committee "Data Dissemination Committee" (DDC) has been established to evaluate and manage the sharing of information with external parties. DDC ensures that all data dissemination activities are conducted securely, responsibly and in alignment with regulatory and operational standards, thereby reinforcing the Bank's commitment to information security and governance. Furthermore, the CISO collaborates with the DR team to ensure minimal impact during disruptions. A robust governance structure is in place to monitor compliance with CBSL directives, supported by follow-up mechanisms and certifications such as ISO/IEC 27001:2022 and PCI DSS v4.0.1. The Bank has also established a formal reporting process and maintains cybersecurity insurance to further strengthen its resilience.	✓
Code 2023 G.5	**Identifying and Managing Cyber Security Risks** The BITC recognises the critical importance of cybersecurity in safeguarding Bank's information assets and operations. To address this, a structured process has been established to identify, assess and manage cybersecurity risks across business functions. This process includes regular risk assessments, implementation of preventive and detective controls, continuous monitoring and adherence to industry best practices and regulatory requirements. Additionally, on behalf of the Board, the BITC ensures that cybersecurity governance is integrated into the overall risk management framework, with periodic reviews and updates to respond to emerging threats. Through these measures, the Bank remains committed to maintaining the confidentiality, integrity and availability of its information systems.	✓
CBSL Direction 6.1(f)	**Disclosure relevant to the Committee** The BITC Report highlights the Committee's composition, number of meetings, attendance of each member, key activities, the manner in which its roles and responsibilities were discharged and its overall performance.	✓

GRI 2-12

Monitoring & Supervision		
Regulation	Description	Compliance Status
CBSL Direction 6.1(a)	**Reporting to the Board** The BITC functions under the oversight of the Board of Directors and reports its activities and decisions directly to the Main Board.	✓
CBSL Direction 6.1(e)	**Quorum of BITC** In terms of the Board-approved TOR, the quorum of the BITC consists of at least half of its members.	✓
CBSL Direction 6.1(d)	**Secretary to the Committee, Maintaining of Minutes and Frequency of Meetings** The Company Secretary serves as the Secretary to the Committee and in his absence, a nominee appointed by the Company Secretary acted as the Secretary to the Committee during the year under review. The Secretary to the Committee maintains minutes of meetings and submits the same to the Main Board for its perusal. During 2025, the Committee met nine (09) times.	✓
Code 2023 G.4	**Strengthening Cybersecurity through Testing and Awareness Initiatives** The Board of Directors actively encourages the conduct of independent, periodic reviews and assurance activities to strengthen the Bank's cybersecurity framework. Certification bodies are annually invited to perform audits to ensure compliance with globally recognised standards such as ISO/IEC 27001:2022 and PCI DSS. The Board also promotes regular VAPT by third-party service providers to identify and address potential weaknesses. Updates on the status of identified vulnerabilities are reviewed and reported to BITC and BIRMC regularly through the Information Security Dashboard, enabling timely remediation and continuous improvement in the Bank's information security posture. The Board of Directors places strong emphasis on cultivating a secure internal environment and regularly reviews the outcomes of internal phishing simulation campaigns conducted by ISD. The BITC continuously monitors the overall information security awareness levels of internal staff, ensuring that targeted training and awareness initiatives are effectively enhancing the Bank's human firewall against social engineering and phishing attacks.	✓

On behalf of the Board IT Committee,

KEITH MODDER
Chairman - Board IT Committee

19th February 2026
Colombo, Sri Lanka

LASANTHA SENARATNE
Secretary - Board IT Committee

COMPLIANCE REPORT

GRI 2-24,27

The Bank's dedicated Compliance Department plays a crucial role in protecting the Bank's reputation and operating licenses, as well as fulfilling responsibilities assigned by CBSL. Its key focus areas are set out below.

Regulatory Compliance	Forex Compliance	Anti-Money Laundering (AML)
Monitoring implementation of new regulations Ongoing monitoring of existing regulations	Continuing monitoring of foreign currency accounts and transactions to ensure compliance	Readiness for third AML country evaluation

HIGHLIGHTS 2025

- Sampath Bank PLC categorised as a D-SIB.
- Ensure Bank's compliance with governance and legislative requirements to uphold the supervisory standards.
- Ensure compliance with ESG related regulations and standards.
- In the process of upgrading the Transaction Monitoring System to strengthen AML monitoring functions.

As per Direction No. 01 of 2025 dated 17th April 2025, Sampath Bank was categorised under Domestic Systemically Important Banks (D-SIBs). With this new categorisation, the Bank is required to fulfil additional regulatory requirements.

COMPLIANCE LANDSCAPE 2025

CBSL issued the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks effective from 1st January 2025, which reshapes governance and compliance for banks. It aims to strengthen governance, align with global standards, and promote ethical, prudent, and sustainable banking practices. Key changes addressed by the new direction included the following:

- Clearly assigning ultimate accountability for the Bank's safety and soundness as well as approval and oversight of strategic objectives and corporate values.
- A three-year business strategy including risk policy and measurable goals.
- Integration of ESG (Environmental, Social, and Governance) considerations into decision-making.
- Establishment of a robust risk culture across the organisation.
- Clear definition of the three lines of defence.
- The Board to comprise 7–13 members with at least 50% Independent Non-Executive Directors by January 2027 and an Independent Non-Executive Chairperson with each Director having a maximum tenure of 9 years and retirement age capped at 70 years.
- Minimum one female Director by end-2025; two if Board exceeds 10 members by end-2026.
- Mandatory annual self-assessment for Directors.
- Strengthened process for assessing fitness and propriety of Directors and key management personnel.
- Revised composition and functions of audit, risk, nomination and governance, and remuneration committees to align with international best practices and Basel principles.

Additionally, the Companies (Amendment) Act No. 12 of 2025 and related bills were introduced aligning with Financial Action Task Force (FATF) recommendation.

ENSURING COMPLIANCE

The Compliance Department is in the process of upgrading the existing Transaction Monitoring System to capture emerging money laundering typologies and trends, strengthening antimoney laundering compliance. The Bank remains mindful of the importance of the third mutual review, maintaining momentum for a successful outcome from the review despite the postponement.

Following the issue of the new CBSL guideline, the Bank has completed the necessary changes to its structures and frameworks to ensure compliance with the relatively short list of amendments that were necessary.

The Bank continued to raise customer awareness of online safety and fraud prevention in response to elevated threats, reaching customers on print and social media to alert customers of potential risks and remedial actions.

Intensive training in the previous year paid dividends as the knowledge supported enhanced levels of understanding and scrutiny.

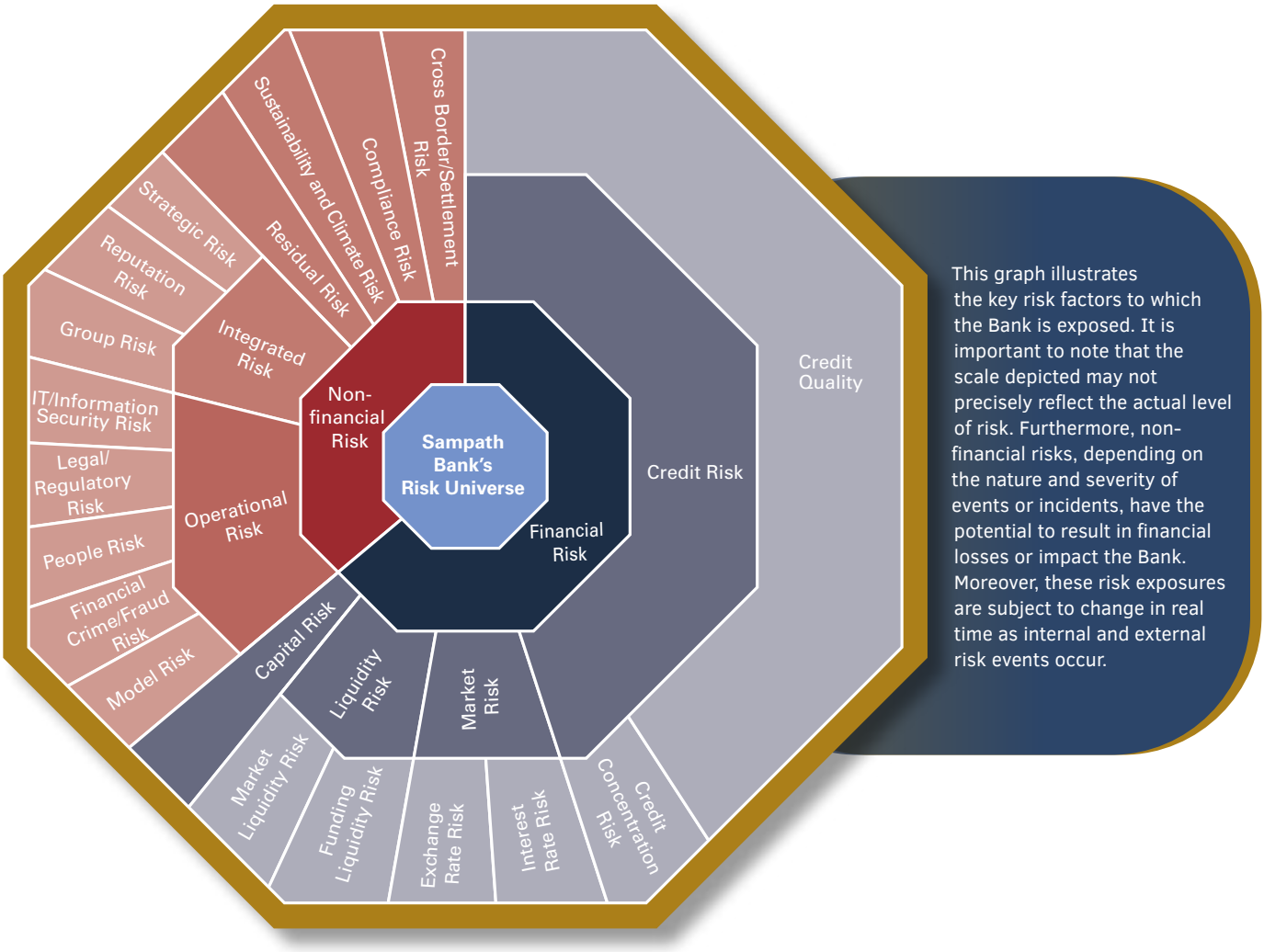
PRIORITIES FOR 2026

The main priority for 2026 will be strengthening of the compliance function by nurturing a strong compliance culture across the Bank to prepare for the upcoming Sri Lanka's third mutual evaluation on AML/Countering the Financing of Terrorism (CFT).



RISK MANAGEMENT REPORT

GRI 2-24



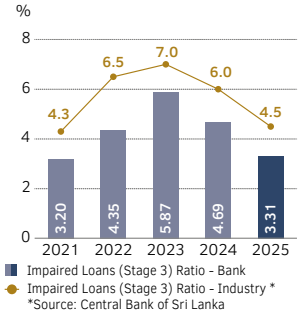
Sampath Bank's National Long-Term Rating remained at AA-(lka) with a Stable Outlook with no rating action taken, following a review by Fitch Ratings (Lanka) Ltd in September 2025. The rating reflects the Bank's intrinsic credit strength, strong franchise, above average capitalisation and improved external funding access in the context of an improved operating. The rating is moderated by Sri Lanka's weak credit profile and the Bank's significant exposure to the sovereign mainly through investments in government securities.

1. RISK MANAGEMENT HIGHLIGHTS

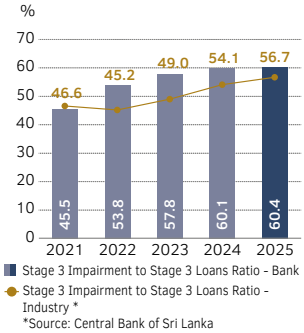
Asset Quality

The Bank's asset quality improved in 2025 and remained better than industry. Our impaired loans (Stage 3) ratio improved to 3.31% while the impairment (Stage 3) to Stage 3 loans ratio remained relatively unchanged at 60.44% as at end-2025.

Impaired Loans (Stage 3) Ratio



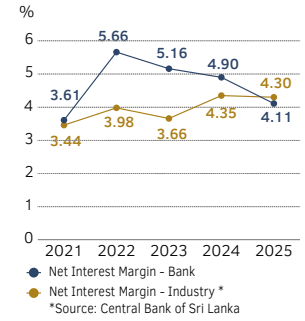
Stage 3 Impairment to Stage 3 Loan Ratio



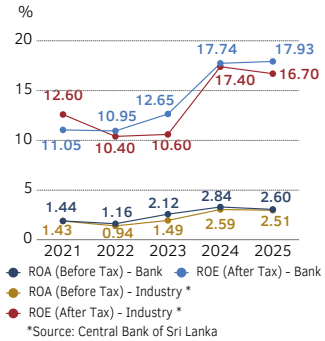
Earnings

The Bank's profitability ratios were on par with the industry, reflective of focused growth in high-yielding segments, strategic efforts to expand fee and commission income, and emphasis on optimising funding costs.

Net Interest Margin



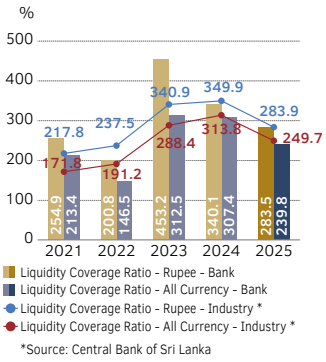
ROE & ROA



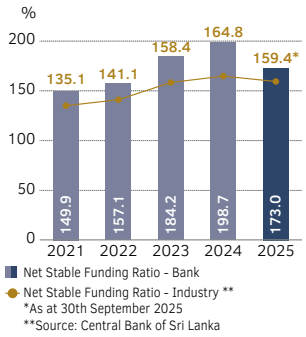
Liquidity

The Bank's liquidity position remained strong despite healthy loan growth in 2025. Its liquidity coverage ratios and net stable funding ratio remained well above regulatory minimum requirements and in line with the industry.

Liquidity Coverage Ratio



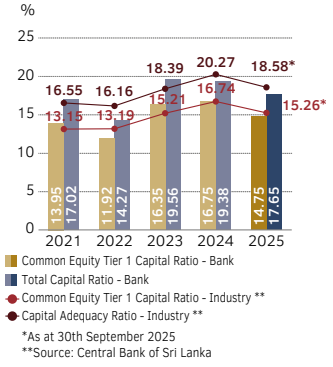
Net Stable Funding Ratio



Capital Management

The Bank's healthy capital position comfortably fulfilled the increased regulatory requirements arising from its categorisation as a Domestic Systemically Important Bank (D-SIB) while providing significant headroom for future growth in line with its strategic priorities.

Capital Adequacy



Key Initiatives Implemented in 2025

Risk Governance

- The responsibilities of the Board Integrated Risk Management Committee (BIRMC) and Risk Management Department (RMD) were aligned with the requirements of CBSL Direction No. 05 of 2024, corporate governance for Licensed Banks.
- Enhanced the management and oversight of sustainability-related and climate-related risks and opportunities in line with the requirements of SLFRS sustainability disclosure standards S1 and S2.
- Enhanced the operating manual covering all the units of the RMD.

Credit Risk

- Conducting a comprehensive independent model validation exercise on the Bank's credit risk management IT system to confirm the robustness of the credit risk assessment framework.
- Upgrading the credit risk management IT system to enhance the system capabilities.
- Revised the internal delegated authorities for credit decisions to reflect appropriate levels of expertise and oversight in line with the Bank's risk appetite.
- Enhanced the Individually Significant Loan (ISL) impairment process by establishing a comprehensive ISL risk database and strengthening cashflow assessment and customer evaluation methodologies.

Market Risk

- Expanded the scope of oversight through the introduction of tolerance limits for additional components of market risk.
- Established an independent monitoring mechanism for the Primary Dealer Unit.

Operational Risk

- Upgraded the Internal Loss Event Data Reporting System (ILEDR) to facilitate more structured and detailed data capture and multi-dimensional analysis of operational risk incidents.

Liquidity and Capital Management

- Incorporated the additional regulatory capital requirements arising from our classification as a D-SIB, into our capital management strategy.
- Maintained strong liquidity and capital positions to ensure stability and support future growth.
- Strengthened the contingency planning, recovery planning and resolution planning frameworks to ensure readiness for potential stress scenarios and to protect stakeholders.
- The Bank developed the Recovery Plan for 2025/2026 as part of its ongoing efforts to strengthen financial resilience and align the recovery planning framework with the requirements of the Banking (Special Provisions) Act (BSPA), No. 17 of 2023.
- The Bank's material risks are being reviewed through the ICAAP model validation process to support proactive risk management and strengthen capital planning and adequacy.

Sustainability and Climate Risk

- Expanded the applicability of the Environmental and Social Risk Management System (ESMS) to all loans (excluding housing loans, vehicle loans, leasing facilities, credit cards, pawning and other consumption loans).
- Integrated the ESMS into the core banking system enabling risk classification at individual loan account level.
- Formally identified key CRROs impacting the Bank.
- Developed a comprehensive ESG procedure to manage CRROs.
- Made progress on developing a reliable model to assess climate resilience.

1.1 RISK LANDSCAPE

Sampath Bank operates in a dynamic business landscape where risks and opportunities continuously evolve in line with global and local developments. These developments are monitored on an ongoing basis and its implications on our principal risks are proactively assessed to support effective risk management. A summary of the key risks that shaped our risk landscape in 2025 is presented below.



1.2 INTEGRATED RISK MANAGEMENT FRAMEWORK

Sampath Bank's Integrated Risk Management Framework (IRMF) guides effective and consistent risk management across the Bank by enabling prudent risk-return decisions that advance its strategic aspirations while safeguarding stakeholder interests. The IRMF is approved by the Board and is periodically reviewed to ensure alignment with regulatory requirements and industry best practices.

The four pillars presented below form the foundation of the Bank's IRMF, providing structured and effective mechanisms for formulating, implementing and embedding risk policies, procedures and protocols for effective management of principal risks across all business units.



Risk Governance and Oversight

Outlines the functional structure for risk governance and oversight within the Bank.

Risk Management Process

For proactive identification, measurement, control and reporting of principal risks at different levels of the Bank.

Risk Control Architecture

Articulates the Bank's essential risk control procedures including risk appetite, tolerance limits, policies and control measures within which business units and departments must operate.

Risk Awareness Culture

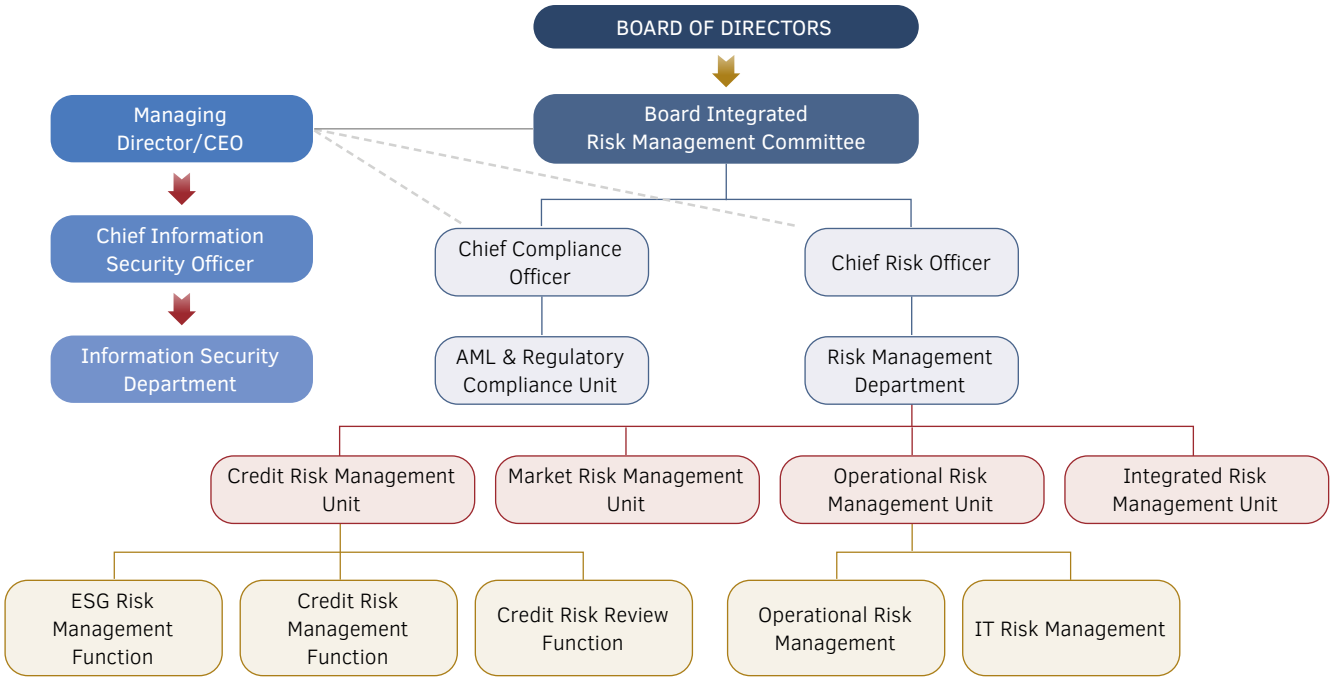
Enables shared responsibility for managing risks throughout the Bank.

Promotes accountability for risk management at all levels of the Bank.

1.2.1 Risk Governance and Oversight

Overall responsibility for managing risk at Sampath Bank lies with its Board of Directors. The Board is assisted by several Board sub-committees which operate under the delegated authority of the Board. The Board sub-committees provide oversight and guidance to Corporate Management on the effective implementation of the Bank's IRMF which includes formulating and implementing required risk controls, enhancing risk monitoring and reporting and driving the Bank-wide risk awareness culture.

Authority for managing risk in day-to-day operations is formally cascaded from the Board through the management hierarchy. This ensures clarity in roles and responsibilities and the consistent application of risk management practices across the Bank to ensure operations remain within defined risk tolerance thresholds. A committee-based approach at senior management level promotes open discussion and debate, facilitating informed and effective decision-making pertaining to risk management. The Bank's risk governance structure is presented below.



Key Developments in 2025

The responsibilities of the BIRMC and the RMD were aligned with the requirements set out in the CBSL Direction No. 05 of 2024 on Corporate Governance for Licensed Banks.

The operating manual of the RMD was enhanced. Accordingly, process along with flowcharts were improved in credit risk, market risk, operational and IT risk, and integrated risk.

Aligning with the Requirements of SLFRS Sustainability Disclosure Standards, S1 and S2

The Bank continued to strengthen governance and oversight of sustainability-related and climate-related risks and opportunities in 2025, in alignment with the requirements of SLFRS Sustainability Disclosure Standards, S1 and S2. Key initiatives included:

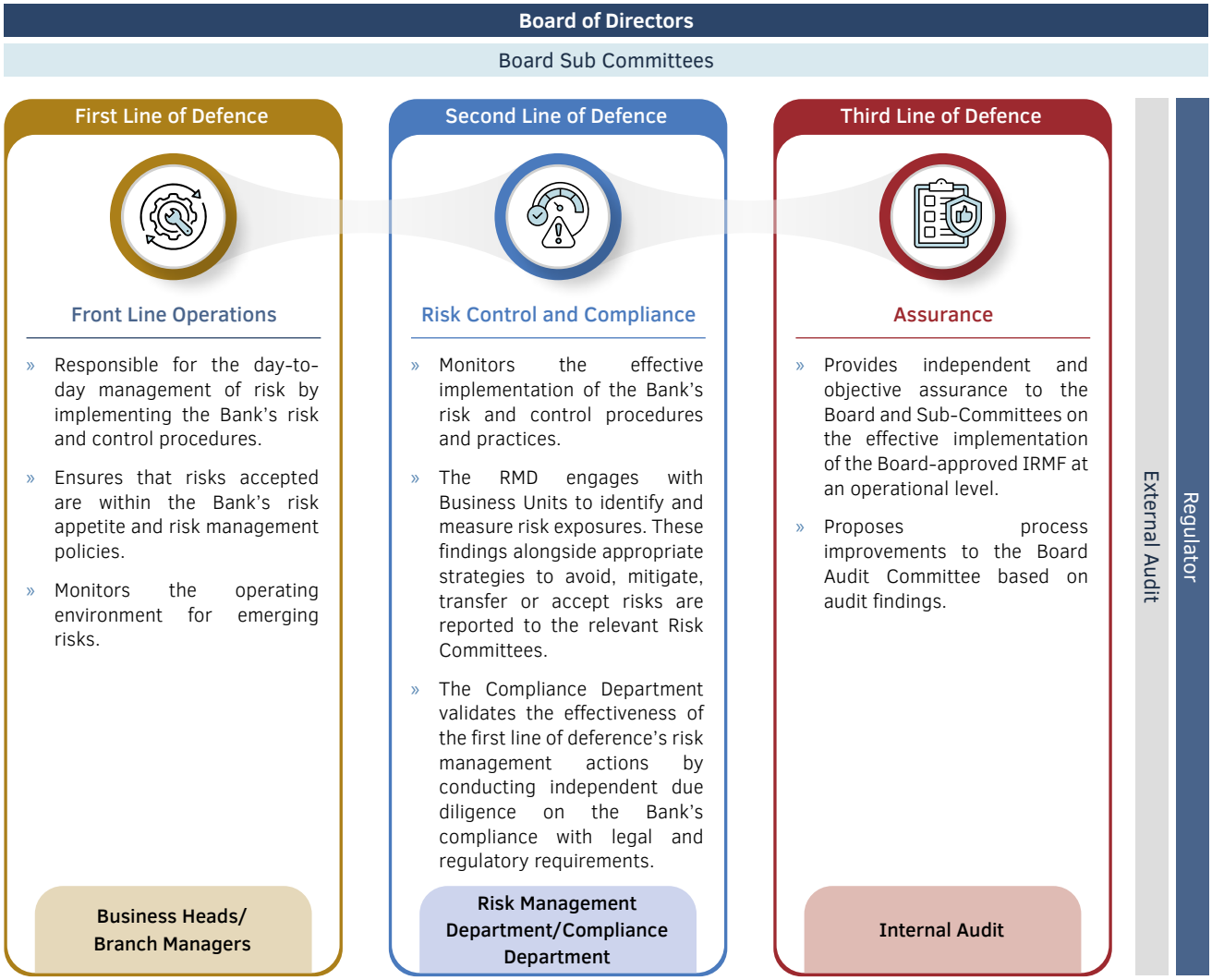
- The inclusion of six reports in the BIRMC agenda to enhance oversight of CRROs.
- Oversight by BIRMC of the identification, assessment, management, and monitoring of the Bank's CRROs.
- Review and management of the following policies to ensure effective identification, monitoring, and management of CRROs.
  - ESMS Policy
  - Credit Risk Management Policy
  - Operational Risk Management Policy
  - Integrated Risk Management Policy

The roles and responsibilities of the Board, Board Sub-Committees and Management Committees in managing risk at Sampath Bank are summarised below.

Roles and Responsibilities Related to Risk Management	
Board of Directors (BOD)	» Holds ultimate responsibility for risk management at Sampath Bank. Accordingly, the Board develops the Bank's risk management strategy and related principles which include its target risk profile, risk appetite limits for each principal risk and appropriate risk policies and procedures. » Monitors the implementation of the risk management strategy and directs corrective action when required. This ensures alignment of the Bank's operations with its strategic objectives while emphasising a robust control framework for effective risk management at an operational level.
Board Sub Committees	
Board Integrated Risk Management Committee (BIRMC)	» Oversees the risk management function of the Bank and reports to the Board on the same. » Liaises with Board Sub-Committees responsible for managing specific risks to develop an overall, objective and balanced opinion on how they impact the overall risk profile of the Bank.
Board Audit Committee (BAC)	» Provides oversight of the Bank's internal control system vital in managing operational risks. » Ensures the integrity of financial reporting, which is essential in measuring and monitoring financial risks.
Board Credit Committee (BCC)	Oversees the credit and lending strategies and objectives of the Bank while maintaining adequate controls for credit risk.
Board IT Committee (BITC)	Responsible for managing operational risks including cyber risks given the reliance on IT systems to support an increasingly digitalised business model.
Board Treasury Committee (BTC)	The BTC provides oversight and guidance on the Bank's treasury related activities, ensuring prudent management of liquidity, capital and funding risks in alignment with regulatory requirements and strategic objectives.
Board Strategic Planning Committee (BSPC)	Provides oversight of strategic risk, resource allocation and capital management through periodic, detailed reviews of the Bank's strategy.
Board Related Party Transactions Review Committee (BRPTRC)	Plays a key role in managing compliance risk and reputation risk by providing oversight of regulatory compliance associated with related party transactions and related disclosures.
Board Sustainability Committee (BSC)	Oversees the development and implementation of the Bank's sustainability strategy and policies in alignment with the Bank's SRROs and CRROs.

Roles and Responsibilities Related to Risk Management	
Management-Level Committees	
Risk and Compliance Committee (RCC)	Oversees the implementation of the Bank's risk management strategy and compliance with regulatory requirements and makes recommendations to the Operational Risk Management Committee (ORMC), Corporate Management and the BIRMC.
Credit Policy, Risk & Portfolio Review Committee (CPR & PRC)	Serves as the liaison between the BCC and the BIRMC to facilitate credit and credit risk management related activities.
Model Risk Management Committee (MRMC)	Responsible for effectively managing models of the Bank in line with the Model Risk & Model Validation Policy.
Asset & Liability Committee (ALCO)	Responsible for effectively managing the assets and liabilities of the Bank, optimising the funding mix, effectively managing liquidity and market risks while maximising returns. It is also responsible for liquidity contingency planning.
Recovery Plan (RCP) Working Committee	Responsible for overseeing the Bank's RCP process and ensuring that a full range of recovery options are identified and available to deal with shocks to capital, liquidity and all other aspects arising from internal and external stresses.
Operational Risk Management Committee (ORMC)	Serves as the main liaison between the BIRMC and other operational committees and assists the BIRMC by facilitating increased oversight over operational aspects. This committee comprises a cross-functional team of Corporate Management.
Investment Committee	Responsible for reviewing, approving and overseeing the implementation of the Bank's investment policy including making and authorising investment decisions, optimising returns on investments, and the classification of the investment portfolio.
Fraud Risk Management Committee (FRMC)	Responsible for effectively managing fraud risk in line with the Bank's Board-approved Anti-Fraud Policy.
Information Security Committee	Responsible for designing and driving the Bank's information security strategy, policies and awareness.
Internal Capital Adequacy Assessment Process (ICAAP) Working Committee	Oversees ICAAP and ensures consistent adoption and implementation of the Bank's Board approved ICAAP Policy. The committee reviews, challenges and approves methods and approaches of risk assessment under Pillar II.
ESG Committee	Facilitates the implementation of Board-approved ESG strategies and ensures Bank-wide alignment with ESG principles. This committee is also responsible for identifying the Bank's SRROs and CRROs and related impacts, implementing appropriate response measures, monitoring performance of material ESG metrics against targets and reviewing ESG related policies and providing guidance to the Board.
Internal Control Over Financial Reporting (ICOFR) Steering Committee	Responsible for ensuring successful compliance with Section 9.2(b) of the Banking Act Direction No. 05 of 2024 and assessing the effectiveness of the Internal Control Over Financial Reporting System. Established under the guidance of the Bank's external auditors.
Outsourcing Committee	Oversees and manages risks arising from the Bank's outsourced functions.
Data Dissemination Committee (DDC)	Responsible for the effective implementation of the Bank's data governance strategy and building awareness on best practice related to data security and privacy management. Approving, recommending and reviewing the Bank's protocols regarding the sharing of information with third parties.
Procurement Committee	Responsible for the effective management of procurement-related risks and includes the evaluation and selection of suitable suppliers.

Sampath Bank applies the three-lines-of-defence model to operationalise its IRMF, establishing clear distinctions among risk ownership, oversight and assurance.



1.2.1.1 Integrated Risk Management

The Bank's integrated risk management approach enables the holistic assessment and management of risks by considering the interrelationships and dependencies that exist among them and their implications on the activities of the Bank. Sampath Bank's integrated risk management approach is guided by its integrated risk management policy which is reviewed annually by the Board to ensure alignment with prevailing operating conditions and industry best practices.

To support integrated risk management, the Bank actively captures and updates all relevant risk drivers to the risk register to ensure a comprehensive and current reflection of its overall risk profile.

Complementing this, the Bank maintains a risk matrix focused on identifying and monitoring external risk drivers and emerging risks, alongside the internal risk factors. These are reported to the BIRMC on a periodic basis.

The Bank's comprehensive integrated risk management policy framework is summarised below.

Integrated Risk Management Policy Framework

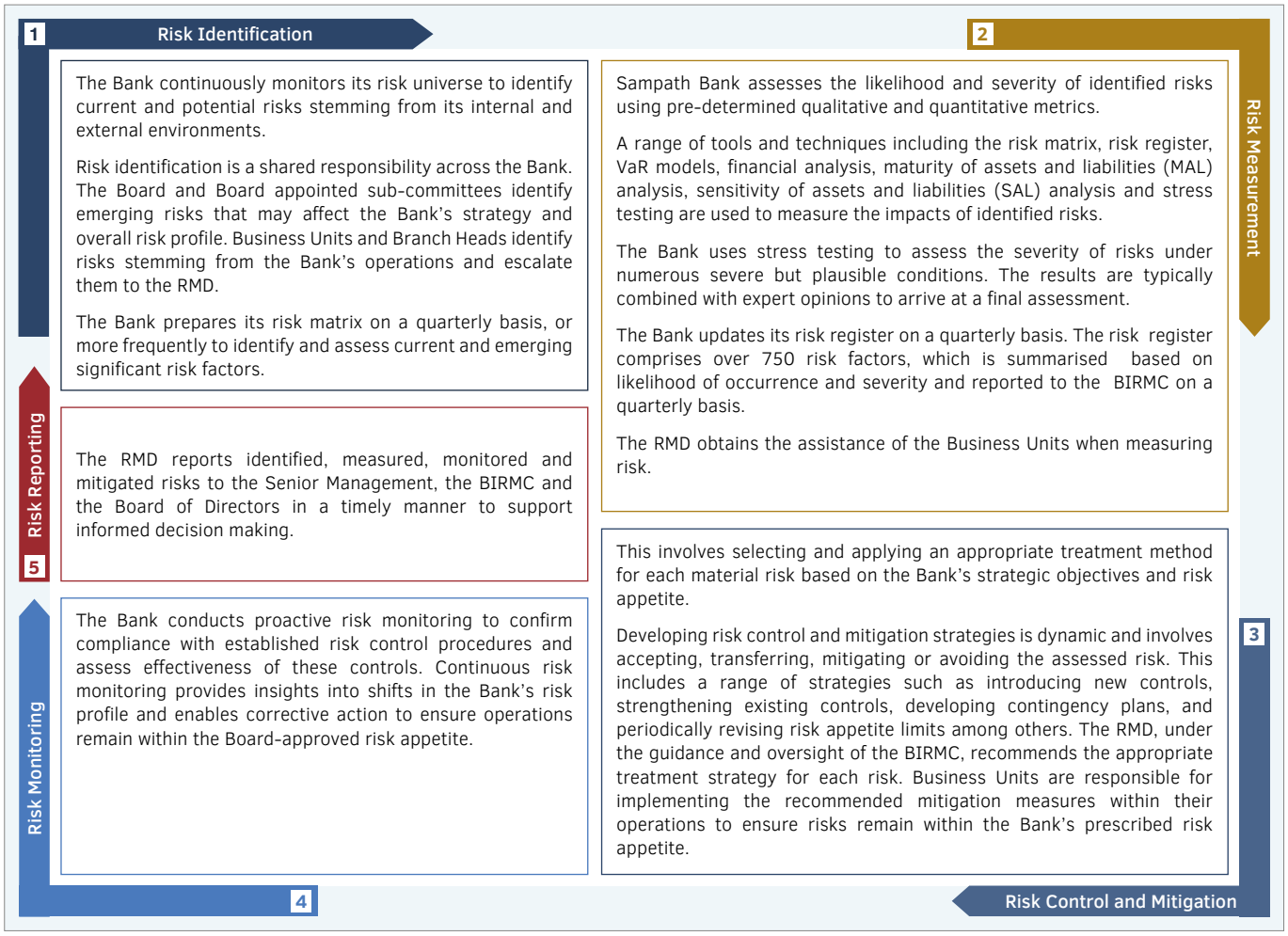
Risk Control Architecture

- Integrated Risk Management Policy
- Recovery Plan Policy
- Reputational Risk Management Policy
- Group Risk Management Policy
- Stress Testing Policy
- Strategic Risk Management Policy
- Risk Appetite Statement

Credit Risk	Market Risk	Liquidity Risk and Capital Management	Operational Risk	IT Risk	Sustainability and Climate Risk
» Credit Risk Management Policy » Credit Policy » ESMS Policy	» Market Risk Management Policy	» Liquid Asset Management Policy » ALCO Policy » Treasury Policy » Investment Policy » ICAAP Policy	» Operational Risk Management Policy » Legal Risk Management Policy » Policy on Mapping Bank's Business Activities into Basel Business Lines » Anti-Fraud Policy » Policy on Temporary Dispensation of Board Approved Policies » Pillar III Disclosure Policy	» Model Validation Policy » Model Risk Policy	» ESG Policy » CSR Policy

1.2.2 Risk Management Process

Sampath Bank adopts a structured process for risk management across all principal risks as described below. This systematic process enables proactive and timely identification, measurement, mitigation, monitoring and reporting of risks across all levels of the Bank. The Bank's formal risk management process enables early identification and management of emerging risks, strengthening its ability to effectively navigate dynamic operating conditions while consistently maintaining stakeholder trust. The Bank's RMD is responsible for operationalising the risk management process.



Key risk reports prepared within the Bank for regular risk reporting are listed below.

Regular Risk Reports	Frequency	Reported to
Risk appetite statement	Monthly	RCC/CPR & PRC/BIRMC
Key risk indicators	Quarterly	BIRMC
Risk register/Risk matrix	Quarterly	BIRMC
Group risk reports	Quarterly	BIRMC
Stress testing profile	Quarterly	BIRMC
Risk and control self-assessment (RCSA)	1. IT related – Quarterly 2. Non-IT related – Annually 3. 3rd party (IT related) – Annually	BIRMC
CBSL reporting of high valued loss events	Quarterly	CBSL
Operational risk weighted amount under Alternative Standardised Approach	Quarterly	CBSL
Risk dashboards (Credit/ Market/Operations)	Quarterly	BIRMC

1.2.3 Risk Control Architecture

Sampath Bank's risk control architecture is benchmarked to international best practice and approved by the Board. Key components of the Bank's risk control architecture are summarised below.

Sampath Bank's Risk Control Architecture		
Assessment tools	» Stress testing » Risk based pricing » Borrower/Group rating » Value at Risk (VaR)	» Risk and control self-assessment (RCSA) » Internal capital adequacy assessment process (ICAAP)
Internally developed tools	» Risk registers » Risk matrices	» Dashboards

1.2.3.1 Risk Appetite

Sampath Bank's risk appetite statement defines the type and amount of risk it is willing to accept in pursuing its strategic objectives. Accordingly, the Bank's risk appetite has been set to support sustainable growth while prudently managing risk. Numerous inputs were considered in setting the Bank's risk appetite tolerance limits and these include developments in the operating environment, regulatory limits, covenant limits, internal prudential limits among others.

The Board of Directors approves the Bank's risk appetite annually. Meanwhile, the BIRMC reviews the risk appetite statement and specified tolerance limits annually or more frequently if required to ensure risk tolerance limits are appropriate given prevailing operating conditions and regulatory requirements. The RMD is responsible for monitoring daily operations to ensure alignment with Board-approved risk appetite tolerance limits. Findings of the RMD are reported to the BIRMC monthly, enabling prompt remedial action in the event of any deviations.

The Bank's key risk appetite parameters and Board approved tolerance limits as at 31st December 2025 are given below.

			Appetite
Credit Risk	Credit quality	» Impaired loans (Stage 3) ratio (net)	<5%
		» Exposure to high grades (A+ to B+)/Total advances	>45%
	Credit concentration	» Aggregate exposure (funded + non-funded) to large borrowers [i.e. over 15% of Capital/Total advances (funded + non-funded)]	<20%
		» Aggregate exposure (funded + non-funded) to large borrowers (i.e. over 15% of capital/capital base)	<2 times
		» Related party accommodation/Capital base	<35%
		» Top 20 advances exposure/Tier 1 capital	<4 times
		» Top 20 advances exposure/Capital base	<3 times
		» Off-shore exposure/Total advances (lending to Bank's off-shore borrowers only)	<12.5%
Market Risk	Foreign exchange risk	» Net open position overnight limit of the Bank	Subject to change as per CBSL
	Liquidity risk	» Liquidity coverage ratio (LCR)	Minimum 120%
		» Net loans to total assets	<75%
	Interest rate risk	» Tolerance limit for mark to market (MTM) losses from "FVPL" and "FVOCI" portfolios	Rs 750 Mn
Operational Risk	Risk event types	» Internal fraud	Rs 10 Mn
		» External fraud	Rs 10 Mn
		» Employment practices and workplace safety	Rs 5 Mn
		» Clients, products and business practices	Rs 5 Mn
		» Damage to physical assets	Rs 5 Mn
		» Business disruptions and system failures	Rs 5 Mn
		» Execution delivery and process management	Rs 10 Mn

1.2.3.2 Stress Testing

The Bank considers stress testing a critical tool for effective risk management and has embedded it into its strategic and capital planning processes to strengthen its resilience to adverse economic shocks. Stress testing involves the application of a range of extreme but plausible and relevant, forward-looking scenarios to assess their potential implications on the Bank's capital and liquidity positions. Insights gained from stress testing inform the development and adequacy assessments of contingency and recovery plans designed to safeguard the Bank's capital and liquidity strength during periods of stress.

Stress testing activities of the RMD are guided by the Bank's comprehensive Stress Testing Policy which outlines the framework and procedures to be followed in this regard. The Bank's stress testing framework also aligns with the requirements of Basel III Pillar I and Pillar II capital requirements and therefore, is an integral part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP). Stress test results are reported to the BIRMC and the Board on a quarterly basis, informing decision making related to risk tolerance limits, capital allocation for principal risks, managing risk exposures and developing contingency plans in response to adverse circumstances.

The Bank's RMD conducted stress tests across different stress scenarios covering all major risks during 2025. The Bank conducts sensitivity analysis for individual risk types while scenario analysis was used for combined, integrated and macro-economic stress tests based on underlying assumptions and parameters. Typically, stress testing is carried out quarterly although more frequent stress tests may be conducted if developments in the external environment require it.

Stress testing focused on the following in 2025.

Risk	Stress Tests
Credit risk	» Impairment stage downgrade » Increase in NPA of specific sectors
Credit concentration risk	» Default of large borrowers » Herfindahl-Hirschman Index (HHI) » Default of top industries
Foreign exchange risk	» Foreign exchange rate risk » Foreign exchange rate risk – special scenario
Interest rate risk	» Interest rate risk in banking book » Interest rate risk in trading book » Interest rate risk in banking book - special scenario
Liquidity risk	» General liquidity risk » Liquidity crisis scenario » Liquidity coverage ratio (LCR) & Net stable funding ratio (NSFR) » Liquidity risk - special scenario » Liquidity crisis due to reputational deterioration
Operational risk	» Scenario 1 [Increases (10%, 20% & 30%) in actual losses of the Bank] » Scenario 2 [Increases (10%, 20% & 30%) in actual losses and near misses of the Bank] » Scenario 3 [Increases (10%, 20% & 30%) in actual losses, near misses and potential losses of the Bank]
Integrated risk	» Aggregation of stress tests » Macro-economic stress testing with economic crisis factor

1.2.4 Risk Awareness Culture

Sampath Bank fosters a strong risk culture that emphasises accountability, transparency and continuous learning. The Board of Directors and Senior Management continuously seek to embed prudent risk management across all levels of the Bank while open communication of risk issues actively increased awareness among staff. Training conducted for all team members, under the oversight of the RMD, continues to strengthen risk awareness and reinforces the importance of risk management in daily operations. Consistent application of our policy frameworks strengthens risk awareness and accountability among staff while assurance provided by internal audit and post-incident reviews further strengthens the risk culture of the Bank.

In 2025, the RMD conducted 31 risk related training programmes for team members across the Bank while the RMD participated in 95 internal and external workshops to strengthen awareness and management of emerging risks.

1.3 CAPITAL MANAGEMENT

The Bank considers a prudent capital strategy vital to maintaining its financial stability, strengthening resilience and building stakeholder confidence. Therefore, when engaging in capital planning, the Bank places emphasis on

- Maintaining adequate capital to fulfil regulatory requirements.
- Ensuring capital buffers align with the Bank's risk appetite.
- Maintaining adequate capital to support the Bank's strategic objectives.
- Maintaining adequate buffers to absorb unexpected losses and safeguard depositors' funds.

The Bank's Board of Directors is responsible for developing and approving the Bank's capital management strategy. This includes capital planning, monitoring and ensuring regulatory and Pillar II capital adequacy requirements are fulfilled. Capital planning has been integrated into the Bank's strategic planning process and is therefore undertaken on an annual basis. Adequacy of capital in the context of regulatory requirements, the Bank's strategic objectives and its risk appetite are monitored periodically by Management and reported to the Board for informed decision making.

The Bank uses numerous tools to monitor the adequacy of its capital to progress its strategic aspirations while safeguarding against unforeseen adverse shocks that may threaten its capital position. These include computing and complying with the capital adequacy ratios in line with regulatory requirements and ICAAP. The RMD also regularly conduct stress testing for potential events or circumstances that may threaten our capital position. Stress

testing results are reported to the Board periodically to support informed decision making. A robust capital plan has been established in the recovery plan if a severe stressful event occurs and a number of capital conservation and reconstitution measures have been laid down in alignment with the provisions of the Banking (Special Provisions) Act (BSPA), No. 17 of 2023.

CBSL's categorisation of Sampath Bank as a Domestic Systemically Important Bank (D-SIB) from 17th April 2025, led to enhanced regulatory capital requirements. These requirements were duly noted and incorporated into the Bank's capital management strategy by the Board of Directors.

1.3.1 Capital Adequacy

The capital adequacy ratio which compares the Bank's capital to its risk-weighted assets serves as a key indicator of the Bank's ability to absorb potential losses arising from credit, market and operational risks in its normal course of business.

The Banking Act Direction No. 1 of 2016 and its subsequent amendments developed in line with the BASEL III Accord, set out the basis for capital adequacy computations for licensed commercial banks in Sri Lanka. Accordingly, the Bank computes its capital adequacy ratios in line with these regulatory requirements under 3 tiers, adopting the Standardised Approach for Credit Risk, Standardised Measurement Approach for Market Risk and Alternative Standardised Approach for Operational Risk.

Following its classification as a D-SIB in April 2025, the regulatory minimum requirement for the common equity Tier 1 capital ratio increased to 8% from 7% previously. Notably, the Bank's capital position stood well above these requirements as at the same date.

Sampath Bank's capital position remained robust as at end-2025 with capital adequacy ratios remaining comfortably above regulatory minimum requirements despite strong loan growth. The Bank's common equity Tier 1 capital ratio and total capital ratio declined to 14.75% and 17.65% respectively as at 31st December 2025 reflecting increased risk weighted assets stemming primarily from credit expansion. Movements in the Bank's key capital indicators as at 31st December 2025 are presented below.

Capital Ratio		As at 31st December 2025	As at 31st December 2024
Common equity Tier 1 (CET 1) capital	Rs Mn	145,012	131,766
Total Tier 1 capital	Rs Mn	145,012	131,766
Total capital	Rs Mn	173,590	152,522
Total risk weighted assets	Rs Mn	983,264	786,841
Risk weighted assets for credit risk	Rs Mn	906,704	704,994
Risk weighted assets for market risk	Rs Mn	1,979	4,464
Risk weighted assets for operational risk	Rs Mn	74,582	77,383
Regulatory minimum common equity Tier 1 (CET 1) capital ratio	%	8.00	7.00
Bank's common equity Tier 1 (CET 1) capital ratio	%	14.75	16.75
Regulatory minimum Tier 1 capital ratio	%	9.50	8.50
Bank's Total Tier 1 capital ratio	%	14.75	16.75
Regulatory minimum total capital ratio	%	13.50	12.50
Bank's total capital ratio	%	17.65	19.38

1.3.2 Internal Capital Adequacy Assessment Process (ICAAP)

The Bank conducts an ICAAP annually in line with the regulatory requirements set out in the Banking Act Direction No. 1 of 2016. This assessment enables a quantification of the Bank's capital requirements based on its specific risk exposures by considering a range of risk types not captured or not fully captured under Pillar I of BASEL III. An array of qualitative and quantitative risk assessments were carried out to identify and assess material risks not fully captured under regulatory capital computations.

- Liquidity risk
- Credit concentration risk
- Reputation risk
- Compliance risk
- Strategic risk
- Technology risk

Among others were incorporated into the Bank's ICAAP.

The Bank's ICAAP policy sets out the framework for conducting the internal capital adequacy assessment and the types of risks to be evaluated. The ICAAP also considers forecasted financials and risk forecasts under economic and market conditions when projecting the Bank's future capital requirements. Stress testing serves as an integral part of ICAAP and aligns with the requirements of BASEL III's Pillar I and Pillar II requirements. Stress testing enables us to ascertain implications for the Bank's balance sheet, earnings, regulatory capital and liquidity under a range of stress scenarios.

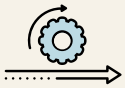
During 2025, the Bank initiated a comprehensive ICAAP validation exercise utilising the expertise of an external professional service provider. This involved evaluating the ICAAP framework for agility in capturing evolving industry dynamics and regulatory requirements. Following this assessment, the structure and description of the ICAAP, financial and capital projections, qualitative and quantitative risk assessments, and identification of emerging risks including cross-border and ESG risks were identified as areas for improvement.

1.3.3 Leverage Ratio

By capturing leverage associated with both on-balance-sheet and off-balance-sheet exposures, the BASEL III leverage ratio complements the risk-based capital adequacy ratios by providing a simple non-risk-based safeguard against undue balance sheet expansion. Accordingly, this ratio is computed by dividing the Bank's Tier 1 capital by its total exposures which includes total assets, derivative exposures and off-balance sheet items. The Bank's leverage ratio stood at 7.13% as at 31st December 2025 and was well above the regulatory minimum requirement of 3%. Accordingly, the Bank's Tier 1 capital was more than sufficient to meet the regulatory leverage ratio requirements while also providing a strong capital buffer to support its strategic objectives.

1.4 OVERVIEW OF PRINCIPAL RISKS

A summary of Sampath Bank's principal risks and key mitigation strategies in 2025 is presented below.

	Credit Risk	Market Risk	Liquidity Risk	Operational Risk
Description 	The risk of financial losses to the Bank, if a borrower or counterparty to a financial instrument fails to meet its contractual obligations.	Potential losses arising from adverse movements in financial markets which lie outside the control of the Bank that affect the value of its assets and liabilities.	The non-availability of adequate liquid funds for an institution to honour its contractual and contingent financial obligations as and when they fall due without incurring unacceptable losses.	Losses stemming from inadequate or failed internal processes, people and systems or from external events such as natural disasters, social or political events.
Components 	» Counterparty risk » Credit concentration risk » Cross-border risk	» Interest rate risk » Exchange rate risk » Cross-border risk	» Funding liquidity risk » Market liquidity risk	» Information technology and information security risk » Legal/regulatory risk » Model risk » People Risk
Change in Magnitude from 2024 				
Risk Monitoring 	» Proactive monitoring of Early Warning Signals (EWS) and borrower ratings to enable early identification of financial distress. » Portfolio reviews to monitor key indicators of asset quality, credit concentration and provisioning. » Proactive monitoring to ensure lending remained within prescribed risk appetite limits. » Periodic stress testing and scenario analysis.	» Ongoing monitoring of market interest rate and exchange rate movements. » Scenario analysis and stress testing. » VaR and PVBP assessments. » Close monitoring of interest-bearing asset and liability maturities.	» Ongoing monitoring of key liquidity ratios including the Liquidity Coverage Ratio, Net Stable Funding Ratio, Stock of High-Quality Liquid Assets » Ongoing monitoring to ensure liquidity levels remained within prescribed risk appetite limits. » Scenario analysis and stress testing. » Close monitoring of maturity mismatches of interest-bearing assets and liabilities.	» Proactive monitoring of operational key risk indicators. » Scenario analysis and stress testing. » Risk and control assessment for operational risk. » Root cause analysis and trend analysis for loss events. » Monitoring IT related Key Risk Indicators.
Mitigation Actions 	» Prudent risk appetite limits to ensure a diversified portfolio across products, geographies, sectors and borrowers. » Robust credit evaluations. » Asset-backed lending. » Risk based loan pricing. » Regular credit reviews. » Prudent provisioning. » Loan covenants and restrictions. » Loan review mechanism	» Ensure market risk exposures are within risk appetite limits. » An expanded scope for oversight through the development of risk tolerance limits for additional components of market risk. » Actively manage the structure of assets and liabilities to mitigate interest rate risks in the banking book. » Adherence to BIS FX Global Code.	» Prudent risk appetite limits for the Bank's liquidity position. » Contingency funding planning. » Recovery planning. » Effective asset and liability mismatch management.	» Continuous enhancement of the internal control environment based on insights gained from root cause analysis and trend analysis of incidents/near misses. » Robust internal control environment. » Insurance. » Business continuity management.
Way Forward 	Maintain a prudent lending strategy that effectively optimises risks and returns.	Strategically manage market risk exposures within the Bank's risk appetite to optimise returns.	Preserve a robust liquidity position while pursuing strategic growth aspirations.	Continuous monitoring and analysis of operational risks to enhance the internal control environment.
Capitals Impacted 				

	Strategic Risk	Reputation Risk	Group Risk	Sustainability and Climate Risk
	Potential negative impact to the Bank's performance and prospects owing to ineffective strategic decisions resulting in the failure to capitalise on business opportunities and/or mitigate potential threats.	Damage to the Bank's reputation and industry standing caused by errors in judgement including but not limited to violations of business ethics, non-compliance, customer service lapses or operating deficiencies, or by failures leading to loss of stakeholder confidence in the Bank.	Potential financial losses to the entire Bank due to risks stemming from one or more of its subsidiaries.	Potential financial losses and/or reputational damage arising from the mismanagement of environmental, social and governance factors.
	» Business model risk » Market & competitive risk » Regulatory & policy risk » Execution & change management risk	» Conduct & ethical risk » Media, social media & communication risk » Compliance & regulatory breach risk	» Financial Risk » Counterparty Risk » Operational Risk » Legal Risk/ Regulatory Risk » Reputation Risk of the subsidiary companies	» Sustainability-related risks and opportunities (SRROs) » Climate-related risks and opportunities (CRROs) • Climate-related risks - Climate-related transition risks - Climate-related physical risks • Climate-related opportunity - Sustainable Finance
	» Periodic reviews to ensure the implementation of new strategic initiatives remained aligned with the Bank's strategic plan, risk appetite and operating environment. » Periodic reviews of actual performance against budgets to identify deviations. » Monitoring developments in the external and internal environments to support proactive mitigation strategies. » Peer comparison.	» Active stakeholder engagement to identify concerns and issues. » Vigilance across traditional and social media platforms for potential threats to reputation. » Bi-annual brand health study. » Robust incident management	» Subsidiary risk monitoring by subsidiary-level risk management departments. » Overall group risk assessments by the Bank's RMD utilising risk review reports submitted by subsidiary risk management departments and in-depth financial analysis.	» Expanded the use of the environmental and social risk categorisation tool to conduct ESG risk assessments across all credit evaluations (excluding housing loans, vehicle loans, leasing facilities, credit cards, pawning and other consumption loans). » Embedded ESG risk assessments into the Bank's general credit approval system to facilitate monitoring and effective ESG risk oversight.
	» A formal strategic planning process that delivers a long-term strategic plan with clearly articulated short-, medium- and long-term goals. » Board-approved annual budgets to translate strategic goals into operational targets. » Strategic interventions to adapt strategy to operating conditions.	» Board-approved Reputation Risk Management Policy to guide activities related to reputation risk management. » A formal procedure to monitor and manage social media platforms. » A Code of Ethics, Anti-bribery and Anti-corruption and Whistleblowing policies to guide employee behaviour.	» Assigning responsibility for monitoring and managing subsidiary-level risks to subsidiary-level Board of Directors. » Overall oversight exercised by Sampath Bank's Board of Directors and its BIRMC, as the parent entity.	» An integrated environmental and social risk management system to manage sustainability and climate-related risks in lending. » Formally identified the Bank's CRROs in alignment with the requirements of SLFRS Sustainability Disclosure Standards S1 and S2. » The Bank has taken foundational steps to integrate ESG risk into ICAAP by means of climate scenario analysis. » In the process of implementing ISO 14001:2015 EMS to mitigate the environmental impacts stemming from the Bank's own operations. » Capacity building of staff.
	Drive strategic transformation and allocate adequate resources to achieve the Bank's long term strategic goals.	Engage in strategic brand building activities to strengthen the Bank's market position while actively monitoring for potential threats.	Maintain oversight of group risk within the existing risk management structure to mitigate losses to the Bank and Group.	Strengthen ESG risk monitoring and management through the development of heatmaps, portfolio monitoring mechanisms and capacity building initiatives.

1.4.1 Credit Risk

Credit risk is the risk of financial losses to the Bank if a borrower or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk comprises,

- Counterparty risk
- Credit concentration risk
- Cross-border risk

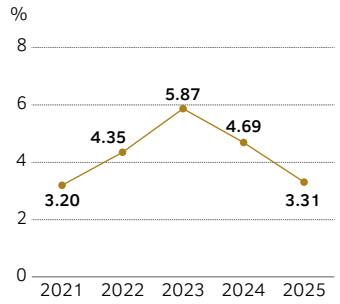
Our Exposure to Credit Risk

Credit risk represents Sampath Bank's largest risk exposure and stems primarily from its loans and advances, pawning, investments in debt securities and leasing exposure.

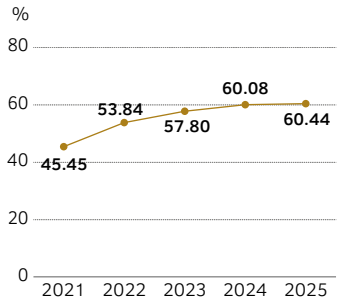
	Total value as at 31st December 2025 Rs Bn	Percentage of total assets as at 31st December 2025	Percentage of total risk-weighted assets as at 31st December 2025
Assets exposed to credit risk	1,990	99%	92.2%

Key Risk Indicators	31st December 2025	31st December 2024	Banking sector as at 31st December 2025
Impaired loans (Stage 3) ratio (%)	3.31	4.69	4.50
Stage 3 impairment to Stage 3 loans ratio (%)	60.44	60.08	56.70
Total impairment on loans as a % of gross loans and advances (%)	7.83	10.83	7.29
Total net advances to total assets (%)	57.01	48.40	51.92

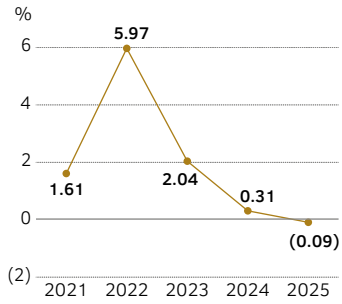
Impaired Loans (Stage 3) Ratio



Stage 3 Impairment Coverage



Cost of Risk

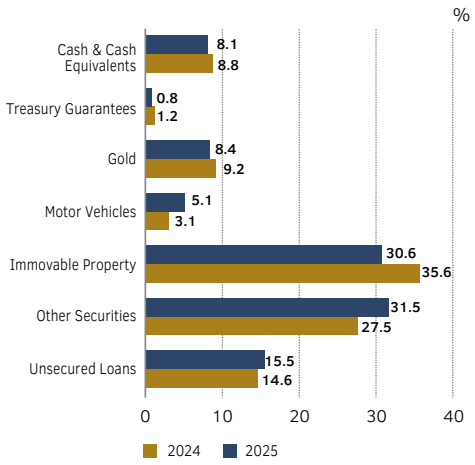


The Bank's impairment related ratios have improved compared to 2024 supported by improved recovery, robust credit management, prudent security management, improved economic conditions, etc.

Maximum exposure and net exposure (net of fair value of any collateral held) to credit risk by class of financial asset before netting off impairment for expected credit losses in 2025

Financial Assets	Maximum Exposure to Credit Risk Rs Mn	Net Exposure Rs Mn
Cash & cash equivalents	62,029	34,271
Placements with banks	39,236	39,236
Reverse repurchase agreements	44	-
Derivative financial instruments	2,468	2,468
Financial assets recognised through profit or loss - measured at fair value	403	403
Financial assets at amortised cost	-	-
- loans & advances	1,223,641	445,707
- debt & other instruments	524,578	524,223
Financial assets - fair value through other comprehensive income	148,256	148,256
Other assets	8,327	8,327
Total	**2,008,983**	**1,202,892**

Collateral Distribution



1.4.1.1 Managing Credit Risk at Sampath Bank

The Bank's credit risk management framework is well-structured and robust. It comprises policies, internal procedures, directives and monitoring and reporting protocols to guide the activities of the Bank's Board, Risk Committees and RMD in effectively managing credit risk. The Bank's Credit Policy and credit operations manual define the Bank's key credit risk management principles including the delegation of lending authority, client selection and due diligence. These guidelines support risk owners (the first line of defence) in ensuring that credit risk exposures remain within the Bank's risk appetite during credit evaluation, approval and ongoing monitoring. The Bank's credit risk management framework is summarised below.

Credit Risk Management Framework	
Policies, Directives and Procedures	Credit Risk Management Policy
	Credit Policy
	Credit Operations Manual
	Directive on Obtaining Risk Opinions From Credit Risk Management Department
	Procedure on Post-Credit Monitoring
Risk Management Tools	Early warning signals/Watch listing
	Borrower/Group rating
	Risk based pricing
	Stress testing
	Credit risk appetite limits
	Environmental and social risk categorisation tool
Risk Monitoring and Reporting Protocols and Frequency	Credit risk evaluation - ongoing basis
	Loan review mechanism – ongoing basis
	Sector/product–wise exposures – monthly
	Geographical distribution – monthly
	Risk appetite limits for credit risk – monthly
	Credit risk heat map/dashboard – monthly
	Monitoring the review status of facilities/borrowers – monthly
	Review of risk rating status of borrowers – ongoing basis
	Analysis of risk elevated industries – quarterly
	Monitoring the status of expired overdrafts – monthly
	Monitoring the status of security registered maintenance – monthly
	Analysis of watch listed customers – half yearly
	Stress testing on credit risk and credit concentration risk – quarterly
	Analysis of advances portfolio – annually
	Analysis of bank exposure to 30 largest groups/customers - annually
	Post mortem analysis - ongoing basis
	Sample analysis of borrowers - ongoing basis
	Industry analysis - ongoing basis
	Field visits - ongoing basis

Strengthening the credit risk management framework is an ongoing process at Sampath Bank. Accordingly, numerous initiatives were implemented in 2025 to enhance the credit risk management framework, preserve asset quality and minimise potential credit losses. A summary of key initiatives implemented during the year under review are summarised below.

Overall Credit Risk Management Framework

- The Credit Risk Management Policy was reviewed in 2025 to ensure alignment with prevailing operating conditions and regulatory expectations.
- Updated the Risk Dashboards bi-annually and prepared the Risk Magazine periodically to enable timely information to Senior Management and Business Units.
- The Procedure on Credit Rating/Scoring Models was reviewed and published with amendments to strengthen the overall credit rating/scoring framework.
- Conduct in-depth analysis of emerging and strategically significant risk events, along with Industry Analysis, to assess their potential impact on the Bank's overall risk profile.
- Conducted ongoing training and development for staff to strengthen the risk culture of the Bank.

Pre-Credit Processes

- Conducted proactive monitoring of all borrowers and facilities exceeding Rs 100 Mn and within the purview of the Risk Management Unit to ensure timely repayments.
- Evaluated facilities below Rs 100 Mn through a sample approach to identify areas for improvement in credit risk management. Detailed findings were reported to the Business Units with aggregated findings were reported to the BCC and BIRMC.
- Revised and strengthened the Bank's internal delegated credit authority framework to ensure decision-making aligns with the required levels of expertise, accountability and oversight. The updated structure calibrates approval limits to reflect risk appetite and enhances governance.

Post-Credit Processes

- Reviewed and published the Procedure on Post Credit Monitoring incorporating improvements made to post-credit functions.
- Credit Risk Appetite limits and TDL limits were reviewed given global uncertainties. Trigger limits were also established for all credit risk appetite limits.
- Credit risk appetite limits, geographical prudential and internal sector limits were reviewed and revised in line with operating conditions, strategic goals and risk appetite.
- Enhanced the Loan Review Summary process by increasing its frequency for high-risk corporate borrowers within the Bank's top 30 corporate exposures and ensured all required information was obtained.
- Strengthened the Individually Significant Loan (ISL) impairment process by developing a comprehensive risk database for ISL customers. ISL customers were evaluated in depth while the cashflow assessment process for ISLs was also enhanced.

Credit Risk Model Validation/System Upgration

- A comprehensive independent model validation exercise is currently ongoing utilising the expertise of an external service provider. The Bank's Credit Risk Models serve as the foundation for borrower rating assessments across the loan portfolio.
- This involved validating the integrity of our risk models through rigorous testing of model performance, accuracy of rating algorithms, and alignment within regulatory requirements and industry best practice.
- The validation exercise confirmed the robustness of our credit risk model framework and its effectiveness in consistently evaluating borrower creditworthiness. Proposed enhancements were systematically addressed through targeted system refinements.
- The Credit Risk Management IT System is currently being upgraded to enhance system capabilities.

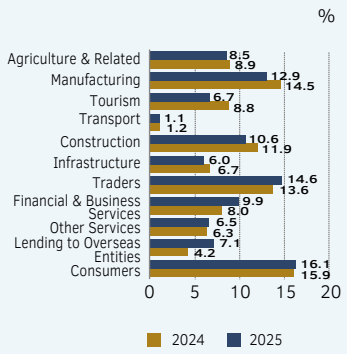
Credit Concentration Risk

Credit Concentration Risk arises when a significant proportion of the Bank's loan portfolio is concentrated in a specific industry, geographic segment, product or borrower. If the concentrated segment faces challenges including industry-specific issues, borrower defaults or geographic events, it can disproportionately affect the Bank's overall financial health and stability.

Sampath Bank mitigates concentration risk through Board-approved risk appetite limits for exposure to any particular segment or borrower. The RMD monitors the Bank's exposure to specific industries and borrowers on an ongoing basis to ensure alignment with the Board-approved risk appetite limits. The RMD also conducts detailed analysis of risk elevated industries and regular stress testing to ascertain the impact of adverse events on the credit portfolio. Results are reported to Senior Management and the BCC on a quarterly basis to support informed decision making and proactive mitigation.

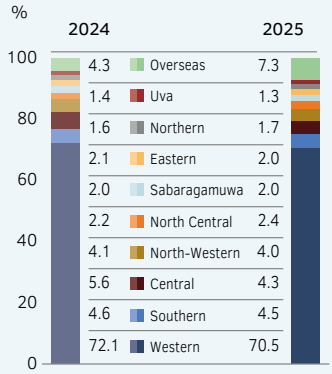
The Bank's loan portfolio is well-diversified across various industries, borrowers and products to mitigate the impact of a single borrower, industry or geographic area experiencing financial stress.

Industry Concentration



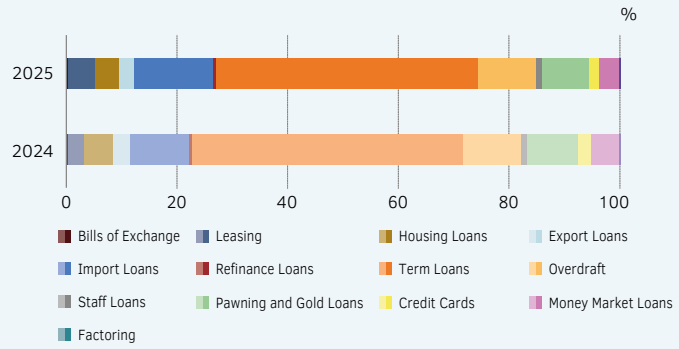
The Bank's credit assets are well-diversified across a range of industries.

Geographic Concentration



While 70% of the loan portfolio has been disbursed to businesses/individuals in the Western Province, this portfolio is well diversified across industries and sectors.

Product Concentration



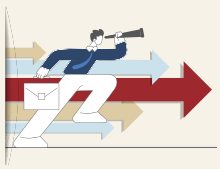
Although 48% of the Bank's loan portfolio comprises term loans, these facilities are well diversified across industries and sectors.

Key Developments in 2025

- Increased the scope of RMD monitoring under the ISL process to cover 75% – 100% of the total ISL customer base.
- Independently reviewed the cash flow forecasts for ISL customers.

Way Forward in 2026

- Conduct training sessions on internal risk rating module and ISL impairment process.
- Introducing an AI-based approach to collect data for risk opinions, improving quality and accelerating the overall process.
- Monitoring of new AI-driven lending strategies (for example personal loans, leasing and SME loans) to ensure proper risk mitigation measures are implemented and to assess their impact.
- Developing AI based model to enhance the data input accuracy of the credit risk internal model.
- Conduct root cause analysis for below Rs 100 Mn new additions to Stage 3 and identify the reasons and recommend risk mitigation actions.



Recoveries

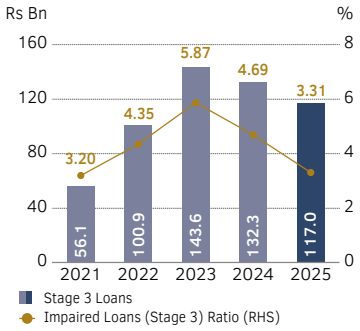
Recoveries form an essential component of the Bank's credit risk management strategy as it reduces loss given default, thereby minimising the Bank's ultimate credit loss. Accordingly, the Recoveries Department of the Bank engaged closely with customers classified as Stage 3 to maximise the recovery of outstanding dues by implementing a range of recovery strategies. These efforts were supported by the reinstatement of Parate execution in June 2025 by the GoSL. Nevertheless, the Bank resorts to parate execution only when all other recovery avenues have been exhausted.

Key Developments in 2025

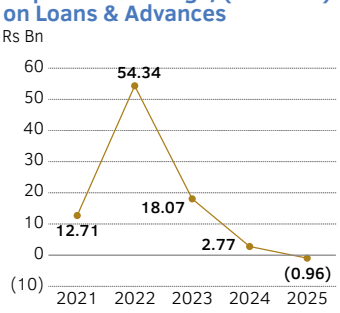
- Utilised advanced analytics to identify Stage 3 customers with willingness to repay and offered practical solutions taking into consideration, business cashflows, future value of collateral and timelines associated with legal recovery.
- Identified and engaged closely with Stage 3 SME borrowers eligible for relief measures under Circular No. 01 of 2025, Addendum to the Circular No. 04 of 2024 on relief measures to assist the affected SMEs to provide regulatory concessions.
- Maintained strong relationships with recovery and legal firms to expedite legal action and locate untraceable borrowers.

Supported by macro-economic stability and the consistent efforts of the Recoveries Department, facilities classified as Stage 3 recorded a year-on-year decline of 7% and 12% respectively in Q3 2025 and Q4 2025 respectively. Furthermore, the Bank's impaired loans (Stage 3) ratio steadily improved to 3.31% as at 31st December 2025 (31st December 2024: 4.69%).

Stage 3 Loans



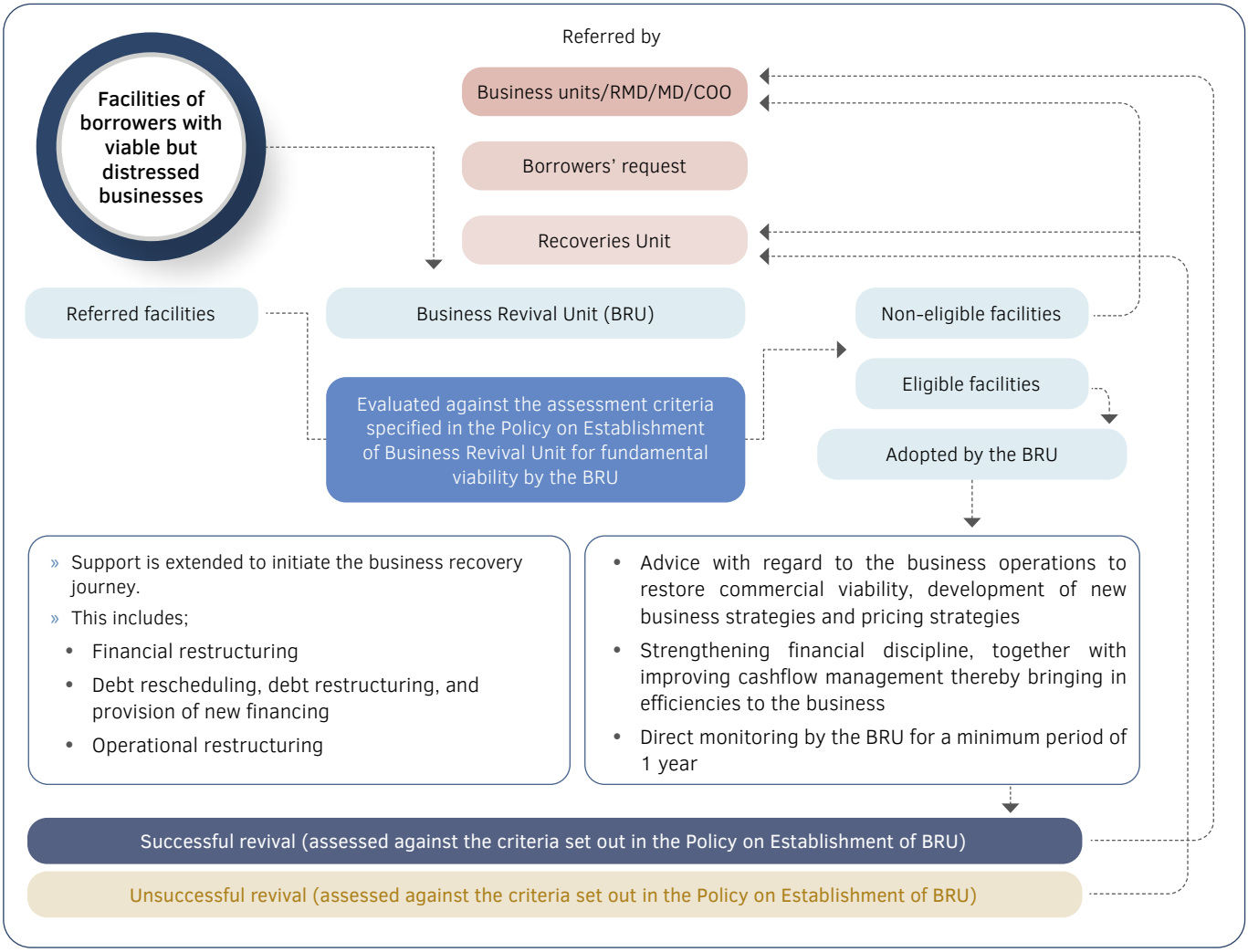
Impairment Charge/(Reversal) on Loans & Advances



Supporting the Revival of Stressed Businesses

Sampath Bank's Business Revival Unit (BRU) focuses on supporting the recovery of stressed businesses with potential for revival. The operations of the unit aligns with the regulatory requirements of Circular No. 2 of 2024 – Guidelines for the Establishment of Business Revival Units in Licensed Banks as well as the Bank's commitment to fostering sustainable business recovery and resilience.

The operations of the BRU is overseen by a key management personnel with experience in both retail and corporate banking. These senior officers of the BRU report directly to the Chief Operating Officer ensuring that business revival activities broadly align with the Bank's risk management framework. The Board Credit Committee reviews the performance of the BRU quarterly.



Support extended by the BRU to drive business recovery include,

» Financial assistance and re-structuring/re-scheduling of facilities.

» Financial advisory services which include,

- Directing entity operations towards activities where they hold core competencies, market share and/or profitability, downsizing non-viable operations and asset disposal where relevant.
- Promoting financial discipline through covenants carefully designed to support long-term business recovery.
- Sharing market intelligence, facilitating market linkages and leveraging partnerships with authorities/external organisations for relevant advice on business activities.

In 2025, the BRU undertook 21 new customers with an aggregate exposure of Rs 10.7 Bn while continuing revival journey with 45 existing customers carrying an exposure of Rs 44.5 Bn, for business revival or strategic exit. With the intervention, support and negotiations of the BRU, the Bank recovered Rs 10 Bn in 2025, while Rs 1.1 Bn were upgraded to the next stage based on business performance. With the assistance of BRU, Business Units were able to reschedule, restructure and recover exposures amounting to Rs 32.7 Bn in 2025.

SME Business Revival

The Bank's Business Revival Unit currently oversees 33 SMEs under its revival and rehabilitation mechanism. Of these, 21 customers, representing a portfolio of Rs 2,233 Mn, have been successfully rescheduled, restructured, or revived, while the remaining 12 customers, with a portfolio of Rs 973 Mn, are currently under negotiation for rescheduling or revival.

In parallel, the Bank continues to extend targeted support to SMEs through its Relief Banking Unit, in accordance with CBSL Circular No. 04 of 2024. Under this framework, relief measures have been activated for 326 customers. Within this portfolio, 196 customers with an exposure of Rs 9,845 Mn are engaged in ongoing discussions for rescheduling or settlement. 82 customers, representing an exposure of Rs 2,218 Mn, have been granted full and final settlements, inclusive of applicable interest waivers. 48 customers with an exposure of Rs 2,189 Mn have already been rescheduled.

Way Forward in 2026

- Strengthen and sustain successfully revived businesses to ensure long term viability and positive contribution to the Bank's profitability and portfolio quality.
- Provide focused business advisory and turnaround support to business units for early identification and effective resolution of distressed accounts.
- Build a resilient corporate and retail client base aligned with changing economic and regulatory conditions.
- Provide practical and sector specific revival strategies for distressed entrepreneurs and corporates with a special focus on those affected by the recent cyclonic and flood disasters.
- Position the Business Revival Unit as a key pillar of the Bank's sustainability strategy, supporting long-term value creation and economic resilience.

1.4.2 Liquidity Risk

Liquidity Risk is the non-availability of adequate liquid funds for the Bank to honour its contractual and contingent financial obligations as and when they fall due without incurring unacceptable losses.

Liquidity Risk comprises,

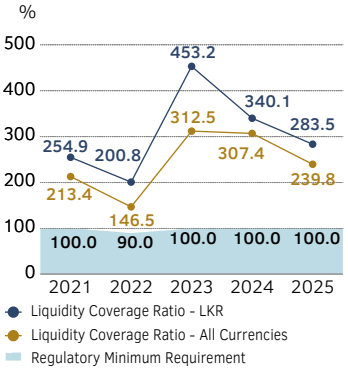
- Funding liquidity
- Market liquidity

Our Exposure to Liquidity Risk

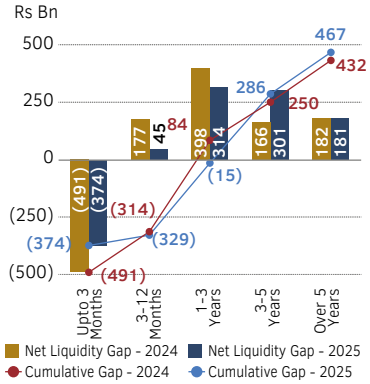
Liquidity risk exposure reflects the risk that the Bank's cash outflows under stressed conditions may exceed available inflows and liquid assets.

Key Risk Indicators	Regulatory minimum requirement	31st December 2025	31st December 2024
Liquidity coverage ratio (LCR) – LKR (%)	100.00	283.45	340.11
Liquidity coverage ratio (LCR) – all currencies (%)	100.00	239.79	307.36
Net stable funding ratio (NSFR) (%)	100.00	173.00	198.66

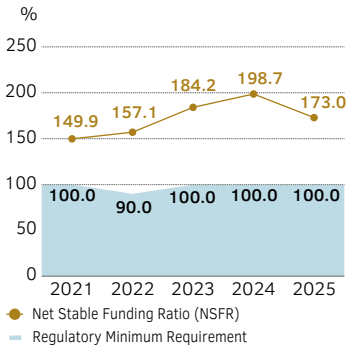
Liquidity Coverage Ratios



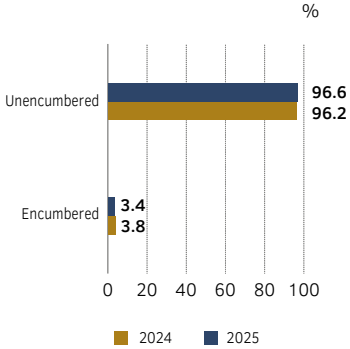
Net Liquidity Gap Based on Contractual Maturities



Net Stable Funding Ratio



Financial Assets Available to Support Future Funding



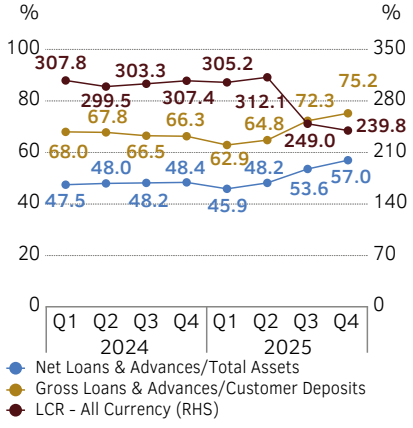
1.4.2.1 Managing Liquidity Risk at Sampath Bank

The Bank manages its liquidity risk with the twin objectives of ensuring obligations are met when due while complying with minimum regulatory requirements and maintaining cost-effective access to market funding. The responsibility of managing liquidity risk within the Bank lies with its Treasury Department under the oversight of the Asset and Liability Committee (ALCO). The Board approved ALCO policy guides the implementation of the Bank's liquidity strategy.

Department/Committee	Responsibilities
ALCO	Oversees the implementation of the Bank's liquidity strategy by monitoring liquidity risk, establishing limits, triggers and guidelines, reviewing contractual and behavioural maturity of assets and liabilities, key liquidity ratios and monthly liquidity forecasts and gaps, and evaluating mitigation strategies for effective liquidity risk management.
Treasury Department	Projects the Bank's liquidity needs, monitors regulatory compliance and implements strategies to maintain adequate liquidity levels.
Risk Management Department	Monitors liquidity risk, develops mitigation strategies as per the policies and procedures, conducts stress testing to evaluate the Bank's readiness for stressed situations, and continuously monitors regulatory and key risk indicators for liquidity risk.

The Bank's funding position is underpinned by a substantial deposit base mobilised from retail, commercial and wholesale customers. The introduction of Sampath Bank Private Banking and emphasis on building a strong corporate deposit base has enhanced our access to large stable deposits. Ongoing efforts to deliver value to our depositors have enabled long-term relationships with customers supporting healthy deposit renewal rates. The Bank's Treasury Department actively pursues additional funding sources both domestically and internationally to complement its deposit funding base. These include institutional borrowings and debt instruments.

Liquidity Ratios Under Stock Approach



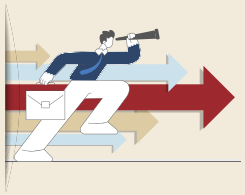
In alignment with international best practices, the Bank utilises the stock and flow approach to measure and manage its liquidity risk. This enables the assessment of both the immediate availability of unencumbered liquid assets and the timing of expected cash inflows and outflows. This combined view enables the Bank to identify potential liquidity gaps and implement mitigation strategies to ensure it can fulfil its obligations under both normal and stressed market conditions.

Key Developments in 2025

- Given stable macro-economic conditions, the Bank shifted from individual maturity gap monitoring to comprehensive maturity gap monitoring enabling the evaluation of its cumulative liquidity profile across the full maturity spectrum of 1 year. Results of this analysis were reported to the ALCO and relevant Board sub-committees to facilitate a stable funding structure that aligned with the Bank's strategic goals.
- The Liquidity Coverage Ratio appetite limits were reviewed.
- The Bank reviewed its liquidity contingency plan and strengthened the contingency planning process.
- The Reciprocal Contingency Funding Agreement was renewed for a further period of two years.
- Stress testing remained an integral component of the Bank's liquidity risk management strategy. The Liquidity Coverage Ratio (LCR) was stress tested monthly and the Net Stable Funding Ratio (NSFR) was stress tested quarterly while the approved parameters were stress tested quarterly. Stress testing results were reported to the BIRMC to support informed decision making.

Way Forward in 2026

With the proposed implementation of system enhancements, daily computation of LCR will provide timely visibility into liquidity positions and compliance with regulatory thresholds. Further, frequent stress testing will be performed using daily LCR data to improve the Bank's ability to assess resilience under varying stress scenarios.



1.4.3 Market Risk

Market risk refers to potential losses arising from adverse movements in financial markets which lie outside the control of the Bank that affect the value of its assets and liabilities.

Market risk comprises,

- Interest rate risk
- Foreign exchange risk

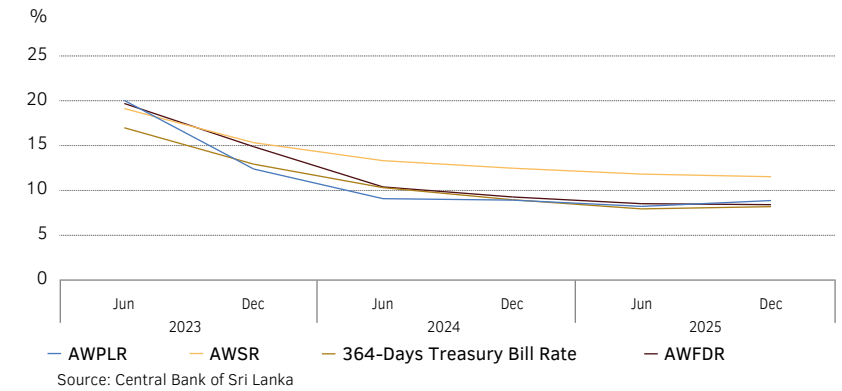
Our Exposure to Market Risk

Interest rate and exchange rate fluctuations can affect valuations of the Bank's assets and liabilities portfolios, thereby materially impacting profitability.

Key Risk Indicators	31st December 2025	31st December 2024	Banking Sector as at 31st December 2025
Interest income to interest expense (times)	1.75	1.78	1.81
Net interest margin (%)	4.11	4.90	4.30

Interest Rate Risk in 2025

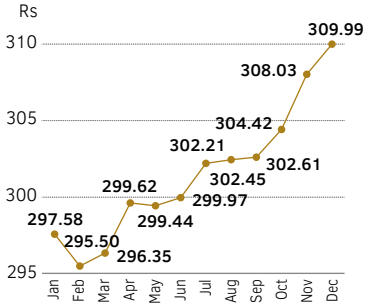
Interest Rate Movements in 2025



Source: Central Bank of Sri Lanka

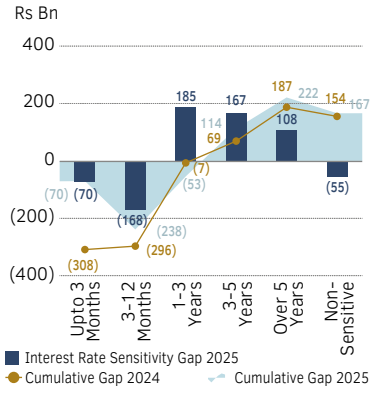
Exchange Rate Risk in 2025

LKR/USD Exchange Rate Movement

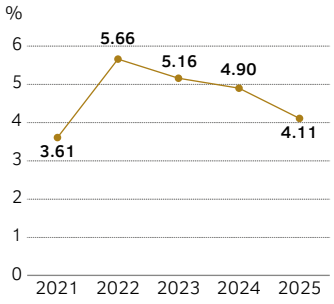


Source: International Finance Statistics - Central Bank of Sri Lanka

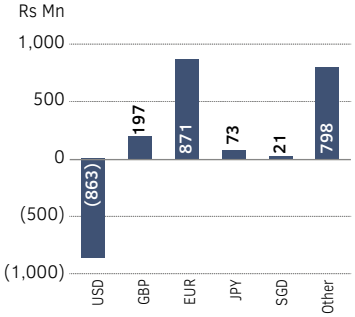
Interest Rate Sensitivity Gap



Net Interest Margin



Foreign Exchange Position as at 31st December 2025



The Bank's short-term interest rate sensitivity remained broadly consistent with 2024, reflecting the sustained gradual decline in market interest rates in 2025. Beyond one year, the Bank increased its positive sensitivity gap with a focus on high-yielding segments such as SME lending and leasing to support the stability of net interest income in a stable, low-interest rate environment.

The Bank maintained its foreign exchange exposures within approved risk appetite limits with diversified long positions across all major currencies as at end-December 2025.

1.4.3.1 Managing Market Risk at Sampath Bank

The Board, with the assistance of the BIRMC, is responsible for developing the Bank's market risk management strategy which includes setting its market risk appetite. Responsibility for implementing the Board-approved market risk strategy lies with ALCO while the Market Risk Management Unit (MRMU) independently measures and monitors the Bank's market risk exposure on a periodic basis to ensure alignment with Board-approved risk appetite limits. The Bank's Market Risk Management Policy Framework guides the activities of the Board, BIRMC and the MRMU in conducting activities related to market risk management. The Board reviews the market risk appetite limits annually to ensure alignment with operating conditions and regulatory requirements.

Proactive monitoring and management of market risk is a key priority for the Bank as it enables a prudent balance between risk and performance, minimises volatility in operating performance and supports transparent reporting. The Bank utilises numerous statistical tools to assess, monitor and manage its market risk exposure. These include Present Value Basis Point (PVBP) method of quantifying its exposure to small changes in interest rates and VaR to estimate the potential loss on its trading portfolio under normal market conditions over a given time period. The Bank also uses sensitivity analysis and stress testing to assess the impact of interest rate and exchange rate movements on its profitability. Market developments are also monitored closely by the MRMU and its implications on the Bank's liquidity position and risk appetite limits are assessed and reported to Senior Management and the Board.

The Bank's market risk management framework is summarised below.

Market Risk Management Framework	
Policies, Directives and Procedures	Market Risk Management Policy
	Asset and Liability Management Policy
	Investment Policy
	Treasury Policy and Procedure Guideline for Treasury Operations
	Code of Conduct for Treasury Operations
	Treasury Manual
Risk Management Tools	Present Value Basis Points Analysis (PVBP)
	Stress Testing and Scenario Analysis
	Value at Risk (VaR)
	Sensitivity Analysis for Market Risk Exposures
	Market risk appetite limits
	Maturity analysis of assets and liabilities
Risk Monitoring and Reporting Protocols and Frequency	Monitoring of Board-approved Limit Framework and reporting on any Limit Exceptions - daily
	Market Developments/Trends and MIS - need basis
	Profitability Analysis of the Foreign Exchange Portfolio through the Revaluation Process - daily
	Stress Testing on Interest Rate Risk, Foreign Exchange Risk and Equity Risk - quarterly
	Stress Testing on Liquidity Risk Liquidity Cover Ratio/Net Stable Funding Ratio - monthly/quarterly
	Modified Duration on T-Bill, T-Bond, US Treasuries, SLISB and Debenture Portfolios - quarterly
	Monitoring of Yield Curve Risk and Repricing Risk Covering Trading Book and Banking Book - quarterly
	Mark-to-Market of the Equity Portfolio - monthly
	Market Risk Dashboard - once in two months
	Submission of Management Reports covering Interest Rate Risk, Equity Risk and Foreign Exchange Risk - quarterly
	Monitoring Risk Appetite Framework for Market Risk on Foreign Exchange Risk, Liquidity Risk and Interest rate Risk - monthly

Key Developments in 2025

- The Bank expanded the scope of market risk oversight by introducing limits for,
  - The activities of the Treasury Front Office
  - Counterparty limits
  - Country limits
  - Reverse Repos of corporate customers
  - Settlement limits for placements
- Reviewed the gap limits for interest rate sensitive assets and liabilities.
- An independent monitoring mechanism was established for the Primary Dealer Unit. Monitoring reports were submitted to ALCO and the Primary Dealer Unit overseeing committee for review and corrective action if necessary.

1.4.3.1.1 Management of Interest Rate Risk

Interest rate risk management at Sampath Bank is governed by a formal policy framework and a set of prudential limits. Numerous tools and techniques are used to monitor interest rate risk which include VaR assessments, duration and Maturity Gap Analysis, PVBP and stress testing.

The Bank's ALCO actively manages interest rate risk arising from the banking book by steering the structure and repricing profile of the Bank's assets and liabilities to support stability in net interest income. Interest rate risk arising from its investment portfolio is managed by actively monitoring yield curve movements and adjusting the portfolio duration and composition.

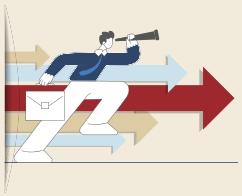
1.4.3.1.2 Management of Foreign Exchange Rate Risk

The Bank's foreign exchange rate risk management strategy aligns with international standards including the BIS FX Global Code, a set of voluntary principles of good practice for foreign exchange market participants. Key strategies implemented by the Bank to manage its foreign exchange rate risk include,

- Strict compliance with CBSL guidelines and internal Board approved risk appetite limits for managing its Net Open Position (NOP).
- Daily monitoring of stop loss limits and maximum limits for individual dealers engaging in foreign currency trading.
- Ongoing monitoring of rate movements, counterparty limits and currency-wise and aggregate exposures of the foreign currency portfolio. The monitoring of counterparty and country limits assures that the Bank is effectively safeguarded against cross border risks in treasury transactions.
- Quarterly stress testing to measure and evaluate the Group's foreign exchange position under stressed conditions.
- Regular training and development of staff.

Way Forward in 2026

- Carry out a feasibility assessment and implement AI-driven forecasting methods for FX trends and liquidity impacts.
- Automate reporting and compliance processes to improve accuracy and timeliness.



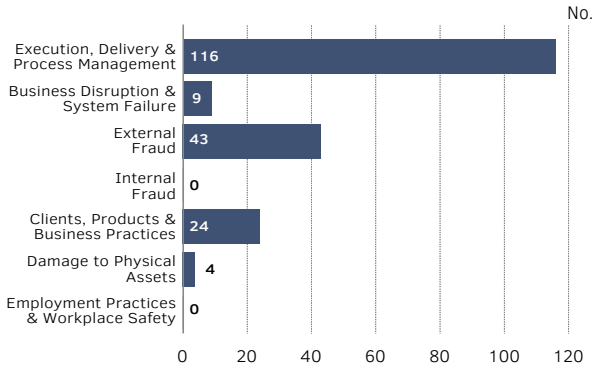
1.4.4 Operational Risk

Operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events such as natural disasters, social or political events.

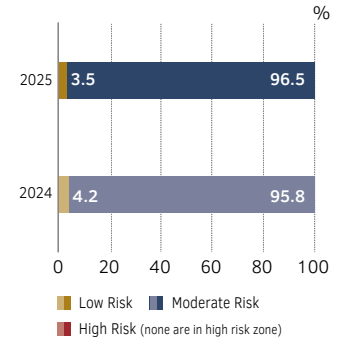
Operational risk further includes;

- Legal/regulatory risk
- Financial crimes/fraud risk
- Information technology and information security risk
- Model risk

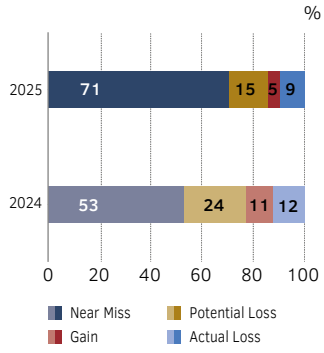
Actual Loss Events Reported under Basel Risk Types



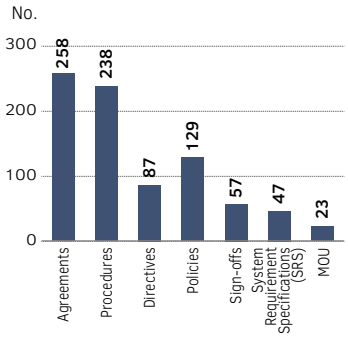
Summary of Risk & Control Self Assessment



Total Loss Events (Event-wise)



Documents Reviewed by the RMD in 2025



1.4.4.1 Managing Operational Risk at Sampath Bank

The Bank adopts a structured approach to identifying, assessing and mitigating operational risks across its operations. Its governance framework clearly defines roles and responsibilities at multiple levels, enabling effective oversight, execution and accountability for the management of operational risks.

Responsibilities Related to Managing Operational Risk	
Board Sub Committee	
BIRMC	Provides oversight of operational risk management, ensuring that operational risks are managed in alignment with the Bank's strategic objectives and risk appetite while maintaining an appropriate control environment.
Management Level Committees	
Operational Risk Management Committee (ORMC)	Identifies and monitors operational issues and ensures timely resolution of control gaps while promoting a culture of accountability and risk awareness. The Committee is led by the Managing Director/CEO.
Risk and Compliance Committee (RCC)	Monitors and analyses operational loss events and recommends mitigation strategies to prevent recurrence, enabling continuous improvement of the Bank's control environment. The Committee is led by the CRO.
Fraud Risk Management Committee (FRMC)	Oversees the Bank's fraud prevention, detection and response strategies to ensure Bank assets and reputation are safeguarded. The Committee is led by the CRO.
Model Risk Management Committee (MRMC)	Effectively manages the models of the Bank in line with the Model Risk & Model Validation Policy. The Committee is led by the CRO.
Department	
Operational Risk Management Unit	Implements the Bank's operational risk management strategy, coordinates risk assessments and monitors compliance with internal policies and regulatory requirements, playing a central role in operational risk reporting and escalation.

The Bank's operational risk management framework is designed to promote proactive identification and management of operational risks, thereby strengthening resilience and safeguarding stakeholder interests.

Operational Risk Management Framework	
Policies, Directives and Procedures	Operational Risk Management Policy
	Policy on Mapping The Bank's Business Activities into Basel Business Lines
	Anti-Fraud Policy
	Legal Risk Management Policy
	Policy on Temporary Dispensation of Board Approved Policies (Policy on Management of Policy Overrides)
	Pillar III Disclosure Policy
	Model Risk Management Policy
	Model Validation Policy
	Procedure on Appointing and Responsibilities of Risk Agent
	Procedure on Contract Agreements to be Executed by The Bank
	Procedure on Internal Loss Event Data Reporting
	Procedure on Responsibilities and Framework for Administration of Policies, Procedures and Directives
	Procedure for Risk and Control Self-Assessments and Key Risk Indicators
	Procedure for Risk Management in New Product Documents Concept Papers
Risk Management Tools	Risk and control self-assessment (RCSA) for business units
	Business continuity plan and Disaster Recovery Plan
	Operational risk capital charge calculation under alternative standardised approach (ASA)
	Root cause analysis
	Analysis of loss events
	Operational risk stress testing
	Risk and control self assessments (RCSA) for IT related third party suppliers
	Operational risk appetite & key risk indicators (KRIs)
Risk Monitoring and Reporting Protocols and Frequency	Monitoring operational risk appetite - monthly
	Monitoring key risk indicators (KRIs) - quarterly
	CBSL reporting of high value actual losses - quarterly
	Reporting of RCSA findings - annually (IT related business units - quarterly)
	Monitoring and analysis of loss events - monthly

The Bank's operational risk management strategy is designed to maintain a resilient operational environment that supports sustainable growth, regulatory compliance and stakeholder confidence. Accordingly, proactive identification, rigorous assessment and continuous monitoring of risks across all business functions enables early detection of potential threats and the implementation of mitigation strategies. The Bank employs numerous tools and methodologies to support effective management of operational risks. These included,

- Conducting Risk and Control Self-Assessments across all business units to identify operational risks and assess effectiveness of internal controls. Specific emphasis was placed on IT-related business units and third-party IT service providers given the critical role of technology in the day-to-day operations of the Bank.
- Root cause analysis for all significant operational risk incidents to identify underlying issues and implement corrective action.
- Maintaining a detailed database of operational loss events which are analysed to identify trends, recurring issues and areas requiring enhanced controls. Insights gained from this analysis were used to strengthen operational risk mitigation strategies.
- Operational risk stress testing to evaluate the impact of severe but plausible operational risk scenarios on the Bank's financial and operational stability. This informed decision making and strengthened emergency preparedness.
- Continuous monitoring of operational risk exposures against defined risk appetite thresholds to ensure risks remained within acceptable limits.
- Monitoring Key Risk Indicators across business units to identify early warning signals for emerging risks. These indicators were reviewed and refined regularly to reflect changes in the operating environment.
- Maintaining a well-defined business continuity and disaster recovery plan to ensure uninterrupted service delivery during adverse events. These plans are regularly tested and updated to reflect evolving risks and business needs.
- Fostering a strong risk culture across the Bank through regular training, workshops, and awareness.
- Ensuring sufficient capital buffers were maintained to absorb potential losses. The Bank calculates its operational risk capital charge using the Alternative Standardised Approach (ASA) in line with regulatory requirements.

Key Developments in 2025

The Bank enhanced its operational risk analysis capabilities by upgrading the Internal Loss Event Data Reporting (ILEDR) System. The new system enables more structured and detailed data capture and multi-dimensional analysis of operational risk incidents resulting in richer insights into root causes and emerging trends.

Business Continuity Management

The Bank maintains a robust Business Continuity Plan (BCP) for all critical banking functions to ensure resilience of business operations to events that may disrupt critical or all business operations. The Board of Directors reviews the Bank's BCP for continuous improvement annually while critical areas are reviewed and re-assessed more frequently. The BCP Steering Committee led by the BCP Director conducts due diligence of the BCP.



The Bank conducts periodic testing to assess the adequacy of its BCP. System simulations and random disaster recovery drills are conducted which involved using disaster recovery servers for a prolonged period to verify its adequacy. Disaster recovery drills also ensure team members were fully aware of the Bank's disaster recovery practices.

The Bank also conducts the annual evacuation drill at its head office, in collaboration with the Fire Service Department. Designated team members were also provided training in managing evacuations and first aid. The entire head office is evacuated within a satisfactory period of time with the assistance of designated fire wardens (BCP coordinators) of the Bank.

Recovery and Resolution Planning

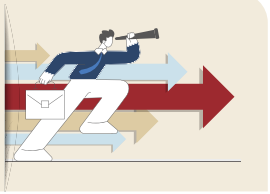
To strengthen resilience to external and internal shocks, Sampath Bank maintains a comprehensive Recovery Plan (RCP) and Resolution Plan in alignment with regulatory requirements.

The Bank's RCP aligns with the requirements of the CBSL Direction No. 09 of 2021 Recovery Plans for Licensed Commercial Banks and Licensed Specialised Banks and is reviewed annually by the Recovery Plan Working Committee to ensure adequacy and regulatory alignment. The Bank's RCP was developed taking into consideration its business model, risk profile, scale and complexity of operations and its interconnectivity with the banking industry. The RCP outlines a range of proactive measures the Bank can undertake to restore stability during periods of financial or operational stress including early warning indicators, recovery options and governance protocols.

Meanwhile, the Bank's Resolution Plan, provides a framework for an orderly wind-down or restructuring in the event of failure in a manner that protects depositors and minimises systemic risk. Significant improvements were made to the Bank's Resolution Plan during 2025 in alignment with the regulatory requirements set out in Banking (Special Provisions) Act Directions No. 01 of 2025, Recovery Plans for Licensed Banks.

Way Forward in 2026

- Continuous monitoring of loss events to mitigate any potential risks.
- System upgrades to the next version for better management of loss events and efficient evaluations of new trends.



1.4.4.2 Information Technology and Information Security Risk

IT Risk refers specifically to disruption to the normal course of business due either to failure of hardware and software systems or the lack of adequate IT Infrastructure.

Managing IT Risk at Sampath Bank

Sampath Bank's IT Risk Management function is governed by a comprehensive oversight structure, with strategic direction provided by the BIRMC and the BITC, with operational execution driven by the ORMC and the RCC. The IT Risk Unit, operates independently within the ORMU, and ensures that technology, cyber and system risks are proactively identified, assessed, and escalated in alignment with regulatory expectations and internal governance policies and procedures.

The Bank's Board-approved IT risk strategy aligns with the regulatory requirements set out in CBSL Direction No. 16 of 2021 Regulatory Framework on Technology Risk Management and Resilience in Licensed Banks as well as internal IT/Operational Risk policies and procedures. Sampath Bank's holistic risk-based approach to integrating technology into business activities ensures that digital innovations include safeguards against cyber and technology related threats. The IT Risk Unit monitors a dynamic suite of Key Risk Indicators (KRIs), conducts rigorous Risk and Control Self-Assessments (RCSA), and performs vendor evaluations based on their RCSA to assess vulnerabilities in the Bank's digital infrastructure. The IT Risk Unit also analyses risks arising from vendor/service agreements and system requirement specifications.

The IT Risk Unit also provides independent assurance over Business Continuity Planning and Disaster Recovery (BCP/DR) capabilities, ensuring alignment with Recovery Time Objectives (RTO), and Recovery Point Objectives (RPO).

During the assurance of the model validation process, AI based models are captured and checked for accuracy and correctness as a tool for AI risk management.

Key Developments in 2025

- The Bank introduced AI applications to analyse and respond to threats in the IT landscape, enhancing its ability to anticipate and respond to IT threats.
- A bespoke Third-Party Vendor Evaluation Framework was developed and institutionalised enabling granular and risk-sensitive assessments of external dependencies.
- The RCSA process was expanded to include all critical third-party vendors, strengthening oversight and accountability across the supply chain.

Information Security Risk Management

Information security risk occurs as a result of internal and/or external breach of the Bank's data/systems.

Managing Information Security Risk at Sampath Bank

Sampath Bank's comprehensive Information Security Risk Management Framework facilitates a proactive response to increasing cybersecurity threats given continued digitalisation of banking services and operations. The Framework promotes proactive risk identification and mitigation, enabling the protection of customer data and operational continuity while safeguarding the Bank's reputation and stakeholder confidence.

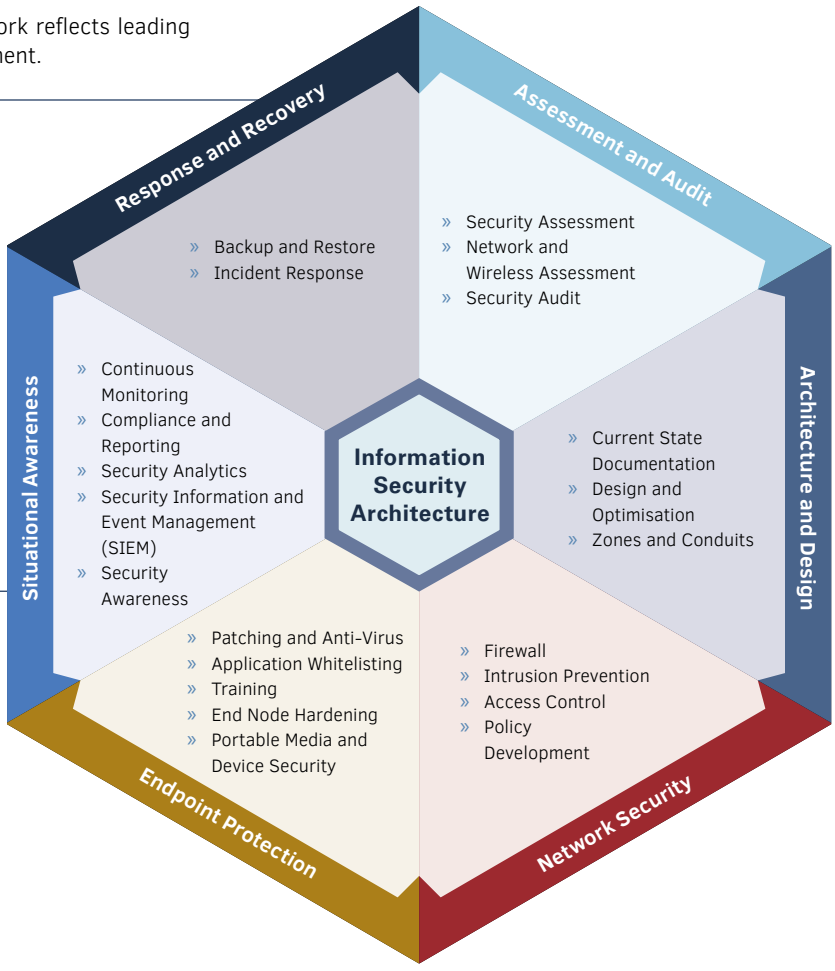
The Bank has established a formal oversight structure for identifying, monitoring and mitigating cybersecurity threats as presented below.

Responsibilities Related to Information Security Risk Management	
Board Sub Committee	
Board IT Committee	Oversees the management of the Bank's information security risks.
Management Level Committees	
Information Security Committee	Provides oversight of the implementation of the Bank's Information Security strategy. Ensures the Bank's information security policies and procedures align with global and local regulatory requirements and best practices. This committee is led by the Managing Director/CEO while the Chief Information Security Officer (CISO) holds the position of secretary.
Data Dissemination Committee	Executes the Bank's data governance strategy. Strengthens Bank-wide decision making on data dissemination with third parties. Recommends, reviews and approves the Bank's protocols for sharing information with third parties.
Department	
IT Risk Team of the RMD	Reviews all IT/information security policies of the Bank. Identifies, assesses, monitors and reports on technology risks associated with the Bank's IT Infrastructure using a range of tools and methodologies.

The Bank's Information Security Risk Framework reflects leading practices in information security risk management.

Global and Local Best Practices that Underpins Our Information Security Architecture

- ISO 27001:2022 Information Security Standard Certification
- Payment Card Industry Data Security Standard (PCI DSS v4.0) certification
- CBSL's Baseline Security Standards for Licensed Commercial Banks
- Banking Act Direction No. 16 of 2021 on Technology Risk Management and Resilience



The Information Security Department conducts numerous control activities to safeguard the Bank's IT infrastructure from internal and external breaches.

Key Developments in 2025

A dedicated Information Security training module was introduced in the LMS to enhance staff awareness and competency.

Key control activities conducted by the Information Security Department in 2025 included,

- Information Security Risk Assessment – Conducted annually, this comprehensive Bank-wide assessment enables the identification, analysis and assessment of potential threats that could compromise the Bank's IT assets across all departments, branches, physical and digital touchpoints.
- Vulnerability assessment and penetration testing (VAPT) – Performed periodically, this enables the identification, analysis and assessment of weaknesses in the Bank's IT infrastructure to external and internal breaches, enabling the implementation of corrective action.
- Access and privilege reviews – To ensure system access rights remained appropriate, authorised and aligned with team members' roles and responsibilities.
- Training for staff – Training was provided to team members on an ongoing basis to ensure they were informed of the latest developments in cybersecurity threats and management.
- Additionally, the Bank's IT Risk Unit tracks an extensive set of metrics to monitor and manage IT and cybersecurity risk exposures. These metrics are reviewed regularly and reported to the BIRMC to inform decision making and strategic alignment with the Bank's risk appetite.
- These metrics include,
  - Frequency and severity of cybersecurity incidents
  - Incident reporting, response and recovery times
  - Data breach attempts and governance violations
  - Third-party risk scores and control effectiveness ratings
  - IT Risk scorecard for internal capital adequacy assessments
  - System availability and downtime trends
  - Patch management compliance rates

The Bank also engaged in raising awareness among its customers through e-mail and SMS campaigns (with tri-lingual messaging) about the latest cybersecurity threats and safeguarding against them.

This proactive approach to addressing data security risks ensured that no incidents of data breaches took place during the year under review.

1.4.4.3 Legal/Regulatory Risk

Legal/Regulatory Risk refers to potential losses arising from the failure to comply with statutory or regulatory requirements or the misinterpretation of regulations or due to uncertainties arising from legal action. Losses can include fines, penalties or punitive damages imposed by the regulator as well as legal settlement costs.

Managing Legal/Regulatory Risk at Sampath Bank

Sampath Bank upholds a strong commitment to maintaining compliance with all laws and regulations across its operations. Policies and procedures that guide the Bank's daily activities align with all regulatory requirements ensuring compliance across business units and functions. The Bank's Compliance Department conducts routine due diligence across the Bank to ensure regulatory compliance and reports its findings to the Board, enabling corrective action if required. The Compliance Department also engages closely with the Legal Department for proactive identification and management of regulatory and legal issues.

The Board of Directors and Board sub-committees monitor regulatory developments on an ongoing basis to support early adoption and compliance with new laws and regulations. The Compliance Department supports the Board and its sub-committees in this regard. The Bank also engages periodically with regulatory authorities and industry bodies to stay abreast of new developments in the regulatory environment.

The Compliance Department conducts regular training for team members across the Bank to maintain awareness of regulatory requirements and foster a culture of compliance.

The Bank assesses its legal/regulatory risk utilising a comprehensive scorecard and allocates capital under ICAAP if required.

There were no losses as a result of a judgement in legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice or other related financial industry laws or regulations during the year 2025.

1.4.4.4 Model Risk

Model Risk is the potential for financial losses arising from inaccurate or misleading outputs produced by financial models. Model failures can occur due to programming errors, incorrect data, technical errors and misinterpretation of model output.

Managing Model Risk at Sampath Bank

The Bank utilises complex models which incorporate statistical, economic, financial and mathematical methodologies to support numerous activities including assessing credit risk, capital management, advanced analytics, loan origination & evaluation. Resultantly, effectively managing model risk is vital to ensuring the reliability of model outputs, thereby enabling sound, risk-informed decision making across the Bank.

The Model Risk Management Committee oversees model risk management at Sampath Bank with their activities guided by the Bank's Model Risk Management Policy and Model Validation Policy.

The Bank's model risk management process,

- Aligns with CBSL directions, the BASEL framework guidelines and directions as and when published by the regulator.
- Maintains clear definitions and records/details for all models.
- Includes rigorous model validation and independent reviews as appropriate.
- Ensures a robust life cycle governance process for model development, implementation and usage as defined in the implementation mechanism.

1.4.5 Strategic Risk

Strategic Risk refers to the potential negative impact to the Bank's performance and prospects owing to ineffective strategic decisions resulting in the failure to capitalise on business opportunities and/or take action against potential threats.

Managing Strategic Risk at Sampath Bank

The Board of Directors is responsible for strategic risk management at Sampath Bank and follows the processes and procedures outlined in the Bank's Strategic Risk Management Policy to identify, assess, manage and monitor strategic risks. The Board reviews the Strategic Risk Management Policy annually to ensure alignment with the Bank's strategic direction, risk appetite and developments in the operating environment.

2025 marked the implementation of the Bank's new 5-year strategic plan developed in consultation with a leading global consultancy firm. The annual strategic planning undertaken by the Board translated this plan into actionable strategic priorities while the Board-approved annual budget ensured adequate resource allocation for its successful implementation. Strategic goals are cascaded through the senior management to business units ensuring that all team members align with the strategic objectives of each business unit. The Strategic Planning Department conducted periodic reviews to ensure the transformational changes implemented during the year aligned with the Bank's strategic plan, risk appetite and operating environment.

The Board actively monitored macro-economic and regulatory developments, the competitor landscape, advancements in technology among others to proactively identify emerging risks that could adversely impact the achievement of the Bank's strategic objectives. The Strategic Planning Department carried out quarterly reviews of the Bank's performance against the budget and reported its findings to the Board to support informed decision making. Strategic risk assessments were also conducted using a scorecard that considered both quantitative and qualitative factors and capital allocations were made under ICAAP where necessary. Strategic risk has been incorporated into the risk register and the risk matrix enabling an integrated approach to managing this risk.

1.4.6 Reputation Risk

Reputation Risk relates to damage to the Bank's reputation and industry standing caused by errors in judgement including but not limited to violations of business ethics, non-compliance, customer service lapses or operating deficiencies, or by failures leading to loss of stakeholder confidence in the Bank.

Managing Reputation Risk at Sampath Bank

- Sampath Bank is a leading player in Sri Lanka's banking industry, with a strong market presence built on trust and resilience. Effective leadership, a long-term strategic focus, prudent risk management and a deep commitment to responsible banking underpin long-term value creation for our stakeholders. Given this context, effectively managing risk drivers that may adversely impact its reputation is of vital importance to the Bank.
- The Board-approved Reputation Risk Management Policy serves as the overarching mandate for managing reputation risk at Sampath Bank. The policy is reviewed annually to ensure alignment with prevailing operating conditions and industry best practices. The collaborative efforts of the Chief Risk Officer, Chief Compliance Officer, and Corporate Management, including the Head of Marketing, BCP Director, and Business Line Heads ensure that reputational risks are identified, assessed, managed and monitored in line with the established framework of policies and procedures.
- The Bank utilises multiple engagement channels to proactively identify reputation risk drivers that may stem from the external environment. Active stakeholder engagement and regular feedback obtained from frontline staff enables early identification of potential reputation risks and swift corrective action. The Bank also proactively monitors traditional and social media for potential reputation risks while its Customer Care Centre operates 24/7 to address customer issues, concerns and complaints promptly. A formal procedure has been implemented to monitor and manage social media comments, enquiries and complaints ensuring effective management.
- Meanwhile, Sampath Bank's Code of Ethics, Anti-bribery and Anti-corruption and Whistleblowing policies serve to guide employee behaviour in alignment with its corporate values and expectations of conduct, safeguarding against incidents of unethical behaviour within its operations.
- The Bank conducts a brand health study bi-annually using quantitative and qualitative metrics to assess brand perception in the market. Insights from this study guide the Bank's marketing communications and brand building strategies, enabling it to leverage its strengths while addressing any areas for enhancement.
- Reputation risk is incorporated into the Bank's risk register and risk matrix enabling an integrated approach to managing this risk. The Bank utilises a scorecard to assess its reputation risk drivers and computes any additional capital allocations under ICAAP.

1.4.7 Group Risk

Group Risk refers to potential financial losses to the entire Group due to risks stemming from one or more of its subsidiaries.

Managing Group Risk at Sampath Bank

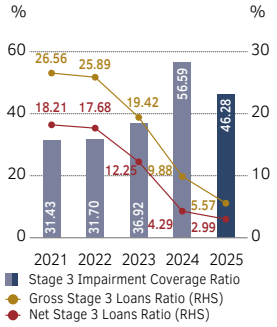
- The Sampath Bank Group comprises the Bank and its four subsidiaries, Sampath Centre Limited, Sampath Securities (Private) Limited, Sampath Information Technology Solutions Limited and Siyapatha Finance PLC. Of these, Siyapatha Finance PLC is a publicly listed, wholly owned, licensed non-bank financial institution under the purview of CBSL.
- Managing group risk at Sampath Bank is governed by its group risk Management Policy which establishes the processes and procedures for

monitoring and managing risks associated with its subsidiaries. As set out in this policy, the responsibility for overseeing and managing risks within subsidiary operations lies with the subsidiary-level Board of Directors. In line with regulatory requirements, Siyapatha Finance PLC, a licensed non-bank financial institution, has implemented a structured integrated risk management framework to identify, assess, manage and monitor its principal risks. This framework clearly articulates its approach to risk governance, risk management process and risk control processes for effective risk management.

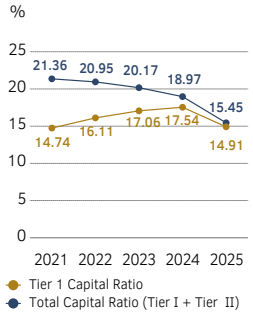
» As the parent entity, Sampath Bank's Board of Directors and its BIRMC exercises overall oversight of subsidiary risk management. Subsidiary-level risk management departments submit risk management review reports including key risk concerns and mitigation strategies periodically to Sampath Bank's RMD. The Bank's RMD conducts periodic group risk assessments incorporating these insights along with in-depth subsidiary-level financial analysis. This enables overall monitoring and assessment of the Group's financial performance and reputation. Findings of the RMD's group risk assessments are submitted to the Bank's BIRMC on a quarterly basis. Group risk was deemed low during the year under review.

Key Performance Indicators for Siyapatha Finance PLC

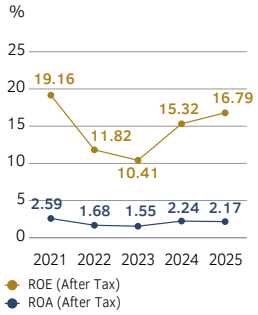
Asset Quality



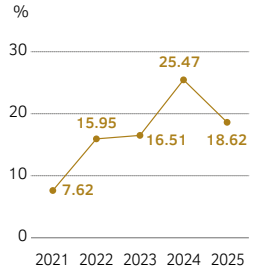
Capital Adequacy



Earnings



Liquid Assets Ratio



1.4.8 Sustainability Risk

Sustainability Risk refers to the potential negative or adverse financial performance, operations and/or reputational damage resulting from the inadequate management of environmental, social and governance related responsibilities.

Managing Sustainability Risk at Sampath Bank

The Bank's exposure to sustainability risks stems from its lending activities, supply chain and operations and typically manifests within other principal risk categories such as credit risk, market risk, operational risk and reputation risk. Therefore, embedding sustainability risk management within the Bank's broader Integrated Risk Management Framework (IRMF) has enabled a holistic approach to identifying and managing sustainability risks while supporting deeper insights into its implications on other principal risks.

Recognising sustainability as a key strategic driver and aligning with the mandatory reporting requirements of SLFRS Sustainability Disclosure Standards S1 and S2 continued to support the evolution of the Bank's sustainability risk management framework. In line with transition relief, during the financial year 2025 (first adoption reporting period) the Bank disclosed information solely on CRROs, in accordance with SLFRS S2 and applied the requirements set out in this standard.

The Bank's ESMS enables the identification of sustainability risks associated with its lending activities. The Board-approved ESMS policy and ESMS procedure aligns with the regulatory requirements of the CBSL Banking Act Direction No. 05 of 2022 and international best practices as set out in the IFC's performance standards and the UN SDGs. The Bank uses an internally developed Environmental and Social Risk Categorisation Tool to conduct ESG risk assessments during credit evaluation for all credit facilities excluding consumption loans, leasing, housing loans, pawning and credit cards. This tool was developed based on the Central Environmental Authority's prescribed activity list for environmental approvals and/or environmental protection licenses. Using this tool, the Bank categorises applicable credit facilities into risk categories as follows,

Category	Selection Criteria
A	Business Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible or unprecedented.
B+	Business Activities with potential single and significant (substantial) adverse environmental and/or social risks and/or impacts.
B	Business Activities with potential limited adverse environmental and/or social risks and/or impacts that can be readily addressed through mitigation measures.
C	Business Activities with minimal or no adverse environmental and/or social risks and/or impact.

All credit proposals that are deemed high risk are submitted to the RMD for environmental and social risk assessments and recommendations.

Key Developments in 2025

- The application of ESMS procedures were extended to include all facilities (except consumption loans, housing, vehicle, leasing, credit cards, pawning and other personal loans). Previously, applicability was limited to facilities above Rs 100 Mn.
- The ESG risk management system was integrated into the general credit approval system with the Credit Administration Department recording ESG risk categories at individual loan account level. Accordingly, the ESG risk classification for each facility is now reflected in the credit approval system enabling the generation of all relevant annexures and forms for effective ESG risk oversight.
- ESG strategy development and embedded ESG principles into the Bank's overall strategy.
- Identified CRROs in accordance with SLFRS S2.

The Bank continued to implement strategies to mitigate the environmental impacts stemming from its own operations. These included resource efficiency strategies, waste reduction, actively monitoring its carbon footprint and engaging in biodiversity conservation initiatives (Refer to Natural Capital report on pages 169 to 190 for more information). Furthermore, impactful community empowerment programmes (Refer to Social and Relationship Capital – Community on pages 142 to 168 for more information), progressive HR practices and ethical business practices continued to strengthen its social license to operate (Refer to Human Capital report on pages 131 to 141 for more information).

SLFRS S2 - Climate-Related Financial Disclosure

Aligning with the reporting requirements of SLFRS Sustainability Disclosure Standards S1 and S2 (Refer to SLFRS Sustainability-related Financial Disclosures on pages 70 to 100)

The Bank conducted an in-depth assessment to identify its CRROs and their implications on its operations and value chain. A dedicated SLFRS S1 and S2 Implementation Group was established and the Bank engaged with and they obtained technical assistance externally to ensure effective implementation. Following this assessment, CRROs identified are as follows,

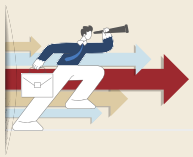
- Climate related physical risk
  - Extreme weather events
- Climate related transition risk
  - GHG emission quantification and transition planning
- Climate related opportunity
  - Sustainable finance
- Standard risk management processes and techniques were integrated into effectively monitoring and managing identified CRROs. CRROs have also been integrated into the Bank's strategic planning process.
- Furthermore, the Bank implemented an Environmental, Social and Governance (ESG) Sustainability Procedure aligned with identified CRROs to strengthen the management of CRROs.
- The Bank has obtained ISO 14001: 2015 EMS by establishing a management system to protect the environment and reduce the environmental impacts of its internal operations.
- The Bank partnered with PCAF to initiate the quantification of financed emissions across its lending portfolio thereby strengthening climate-related risk management and promoting sustainable finance.

To strengthen skills and competencies related to sustainability risk management, team members engaged in numerous capacity building programmes. These included,

- Board members and the Corporate Management participated in training sessions to enhance their understanding of ESG-related aspects and SLFRS S1 and S2 requirements.
- Training sessions for ESG committee members to strengthen their understanding and oversight of ESG related matters.
- In-person sessions for Corporate Banking team to strengthen ESG risk assessment skills in credit evaluations.
- Virtual training sessions were uploaded to the Vidvan online learning platform, focusing on sustainability-related business cases, sessions by the United Nations Global Compact, and sustainability disclosure standards by the IFRS Foundation. Additionally, periodic e-flyer campaigns and awareness sessions were tailored to address the EMS needs of branch network teams and key departments.
- Training sessions conducted for SLFRS S1 and S2 Implementation Group to support the effective implementation of SLFRS S1 and S2.
- Capacity building programmes conducted on Environmental Impact Assessment in credit evaluations for credit officers.

Way Forward in 2026

- Initiate the development of a comprehensive framework for financed emission calculation to assess exposure to transition risks.
- Evaluate climate vulnerability across operational business units and the branch network.





FINANCIAL INFORMATION

Financial Calendar | 350
Annual Report of the Board of Directors on the Affairs of the Company | 351
Directors' Interest in Contracts with the Bank | 358
Directors' Statement on Internal Control Over Financial Reporting | 360
Independent Assurance Report to the Board of Directors of Sampath Bank PLC | 362
Managing Director/Chief Executive Officer's and Executive Director/Chief Financial Officer's Responsibility Statement | 363
Statement of Directors' Responsibility for Financial Reporting | 364
Independent Auditor's Report to the Shareholders of Sampath Bank PLC | 366
Key Financial Highlights | 369

Financial Statements
Statement of Profit or Loss | 370
Statement of Comprehensive Income | 371
Statement of Financial Position | 372
Statement of Changes in Equity | 374
Statement of Cash Flows | 376
Notes to the Financial Statements | 379

A GROWTH ENGINE

Our financial discipline and pursuit of sustainable transformation are the catalysts of our collective progress. With innovation as the driver and compassion as the compass, we generate value that accelerates growth while enriching the lives we serve in more ways than one.

FINANCIAL CALENDAR

Financial Calendar - 2025	
2024 Annual Report and Audited Financial Statements signed on	17th February 2025
39th Annual General Meeting held on	28th March 2025
Rs 9.35 per share Final Cash Dividend for 2024 distributed on	23rd April 2025
2025 Annual Report and Audited Financial Statements signed on	19th February 2026
40th Annual General Meeting to be held on	30th March 2026
Rs 10.30 per share Final Cash Dividend for 2025 distributable on or before	23rd April 2026*

Interim Financial Statements published in terms of Rule 7.4 of the Colombo Stock Exchange (CSE) and as per the requirements of the Central Bank of Sri Lanka:

	Colombo Stock Exchange	Newspapers (as required by CBSL)		
		English	Sinhala	Tamil
2024 4th Quarter interim results released on	18th February 2025	21st March 2025	21st March 2025	21st March 2025
2025 1st Quarter interim results released on	14th May 2025	28th May 2025	28th May 2025	28th May 2025
2025 2nd Quarter interim results released on	14th August 2025	26th August 2025	26th August 2025	26th August 2025
2025 3rd Quarter interim results released on	13th November 2025	26th November 2025	26th November 2025	26th November 2025

Proposed Financial Calendar - 2026	
2026 Annual Report and Audited Financial Statements to be signed in	February 2027
41st Annual General Meeting to be held in	March 2027
Final dividend for 2026 payable in	April 2027**

Interim Financial Statements to be published in terms of Rule 7.4 of the Colombo Stock Exchange and as per the requirements of the Central Bank of Sri Lanka:

	Colombo Stock Exchange	Newspapers (as required by CBSL)		
		English	Sinhala	Tamil
2025 4th Quarter interim results to be released on or before	20th February 2026	31st March 2026	31st March 2026	31st March 2026
2026 1st Quarter interim results to be released on or before	15th May 2026	31st May 2026	31st May 2026	31st May 2026
2026 2nd Quarter interim results to be released on or before	14th August 2026	31st August 2026	31st August 2026	31st August 2026
2026 3rd Quarter interim results to be released on or before	13th November 2026	30th November 2026	30th November 2026	30th November 2026
2026 4th Quarter interim results to be released on or before	26th February 2027	31st March 2027	31st March 2027	31st March 2027

** Subject to confirmation by Shareholders*

*** Subject to confirmation by Directors and Shareholders*

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

1. GENERAL

The Board of Directors of Sampath Bank PLC are pleased to present its Annual Report on the State of Affairs of the Company to the members of Sampath Bank PLC ("the Bank") for the financial year ended 31st December 2025, together with the Audited Financial Statements of the Bank, Consolidated Financial Statements of the Group for the financial year 2025 and the Auditors' Report on the same. This report has been prepared in compliance with the statutory requirements set out in:

- The Companies Act No. 7 of 2007 and its subsequent amendments,
- The Banking Act No. 30 of 1988 and its subsequent amendments,
- The Listing Rules of the Colombo Stock Exchange.

The Financial Statements have been reviewed and recommended by the Board Audit Committee.

This Report, including the Financial Statements was approved by the Board of Directors on 19th February 2026. The requisite number of copies of the Annual Report will be submitted to the Central Bank of Sri Lanka, Colombo Stock Exchange, Registrar of Companies, Securities and Exchange Commission of Sri Lanka and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

Sampath Bank is a Licensed Commercial Bank registered under the Banking Act No. 30 of 1988 ("Banking Act") and was incorporated as a Public Limited Liability Company in Sri Lanka on 10th March 1986 under the Companies Act No. 17 of 1982, initially as "Investment and Credit Bank Limited" and subsequently changed to Sampath Bank Limited. The Company was re-registered as per the requirements of the Companies Act No. 7 of 2007 on 28th April 2008 under the name "Sampath Bank PLC" with the Registrar General of Companies. The re-registration number of the Bank is PQ 144.

The ordinary shares of the Bank are listed on the Main Board of the Colombo Stock Exchange (CSE). The Bank's Basel III Compliant Tier II Rated Unsecured Subordinated Redeemable Debentures are also listed on the CSE.

The Bank has been assigned a National Long-Term Rating of 'AA-(lka) Stable' by Fitch Ratings Lanka Limited w.e.f. 21st January 2025. The subordinated debentures have been assigned a rating of 'A(lka)' w.e.f. 21st January 2025.

The Registered Office as well as the Head Office of the Bank is located at No. 110, Sir James Peiris Mawatha, Colombo 02, Sri Lanka.

2. APPROACH TO CORPORATE GOVERNANCE FRAMEWORK

Sampath Bank's corporate governance framework is anchored in value preservation, ethical leadership, and resilience. As a domestic systemically important bank in Sri Lanka, governance is treated not only as a compliance requirement but as a strategic enabler. The framework integrates regulatory directives, voluntary codes, and best practices into internal policies, ensuring transparency, accountability, and disciplined decision-making across the organisation.

In 2025, the Bank adopted the Performance and Conformance Model:

- Performance – Strategy formulation and policy making, reflecting the Board's role in setting direction and driving sustainable growth.
- Conformance – Accountability, monitoring, and supervision, ensuring oversight, regulatory compliance, and prudent risk management.

This integrated approach highlights how strategic leadership, ethical conduct, and robust controls operate cohesively within the governance architecture, particularly in an environment shaped by heightened regulatory expectations, evolving stakeholder demands, rapid digital transformation, and increasing focus on environmental, social and governance (ESG) considerations. The Corporate Governance Report details compliance with the Banking Act Direction No. 05 of 2024, the Colombo Stock Exchange Listing Rules, and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. Structured around Main Board and Sub-Committee reports, the framework provides stakeholders with transparent insight into the Bank's governance ethos, oversight mechanisms, and its commitment to trust, stability, and long-term resilience.

3. GOVERNANCE IN YEAR 2025

During 2025, Sampath Bank focused on strengthening the effectiveness and maturity of its governance practices, ensuring that the Corporate Governance Framework remained responsive to a dynamic regulatory and operating environment.

The Bank reinforced accountability, transparency, and ethical conduct while supporting sound decision making and long-term sustainability. Continuous reviews of roles, responsibilities, and accountability mechanisms enhanced Board oversight and informed decision making, keeping governance structures aligned with evolving regulatory and industry expectations.

Board effectiveness was advanced through a structured programme of director knowledge development, with training and knowledge sharing sessions enabling Directors to remain abreast of regulatory changes, industry trends, and key risk considerations.

Proactive engagement with regulators, including the Central Bank of Sri Lanka, was prioritised, with accurate and clear Board-level submissions supporting compliance and constructive relationships.

Transparency was further strengthened through timely and accurate corporate governance disclosures in the Annual Report, enhancing stakeholder confidence. Leadership continuity was ensured through structured succession planning, including MD/CEO appointment processes and oversight of Director election and re-election at the AGM, while governance standards were embedded across subsidiaries through oversight of remuneration, director appointments, and alignment with Group governance principles.

Assessments of Director independence, succession planning for Key Management Personnel, and comprehensive evaluations of the Board, its Sub-Committees, and the MD/CEO supported continuous improvement in governance effectiveness.

Through these initiatives, Sampath Bank reinforced its commitment to strong, disciplined, and forward looking governance throughout 2025.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

4. STATUTORY DISCLOSURES

Section 168 of the Companies Act No. 7 of 2007 and its subsequent amendments requires the following information to be disclosed in the Annual Report prepared for the year under review.

No.	Disclosure Requirement	Reference to the Companies Act No. 7 of 2007	Disclosure Reference for Compliance	Page Reference
1	The nature of the business of the Bank and the Group	Section 168 (1) (a)	Sampath Bank at a Glance	10 - 12
			Note 1.3 to the Financial Statements - Principal Activities and Nature of Operations of the Bank	379
			Performance of Subsidiaries	212 - 215
			Note 28 to the Financial Statements - Investment in Subsidiaries	427 - 428
2	Signed Financial Statements of the Bank and the Group for the accounting period completed in accordance with Sections 151 and 152	Section 168 (1) (b)	The Financial Statements for the year ended 31st December 2025 have been duly signed by the Executive Director/Chief Financial Officer, three more Directors and the Company Secretary of the Bank.	373
			Financial Statements	370 - 520
			Note 2.1 to the Financial Statements - Statement of Compliance	379
3	Auditor's Report on the Financial Statements of the Bank and the Group	Section 168 (1) (c)	Independent Auditor's Report to the Shareholders of Sampath Bank PLC	366 - 368
			Based on the declaration provided by Messrs Ernst & Young and as far as the Directors are aware, the Auditors do not have any relationship with or interest with the Bank that in our judgment, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, applicable as of the date of this Report.	
			In accordance with Sections 22(6), 7B, and 7C of the Banking (Amendment) Act No. 24 of 2024, the Bank is required to rotate its External Auditor within two years from the effective date of the Act, which is prior to 15th June 2026. In compliance with this statutory requirement, the Board Audit Committee (BAC) has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants, be appointed as the External Auditor of the Bank for the financial year ending 31st December 2026, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The BAC will further ensure that the tenure of the External Auditor does not exceed six (06) consecutive years, and that the engagement partner is rotated every three (03) years, in alignment with applicable regulatory directives and best practice governance standards.	
4	Changes in Accounting Policies during the accounting period	Section 168 (1) (d)	There are no accounting policy changes during the year.	
			The significant accounting policies adopted in the preparation of the Financial Statements	379 - 520
5	Particulars of entries in the Interests Register made during the accounting period	Section 168 (1) (e)	The Bank maintains the Directors' Interest Register as required under the provisions of Section 168 (1) (e) of the Companies Act. The Directors of the Bank have made necessary declarations of their respective interests in contracts or proposed contracts, in terms of the Sections 192 (1) and 192 (2) of the Companies Act. These interests have been recorded in the Directors' Interest Register, which is available for inspection in terms of the Companies Act.	
			As a practice and in terms of Corporate Governance requirements, the Directors have refrained from voting on matters in which they have a material interest. The Directors have no direct or indirect interest in contracts or proposed contracts with the Bank other than those disclosed.	
			Directors' Interest in Contracts with the Bank	358 - 359
6	Remuneration and other benefits paid to the Directors during the accounting period	Section 168 (1) (f)	Note 47.3.1 to the Financial Statements - Compensation to KMP	458
7	Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	The donations made by the Bank to the Government amounted to Rs 100 Mn (2024: Nil). The Bank does not make donations for political purposes.	
			Note 15 to the Financial Statements - Other Operating Expenses	405

No.	Disclosure Requirement	Reference to the Companies Act No. 7 of 2007	Disclosure Reference for Compliance	Page Reference
8	Information on Directorate of the Company at the end of the accounting period	Section 168 (1) (h)	The Board of Directors of the Bank as at 31st December 2025 comprised eleven (11) (2024: Eleven) members with wide financial and commercial knowledge, and experience. In accordance with the Listing Rules of Colombo Stock Exchange and Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Bank issued by the Central Bank of Sri Lanka, the classification of Directors into Executive (ED), Non-Executive (NED) and Independent (IND), Non-Independent (NID) are stated against the names of the Directors.	
			Board of Directors	234 - 237
9	Amounts payable to the Auditor as audit fees and fees for other services rendered during the accounting period by the Bank and its Subsidiaries	Section 168 (1) (i)	Note 15.1 to the Financial Statements - Auditor's Remuneration	405
10	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in the Company or any of its subsidiaries	Section 168 (1) (j)	The Bank's auditors during the period under review were Messrs Ernst & Young, Chartered Accountants. Independence and Objectivity of the External Auditor provide details of the Policy for the Engagement of the External Auditor for Audit and Non-Audit services. Based on the declaration provided by Messrs Ernst & Young, and as far as the Directors are aware, the auditors do not have any relationship or interest with the Bank that in our judgment, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), applicable on the date of this Report. A resolution to appoint New Auditor, as Auditor of the Company for the ensuing year and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.	
11	Annual Report of the Board of Directors on the Affairs of the Company to be signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)	Annual Report of the Board of Directors on the Affairs of the Company	351 - 359

5. ADDITIONAL DISCLOSURES

The following additional disclosures are also made. Full details regarding these disclosures are provided within Notes to the Annual Report, which form an integral part of the Annual Report of the Board of Directors.

No.	Disclosure Requirement	Disclosure Reference	Page Reference
1	Purpose, Vision, Values and Corporate Conduct	The business activities of the Bank are conducted at a high level of ethical standards in achieving its Purpose and Vision.	10
2	Changes to the Group Structure	There were no changes to the group structure during the financial year 2025. However, subsequent to the reporting date, the Bank incorporated Sampath Wealth Management Limited, as a new subsidiary on 6th January 2026.	
3	Review of Operations	No new branches were opened during the year under review. The review of the financial and operational performance of the Bank and the Group, together with important events that took place during the year 2025 have been explained in the following Reports:	
		Chairman's Message	22 - 25
		Managing Director/Chief Executive Officer's Review	26 - 32
		Management Discussion and Analysis	101 - 215

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

No.	Disclosure Requirement	Disclosure Reference	Page Reference
4	Future Developments	The Bank will focus on a business expansion driven through its existing Branch Network, concentrating mainly on its core banking operations to increase its market share and profitability. This will be further supplemented by more vigorous efforts to expand the Bank's digital channels and focus on innovative product development, process improvements and staff development, all aimed at fulfilling the rapidly changing customer needs amidst challenging market conditions and to maximise the value created for all the stakeholders. An overview of the future development of the Bank and the Group is given in the following reports.	
		Chairman's Message	22 - 25
		Managing Director/Chief Executive Officer's Review	26 - 32
		Management Discussion and Analysis	101 - 215
5	Directors' Responsibility for Financial Reporting	Statement of Directors' Responsibility for Financial Reporting	364 - 365
6	Financial Results and Appropriations	**Income**	
		Note 6 to the Financial Statements - Gross Income	395
		Profit and Appropriations	
		Statement of Profit or Loss	370
		Statement of Comprehensive Income	371
		Statement of Financial Position	372 - 373
		Statement of Changes in Equity	374 - 375
		Statement of Cash Flows	376 - 378
7	Taxation	The Bank views tax not merely as a cost, but as a means of contributing to society, supporting sustainable growth, and promoting long-term prosperity. We are committed to complying with the letter, intent, and spirit of tax legislation, ensuring that the right amount of tax is paid at the right time. Our approach is guided by a clearly defined tax strategy and established tax principles, supported by a robust governance framework in which the Board plays a central role. Ongoing compliance with all applicable tax laws and regulations is closely monitored with the assistance of the Bank's tax advisors.	
		Please refer Note 16 to the Financial Statements.	406 - 407
		The direct and indirect taxes applicable to the Bank and rates are set out below:	

	Applicable Rate	
	2025	2024
Income Tax	30%	30%
Value Added Tax (VAT) on Financial Services	18%	18%
Value Added Tax (VAT) on Non-Financial Services	18%	18%
Social Security Contribution Levy (SSCL) on Financial Services	2.50%	2.50%
Social Security Contribution Levy (SSCL) on Non-Financial Services	2.50%	2.50%
Withholding Tax (WHT) on Interest on Deposits*	10%	5%
Withholding Tax (WHT) on Service Fees	5%	5%
Withholding Tax (WHT) on Rent and Hiring Expenses	10%	10%
Crop Insurance Levy on Profit after Tax	1%	1%

* Withholding Tax (WHT) on interest on deposits has been increased from 5% to 10% with effect from 1st April 2025.

8	Dividend	The Board of Directors has recommended a final dividend of Rs 10.30 per share in cash for the financial year ended 31st December 2025 subject to the approval of the shareholders at the Annual General Meeting to be held on 30th March 2026. The Board of Directors was satisfied that the Bank would meet the solvency test immediately after the payment of final dividend proposed, in terms of the Section 31(3) of the Companies Act. The Board provided the Statement of Solvency to the Auditors and obtained a Certificate of Solvency from the Auditors in respect of the dividend payment conforming to the statutory provision.	
		Note 18 to the Financial Statements - Dividend Paid and Proposed	408 - 409
9	Reserves	Note 42 to the Financial Statements - Statutory Reserves	452
		Note 43 to the Financial Statements - Other Reserves	452 - 453
		Note 44 to the Financial Statements - Retained Earnings	453
		Non-controlling Interest The Bank does not have a non-controlling interest as at 31st December 2025, since all the subsidiaries are 100% owned by the Bank.	
		Statement of Changes in Equity	374 - 375

No.	Disclosure Requirement	Disclosure Reference	Page Reference
10	Capital Expenditure	The total capital expenditure on acquisition of property, plant and equipment and intangible assets of the Bank and the Group amounted to Rs 4,944,835,000/- and Rs 5,775,449,000/- respectively (2024 Bank: Rs 2,759,257,000/- and Group: Rs 4,068,470,000/-).	
		Notes 29 and 30 to the Financial Statements - Property, Plant and Equipment and Intangible Assets	428 - 436
11	Capital Commitments	The capital expenditure approved and contracted for as at the reporting date	
		Note 45.3 to the Financial Statements - Capital Commitments	456
12	Property, Plant and Equipment (PPE)	Note 29 to the Financial Statements	428 - 435
13	Market Value of Freehold Properties	The Group applies Revaluation model given in Sri Lanka Accounting Standard - LKAS 16 (Property, Plant and Equipment) to the entire class of freehold lands and buildings. Such properties are revalued every three years or more frequently if the fair values are substantially different from the carrying values. Accordingly, all freehold lands and buildings of the Group were revalued as at the end of 2025 by professionally qualified independent valuers. The results of the revaluation were brought into the Financial Statements to ensure that the carrying amount of such properties reflects the market prices.	
		Note 29 to the Financial Statements - Property, Plant and Equipment (Bank and Group)	428 - 435
14	Stated Capital, Debentures and Bonds	**Stated Capital, Debt Capital and Shares issued by the Bank**	
		Note 41 to the Financial Statements - Stated Capital	451
		Note 37 to the Financial Statements - Due to Debt Securities Holders	443 - 444
		Issue of Shares and Debt Capital - Subsidiaries	
		Investor Relations	534
		Note 37.1.1 to the Financial Statements - Details of Debentures Issued	444
15	Share Information	Investor Relations	531 - 534
16	Shareholding	Investor Relations	531 - 534
17	Equitable Treatment to Shareholders	The Bank has at all times ensured that all shareholders are treated fairly and equitably.	
18	Retirement and Re-Election/ Re-Appointment of Directors	In terms of Articles No. 86 and 87 of the Articles of Association of the Company, Mr Dilip de S Wijeyeratne, Mr Vinod Hirdaramani and Mr Hiran Cabraal retire by rotation and being eligible, offer themselves for re-election on the unanimous recommendation of the Board Nominations and Governance Committee and approval of the Board of Directors.	
		Board of Directors Sections 210 and 211 of the Companies Act do not apply to the Bank, in view of the more stringent provision contained in Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka which restricts the age of a Director of a Licensed Bank to 70 years and the total period of service of a Director shall not exceed nine (09) years.	234 - 237
19	List of Directors of the Subsidiaries of the Bank	Names of the Directors of Subsidiary companies as at 31st December 2025:	

Siyapatha Finance PLC	Sampath Centre Limited
Mr P S Cumaranatunga (Chairman)	Mr S H Amarasekera (Chairman)
Mr Y S H R S Silva (Deputy Chairman)	Maj Gen (Retd) P P De Silva
Mr H M A Seneviratne (Managing Director)	Mr Ajantha de Vas Gunasekara
Mr J Selvarathnam	Mr Sanjaya Gunawardana
Mr J H Gunawardena	
Mr D Sooriyaarachchi	
Mr W S C Perera	
Ms H S R Ranatunga	
Mr P L C Jayawickrema	
Mr D P Lokuarachchi	

Sampath Securities (Private) Limited	Sampath Information Technology Solutions Limited
Mr P D R Hettiarachchi (Chairman)	Mr Y S H R S Silva (Chairman)
Mr W M P L De Alwis	Mr W S C Perera
Mr S N Kulatilake	Mr P M T P Kawdawatta
Mr W T J R S Fernando	Mr I N M Rodrigo
Mr A J W Jayasekera	

Sampath Wealth Management Limited, a new subsidiary of the Bank incorporated on 6th January 2026, has the following directors as of the date of this report:

Sampath Wealth Management Limited
Mr Sanjaya Gunawardana (Executive Director)
Mr Ajantha de Vas Gunasekara (Executive Director)

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

No.	Disclosure Requirement	Disclosure Reference	Page Reference
20	Register of Directors and Secretaries	As required under Section 223 (1) of the Companies Act, the Bank maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business, occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Company Secretary.	
21	Board Sub-Committees	The Board, while assuming the overall responsibility and accountability for the management oversight of the Bank, has also appointed Board Sub-Committees to ensure that the activities of the Bank at all times are conducted with the highest ethical standards and the best interests of all its stakeholders. As of 31st December 2025, the Board has formed Twelve (12) Sub-Committees, including Five (5) mandatory Sub-Committees as required by the Banking Act, Four (4) of which also fulfil the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange.	
		Board Sub-Committee Reports	245 - 315
22	Directors' Meetings	Directors' Attendance at Board and Board Sub-Committee Meetings	227
23	Related Party Transactions	Directors have also disclosed transactions if any, that could be classified as Related Party Transactions in terms of Sri Lanka Accounting Standards - LKAS 24 (Related Party Disclosures) which is adopted in preparation of the Financial Statements. The Related Party Transactions Review Committee considers all transactions that require approval in line with the Bank's Related Party Transactions Policy and in compliance with the relevant regulations of CSE and Central Bank of Sri Lanka, ensuring transactions are fair and in the best interests of the Bank. In addition, the Bank carries out transactions in the ordinary course of business in an arm's length basis with entities where the Chairman or Directors of the Bank is the Chairman or a Director of such entities as detailed in:	
		Directors' Interest in Contracts with the Bank	358 - 359
		Note 47 to the Financial Statements - Related Party Disclosures	458 - 461
24	Directors' Interest in Ordinary Shares and Debentures		

Name of Director	No. of shares as at 31st December 2025	No. of shares as at 31st December 2024
Mr Harsha Amarasekera	-	-
Mr Rushanka Silva	-	-
Mr Dilip de S Wijeyeratne	-	-
Ms Aroshi Nanayakkara	-	-
Mr Vajira Kulatilaka	-	-
Mrs Keshini Jayawardena	-	-
Mr Vinod Hirdaramani	668,087	668,087
Mr Hiran Cabraal	-	-
Mr Keith Modder	6,941	6,941
Mrs Ayodhya Iddawela Perera*	n/a	611
Mr Sanjaya Gunawardana	6,148	n/a
Mr Ajantha de Vas Gunasekara	-	-

n/a - not applicable
* Retired w.e.f. 23rd September 2025.

Mr Rushanka Silva, Mr Vajira Kulatilaka and Mr Vinod Hirdaramani respectively hold 2,000,000, 300,000 and 700,000 of Basel III Compliant - Tier II Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion (2023/2028) issued by the Bank.

25	Directors' Interest in Shares and Debentures of Subsidiaries	Mr Rushanka Silva holds one share at Siyapatha Finance PLC.	
26	Material Business Relationships	Based on the individual declarations obtained from the Directors, it is confirmed that none of the Directors or their close family members have any business relationships with other Directors of the Bank.	
27	Material Interests in Contracts Involving the Company	Corporate Governance Report	218 - 231
		Directors' Interest in Contracts with the Bank	358 - 359
28	Our Team Members	Capital Management Report - Human Capital	131 - 141

No.	Disclosure Requirement	Disclosure Reference	Page Reference
29	Employee Share Ownership/Option Plans (ESOP)	The Bank did not initiate or establish any Employee Share Ownership/Option Plans during the year.	536
30	Environmental Protection	To the best knowledge of the Board, the Bank has not engaged in any activity that is harmful or hazardous to the environment. The Directors also confirm that to the best of their knowledge and belief, the Bank has complied with the relevant environmental laws and regulations.	
		Capital Management Report - Natural Capital	169 - 190
31	Statutory Payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the government, other regulatory bodies and related to the employees have been paid on a timely basis.	
32	Outstanding Litigation	In the opinion of the Directors who in consultation with the Bank's lawyers have established that litigation currently pending against the Bank will not have a material impact on the reported financial results or the future operations of the Bank.	
		Note 45.5 to the Financial Statements - Other Contingent Liabilities	457
33	Complied with all applicable Laws and Regulations	Managing Director/Chief Executive Officer's and Executive Director/Chief Financial Officer's Responsibility Statement	363
34	Events after the Reporting Period	No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to or disclosure in the accounts, except those disclosed.	
		Note 49 to the Financial Statements - Events After the Reporting Period	463
35	Going Concern	The Directors, after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed under the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Bank issued by the Central Bank of Sri Lanka and Colombo Stock Exchange Listing Rules, are satisfied that the Bank has adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.	
		Note 2.11.1 to the Financial Statements - Going Concern	380
36	Adherence to the Internal Controls	Director's Statement on Internal Control Over Financial Reporting	360 - 361
37	Significant Shareholdings in Other Organisations	Note 27.5 to the Financial Statements - Quoted Equity Security	425
38	Risk Management	**Material Foreseeable Risk Factors**	
		Integrated Risk Management Report	317 - 347
		Note 51 to the Financial Statements - Risk Management	472 - 516
39	Corporate Governance	Corporate Governance Report	218 - 231 and 245 - 315

6. NOTICE OF ANNUAL GENERAL MEETING

The 40th Annual General Meeting of the Bank will be held at "Balmoral", The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01, on 30th March 2026 at 9.30 a.m. The Notice of Meeting is given on page 569 of the Annual Report.

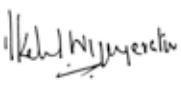
7. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

For and on behalf of the Board of Directors,



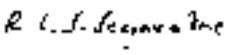
HARSHA AMARASEKERA
Chairman



DILIP DE S WIJEYERATNE
Senior Independent Director



SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer



LASANTHA SENARATNE
Company Secretary

19th February 2026
Colombo, Sri Lanka

DIRECTORS' INTEREST IN CONTRACTS WITH THE BANK

Related party disclosures as required by the Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosures) are detailed in Note 47 to the Financial Statements. In addition, the Bank carries out transactions in the ordinary course of business in an arm's length basis with entities in which the Chairman or any Director of the Bank serves as the Chairman or Director. Details of such transactions are provided below.

Company	Relationship	Nature of the Transaction	Current Limit Rs 000	Amount 2025 Rs 000	Amount 2024 Rs 000
Mr Harsha Amarasekera					
CIC Agri Businesses (Pvt) Ltd	Independent, Non-Executive Chairman	Deposits	4,020,000	1,613	5,207
		Loans & advances		3,715,000	717,000
		Indirect facilities		16,368	1,248,629
		Interest income		129,997	62,617
CIC Holdings PLC	Independent, Non-Executive Chairman	Deposits	6,000,000	721,110	439,559
		Loans & advances		4,069,664	4,374,000
		Indirect facilities		575,856	374,929
		Interest expense		33,453	26,238
		Interest income		345,245	341,470
Link Natural Products (Pvt) Ltd	Non-Executive Director	Deposits		328,622	294,589
		Interest expense		17,241	19,876
Millennium Airlines (Pvt) Ltd	Non-Executive Director	Deposits		176	166
Swisstek Aluminium Ltd	Independent, Non-Executive Chairman	Deposits	1,625,000	18,051	261,954
		Loans & advances		630,064	935,556
		Indirect facilities		-	412,285
		Interest income		92,760	43,790
Swisstek (Ceylon) PLC	Independent, Non-Executive Chairman	Deposits	250,000	1,106	31,225
		Loans & advances		82,327	174,729
		Indirect facilities		-	-
		Interest expense		9	10
		Interest income		12,417	23,288
Royal Ceramics Lanka PLC	Independent, Non-Executive Co-Chairman	Deposits		14,613	26,249
		Loans & advances		-	502,027
		Indirect facilities		-	58,733
		Interest expense		1,585	-
		Interest income		27,821	37,394
		Expenses and fees paid		-	127
Expolanka Holdings Ltd	Independent, Non-Executive Director	Loans & advances	2,000	28	25
		Deposits		184,098	315,193
		Interest income		6	96
Colombo Port City Economic Commission	Chairman	Expenses and fees paid		3,085	2,903
Lanka Tiles PLC	Non-Executive Director	Deposits	730,000	338	n/a
		Loans & advances		449	n/a
		Indirect facilities		-	n/a
		Interest income		7,571	n/a
Lanka Walltiles PLC	Non-Executive Director	Deposits	200,000	266	n/a
		Loans & advances		127,664	n/a
		Indirect facilities		10,000	n/a
		Interest expense		4	n/a
		Interest income		11,687	n/a
Mr Rushanka Silva					
Indra Property Development (Pvt) Ltd	Director	Deposits		155	155
		Expenses and fees paid		711	5,075
Mr Dilip de S Wijeyeratne					
Janashakthi Insurance PLC	Independent, Non-Executive Director	Deposits	4,650	1,041,110	45,450
		Loans & advances		218	282
		Interest expense		49,120	1,057
		Interest income		14	8
Singer (Sri Lanka) PLC	Senior Independent Director	Deposits	5,582,000	11,892	57,807
		Loans & advances		1,869,548	710,821
		Indirect facilities		1,454,716	1,319,941
		Interest expense		45	41
		Interest income		76,020	78,816
		Expenses and fees paid		6,808	8,488

Company	Relationship	Nature of the Transaction	Current Limit Rs 000	Amount 2025 Rs 000	Amount 2024 Rs 000
Ms Aroshi Nanayakkara					
Keells Food Products PLC	Independent, Non-Executive Director	Deposits		188	n/a
		Interest income		12,160	n/a
Sri Lanka Institute of Directors	Immediate Past Chairperson	Expenses and fees paid		108	1,957
Asian Hotels & Properties PLC	Independent, Non-Executive Director	Expenses and fees paid		6,744	2,348
Mr Vajira Kulatilaka					
Access Engineering PLC	Senior Independent, Non-Executive Director	Deposits		1,354	1,035
		Loans & advances	3,100,000	1,500,000	1,500,000
		Indirect facilities		86,009	323,903
		Interest income		110,659	60,444
Printcare PLC	Independent, Non-Executive Director	Deposits		10,610	6,222
		Loans & advances	360,000	-	3,130
		Indirect facilities		-	-
		Interest expense		155	91
		Interest income		9,346	7,135
L T L Holdings Ltd	Independent, Non-Executive Director	Deposits		137	135
		Interest expense		2	2
Hemas Hospitals (Pvt) Ltd	Independent, Non-Executive Director	Deposits		5,002	5,373
		Loans & advances	250,000	-	-
		Interest income		-	2,066
Mr Vinod Hirdaramani					
Ceylon Knit Trend (Pvt) Ltd	Executive Director	Deposits		1,710,219	365,702
		Interest expense		70,350	19,438
Hirdaramani Apparel Holdings (Pvt) Ltd	Executive Director	Deposits		210,187	-
		Interest expense		828	-
Hirdaramani International Exports (Pvt) Ltd	Executive Director	Deposits		3,105,780	1,684,838
		Interest expense		120,818	86,453
Long Island Clothing Company (Pvt) Ltd	Executive Director	Deposits		2,930	10,966
		Indirect facilities		-	5,288
		Interest expense		5	5
		Interest income		-	3,257
Rosewood (Pvt) Ltd	Executive Director	Deposits		4,306	2,341
		Dividend paid (Gross)		516,662	316,333
Windforce PLC	Non-Independent, Non-Executive Director	Deposits		1	5
Mr Hiran Cabraal					
The Lighthouse Hotel PLC	Independent, Non-Executive Director	Deposits		-	362
		Loans & advances	100,000	1,272	-
		Interest income		2,605	-
		Expenses and fees paid		-	2,013
Mr Roger Keith Modder					
Digital Mobility Solutions Lanka PLC	Non-Executive Director	Deposits		65,805	-
		Loans & advances	250,000	-	-
		Interest expense		3,934	-
		Expenses and fees paid		36,076	20,307
Mr Sanjaya Gunawardana					
Lanka Financial Services Bureau Ltd	Director	Expenses and fees paid		13,221	11,620*
LankaPay (Pvt) Ltd	Director	Expenses and fees paid		334,216	287,639*

n/a - not applicable

* Mrs Ayodhya Iddawela Perera, former Managing Director of the Bank, retired from the Board of Directors effective 23rd September 2025. As of 31st December 2024, she held directorships in these entities and therefore, comparative figures have been disclosed in relation to those entities.

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RESPONSIBILITY

The report on Internal Control Over Financial Reporting (ICOFR) is presented by the Board of Directors of Sampath Bank PLC in line with Section 9.2(b) of Banking Act Direction No. 05 of 2024 issued by the Central Bank of Sri Lanka (CBSL), Section 9.17 (ii) of the Listing Rules issued by the Colombo Stock Exchange (CSE) and with Principle D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Board of Directors ("the Board") is responsible for implementing an adequate and effective system of internal controls at Sampath Bank PLC ("the Bank"). In doing so, the Board has ensured that the existing system is structured to manage the Bank's key areas of risk within an acceptable risk profile, thereby supporting the achievement of the business objectives of the Bank.

In the light of the foregoing, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

The Board has established a comprehensive framework to identify, assess, and proactively manage significant risks faced by the Bank, while addressing the complexities of modern, technology-driven banking operations. This structured approach not only strengthens ICOFR in full compliance with regulatory requirements but also enhances the Bank's resilience to evolving market dynamics and operational challenges, while enabling the Bank to remain agile in a rapidly changing environment. The Management plays a pivotal role in operationalising the Board's directives by translating risk management policies into actionable measures. Their responsibilities include risk identification and evaluation, designing and implementing robust internal controls, and monitoring their effectiveness to ensure timely mitigation. To support these objectives, the Bank maintains a well-integrated system of ICOFR and advanced Management Information Systems (MIS), leveraging technology to improve transparency, accuracy, and decision-making. These efforts collectively safeguard financial integrity, reinforce governance standards, and protect the interests of all stakeholders, while fostering sustainable growth and adaptability in a dynamic business environment.

The process is regularly reviewed by the Board, in accordance with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued by CA Sri Lanka.

In the year 2025, the Board assessed the existing system of ICOFR vis-à-vis the principles outlined in the aforementioned guidance. Following a comprehensive assessment, the Board affirms that the Bank's ICOFR framework is robust, technologically integrated, and effective in providing reasonable assurance on the accuracy, reliability, and transparency of financial reporting. This system ensures that financial statements prepared for external purposes fully comply with applicable accounting standards and regulatory requirements.

The Board remains committed to safeguarding stakeholder confidence by continuously strengthening ICOFR through advanced MIS, automated monitoring tools, and periodic independent reviews. These measures not only uphold strong governance and compliance but also enable the Bank to adapt swiftly to the complexities of technology-driven banking and an evolving regulatory landscape.

KEY FEATURES OF THE PROCESS FOLLOWED IN REVIEWING THE DESIGN AND OPERATING EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The key mechanisms that have been established to review the adequacy and effectiveness of the system of internal controls with respect to financial reporting include the following;

- Board Sub-Committees assist the Board in ensuring the effectiveness of Bank's day-to-day operations and to ensure that all activities are carried out in accordance with the corporate objectives, strategic priorities and in line with the annual budget as well as the policies and the business direction approved by the Board.
- The Board Audit Committee (BAC) reviews internal control issues identified by the Internal Audit Department, the External Auditors, Regulatory Authorities and the Management and while also assessing the effectiveness of the Internal Audit function.
- The minutes of the Board Audit Committee meetings are forwarded to the Board on a periodic basis. Further, the details of the activities carried out by the BAC during the year under review are set out in the BAC Report on pages 256 to 263.
- The Bank's Internal Audit Department is tasked with conducting reviews of the internal controls covering financial, operational and compliance controls and obtaining reasonable assurance of their effectiveness. An annual review is being conducted by the Internal Audit Department to provide an independent assurance about the effectiveness of the internal controls of the Risk Management Function. Further, the Internal Audit Department is responsible for verifying compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and scheduled audit procedures. This helps to provide an independent and objective assessment of system efficacy and highlights significant non-compliances. Audits are carried out according to the annual audit plan which is reviewed and approved by the Board Audit Committee. Different audit approaches including Onsite Audits, Offsite Audits, Spot Audits, Process Audits and Thematic Audits are carried out across all Bank operations covering business units, processes and systems. The frequency of these audits is determined by the level of risk assessed. In addition, cybersecurity and data security measures are monitored through appropriate audit techniques and tools. Through these audit programmes and techniques, all controls are tested on an ongoing basis with significant findings identified by the Internal Audit Department submitted to the Board Audit Committee for review at their periodic meetings.
- A special Steering Committee (Internal Control Over Financial Reporting Steering Committee) together with several Management-level Committees (referred to in page 225) have been granted appropriate authority to ensure effective management and supervision of the core areas of the Bank's business operations.
- In assessing the ICOFR, identified officers of the Bank were assigned to ensure compliance with all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Bank. The procedures used for this purpose

are continuously reviewed and verified by the Internal Audit Department to confirm their design suitability and operational effectiveness on an ongoing basis. Any significant issues observed by the Internal Audit Department are referred to the "Internal Control Over Financial Reporting Steering Committee" for their review, prior to being included in the final report on Internal Control Over Financial Reporting submitted to the Main Board through the BAC and to the External Auditors. Sampath Bank continues to follow the new Sri Lanka Accounting Standards comprising LKAS and SLFRS. The initially implemented processes and procedures have been progressively strengthened over the years based on the feedback received from the Regulators, External Auditors, Board Audit Committee and the Internal Audit Department. The Bank has documented procedures pertaining to these requirements and the relevant procedure manuals are updated as and when necessary.

- Due to the increase of credit, liquidity, operational and technological risks driven by local and global economic uncertainties, cyber security threats, frauds and internal malpractices, the BAC strengthened its focus on enhancing internal controls and risk management framework to mitigate the evolving risks. The Directors have ensured that adequate measures are in place to address these challenges, including continuous monitoring, timely corrective actions, and adherence to regulatory requirements. Further, the Credit Risk Management Unit continues to perform an independent review of the individually significant loan impairment process at each reporting date. The adequacy of post model adjustments (overlays) is also assessed. This assessment does not include the Bank's subsidiaries.
- The Board has long since recognised the need to automate the financial reporting process in order to proactively comply with the requirements of recognition, measurement, classification and disclosure of the financial instruments. Towards this end, the Bank successfully implemented Robotic Process Automation (RPA) in 2019, which has eliminated manual intervention in calculating impairment provisions to a greater extent. The Board continues to review various options available to increase the degree of automation in the financial reporting process.
- The Bank strengthened its internal control processes to address evolving regulatory requirements, rapid technological advancements, cybersecurity and data protection risks, talent challenges, and increasing trends in fraud and internal misconduct. To ensure the adequacy and effectiveness of internal control systems and compliance with governance standards, the ICOFR verification process was more streamlined and enhanced during the year. The BAC also obtained and reviewed assurances from the Managing Director/CEO and other Key Management Personnel regarding the adequacy and effectiveness of the Bank's internal control systems.
- The comments made by the External Auditor in connection with ICOFR in previous years, were reviewed and appropriate steps taken in 2025 to address relevant matters raised. The recommendations made by the External Auditor in 2025 in connection with the System of ICOFR will be dealt with in future.
- An independent review is being carried out by the external auditor to test the compliance of the Risk Management function with the regulatory/ supervisory requirements and market/ industry conditions.

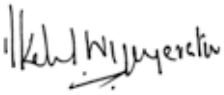
CONFIRMATION

Based on the above processes, the Board confirms that Sampath Bank's System of Internal Controls Over Financial Reporting, operational and compliance controls and risk management is robust and provides a reasonable assurance on the reliability of financial reporting while supporting the preparation of financial statements for external reporting purposes in accordance with relevant accounting standards, principles and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Messrs Ernst & Young, after reviewing the Directors' Statement on Internal Control Over Financial Reporting included in the Annual Report of the Bank for the year ended 31st December 2025, have confirmed to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and operating effectiveness of the System of ICOFR. The External Auditor's Report on the Statement of ICOFR is given on page 362 of this Annual Report.

By order of the Board,



DILIP DE S WIJEYERATNE
Chairman - Board Audit Committee



HARSHA AMARASEKERA
Chairman



SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer



LASANTHA SENARATNE
Company Secretary

19th February 2026
Colombo, Sri Lanka

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SAMPATH BANK PLC

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Sampath Bank PLC ("Bank") to provide assurance on the Directors' Statement on Internal Control over Financial Reporting ("Statement") included in the annual report for the year ended 31 December 2025.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with section 9.2 (b) of the Banking Act Direction No. 05 of 2024.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and compliance with SLSAE 3050 (Revised)

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3050 (Revised), Assurance Report for Banks on Directors' Statement on Internal Control, issued by the institute of Chartered Accountants of Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Bank.

The procedures performed were limited primarily to inquiries of bank personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3050 (Revised) does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (Revised) also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Bank.

Ernst & Young

19 February 2026
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER'S AND EXECUTIVE DIRECTOR/CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT



SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer



AJANTHA DE VAS GUNASEKARA
Executive Director/Chief Financial Officer

The Financial Statements of Sampath Bank PLC ("the Bank") and the Consolidated Financial Statements of the Bank and its Subsidiaries ("the Group") as at 31st December 2025 have been prepared in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRSs & LKASs) issued by the Institute of Chartered Accountants of Sri Lanka,
- Companies Act No. 07 of 2007 and amendments thereto,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- Banking Act No. 30 of 1988 and amendments thereto,
- Directions, Determinations, Orders, Circulars and Guidelines issued by the Central Bank of Sri Lanka (CBSL),
- The Listing Rules of the Colombo Stock Exchange (CSE),
- The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka; and Section 9.2(b) of the Banking Act Direction No. 5 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka.

The Group presents its financial results to its shareholders on a quarterly basis. The formats used in the preparation of the Financial Statements and disclosures made, comply with the formats prescribed by the Central Bank of Sri Lanka, which are also in compliance with the disclosure requirements of the Sri Lanka Accounting Standards. The significant Accounting Policies of the Bank and the Group are in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Further such Accounting Policies are appropriate and are consistently applied. The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with the Board Audit Committee and External Auditors. Comparative information has been restated or reclassified wherever necessary to comply with the current presentation. The Board of Directors and the Management of the Bank accept responsibility for the integrity and objectivity of these Financial Statements. We confirm that to the best of our knowledge, the Financial Statements give a true and fair view of the assets, liabilities, financial position, results of the operations and the cash flows of the Bank and the Group. We have reasonable grounds to believe that the Bank and the Group have adequate resources to continue in operational existence for the foreseeable future. As such, even after considering ongoing local and global economic issues and their impact to the Bank's operations and implications on future performance, we remain confident that it is appropriate to adopt the Going Concern basis for the preparation of the financial statements.

The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis; in order to ensure that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and that the Bank's state of affairs are reasonably presented. To ensure this, the Bank and all its Subsidiaries have taken proper and sufficient care in installing a system of internal controls and procedures for safeguarding assets, preventing and detecting frauds and/or errors as well as other irregularities which are reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

We confirm that as of 31st December 2025, the Bank's Internal Controls Over Financial Reporting are adequate and effective and comply with Section 9.2(b) of the Banking Act Direction No. 5 of 2024 on Corporate Governance for Licensed Banks (Internal Control Over Financial Reporting - ICOFR) issued by the Central Bank of Sri Lanka. The Annual Report of the Board of Directors on the Affairs of the Company on pages 351 to 359 briefly covers the Group's Internal Control Over Financial Reporting. In addition, the Directors' Statement on Internal Control Over Financial Reporting is also provided on pages 360 and 361. The Bank's External Auditor, Messrs Ernst & Young, have audited the effectiveness of the Bank's Internal Controls Over Financial Reporting and have given an unqualified opinion on page 362 of this Annual Report.

The Financial Statements of the Group were audited by Messrs Ernst & Young, Chartered Accountants, the independent External Auditor. Their Report is given on pages 366 to 368 of this Annual Report. The Board Audit Committee of the Bank meets periodically with the Internal Auditors and the independent External Auditor to review the manner in which these auditors are performing their responsibilities and to discuss issues relating to auditing, internal controls and financial reporting. To ensure complete independence, the External Auditor and the Internal Auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance. The Board Audit Committee report is given on pages 256 to 263.

Sampath Bank is publishing an Integrated Annual Report using GRI standards in accordance with the Banking Act Direction No. 05 of 2022, which also contains a separate report on the mandatory sustainability reporting in accordance with SLFRS S1 and S2. The Bank has used the transitional provision available in the standards for first time reporters, adopting a Climate First approach. We will continue to evolve the scope and depth of reporting in the year ahead.

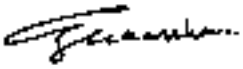
The Board Audit Committee approves the audit and non-audit services provided by Messrs Ernst & Young, in order to ensure that the provision of such services does not impair Messrs Ernst & Young's independence.

We confirm that to the best of our knowledge:

- The Bank and the Group have complied with all applicable laws, regulations, guidelines and prudential requirements;
- There are no material non-compliances; and
- There is no material litigation that is pending against the Bank and the Group other than those disclosed in Note 45.5 to the Financial Statements in the Annual Report.



SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer



AJANTHA DE VAS GUNASEKARA
Executive Director/Chief Financial Officer

19th February 2026
Colombo, Sri Lanka

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The responsibilities of the Directors in relation to the Financial Statements of Sampath Bank PLC ("the Bank") and the Consolidated Financial Statements of the Bank and its Subsidiaries ("the Group") are set out in the following statement. The responsibility of the Auditor in relation to the Financial Statements are set out in the Report of the External Auditor; Messrs Ernst & Young, on pages 366 to 368.

In terms of Sections 150(1), 151, 152 and 153(1) and (2) of the Companies Act No. 7 of 2007 and its subsequent amendments, the Directors of the Bank are responsible for ensuring that the Bank and the Group keep proper books of accounts of all transactions and prepare Financial Statements that give a true and fair view of the financial position of the Bank and the Group as at end of each financial year and of the financial performance of the Bank and the Group for each financial year and place them before the Annual General Meeting for shareholders for their approval. The Financial Statements comprise of the Statement of Financial Position as at end of the financial year, the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the financial year ended and Notes thereto.

The Financial Statements are prepared under the supervision of the Executive Director/Chief Financial Officer who is a senior member of the Corporate Management and an Executive Director of the Bank. The Directors confirm that the Financial Statements of the Bank and the Group give a true and fair view of:

- the state of affairs of the Bank and the Group as at 31st December 2025; and
- the financial performance of the Bank and the Group for the financial year ended 31st December 2025.

The Directors oversee the following to support the preparation of these Financial Statements:

- selection of appropriate accounting policies and consistent application of the same with clear disclosure and explanations of any material departures;
- presentation of Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and the underlying books of accounts;
- reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected;
- the Financial Statements provide the information required by the Companies Act, Banking Act No. 30 of 1988 (Banking Act) and amendments thereto and the Listing Rules of the Colombo Stock Exchange (CSE); and
- the companies within the Group maintain sufficient accounting records to disclose the financial position of the Group with reasonable accuracy.

The Directors are also responsible for ensuring that the Bank and the Group have adequate resources to continue in operation, to justify applying the Going Concern basis in preparing these Financial Statements. In the current financial year, the Directors also considered ongoing local and global economic issues, Cyclone Ditwah and their impact on the Group's business, operations and potential implications on future performance.

The Financial Statements of the Bank and the Group have been certified by the Executive Director/Chief Financial Officer, who is the officer responsible for its preparation, as required by the Companies Act. The Accounts have been reviewed by the Board Audit Committee (BAC) and the Board of Directors. Further, the Financial Statements of the Bank and the Group have been signed by three Directors and the Company Secretary in conformity with the requirements of the Companies Act.

The Financial Statements for the year 2025 captured in this Annual Report are consistent with the underlying books of accounts and are in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Banking Act together with its amendments, the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Further, these Financial Statements comply with the prescribed format issued by the Central Bank of Sri Lanka (CBSL) for the preparation of Annual Financial Statements of Licensed Commercial Banks. The Directors confirm that the Financial Reporting System of the Bank and the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting, in compliance with the guidance set out in the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance. The Directors accept responsibility for the integrity and objectivity of the Financial Statements published in this Annual Report. The Directors confirm that in preparing the Financial Statements given on pages 370 to 520, appropriate accounting policies have been selected and applied on a consistent basis in line with the Financial Reporting Framework, while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

The Directors have taken appropriate steps to ensure that the Bank and the Group maintain proper books of accounts and review the Financial Reporting System directly at their regular meetings and also through the BAC.

The Report of the BAC is given on pages 256 to 263. The Board of Directors reviews the Interim Financial Statements with due consideration to the recommendation of BAC. Interim Financial Statements are approved by the Board prior to their release.

The Directors have taken all reasonable steps available to them to safeguard the assets of the Bank and the Group and to prevent and detect frauds and any other irregularities. For this purpose, the Directors have instituted effective and comprehensive systems of internal controls for identifying, recording, evaluating and managing the significant risks faced by the Bank throughout the year. These systems are kept under constant review by the Board to ensure appropriate financial and other controls are in place to enable the Bank to carry on its operations in an orderly manner, safeguard the assets, prevent and detect frauds and other irregularities and secure as far as practicable, the accuracy and reliability of the records.

Based on their assessment of Internal Control Over Financial Reporting (ICOFR), in compliance with Section 9.2(b) of the Banking Act Direction No. 5 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka, the Directors have concluded that, as of 31st December 2025, the Group's Internal Controls Over Financial Reporting are

effective. The Directors' Statement on Internal Control Over Financial Reporting and Annual Report of the Board of Directors on the Affairs of the Company are provided on pages 360 and 361 and pages 351 to 359 respectively of this Annual Report. The Independent Assurance Report on the "Directors' Statement on Internal Control Over Financial Reporting" issued by the Bank's External Auditor; Messrs Ernst & Young is given on page 362 of this Annual Report.

As required by Section 56(2) of the Companies Act, the Directors have made an assessment of the Solvency of the Bank, immediately after the payment of the proposed final dividend of Rs 10.30 per share in cash for the year 2025 and confirm that the Bank satisfies the Solvency Test as required by Section 57 of the Companies Act. The Directors have also obtained the Certificate of Solvency from the External Auditor.

Messrs Ernst & Young have been provided with every opportunity to undertake the inspections they considered appropriate. They have examined the Financial Statements made available to them by the Directors along with all financial records, related data, minutes of the Shareholders' Meetings, Directors' Meetings, BAC Meetings and other Board Sub-Committee Meetings and have expressed their opinion as reported by them in the Annual Report on pages 366 to 368.

The Directors have ensured that this Annual Report has been published in accordance with the timelines required by the Sections 166(1) and 167(1) of the Companies Act. Printed copies of this Annual Report will be made available to the shareholders of the Bank who will express their desire to receive such a copy. The PDF version of the Annual Report is available on the Bank's corporate website where it is shown under the 'Investor Relations' tab.



The PDF version of the Sampath Bank PLC Annual Report 2025 has also been uploaded to the CSE website within the stipulated period of time as required by the Sections 7.5(a) and (b) of the Listing Rules of the CSE.

SUSTAINABILITY REPORTING

This report also complies with the Global Reporting Initiative (GRI) standards, as encouraged by the Banking Act Directions No. 05 of 2022. Additionally, it complies with SLFRS S1 and S2 Sustainability Disclosure Standards, as the Bank is among the top 100 listed public companies identified under these standards. Board procedures have been established to ensure that sustainability reporting aligns with SLFRS standards, with detailed oversight provided by the Board Sustainability Committee, whose report is presented on pages 285 to 290.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by Sampath Bank and the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Bank and the Group and all other known statutory dues as were due and payable by the Bank and the Group as at reporting date, have been paid or, where relevant, provided for, except as specified in Note 45 to the Financial Statements covering contingent liabilities. The Directors confirm that based on their assessment, the accounting controls are adequate, and nothing has come to their attention to indicate any breakdown in the functioning of these controls that may result in material loss to the Bank. The Directors also confirm that the Bank has adequate resources to continue operational existence and continue as a Going Concern for the foreseeable future.

The Directors are of the view that they have discharged their responsibilities as set out in the above statement.

By order of the Board,

LASANTHA SENARATNE
Company Secretary

19th February 2026
Colombo, Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAMPATH BANK PLC

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sampath Bank PLC (the Bank) and the consolidated financial statements of the Bank and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Bank and the Group give a true and fair view of the financial position of the Bank and the Group as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment for expected credit losses of loans and advances measured at amortised cost Impairment for expected credit losses of loans and advances measured at amortised cost as stated in Note 25.2 is determined by management based on the accounting policies described in Note 3.4.6 to the financial statements. This was a key audit matter due to: » the significant management judgements, assumptions and the high level of estimation uncertainty involved in assessing the future recoverability of Loans and Advances; and » the materiality of the impairment for expected credit losses and the use of complex modelling techniques in its determination. Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment for expected credit losses included determining whether significant increase in credit risk has occurred, forward-looking macroeconomic scenarios and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity.	In addressing the adequacy of the impairment for expected credit losses of loans and advances measured at amortised cost, our key audit procedures included the following. » Assessed the alignment of the Bank's Impairment for expected credit losses computations and underlying methodology including responses to current economic conditions with its accounting policies, based on the best available information up to the date of our report. » Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses. » Assessed the level of oversight, review and approval of impairment for expected credit losses, policies and procedures by the Board and management. » Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Bank. » Evaluated the reasonableness of credit quality assessments and related stage classifications carried out by the management.

Key audit matter	How our audit addressed the key audit matter
Further information on the key estimates, assumptions and judgements is disclosed in Notes 2.11 and 3.4.6.	In addition to the above, the following procedures were performed. » For loans and advances assessed on an individual basis for impairment: • Tested the arithmetical accuracy of the underlying individual impairment calculations. • Evaluated the reasonableness of key inputs used in the impairment for expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery actions of the collaterals. » For loans and advances assessed on a collective basis for impairment: • Tested the key inputs and the calculations used in the impairment for expected credit losses. • Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays, in consideration of impact arising from the 'Ditwah' cyclone. » Assessed the adequacy of the related financial statement disclosures set out in Notes 25 & 51.2
Information Technology (IT) systems related internal controls over financial reporting The Bank's financial reporting relies heavily on multiple IT systems that capture and process a significant volume of transactions. These systems also generate key data sets and reports used in preparing the financial statements and related disclosures, some of which are further compiled using spreadsheets. The accuracy and completeness of financial information therefore depend on the proper functioning of these IT systems. Given this reliance, effective IT general controls, particularly those relating to user access management, program change management, and IT operations are critical. Accordingly, the design, implementation and operating effectiveness of IT systems and related internal controls over financial reporting were identified as a key audit matter.	We focused on the IT systems and controls that are significant to the financial reporting process. Our audit procedures included the following key procedures. » Obtained an understanding of the internal control environment of the relevant processes. » Tested key controls relating to financial reporting and related disclosures. » Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations. » We involved our internal specialized resources and; • assessed the design, implementation and operating effectiveness of IT controls, including those related to user access management and program change management and IT operations; and • obtained a high-level understanding of the cybersecurity risks affecting the Bank and the actions taken to address these risks primarily through inquiry.

Other information included in the Bank's 2025 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAMPATH BANK PLC

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Bank and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

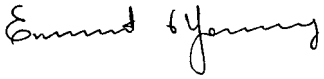
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007 and section 39 of the Banking Act No 30 of 1988 (as amended by Banking Act No. 24 of 2024), We have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Bank.

In our opinion the disclosures made in the accompanying financial statements are in accordance with the requirements of Circular No. 05 of 2024 issued by Central Bank of Sri Lanka.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2199.



19 February 2026

Colombo

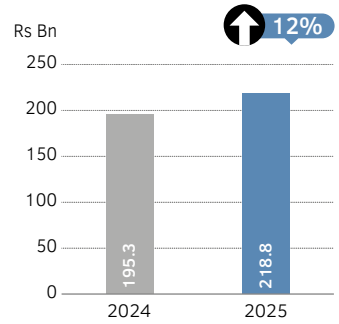
Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

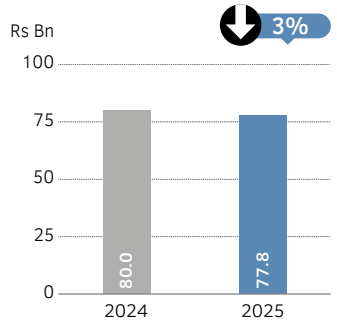
A member firm of Ernst & Young Global Limited

KEY FINANCIAL HIGHLIGHTS

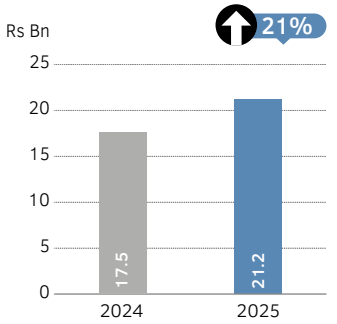
Gross Income



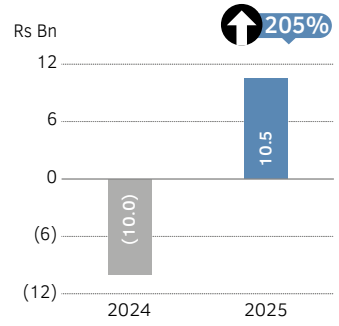
Net Interest Income



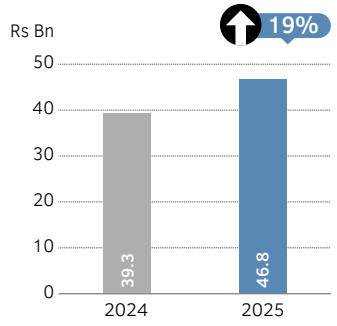
Net Fee & Commission Income



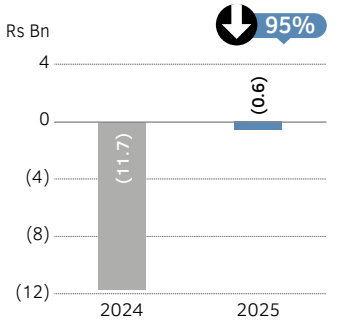
Total Other Income



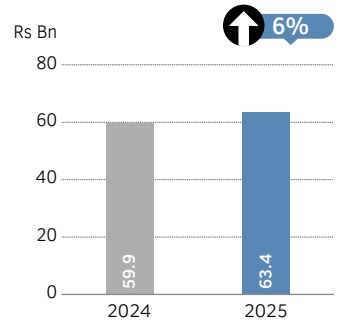
Total Operating Expenses



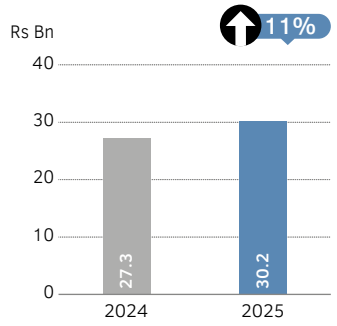
Impairment Reversal



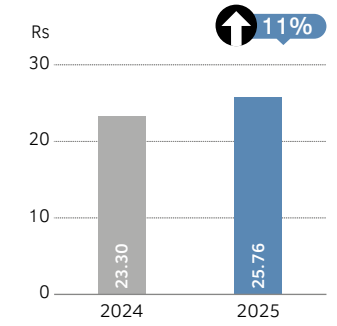
Profit Before All Taxes



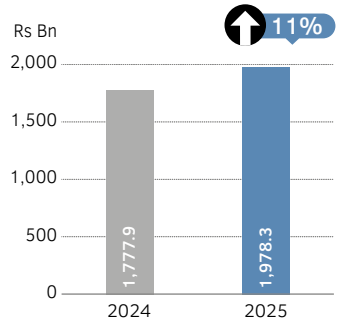
Profit After Taxes



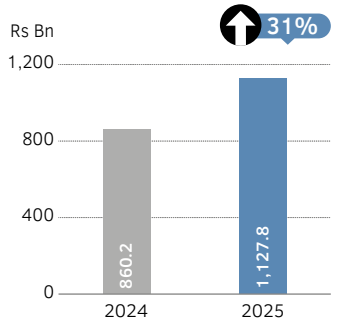
Earnings Per Share



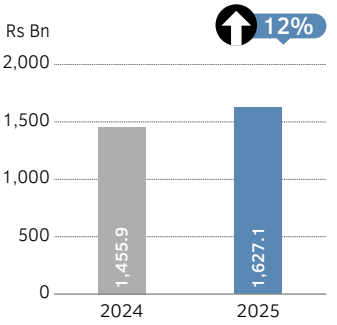
Total Assets



Net Loans & Advances



Due to Depositors



STATEMENT OF PROFIT OR LOSS

For the year ended 31st December	Note	BANK 2025 Rs 000	BANK 2024 Rs 000	BANK Change %	GROUP 2025 Rs 000	GROUP 2024 Rs 000	GROUP Change %
Gross income	6	218,780,329	195,321,016	12	232,456,906	206,569,194	13
Interest income		181,059,355	183,054,746	(1)	192,137,353	192,358,624	-
Less: Interest expense		103,276,965	103,046,806	-	108,565,838	107,696,550	1
Net interest income	7	77,782,390	80,007,940	(3)	83,571,515	84,662,074	(1)
Fee & commission income		27,240,631	22,289,477	22	28,382,625	22,981,135	24
Less: Fee & commission expense		6,005,276	4,780,225	26	6,007,878	4,783,742	26
Net fee & commission income	8	21,235,355	17,509,252	21	22,374,747	18,197,393	23
Net gain/(loss) from trading	9	4,254,888	(1,777,456)	339	4,254,888	(1,704,262)	350
Net gain/(loss) on derecognition of financial assets							
Capital gain on sale of financial assets	10.1	3,968,812	1,134,815	250	3,968,812	1,090,027	264
Impact on restructuring of Sri Lanka International Sovereign Bonds	10.2	-	(8,365,338)	100	-	(8,365,338)	100
Net other operating income	11	2,256,643	(1,015,228)	322	3,713,228	209,008	1,677
Total other income		10,480,343	(10,023,207)	205	11,936,928	(8,770,565)	236
Total operating income		109,498,088	87,493,985	25	117,883,190	94,088,902	25
Less: Impairment (reversal)/charge							
Loans and advances	12.1	(960,695)	2,771,348	(135)	(1,060,783)	2,659,031	(140)
Sri Lanka International Sovereign Bonds	12.2	1,374,294	(15,787,060)	109	1,374,294	(15,787,060)	109
Other financial assets and credit related commitments	12.3	(1,050,852)	1,287,669	(182)	(956,207)	1,256,554	(176)
Total impairment reversal		(637,253)	(11,728,043)	95	(642,696)	(11,871,475)	95
Net operating income		110,135,341	99,222,028	11	118,525,886	105,960,377	12
Less: Operating expenses							
Personnel expenses	13	19,945,786	18,056,922	10	22,892,187	20,433,710	12
Depreciation & amortisation expenses	14	4,895,065	3,088,048	59	4,299,029	3,009,836	43
Other operating expenses	15	21,927,581	18,187,593	21	23,211,632	19,358,845	20
Total operating expenses		46,768,432	39,332,563	19	50,402,848	42,802,391	18
Operating profit before taxes on financial services		63,366,909	59,889,465	6	68,123,038	63,157,986	8
Less: Value added tax on financial services		12,360,192	11,561,312	7	13,238,180	12,266,093	8
Social security contribution levy		1,716,693	1,605,738	7	1,838,636	1,703,624	8
Total taxes on financial services		14,076,885	13,167,050	7	15,076,816	13,969,717	8
Profit before income tax		49,290,024	46,722,415	5	53,046,222	49,188,269	8
Less: Income tax expense	16	19,079,307	19,401,803	(2)	20,474,885	20,485,009	-
Profit for the year		30,210,717	27,320,612	11	32,571,337	28,703,260	13
Attributable to:							
Equity holders of the Bank		30,210,717	27,320,612	11	32,571,337	28,703,260	13
Non-controlling interest					-	-	-
		30,210,717	27,320,612	11	32,571,337	28,703,260	13
Earnings per share: Basic/Diluted (Rs)	17	25.76	23.30	11	27.77	24.48	13
Dividend per share	18						
Dividend per share: Gross (Rs)		10.30*	9.35				
Dividend per share: Net (Rs)		8.76*	7.95				

* Based on proposed dividend which is to be approved at the Annual General Meeting.

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	BANK			GROUP		
	2025	2024	Change	2025	2024	Change
	Rs 000	Rs 000	%	Rs 000	Rs 000	%
Profit for the year	30,210,717	27,320,612	11	32,571,337	28,703,260	13
Other comprehensive income						
Items that will be reclassified to profit or loss:						
Debt instruments at fair value through other comprehensive income:						
(Loss)/gain arising on re-measurement (Note 43.2.1)	(6,267,688)	1,923,421	(426)	(6,267,688)	1,923,421	(426)
Reclassification to profit or loss due to derecognition (Note 10.1)	(3,836,960)	(974,008)	(294)	(3,836,960)	(974,008)	(294)
Changes in impairment recycled to profit or loss	536,381	65	825,102	536,381	65	825,102
Deferred tax effect on the above	2,870,480	(284,843)	1,108	2,870,480	(284,843)	1,108
Net other comprehensive income to be reclassified to profit or loss	(6,697,787)	664,635	(1,108)	(6,697,787)	664,635	(1,108)
Items that will not be reclassified to profit or loss:						
Equity instruments at fair value through other comprehensive income:						
Loss arising on re-measurement	(846,306)	(1,286,931)	34	(846,306)	(1,286,931)	34
Exchange gain/(loss) in translation	114,250	(313,106)	136	114,250	(313,106)	136
Deferred tax effect on the above	219,617	480,011	(54)	219,617	480,011	(54)
	(512,439)	(1,120,026)	54	(512,439)	(1,120,026)	54
Actuarial loss on defined benefit plans	(1,314,645)	(1,912,875)	31	(1,329,197)	(1,907,115)	30
Deferred tax effect on the above	394,393	573,863	(31)	398,759	572,135	(30)
	(920,252)	(1,339,012)	31	(930,438)	(1,334,980)	30
Revaluation surplus on property, plant & equipment (Note 43.1)	1,719,913	-	100	3,427,268	-	100
Deferred tax effect on the above	(515,974)	-	(100)	(1,028,180)	-	(100)
	1,203,939	-	100	2,399,088	-	100
Net other comprehensive income not to be reclassified to profit or loss	(228,752)	(2,459,038)	91	956,211	(2,455,006)	139
Other comprehensive income net of tax	(6,926,539)	(1,794,403)	(286)	(5,741,576)	(1,790,371)	(221)
Total comprehensive income for the year net of tax	23,284,178	25,526,209	(9)	26,829,761	26,912,889	-
Attributable to:						
Equity holders of the Bank	23,284,178	25,526,209	(9)	26,829,761	26,912,889	-
Non-controlling interest				-	-	-
	23,284,178	25,526,209	(9)	26,829,761	26,912,889	-

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	BANK 2025 Rs 000	BANK 2024 Rs 000	BANK Change %	GROUP 2025 Rs 000	GROUP 2024 Rs 000	GROUP Change %
ASSETS							
Cash & cash equivalents	20	62,018,008	46,229,318	34	62,563,988	46,501,139	35
Balances with Central Bank of Sri Lanka	21	21,835,192	16,373,983	33	21,835,192	16,373,983	33
Placements with banks	22	39,223,825	26,452,245	48	39,223,825	26,452,245	48
Reverse repurchase agreements		44,282	1,000,220	(96)	7,085,229	6,596,063	7
Derivative financial instruments	23	2,468,488	507,054	387	2,468,488	507,054	387
Financial assets recognised through profit or loss - measured at fair value	24	403,260	4,614,332	(91)	403,260	4,614,332	(91)
Financial assets at amortised cost							
- loans & advances	25	1,127,776,792	860,151,610	31	1,195,918,062	901,950,481	33
- debt & other instruments	26	523,176,568	401,280,763	30	523,233,300	405,616,020	29
Financial assets - fair value through other comprehensive income	27	148,256,497	367,782,512	(60)	148,256,553	367,782,568	(60)
Investment in subsidiaries	28	4,226,113	4,190,721	1	-	-	-
Property, plant & equipment	29	15,187,778	10,854,850	40	28,273,996	22,012,514	28
Intangible assets	30	1,040,433	888,711	17	1,085,000	899,752	21
Right-of-use assets	31	7,190,091	7,860,280	(9)	6,203,407	5,488,197	13
Deferred tax assets	32	10,597,476	10,934,412	(3)	10,814,762	11,177,659	(3)
Other assets	33	14,807,760	18,820,112	(21)	16,842,178	21,023,359	(20)
Total Assets		1,978,252,563	1,777,941,123	11	2,064,207,240	1,836,995,366	12
LIABILITIES							
Due to banks	34	24,687,100	23,259,811	6	43,929,855	30,067,815	46
Derivative financial instruments	23	805,063	3,200,590	(75)	805,063	3,200,590	(75)
Securities sold under repurchase agreements		32,785,653	40,312,784	(19)	30,626,611	40,312,784	(24)
Financial liabilities at amortised cost							
- due to depositors	35	1,627,060,300	1,455,864,416	12	1,662,952,864	1,487,148,551	12
- due to other borrowers	36	8,357,756	8,061,364	4	8,357,756	8,061,364	4
- due to debt securities holders	37	29,795,272	18,891,500	58	41,883,516	24,741,652	69
Retirement benefit obligation	38	7,490,860	5,799,502	29	7,776,857	6,019,892	29
Dividend payable		405,100	298,695	36	405,100	298,695	36
Current tax liabilities	39	16,762,008	14,522,729	15	17,601,788	15,312,202	15
Deferred tax liabilities	32	-	-	-	1,963,820	1,465,112	34
Other liabilities	40	51,229,076	41,191,516	24	54,139,956	42,484,397	27
Total Liabilities		1,799,378,188	1,611,402,907	12	1,870,443,186	1,659,113,054	13

As at 31st December	Note	BANK 2025 Rs 000	BANK 2024 Rs 000	BANK Change %	GROUP 2025 Rs 000	GROUP 2024 Rs 000	GROUP Change %
EQUITY							
Stated capital	41	48,741,119	48,741,119	-	48,741,119	48,741,119	-
Reserves							
Statutory reserves							
Statutory reserve fund	42.1	9,500,000	7,985,000	19	9,955,000	8,358,000	19
Special reserve	42.2	1,879,931	1,660,470	13	1,879,931	1,660,470	13
Other reserves	43	103,504,994	94,494,548	10	108,198,081	97,992,486	10
Retained earnings	44	15,248,331	13,657,079	12	24,989,923	21,130,237	18
Total equity attributable to equity holders of the Bank		178,874,375	166,538,216	7	193,764,054	177,882,312	9
Non-controlling interest					-	-	-
Total Equity		178,874,375	166,538,216	7	193,764,054	177,882,312	9
Total Liabilities & Equity		1,978,252,563	1,777,941,123	11	2,064,207,240	1,836,995,366	12
Commitments & contingencies	45	624,740,931	523,844,321	19	623,788,273	521,302,732	20
Net asset value per share (Rs)	46	152.53	142.01	7	165.23	151.69	9
Memorandum information							
Number of employees		4,917	4,428				
Number of branches		229	229				

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

I certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No. 07 of 2007.

AJANTHA DE VAS GUNASEKARA
Executive Director/Chief Financial Officer

The Board of Directors is responsible for these Financial Statements.

Approved and signed for and on behalf of the Board,

HARSHA AMARASEKERA
Chairman

SANJAYA GUNAWARDANA
Managing Director/Chief Executive Officer

RUSHANKA SILVA
Deputy Chairman

LASANTHA SENARATNE
Company Secretary

19th February 2026
Colombo, Sri Lanka

STATEMENT OF CHANGES IN EQUITY

Bank	Stated Capital	Statutory Reserves		Other Reserves			Retained Earnings	Total Equity
		Statutory Reserve Fund	Special Reserve	Revaluation Reserve	FVOCI Reserve	General Reserve		
	(Note 41)	(Note 42.1)	(Note 42.2)	(Note 43.1)	(Note 43.2)	(Note 43.3)	(Note 44)	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	48,741,119	6,615,000	-	3,594,984	11,344,032	67,011,693	10,566,248	147,873,076
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	27,320,612	27,320,612
Other comprehensive income	-	-	-	-	(455,391)	-	(1,339,012)	(1,794,403)
Total comprehensive income for the year	-	-	-	-	(455,391)	-	25,981,600	25,526,209
Transactions with equity holders, recognised directly in equity, contributions by and distributions to equity holders								
Final dividend for 2023: Cash	-	-	-	-	-	-	(6,860,299)	(6,860,299)
Unclaimed dividend adjustments	-	-	-	-	-	(770)	-	(770)
Total contributions by and distributions to equity holders	-	-	-	-	-	(770)	(6,860,299)	(6,861,069)
Transfer to reserves during the year	-	1,370,000	1,660,470	-	-	13,000,000	(16,030,470)	-
Balance as at 31st December 2024	48,741,119	7,985,000	1,660,470	3,594,984	10,888,641	80,010,923	13,657,079	166,538,216
Balance as at 1st January 2025	48,741,119	7,985,000	1,660,470	3,594,984	10,888,641	80,010,923	13,657,079	166,538,216
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	30,210,717	30,210,717
Other comprehensive income	-	-	-	1,203,939	(7,210,226)	-	(920,252)	(6,926,539)
Total comprehensive income for the year	-	-	-	1,203,939	(7,210,226)	-	29,290,465	23,284,178
Transactions with equity holders, recognised directly in equity, contributions by and distributions to equity holders								
Final dividend for 2024: Cash	-	-	-	-	-	-	(10,964,752)	(10,964,752)
Unclaimed dividend adjustments	-	-	-	-	-	16,733	-	16,733
Total contributions by and distributions to equity holders	-	-	-	-	-	16,733	(10,964,752)	(10,948,019)
Transfer to reserves during the year	-	1,515,000	219,461	-	-	15,000,000	(16,734,461)	-
Balance as at 31st December 2025	48,741,119	9,500,000	1,879,931	4,798,923	3,678,415	95,027,656	15,248,331	178,874,375

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

Group	Stated Capital	Statutory Reserves		Other Reserves			Retained Earnings	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interest	Total Equity
		Statutory Reserve Fund	Special Reserve	Revaluation Reserve	FVOCI Reserve	General Reserve				
	(Note 41)	(Note 42.1)	(Note 42.2)	(Note 43.1)	(Note 43.2)	(Note 43.3)	(Note 44)			
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	48,741,119	6,929,000	-	7,092,922	11,344,032	67,011,693	16,711,726	157,830,492	-	157,830,492
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	28,703,260	28,703,260	-	28,703,260
Other comprehensive income	-	-	-	-	(455,391)	-	(1,334,980)	(1,790,371)	-	(1,790,371)
Total comprehensive income for the year	-	-	-	-	(455,391)	-	27,368,280	26,912,889	-	26,912,889
Transactions with equity holders, recognised directly in equity, contributions by and distributions to equity holders										
Final dividend for 2023: Cash	-	-	-	-	-	-	(6,860,299)	(6,860,299)	-	(6,860,299)
Unclaimed dividend adjustments	-	-	-	-	-	(770)	-	(770)	-	(770)
Total contributions by and distributions to equity holders	-	-	-	-	-	(770)	(6,860,299)	(6,861,069)	-	(6,861,069)
Transfer to reserves during the year	-	1,429,000	1,660,470	-	-	13,000,000	(16,089,470)	-	-	-
Balance as at 31st December 2024	48,741,119	8,358,000	1,660,470	7,092,922	10,888,641	80,010,923	21,130,237	177,882,312	-	177,882,312
Balance as at 1st January 2025	48,741,119	8,358,000	1,660,470	7,092,922	10,888,641	80,010,923	21,130,237	177,882,312	-	177,882,312
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	32,571,337	32,571,337	-	32,571,337
Other comprehensive income	-	-	-	2,399,088	(7,210,226)	-	(930,438)	(5,741,576)	-	(5,741,576)
Total comprehensive income for the year	-	-	-	2,399,088	(7,210,226)	-	31,640,899	26,829,761	-	26,829,761
Transactions with equity holders, recognised directly in equity, contributions by and distributions to equity holders										
Final dividend for 2024: Cash	-	-	-	-	-	-	(10,964,752)	(10,964,752)	-	(10,964,752)
Unclaimed dividend adjustments	-	-	-	-	-	16,733	-	16,733	-	16,733
Total contributions by and distributions to equity holders	-	-	-	-	-	16,733	(10,964,752)	(10,948,019)	-	(10,948,019)
Transfer to reserves during the year	-	1,597,000	219,461	-	-	15,000,000	(16,816,461)	-	-	-
Balance as at 31st December 2025	48,741,119	9,955,000	1,879,931	9,492,010	3,678,415	95,027,656	24,989,923	193,764,054	-	193,764,054

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st December	Note	BANK 2025 Rs 000	BANK 2024 Rs 000	GROUP 2025 Rs 000	GROUP 2024 Rs 000
Cash flows from operating activities					
Interest receipts		182,408,039	180,354,147	192,361,727	189,657,484
Interest payments		(91,884,631)	(103,622,237)	(96,307,461)	(108,114,476)
Net commission receipts		21,322,747	17,492,315	22,462,139	18,180,456
Cash payments to employees		(18,208,321)	(15,448,145)	(20,880,840)	(17,763,626)
Taxes on financial services		(14,316,169)	(10,923,333)	(15,326,299)	(11,698,074)
Receipts from other operating activities		1,528,993	1,948,732	3,020,486	3,256,747
Cash payments to other operating activities		(21,683,791)	(17,975,503)	(22,890,055)	(18,498,833)
Operating profit before changes in operating assets & liabilities (Note A)		59,166,867	51,825,976	62,439,697	55,019,678
(Increase)/decrease in operating assets					
Balances with Central Bank of Sri Lanka		(5,461,209)	(1,910,129)	(5,461,209)	(1,910,129)
Financial assets at amortised cost - loans & advances		(257,440,759)	(122,545,411)	(282,687,188)	(133,323,484)
Other assets		4,271,776	12,945,175	4,358,552	13,047,618
		(258,630,192)	(111,510,365)	(283,789,845)	(122,185,995)
Increase/(decrease) in operating liabilities					
Due to banks		803,603	12,148,873	13,324,697	13,392,435
Repurchase agreements		(7,640,225)	5,651,885	(9,799,267)	5,902,008
Financial liabilities at amortised cost - due to depositors		148,915,785	224,855,561	153,007,904	233,186,218
Financial liabilities at amortised cost - due to other borrowers		288,953	1,426,343	288,953	1,426,343
Other liabilities		10,813,633	(7,396,549)	10,863,884	(6,369,275)
		153,181,749	236,686,113	167,686,171	247,537,729
Net cash (used in)/generated from operating activities before income tax		(46,281,576)	177,001,724	(53,663,977)	180,371,412
Income tax paid	39	(13,534,576)	(13,973,220)	(14,863,018)	(14,754,319)
Net cash (used in)/generated from operating activities		(59,816,152)	163,028,504	(68,526,995)	165,617,093
Cash flows from investing activities					
Purchase of property, plant & equipment	29.1 & 29.2	(3,984,417)	(2,235,969)	(4,767,753)	(3,544,702)
Proceeds from disposal of property, plant & equipment		3,093	9,187	5,255	13,497
Net cash flow from reverse repurchase agreements		956,000	(1,000,000)	(476,823)	(6,445,443)
Net cash flow from financial assets - FVPL		4,240,851	295,543	4,240,851	420,114
Net cash flow from debt instruments at amortised cost		(120,715,817)	(29,421,237)	(116,346,674)	(27,956,564)
Net cash flow from financial assets - FVOCI		208,686,842	(150,588,119)	208,686,842	(150,588,119)
Purchase of intangible assets	30	(960,418)	(523,288)	(1,007,696)	(523,768)
Dividend received from financial assets		36,678	135,712	36,926	137,069
Net cash generated from/(used in) investing activities		88,262,812	(183,328,171)	90,370,928	(188,487,916)
Cash flows from financing activities					
Proceeds from the issue of debentures	37.1	10,000,000	-	15,000,000	4,000,000
Redemption of debentures	37.1	-	(7,000,000)	-	(8,500,000)
Net proceeds from securitisation		-	-	935,000	(457,999)
Dividend paid		(10,964,752)	(6,860,299)	(10,964,752)	(6,860,299)
Repayment of principal portion of lease liabilities		(2,356,153)	(1,862,720)	(1,281,283)	(1,180,132)
Net cash (used in)/generated from financing activities		(3,320,905)	(15,723,019)	3,688,965	(12,998,430)
Net cash generated/(used) during the year		25,125,755	(36,022,686)	25,532,898	(35,869,253)
Net foreign exchange difference		2,255,925	(5,305,469)	2,255,925	(5,305,469)
Cash & cash equivalents at the beginning of the year		71,672,859	113,001,014	71,640,027	112,814,749
Cash & cash equivalents at the end of the year (Note B)		99,054,539	71,672,859	99,428,850	71,640,027

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

NOTE (A) RECONCILIATION OF OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES

For the year ended 31st December	Note	BANK 2025 Rs 000	BANK 2024 Rs 000	GROUP 2025 Rs 000	GROUP 2024 Rs 000
Profit before income tax		49,290,024	46,722,415	53,046,222	49,188,269
Interest income accrued on impaired loans & advances	7.1	(4,206,834)	(5,198,011)	(4,207,571)	(5,198,552)
Net (gain)/loss from trading	9				
Forward exchange contract revaluation (gain)/loss		(4,356,961)	1,782,336	(4,356,961)	1,782,336
Net mark to market loss/(gain) - government & equity securities		102,073	(4,880)	102,073	(77,125)
Dividend income		-	-	-	(949)
Net (gain)/loss on derecognition of financial assets	10				
Financial assets FVPL		(131,852)	(160,807)	(131,852)	(116,019)
Financial assets FVOCI		(3,836,960)	(974,008)	(3,836,960)	(974,008)
Impact on restructuring of Sri Lanka International Sovereign Bonds		-	8,365,338	-	8,365,338
Net other operating income	11				
Dividend income from financial assets FVOCI		(36,678)	(135,712)	(36,926)	(136,120)
Dividend income from subsidiaries		(35,392)	(80,080)	-	-
Loss/(profit) on disposal of property, plant & equipment		8,644	(6,851)	8,408	(7,112)
Net impairment reversal	12	(637,253)	(11,728,043)	(642,696)	(11,871,475)
Personnel expenses					
Charge on gratuity & pension fund	13	1,175,146	858,938	1,244,605	920,245
Other non-cash personnel expenses		445,887	412,343	460,841	421,179
Depreciation & amortisation expenses	14				
Depreciation of property, plant & equipment		1,359,776	1,001,993	1,919,987	1,486,413
Amortisation of intangible assets		808,585	379,972	822,337	386,180
Amortisation of right-of-use assets		2,726,704	1,706,083	1,556,705	1,137,243
Accrual for interest & commission income		3,720,872	1,108,265	2,612,253	1,108,265
Accrual for interest expense		11,392,334	(1,636,431)	12,258,377	(1,478,926)
Other accruals & non-cash income/expense		1,378,752	9,413,116	1,620,855	10,084,496
Operating profit before changes in operating assets/liabilities		59,166,867	51,825,976	62,439,697	55,019,678

NOTE (B) RECONCILIATION OF CASH & CASH EQUIVALENTS

As at 31st December	Note	BANK 2025 Rs 000	BANK 2024 Rs 000	GROUP 2025 Rs 000	GROUP 2024 Rs 000
Local currency in hand	20	25,363,504	25,352,154	25,718,946	25,596,538
Foreign currency in hand	20	2,395,007	4,557,999	2,395,007	4,557,999
Balances with local banks	20	350,294	1,075,762	540,934	1,103,301
Balances with foreign banks	20	30,279,692	11,634,868	30,279,692	11,634,868
Money at call and short notice	20	3,640,735	3,630,756	3,640,735	3,630,756
Placements less than three months	22	37,678,393	26,478,308	37,678,393	26,478,308
Unfavourable balances with local & foreign banks	34.2	(653,086)	(1,056,988)	(824,857)	(1,361,743)
Cash & cash equivalents at the end of the year		99,054,539	71,672,859	99,428,850	71,640,027

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

NOTE (C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	BANK		GROUP		
	Redeemable Debentures (Note 37.1) Rs 000	Finance Lease Liability (Note 31.1) Rs 000	Redeemable Debentures (Note 37.1) Rs 000	Finance Lease Liability (Note 31.1) Rs 000	Securitisation (Note 37) Rs 000
Balance as at 1st January 2024	26,709,893	4,181,855	29,837,303	3,825,628	549,506
Cash flows from financing activities					
Proceeds from the issue of debentures	-	-	4,000,000	-	-
Net proceeds from securitisation	-	-	-	-	(457,999)
Redemption of debentures	(7,000,000)	-	(8,500,000)	-	-
Repayment of principal portion of lease liabilities	-	(1,862,720)	-	(1,180,132)	-
Non-cash changes					
Additions during the year	-	5,960,838	-	3,474,090	-
Net accrual/(payment) of interest	(818,393)	-	(595,651)	-	(91,507)
Balance as at 31st December 2024	18,891,500	8,279,973	24,741,652	6,119,586	-
Balance as at 1st January 2025	18,891,500	8,279,973	24,741,652	6,119,586	-
Cash flows from financing activities					
Proceeds from the issue of debentures	10,000,000	-	15,000,000	-	-
Net proceeds from securitisation	-	-	-	-	935,000
Repayment of principal portion of lease liabilities	-	(2,356,153)	-	(1,281,283)	-
Non-cash changes					
Additions during the year	-	2,056,515	-	2,271,915	-
Net accrual/(payment) of interest	903,772	-	1,198,923	-	7,941
Balance as at 31st December 2025	29,795,272	7,980,335	40,940,575	7,110,218	942,941

The Notes to the Financial Statements from pages 379 to 520 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. General

Sampath Bank PLC ('The Bank'), is a domiciled, public limited liability company incorporated in Sri Lanka on 10th March 1986, under the Companies Act No. 17 of 1982. It is a Licensed Commercial Bank registered under the Banking Act No. 30 of 1988 (Banking Act) and amendments thereto. The Bank was re-registered with the Registrar General of Companies as per the requirements of the Companies Act No. 07 of 2007 (Companies Act) on 28th April 2008 under the name of Sampath Bank PLC. The registered office is located at No. 110, Sir James Peiris Mawatha, Colombo 02. The Bank's shares have a primary listing on the Colombo Stock Exchange (CSE). The unsecured subordinated debentures of the Bank are also listed on the CSE. As of 31st December 2025 the Bank employed 4,917 staff members (2024: 4,428). Corporate information is presented in inner back cover of this Annual Report.

1.2. Consolidated Financial Statements

The Consolidated Financial Statements of the Bank as at and for the year ended 31st December 2025 comprise the Bank (Parent Company) and its Subsidiaries (together referred to as the "Group" and individually as "Group entities"). The subsidiaries of the Bank as at 31st December 2025 were Sampath Centre Ltd, Sampath Securities (Pvt) Ltd, Siyapatha Finance PLC and Sampath Information Technology Solutions Ltd.

Sampath Bank PLC is the ultimate parent of the Group.

The Financial Statements of all companies in the Group have a common financial year which ends on 31st December.

1.3. Principal Activities and Nature of Operations

1.3.1. Bank

The Bank offers a comprehensive range of financial services, including accepting deposits, corporate and retail banking, project financing, trade finance, treasury and investment services, issuing credit and debit cards, offshore banking, resident and non-resident foreign currency operations, pawning, leasing, factoring, travel related services, dealing in government securities and electronic banking services such as telephone banking, internet banking, mobile banking and money remittance facilities etc.

1.3.2. Subsidiaries

Ownership of subsidiaries as of 31st December 2025 and 31st December 2024 is detailed in Note 28 to the Financial Statements. There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements of the Group and the Separate Financial Statements of the Bank, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka. They comply with the requirements of the Companies Act No. 07 of 2007 and amendments thereto. The presentation of the Financial Statements also adheres to the requirements of the Banking Act No. 30 of 1988 and its amendments, providing appropriate disclosures as required by the Listing Rules of the CSE.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirement of the SLFRSs and LKASs, regulations governing the preparation and presentation of financial statements.

The formats used in the preparation and presentation of the Financial Statements and the disclosures made therein also comply with the specified formats prescribed by the CBSL in Circular No. 05 of 2024 on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks". The Bank also publishes annual and quarterly financial information and other disclosures in the press and on its website in compliance with the aforementioned Circular.

2.2. Responsibility for Financial Statements

The Board of Directors is responsible for the Financial Statements of the Group and the Bank as per Sri Lanka Accounting Standards and the provisions of the Companies Act No. 07 of 2007.

The Board of Directors acknowledges their responsibility for financial statements as set out in the "Annual Report of the Board of Directors on the Affairs of the Company" (pages 351 to 359), "Statement of Directors' Responsibility for Financial Reporting" (pages 364 and 365) and the certification on the Statement of Financial Position on page 373.

These Financial Statements include the following components:

- Statement of Profit or Loss and the Statement of Comprehensive Income - provides information on the financial performance of the Group and the Bank for the year under review. Refer pages 370 and 371;
- Statement of Financial Position (SOFP) - provides information on the financial position of the Group and the Bank as at the year end. Refer pages 372 and 373;
- Statement of Changes in Equity - depicts all changes in shareholders' funds during the year under review of the Group and the Bank. Refer pages 374 and 375;
- Statement of Cash Flows - provides information to the users, on the ability of the Group and the Bank to generate cash and cash equivalents and utilisation of those cash flows. Refer page 376 to 378;
- Notes to the Financial Statements comprising material accounting policies and other explanatory information. Refer pages 379 to 520.

2.3. Approval of Financial Statements by Directors

The Financial Statements of the Group as at and for the year ended 31st December 2025 were authorised for issue by the Board of Directors in accordance with the resolution of the Board of Directors on 19th February 2026.

2.4. Basis of Measurement

The Financial Statements of the Group have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Derivative financial instruments are measured at fair value (Note 23)
- Financial assets recognised through profit or loss (FVPL) are measured at fair value (Note 24)
- Financial assets held at fair value through other comprehensive income (FVOCI) are measured at fair value (Note 27)
- Land and buildings, initially measured at cost upon acquisition, are subsequently measured at revalued amounts, representing their fair values at the date of revaluation (Note 29)
- Liabilities for defined benefit obligations are recognised at the present value of the defined benefit obligation, less the fair value of the plan assets (Note 38)

2.5. Functional and Presentation Currency

The Group's Financial Statements are presented in Sri Lankan Rupees (Rs), the primary currency of Sampath Bank PLC's economic environment. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise. There has been no change in the Group's presentation and functional currency during the year under review.

2.6. Presentation of Financial Statements

The Group's assets and liabilities presented in the Statement of Financial Position are categorised by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

An analysis of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 52 to the Financial Statements.

2.7. Materiality and Aggregation

In compliance with Sri Lanka Accounting Standard - LKAS 1 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions are also presented separately unless they are immaterial. The understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that are different in nature or function.

2.8. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard or interpretation, as specifically disclosed in the accounting policies of the Group.

2.9. Comparative Information

The comparative information has been reclassified wherever necessary to align with the current year's classification, ensuring a more accurate and clearer presentation.

2.10. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the direct method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognised. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash in hand, balances with banks, placements with banks (less than 3 months), money at call and short notice, net of unfavourable local & foreign bank balances.

2.11. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements of the Group are as follows:

2.11.1. Going Concern

The Directors have assessed the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, they have considered the uncertainties associated with the macro-economic conditions, climate-related matters and their possible impact on the business operations, profitability, regulatory capital requirements and funding needs. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern, and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.11.2. Impairment Losses on Loans and Advances

The measurement of impairment losses under Sri Lanka Accounting Standards - SLFRS 9 (Financial Instruments) across all categories of financial assets requires judgement. These estimates are driven by a number of factor, changes in which can result in different levels of allowances.

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances, are then assessed collectively by categorising them into groups of assets with similar risk characteristics to determine the expected credit loss on such loans and advances.

The expected credit loss (ECL) calculation under SLFRS 9 requires management to make judgments and estimates with regard to the following.

- The Group's criteria for assessing if there has been a significant increase in credit risk and so impairment for financial assets should be measured on a lifetime ECL basis
- The development of ECL models, including various formulas and the choice of inputs
- The selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The above assumptions and judgments are discussed in detail under Note 3.4.6 to the Financial Statements.

The key assumptions used in the Group's calculation of ECL have been revised to reflect the changes in the macro-economic

conditions during the year. Although the credit model inputs and assumptions, including forward-looking macroeconomic assumptions, were revised in response to the current economic conditions, the fundamental credit model mechanics and methodology underpinning the Group's calculation of ECL have remained consistent with prior periods.

The economic scenarios and forward-looking macroeconomic assumptions underpinning the collective provision calculation are outlined in Note 3.4.6.7. The impact on changing the weightages of different macro-economic scenarios during the year are given in Note 51.2.1.3. A breakdown of the loans and advances of the Bank/Group classified under stage 2 & stage 3 is given in Notes 51.2.1.5 & 51.2.1.6. Sensitivity of the individually significant loan impairment to recovery cash flows is given in Note 51.2.1.3, while sensitivity of collective impairment provision to the staging of the loans and advances is disclosed in Note 51.2.1.4.

2.11.3. Impairment of Other Financial Assets

The Group reviews its debt securities classified as FVOCI/amortised cost at each reporting date. Objective evidence that a debt security held at FVOCI/amortised cost is impaired or has an increased credit risk includes, among other things, significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments, etc. Management judgement has been involved in determining whether there is a significant increase in credit risk of these instruments or if these instruments are impaired as at the reporting date.

Equity instruments classified as FVOCI are not subjective for impairment assessment.

2.11.4. Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price is determined using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instruments is described in more detail in Note 50.

The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Notes 50.5 and 50.7.

2.11.5. Financial Assets and Liabilities Classification

The Group's accounting policies provide scope for assets and liabilities to be classified, at inception, into different accounting categories. The classification of financial instruments is given in Note 19, 'Analysis of Financial Instruments by Measurement Basis'.

2.11.6. Taxation

The Group is subject to income tax, and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

The details of deferred tax computation is given in Note 32 to the Financial Statements.

2.11.7. Defined Benefit Plans

The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and possible future pension increases if any. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on the expected future inflation rate and the expected future salary increase rates of the Group.

2.11.8. Fair Value of Property, Plant and Equipment

The freehold land and buildings of the Group are reflected at fair value at the date of revaluation, less any accumulated depreciation and impairment losses. The Group engages independent valuation specialists to determine the fair value of freehold lands and buildings in terms of the Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement). The details of freehold land and buildings, including methods of valuation, are given in Notes 29.3 and 29.4 to the Financial Statements.

The Group revalued its freehold lands and buildings as at 31st December 2025 and necessary adjustments were included in the Financial Statements.

2.11.9. Useful Lifetime of the Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Management exercises judgment in estimating these values, rates, and methods, which are therefore subject to uncertainty.

2.11.10. Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote. Details of commitments and contingencies are given in Note 45.

2.11.11. SLFRS 16 - Leases

The Group uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. It also uses judgement in the determination of the discount rate in the calculation of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. As the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow an amount similar to the value of the lease asset, over a similar term and with similar security in a similar economic environment. Further, the Group applies judgement in evaluating whether it is reasonably certain to renew or terminate the lease at the end of the lease term. That is, it considers all relevant factors that create an economic benefit for it to exercise either the renewal or termination option.

2.11.12. Impact of climate risk

The Group and its customers are exposed to both physical risks arising from climate change and transition risks associated with

the global shift toward a net zero economy. Physical risks include the risk of loss from extreme weather events such as floods, landslides and cyclones. Transition risks relate to the risk of financial loss arising from the economic transition toward a more sustainable economy.

While the Bank's counterparties are diversified by sector and geography, thereby limiting concentration in high risk areas, the Group continues to monitor the potential impact of climate related events on its financial position. The following items and balances may be impacted by climate related matters:

Expected credit losses (ECL): Customers and portfolios exposed to climate risk may experience a deterioration in creditworthiness, resulting in higher expected credit losses (ECL). In response to the Ditwah Cyclone, the Central Bank of Sri Lanka (CBSL) introduced a special moratorium for affected borrowers, permitting an extension of capital and/or interest payments for a period of three to six months. Accordingly, the Bank granted such extensions to borrowers who submitted requests on or before 31st December 2025, while additional requests are expected up to 15th January 2026, the deadline stipulated by CBSL.

In determining impairment provisions and staging for the affected customers, the Bank assessed the impact of the disaster on individual customers' business cash flows, rather than obscuring the underlying credit risk through temporary, industry-wide concessions. Further details on the approach adopted by the Bank on these loans are disclosed in Note 3.4.6.12, including the management overlay provisions recognised.

While certain customers may face short term financial stress, the majority of counterparties are neither concentrated in high risk sectors nor located in areas with persistent climate vulnerability. Accordingly, the Group is satisfied that the provisions recognised, are sufficient to cover the overall impact of climate risk, particularly on the loans and advances of the Bank/Group.

Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with SLFRS 13 (Fair Value Measurement). Consequently, the Bank concluded that climate risk has been adequately reflected within the fair value of its assets and liabilities. Where prices are observable, it is assumed that the fair value already incorporates market participants' view of climate risk variables.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies of the Group have been applied consistently to all periods presented in the Financial Statements. Set out below is an index of accounting policies, the details of which are available on the pages that follow:

Note	Description	Page No.	Reference to Other Notes in Financial Statements
3	Material Accounting Policies		
3.1	Basis of Consolidation	382	28
3.2	Business Combinations and Goodwill	382 - 383	28
3.3	Foreign Currency Transactions and Balances	383	9,11
3.4	Financial Instruments - Initial Recognition, Classification and Subsequent Measurement	383 - 391	7,9,10,12,19,20,22 to 27,34 to 37,43.2,45,50
3.5	Leases	391 - 392	31
3.6	Fiduciary Assets	392	
3.7	Provisions	392	15
3.8	Operational Risk Events	392	15
3.9	Impairment of Non-Financial Assets	393	
3.10	Taxes on Financial Services	393	
3.11	Regulatory Provisions	393	15
4	New Accounting Standards/Amendments to Existing Accounting Standards that became Effective during the year	393	
5	Accounting Standards Issued but Not Yet Effective as at 31st December 2025	394	
7	Net Interest Income	395 - 396	3.4
8	Net Fee and Commission Income	397	
9	Net Gain/(Loss) from Trading	398	3.4
10	Net Gain/(Loss) on Derecognition of Financial Assets	398	3.4
13	Personnel Expenses	402 - 403	38
14	Depreciation and Amortisation Expenses	404 - 405	29, 30, 31
16	Income Tax Expense	406 - 407	32,39
17	Earnings Per Share	408	
28	Investment in Subsidiaries	427 - 428	3.1, 3.2
29	Property Plant and Equipment	428 - 435	14, 43.1
30	Intangible Assets	436	14
47	Related Party Disclosures	458 - 461	
48	Segment Information	461 - 462	
49	Events after the Reporting Period	463	18
50	Fair Value of Assets and Liabilities	464 - 471	3.4.10
51	Risk Management	472 - 516	

3.1. Basis of Consolidation

The Group's Financial Statements comprise the consolidation of the Financial Statements of the Bank and its subsidiaries in accordance with Sri Lanka Accounting Standard - SLFRS 10 (Consolidated Financial Statements).

3.2. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of Sri Lanka Accounting Standard - SLFRS 3 (Business Combinations).

The Group measures goodwill as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss, if controlling power is acquired.

Changes in the parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions. The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognised amount of the identifiable net assets at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.3. Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates of the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees using the spot foreign exchange rate ruling at that date. All differences arising on non-trading activities are taken to 'Other operating income' in the Statement of Profit or Loss. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the rate of exchange prevailing at the end of the reporting period.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss. However, foreign currency differences arising on equity instruments classified as fair value through other comprehensive income, financial liabilities designated as a hedge of a net investment in a foreign operation, or qualifying cash flow hedges are recognised in other comprehensive income.

Forward exchange contracts are valued at the forward market rates ruling on the reporting date. Resulting net unrealised gains or losses are dealt with in the Statement of Profit or Loss under 'Net gain/ (loss) from trading'.

3.4. Financial Instruments - Initial Recognition, Classification and Subsequent Measurement

3.4.1. Date of Recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to depositors when funds are transferred to the Group.

3.4.2. Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3.4.3.1.(a) and 3.4.3.1.(b) . Financial instruments are initially measured at their fair value.

Except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

3.4.2.1. 'Day 1' Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group recognises the difference between the transaction price and fair value ('Day 1' profit or loss) in the Statement of Profit or Loss over the tenor of the financial instrument using the effective interest rate method. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Statement of Profit or Loss when the inputs become observable, or when the instrument is derecognised.

The “Day 1 loss” arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) in “Interest income” and “Personnel expenses” over the remaining service period of the employees or tenure of the loan whichever is shorter.

3.4.3. Measurement Categories of Financial Assets and Liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 3.4.3.1
- FVOCI as explained in Notes 3.4.3.5 and 3.4.3.6
- FVPL as explained in Notes 3.4.3.2, 3.4.3.3 and 3.4.3.4

The Group classifies and measures its derivative and trading portfolio at FVPL as explained in Notes 3.4.3.2 and 3.4.3.3. The Group may designate financial instruments at FVPL, if it eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 3.4.3.4.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading, derivative instruments or the fair value designation is applied, as explained in Notes 3.4.3.7, 3.4.3.2, 3.4.3.3 and 3.4.3.4.

3.4.3.1. Loans and advances to customers, debt and other instruments, reverse repurchase agreements

The Group only measures loans and advances to customers, debt and other instruments and reverse repurchase agreements at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of collecting contractual cash flows
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

3.4.3.1.(a) Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.4.3.1.(b) The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial instruments to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than a de-minimis exposure to risks or volatility in the contractual cash flows unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

3.4.3.2. Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e. the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include interest rate swaps, cross-currency swaps, forward exchange contracts etc. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in Note 23. Changes in the fair value of derivatives are included in net gain/(loss) from trading unless hedge accounting is applied. The Group has not applied hedge accounting for any of its derivatives during the years ended 31st December 2025 and 2024.

3.4.3.2.(a) Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Derivatives embedded in liabilities and non-financial host contracts are treated as separate derivatives and recorded at fair value if they meet the definition of a derivative (as defined above), their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVPL. The embedded derivatives separated from the host were carried at fair value in the trading portfolio with changes in fair value recognised in the income statement. Derivatives embedded in financial assets are no longer separated. Instead, they are classified based on the business model and SPPI assessments as outlined in Notes 3.4.3.1.(a) and 3.4.3.1.(b).

3.4.3.3. Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is

evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest income from financial assets held for trading is recorded under net interest income while dividend income is recorded in net trading income when the right to receive the dividend has been established. Included in this classification are debt securities and equity investments that have been acquired principally for the purpose of selling or repurchasing in the near term. The Group does not have any financial liabilities classified as held for trading as at 31st December 2025.

3.4.3.4. Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under SLFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

  Or

- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

  Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the "Own credit reserve" through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being integral parts of the instrument.

3.4.3.5. Debt instruments at FVOCI

The Group applies this category for debt instruments when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise government securities.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

The ECL calculation for debt instruments at FVOCI is explained in Note 3.4.6.5. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

3.4.3.6. Equity instruments at FVOCI

Upon initial recognition, the Group may choose to classify certain equity investments irrevocably at FVOCI, provided they meet the definition of equity under Sri Lanka Accounting Standard – LKAS 32 (Financial Instruments: Presentation) and are not held for trading. This classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss under other operating income when the right to receive the dividend has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

3.4.3.7. Securities sold under repurchase agreements, due to banks, due to depositors, other borrowers and debt securities holders

After initial measurement, securities sold under repurchase agreements, due to banks, due to depositors, due to other borrowers and due to debt securities holders are subsequently measured at amortised cost. This amortised cost is calculated by considering any discount or premium on the issuance of funds and costs that are an integral part of the EIR. The Group does not have compound financial instruments that contains both liability and equity components and require separation as at the date of the issue.

3.4.3.8. Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement and the ECL provision.

The premium received is recognised in the income statement under net fees and commission income, amortised on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with prespecified terms to the customer. Similar to financial guarantee contracts, these contracts are within the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments are disclosed in Note 45, while the corresponding ECL is disclosed under Note 40, "Other liabilities".

3.4.4. Reclassification of Financial Assets and Liabilities

The Group does not reclassify its financial assets after their initial recognition, except in exceptional circumstances such as

acquiring, disposing of, or terminating a business line (change in business model). When the Group reclassifies its financial assets, it applies the reclassification prospectively from the reclassification date without restating any previously recognised gains, losses or interest. Financial liabilities are never reclassified.

3.4.4.1. Reclassification of financial assets at amortised cost

- **To FVPL category**

  The fair value is measured at the reclassification date. Any gain or loss arising from the difference between the previous amortised cost and the fair value of the financial asset is recognised in profit or loss.

- **To FVOCI category**

  The fair value is measured at the reclassification date. Any gain or loss arising from the difference between the previous amortised cost and the fair value of the financial asset is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

3.4.4.2. Reclassification of financial assets at FVPL

- **To amortised cost category**

  The fair value at the reclassification date becomes the new carrying amount. The EIR is calculated based on the new gross carrying amount.

- **To FVOCI category**

  The financial asset continues to be measured at fair value. Subsequent changes in the fair value is recognised in other comprehensive income.

3.4.4.3. Reclassification of financial assets at FVOCI

- **To amortised cost category**

  The financial asset is reclassified at its fair value on the reclassification date. The cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

- **To FVPL**

  The financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

The Group did not reclassify any of its financial assets in 2025.

3.4.5. Derecognition of Financial Assets and Liabilities

3.4.5.1. Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that it substantially becomes a new loan, with the difference recognised as a derecognition gain or loss. The newly recognised financial assets are classified as stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at the date of inception.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.4.5.2. Derecognition other than for substantial modification

3.4.5.2.(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises a financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

  Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

3.4.5.2.(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.4.6. Impairment Allowance for Financial Assets

3.4.6.1. Overview of the ECL principles

The Group calculates impairment allowances on financial assets in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments) and the CBSL Direction No. 13 of 2021 & No. 14 of 2021 on Classification, Recognition and Measurement of Credit Facilities/ Other Financial Assets in Licensed Banks. Accordingly, the Group recognises impairment (expected credit losses) for all loans, debt & other financial instruments not held at FVPL, along with loan commitments, financial guarantee contracts, letters of credit and acceptances. Equity instruments are not subject to impairment under SLFRS 9.

Impairment is based on the credit losses expected to arise over the life of the asset [the lifetime expected credit loss (LTECL)] when there is a significant increase in credit risk since origination. In all other instances, the impairment is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 3.4.6.1.(b).

The 12mECL is the portion of LTECL that represents the ECLs resulting from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The policy for grouping financial assets measured on a collective basis is explained in Note 3.4.6.4. The details of individual assessment of ECLs are given in Note 3.4.6.3.

The Group has established a policy to perform an assessment at the end of each reporting period to determine whether a financial instrument's credit risk has increased significantly since initial recognition. This assessment considers the change in the risk of default occurring over the remaining life of the financial instrument, as further explained in Note 3.4.6.1.(b). Based on this process, the Group categorises its loans into 'stage 1', 'stage 2', 'stage 3' and 'originated credit impaired', as described below:

- **Stage 1:** When loans are first recognised, the Group recognises an impairment based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2 and stage 3.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an impairment for the LTECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 3.
- **Stage 3:** Loans considered credit impaired as outlined in Note 3.4.6.1.(a). The Group records an impairment for the LTECLs.
- **Originated credit impaired:** Originated credit impaired assets are financial assets that are credit impaired on initial recognition. They are recorded at fair value at initial recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.4.6.1.(a) Definition of default and cure

The Group considers a financial instrument as defaulted and therefore stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether an individually significant customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully evaluates whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate.

Such events include:

- Customer's Internal Risk Rating (CIRR) is below C + or any down grading of the CIRR by two notches or more
- Reasonable and supportable forecasts of future economic conditions show a direct negative impact on the performance of a customer/group of customers
- A significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer/group of customers
- The value of collateral is significantly reduced and/or realisability of collateral is doubtful
- The borrower is subject to litigation that significantly affects the performance of the credit facility
- Frequent changes in the Board of Directors and Senior Management of an institutional customer
- Delay in commencement of business operations/projects by more than two years from the originally agreed date
- Modification of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants etc.
- The borrower is deceased or insolvent
- Bank is unable to contact or find the borrower

- A fall of 50% or more in the turnover and/or profit before tax of the borrower when compared to the previous year, for two consecutive years
- Erosion of net-worth of the borrower by more than 25% (other than due to changes in equity structure and dividend policy) when compared to the previous financial year

It is the Group's policy to consider a financial instrument as 'cured' and therefore reclassified out of stage 3 when none of the material default criteria are presented.

Once cured, the decision whether to classify an asset as stage 2 or stage 1 largely depends on the days past due. The corresponding reduction in ECL is recognised under "Impairment charge/ (reversal)" in Note 12 to the financial statements.

The Group's criterion for 'cure' for rescheduled/restructured loans is more stringent than ordinary loans and is explained in Note 3.4.6.11.

3.4.6.1.(b) Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have a significantly increased credit risk when it is past due for more than 30 days.

The Group also applies secondary qualitative factors for triggering a significant increase in credit risk, such as restructuring an asset while the asset is less than 30 days past due. In certain cases, the Group may also consider that events explained in Note 3.4.6.1.(a) indicate a significant increase in credit risk as opposed to a default, particularly for customers who are considered as individually significant and investment in other financial assets.

Exposures that are not individually significant will be classified under Stage 2 if the Bank identifies the underlying borrowers' industry as having elevated risk. As of 31st December 2025, the Bank has not identified any industries as having elevated risk. An analysis of the loans classified under stage 2 is given in Note 51.2.1.5.

3.4.6.2. The calculation of ECL

The Group calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfall (the base case, best case and worst case), discounted at an approximation to the EIR. Each of these scenarios is associated with different loss rates. The assessment of multiple scenarios incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the amount that might be received from selling the collateral.

Key elements of the ECL calculations are outlined below:

- **PD** - Probability of Default estimates the likelihood of default within a specific time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD is further explained in Note 3.4.6.4.(a).
- **EAD** - Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.4.6.4.(b).
- **LGD** - Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.4.6.4.(c).

The maximum period over which credit losses are determined is the contractual life of the financial instrument, unless the Group has the legal right to call it earlier, as in the case of credit cards and other revolving facilities, as disclosed in Note 3.4.6.6.

3.4.6.3. Calculation of ECLs for individually significant loans

The Group initially assesses ECLs on an individual basis for financial assets that are considered individually significant to the Group. In the event the Group concludes that these assets are not impaired, they are moved into a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. However, assets that have been individually assessed for impairment and for which an impairment loss has been identified are excluded from the collective assessment of impairment. The criteria used to determine whether individually significant customer is in default is discussed in Note 3.4.6.1.(a).

When an asset is impaired, the loss is determined by discounting the expected future cash flows of the financial asset using its original effective interest rate and comparing the resultant present value to the current carrying amount of the financial asset. When assessing expected future cash flows, the Group evaluates base case, best case and worst case scenarios taking into consideration various methods for settling impaired credit facilities. Impairment on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses a re-assessment of the enforceability of any collateral held, as well as an assessment of expected timing and amounts of actual and anticipated receipts. Individually assessed impairment is released only when there is reasonable and objective evidence of a reduction in the established loss estimate. Interest income on impaired assets continues to be recognised through the unwinding of the discount.

When ECLs are determined for individually significant financial assets, the following factors are taken into account:

- Aggregate exposure to the customer including any undrawn exposures;
- The viability of the customer's business model and their capacity to successfully trade out of financial difficulties and generate sufficient cash flows to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The extent of other creditors' commitments ranking ahead of, or pari passu with the Bank, and the likelihood of other creditors continuing to support the company;
- The complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are present;
- The realisable value of security (or other credit mitigants) and likelihood of successful repossession;

- The likely deduction of any costs incurred in recovering the amounts outstanding;
- The borrower's ability to obtain and make payments in the currency of the loan, if it is not denominated in the local currency; and
- The likely dividend available in the event of liquidation or bankruptcy

3.4.6.4. Grouping financial assets measured on a collective basis

The Group calculates ECLs on either a collective or individual basis. Asset classes for which the Group calculates ECLs on an individual basis include:

- All customers whose exposure is greater than or equal to the internal threshold for classification as individually significant. However, if a customer is determined to be not impaired, they are moved back to collective ECL calculation.
- The treasury, trading and interbank relationships (such as amounts due from banks, debt and other instruments at amortised cost/FVOCI)

For all other asset classes, the Group calculates ECL on a collective basis. The Group categorises these exposures into smaller, homogeneous portfolios based on a combination of internal and external characteristics of the loans, as described below:

- Product type
- Type of collateral
- Industry of the borrower
- Whether the loan is restructured/ rescheduled

3.4.6.4.(a) The internal rating and PD estimation process

The Bank maintains distinct internal rating models. These models integrate both qualitative and quantitative data, and alongside borrower-specific information, also utilise additional external sources that may influence borrower behaviour. Although these internal ratings are used for regulatory purposes, but they are not applied for PD estimation under SLFRS 9.

PD estimation for loans and advances under SLFRS 9 is primarily determined by the Days Past Due (DPD) of customers, a method used by many banks in the country.

Accordingly, exposures are categorised into five groups in accordance with the DPD. These groups are listed below:

- Zero days past due
- 1 - 30 days past due
- 31 - 60 days past due
- 61 - 90 days past due
- Above 90 days past due

Customer movements into different DPD categories are monitored at the account level over time to estimate the portion of loans likely to be written off. For borrowers with multiple loan accounts within a particular product group, the account with the highest DPD is used to calculate the Probability of Default (PD).

However, for loans provided to banks and for debt & other financial instruments classified as amortised cost or FVOCI, the Group relies on external credit ratings to determine the respective PDs.

3.4.6.4.(b) Exposure at default

Exposure at default (EAD) refers to the gross carrying amount of financial instruments that are subject to impairment calculation. This metric accounts for both the client's capacity to expand their exposure as default nears, as well as the possibility of early repayments.

To determine the EAD for a stage 1 loan, the Group evaluates potential default events that may occur within a twelve-month period. However, if a stage 1 loan is expected to default within 12 months from the balance sheet date, but is also anticipated to cure and then default again, all related default events are included in the assessment. For financial assets classified as stage 2 and stage 3, as well as credit-impaired financial assets at origination, all events occurring over the lifetime of the instruments are taken into account. The Group determines EADs by modelling a spectrum of potential exposure outcomes at various points in time, reflecting the multiple scenarios. Subsequently, SLFRS 9 PDs are allocated to each economic scenario according to the results generated by the Group's models.

3.4.6.4.(c) Loss given default

LGD values are assessed at least once a year for each material collateral type. When determining LGD, the Group segregates its customer loan portfolio according to main types of collateral.

- Secured against cash/deposits held within the bank
- Secured against immovable property
- Secured against motor vehicles and other movable properties
- Secured against gold
- Secured against listed shares
- Secured against lease receivables

These LGD rates consider the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. LGD is calculated using historic loss data that considers transaction details like product and collateral type, along with borrower characteristics. Further, recent data and forward-looking economic scenarios are utilised to calculate the LGD for each type of collateral. Where possible, LGD rates are calibrated through back testing against recent recoveries.

For financial investments other than loans and advances, the Group applies regulator-specified LGD rates from Basel III to calculate ECL under SLFRS 9.

3.4.6.5. Debt instruments measured at FVOCI

ECLs on debt instruments measured at FVOCI do not decrease the carrying amount of these financial assets in the statement of financial position, as they continue to be reported at fair value. Instead, the impairment that would occur if the assets were measured at amortised cost is recognised in OCI as accumulated impairment, with a corresponding charge to profit or loss. Accumulated loss recognised in OCI is recycled to profit and loss when the assets are derecognised.

3.4.6.6. Credit cards and other revolving facilities

The Bank provides credit card facilities and other revolving products, reserving the right to cancel and/or reduce these facilities with very short notice. The Bank assesses its exposure to credit losses beyond the contractual notice period by calculating ECL over a period of 12 months. This approach reflects the Bank's expectations regarding customer behaviour, probability of default and the Bank's future risk mitigation procedures, which may include the reduction or cancellation of facilities.

3.4.6.7. Forward looking information

The Group uses a variety of forward-looking economic inputs in its ECL models. The inputs and models applied in

calculating ECLs may not always capture all characteristics of the market as at the date of the financial statements. Accordingly, qualitative adjustments or overlays are occasionally made as temporary adjustments when these differences are deemed significantly material.

In 2025, the Group updated the values of the key macro-economic variables in the impairment calculation model, including the GDP growth rate, unemployment rate, interest rate, exchange rate etc. These values have been determined based on the most recent forecasts available at the time of the calculation.

To reflect the current economic conditions in the calculation of expected credit losses, the Group also revisited the weightages assigned for multiple economic scenarios as of 31st December 2025. The weightages assigned to each scenario are provided below, along with the weightages that were used in 2024.

	2025	2024
Base Case	25%	45%
Best Case	15%	20%
Worst Case	60%	35%

To ensure completeness and accuracy, the Group obtains the aforementioned data primarily from the Central Bank of Sri Lanka (CBSL). Other third-party sources, such as World Bank and International Monetary Fund etc. are also referenced when CBSL data is not available.

3.4.6.8. Collateral valuation

The Group uses collateral when feasible, to reduce credit risks associated with financial assets.

The collateral comes in various forms, such as cash, securities, letter of credit/ guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The determination of ECLs is influenced by the fair value of collateral. It is generally assessed at a minimum, at inception and to fall in line with the CBSL directives.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued using data provided by third parties such as independent valuation specialists.

3.4.6.9. Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets deemed useful for internal operations are transferred to the relevant asset category at the lower of the repossessed value or the carrying value of the original secured asset. The Bank did not transfer any repossessed assets to its property, plant and equipment during the years ended 31st December 2025 and 2024.

3.4.6.10. Write-offs

Financial assets are written off, either partially or in full, only when the Group has ceased pursuing recovery. For individual customers, the Group's policy is to write off the gross carrying amount when the financial asset is past due by 5 years, based on historical recovery experience of similar assets. For corporate customers and other unsecured loans, the Group makes an individual assessment regarding the timing and amount of write-off, based on whether there is a reasonable expectation of recovery.

If the amount to be written off is greater than the accumulated impairment, the difference is first treated as an addition to the impairment before reducing the gross carrying amount. Any subsequent recoveries are credited to the statement of profit or loss.

Total value of loans written off during the year are given in Note 25.2. Although the Bank has written-down these loans, it retains the enforcement rights on the full capital until the legal proceedings are concluded.

3.4.6.11. Rescheduled and restructured loans

The Group sometimes makes concessions or modifications to the original terms of loans in response to the borrower's financial difficulties, rather than taking possession of the collateral. A loan is considered rescheduled/restructured, when such concessions or modifications are granted due to the borrower's current or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants or significant concerns raised by the Credit Risk Management Unit.

Rescheduling/restructuring may involve extending the payment arrangements and agreeing of new loan conditions. Once terms have been renegotiated, any impairment is measured using the original EIR calculated before the modification of terms. It is the Group's policy to monitor rescheduled/restructured loans to ensure that future payments are likely to occur.

When the Group restructures a loan, it is assigned a minimum classification of Stage 2 from the modification date. The Group also assesses whether the loan should be classified as Stage 3, taking into account the number of previous restructuring. Rescheduled loans are classified as Stage 3 from the modification date onward. Both restructured and rescheduled loans can be upgraded to Stage 1 by the Bank's Risk Management Unit, contingent upon satisfactory repayment following the restructuring or rescheduling.

The Bank has established guidelines specifying the minimum conditions for upgrading a restructured or rescheduled loan to stage 1. The responsibility for upgrading restructured and rescheduled loans lies with the Risk Management Unit.

If rescheduled/restructured loans that have been upgraded, subsequently become past due for more than 30 days, the loss allowance reverts to being measured at an amount equal to lifetime expected credit losses. Details of restructured/rescheduled loans are disclosed in Notes 51.2.1.7 and 51.2.1.8. If the modifications are deemed substantial, the loan is derecognised, as explained in Note 3.4.5.1.

3.4.6.12. Temporary debt relief offered to customers impacted by the Ditwah cyclone

As disclosed in Note 2.11.12, the CBSL introduced a temporary debt relief scheme for customers affected by the cyclone and floods that struck the country in November 2025. This relief was provided through a moratorium, allowing the suspension of capital and/or interest payments for a period of three to six months.

In determining impairment provisions and staging for customers affected by the disaster, the Bank conducted a forward-looking assessment of expected cash flow deterioration resulting from the event. This approach ensured that the underlying credit risk was appropriately reflected, rather than relying solely on the temporary moratorium granted under regulatory

relief measures. As of 15th January 2026—the CBSL-stipulated deadline for applying the moratorium—customers representing a portfolio of only Rs 12 Bn had requested debt relief. Accordingly, the Bank recognised an additional impairment provision of Rs 0.7 Bn as a management overlay to reflect potential losses arising from the disaster. Furthermore, probabilities assigned under the Economic Factor Adjustment were revised adversely to capture the broader macroeconomic impact of the disaster, as disclosed in Note 3.4.6.7.

All customers assessed under the Individually Significant Loan (ISL) impairment framework were carefully evaluated to determine any deterioration in future cash flows. Loans exhibiting a substantial deterioration in projected cash flows, and consequently heightened credit risk, were deemed to provide objective evidence of impairment and were moved to stage 2. Depending on the severity of the impact, the Bank either projected future cash flows under the ISL method or applied collective impairment using stage 2 loss rates.

Customers requesting moratoriums but falling below the ISL threshold were classified under Stage 1, irrespective of the moratorium granted, but considered in the determination of the management overlay provision.

The Bank evaluated the impact of the cyclone on both movable and immovable assets pledged as collateral for loans and advances. The assessment concluded that these assets were not significantly affected; therefore, no material loss is expected to arise in the financial statements.

3.4.7. Offsetting of Financial Instrument

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position only when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under LKASs/SLFRSs, or when relating to gains and losses arising from a group of similar transactions, such as those in the Group's trading activities.

3.4.8. Hedge Accounting

The Group designates certain derivatives as either:

- Hedges of fair value of recognised assets, liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge); or
- Hedges of net investments in foreign operations (net investment hedges)

Hedge accounting is applied to derivatives designated in this way provided that certain criteria are met. At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, along with its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair values or cash flows of the hedged items.

The Group did not designate any derivatives as hedging instruments during the years ended 31st December 2025 and 2024.

3.4.9. Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation–using the effective interest method–of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.4.10. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date, in the principal market or, if none exists, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument (Level 1 valuation). A market is regarded as active if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would consider when pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – that is, the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (Level 1 valuation) nor based on a valuation technique that uses only data from observable markets (Level 2 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is fully supported by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to account for the credit risk of both the Group entity and the counterparty, where appropriate. Fair value estimates obtained from models are adjusted for other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would consider them when pricing a transaction.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant who would use the asset in its highest and best use.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

3.5. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right to substitute, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it holds the decision-making authority most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either;
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

3.5.1. Group as the Lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, typically ranging from 1 to 20 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, such as when the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets under Note 31 to the financial statements while the corresponding lease liability is presented in Note 40, 'Other Liabilities'.

3.5.1.1. Short term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and leases of low-value assets. Lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

3.5.2. Group as the Lessor

When the Group acts as a lessor, it determines at least inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If so, the lease is classified as a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers indicators such as whether the lease covers the major part of the economic life of the asset.

When the Group is the lessor under a finance lease contract, the amounts due under the leases, net of unearned interest income, are included in Note 25, 'Loans and advances'. Interest income receivable is recognised in 'Net interest income' over the lease periods to provide a constant rate of return on the net investment in the leases.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term, classified as other income.

3.6. Fiduciary Assets

The Group provides fiduciary services that involve holding assets on behalf of its customers. Assets held in a fiduciary capacity are not reported in the Financial Statements, as they are not assets of the Group.

3.7. Provisions

A provision is recognised when, as a result of a past event, the Group has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. When a provision is measured using estimated cash flows to settle the obligation, its carrying amount is determined based on the present value of those cash flows.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost to terminate the contract and the expected net cost of continuing with it.

Before a provision is established, the Group recognises any impairment loss on assets used to fulfil the contract. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.8. Operational Risk Events

Provisions for operational risk events are recognised for losses incurred by the Group that do not relate directly to the principal outstanding on loans and advances. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the events and circumstances affecting the provision.

3.9. Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, excluding deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3.10. Taxes on Financial Services

3.10.1. Value Added Tax (VAT)

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No. 14 of 2002 and its subsequent amendments. The basis for the computation of VAT on financial services is the accounting profit before VAT and income tax, adjusted for economic depreciation and employee emoluments, including cash benefits, non-cash benefits and provisions related to terminal benefits.

3.10.2. Social Security Contribution Levy

The Social Security Contribution Levy (SSCL) shall be paid by any person engaged in the business of supplying financial services, based on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022 and its amendments, at a rate of 2.5%, effective from 1st October 2022. The SSCL is payable on 100% of the value addition attributable to financial services.

The value addition attributable to financial services shall be computed for the purpose of SSCL payment by applying the attributable method outlined in Chapter IIIA of the Value Added Tax Act No. 14 of 2002.

3.11. Regulatory Provisions

3.11.1. Deposit Insurance Premium

All Licensed Commercial Banks are required to insure their deposit liabilities under the "Sri Lanka Deposit Insurance Scheme" in accordance with the Banking (Special Provisions) Act Direction No. 1 of 2023, issued on 15th November 2023. The Bank's total capital ratio as of 31st December 2024 exceeded 14% and accordingly, the Bank paid a premium of 0.10% of eligible deposits as the deposit insurance premium during the year ended 31st December 2025. The deposit insurance premium expense of the Bank/Group is disclosed in Note 15 to the Financial Statements.

3.11.2. Crop Insurance Levy

In accordance with the Finance Act No. 12 of 2013, all institutions governed by the Banking Act No. 30 of 1988, the Finance Business Act No. 42 of 2011 and the Regulation of Insurance Industry Act No. 43 of 2000 are required to pay 1% of the profit after tax as a Crop Insurance Levy to the National Insurance Trust Fund, effective from 1st April 2013.

4. NEW ACCOUNTING STANDARDS/AMENDMENTS TO ALREADY EXISTING ACCOUNTING STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR

Accounting Standard	Description	Effective Date	Assessment of the Impact on the Group/Bank
SLFRS S1-General requirements for disclosure of sustainability related financial information and SLFRS S2 -Climate related disclosures	Recognising the increasing importance of sustainability-related information to stakeholders, the International Sustainability Standards Board (ISSB) issued its first two sustainability disclosure standards: IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures. In alignment with these developments, the Institute of Chartered Accountants of Sri Lanka issued the localised versions of these standards, namely SLFRS S1 and SLFRS S2, in 2024. **SLFRS S1-General requirements for disclosure of sustainability related financial information** SLFRS S1 requires entities to disclose information about their sustainability-related risks and opportunities that is useful to the primary users of general-purpose financial reports in making resource allocation decisions. **SLFRS S2-Climate-related disclosures** SLFRS S2 requires entities to disclose information about their climate-related risks and opportunities that is useful to the primary users of general-purpose financial reports in making resource allocation decisions.	1st January 2025	Additional disclosures on sustainability and climate-related risks have been included in the non-financial section of the Annual Report.
Amendments to LKAS 21- Lack of Exchangeability	The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine the spot exchange rate when exchangeability is lacking. It also requires disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1st January 2025	No material impact on the Bank's/ Group's Financial Statements.

Other than the above, no new accounting standards or amendments to existing standards became effective during the year. The Group has applied all relevant accounting standards issued up to 31st December 2025 in the preparation of the Financial Statements for the year ended 31st December 2025.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT 31ST DECEMBER 2025

Accounting Standard	Description	Effective Date	Assessment of the Impact on the Group/Bank
SLFRS 17 - Insurance contracts	SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 04 - Insurance Contracts, which was issued in 2005.	1st January 2026	No impact on the Bank's/Group's Financial Statements.
SLFRS 18 – Presentation and Disclosure in Financial Statements	SLFRS 18 replaces LKAS 1 and introduces significant changes to the presentation of primary financial statements. Key requirements include: » Standardised subtotals in the statement of profit or loss » Aggregation and disaggregation of information » Enhanced disclosures for management-defined performance measures. There are specific presentation requirements and options for entities, such as banks, that have specified main business activities.	1st January 2027	While the measurement of assets and liabilities remains unchanged, the new presentation and disclosure requirements under SLFRS 18 will significantly reshape how banks communicate financial performance to stakeholders. Upon its introduction in 2027, the Bank will be required to restate prior-period financial statements to align with the revised presentation and disclosure framework.
Amendments to SLFRS 9 and SLFRS 7 - Classification and Measurement of Financial Instruments	The amendments introduce an accounting policy option that allows the derecognition of financial liabilities settled through electronic payment systems prior to the settlement date, subject to specific conditions. They also clarify the assessment of contractual cash flows for financial assets with ESG-related and similar features, define what constitutes 'non-recourse features' and outline the characteristics of contractually linked instruments. Additionally, new disclosure requirements have been introduced for financial instruments with contingent features, along with enhanced disclosures for equity instruments classified at fair value through other comprehensive income.	1st January 2026	No material impact on the Bank's/ Group's Financial Statements.
SLFRS 19 – Subsidiaries without Public Accountability: Disclosures	SLFRS 19 provides reduced disclosure requirements for eligible subsidiaries that do not have public accountability, while continuing to apply full SLFRS recognition and measurement principles. The standard is intended to improve reporting efficiency and reduce compliance costs, while maintaining the quality, consistency and reliability of financial information in group financial reporting.	1st January 2027	No impact on the Bank's/Group's Financial Statements. However, two of the Bank's subsidiaries, Sampath Centre Ltd and Sampath Information Technology Solutions Ltd, can apply the standard in their standalone financial statements.

6. GROSS INCOME

ACCOUNTING POLICY

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific recognition criteria that must be met before recognising revenue is discussed under Note 7 – Net Interest Income, Note 8 - Net Fee and Commission Income, Note 9 - Net Gain/(Loss) from Trading, Note 10 - Net Gain/(Loss) on Derecognition of Financial Assets and Note 11 - Net Other Operating Income.

For the year ended 31st December	Note	BANK		GROUP	
		2025	2024	2025	2024
		Rs 000	Rs 000	Rs 000	Rs 000
Interest income	7.1	181,059,355	183,054,746	192,137,353	192,358,624
Fee & commission income	8	27,240,631	22,289,477	28,382,625	22,981,135
Net gain/(loss) from trading	9	4,254,888	(1,777,456)	4,254,888	(1,704,262)
Net gain/(loss) on derecognition of financial assets	10	3,968,812	(7,230,523)	3,968,812	(7,275,311)
Net other operating income	11	2,256,643	(1,015,228)	3,713,228	209,008
		218,780,329	195,321,016	232,456,906	206,569,194

7. NET INTEREST INCOME

ACCOUNTING POLICY

Recognition of Interest Income

The Group recognises interest income for all financial instruments measured at amortised cost, interest-bearing financial assets measured at FVOCI and FVPL using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position, with a corresponding increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the Income Statement.

When a financial asset becomes credit-impaired [as set out in Note 3.4.6.1(a)] and is therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis. For Purchased or Originated Credit-Impaired (POCI) financial assets, the Group recognises interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

For the year ended 31st December	Note	BANK		GROUP	
		2025	2024	2025	2024
		Rs 000	Rs 000	Rs 000	Rs 000
Interest income	7.1	181,059,355	183,054,746	192,137,353	192,358,624
Less: Interest expense	7.2	103,276,965	103,046,806	108,565,838	107,696,550
Net interest income		77,782,390	80,007,940	83,571,515	84,662,074

7. NET INTEREST INCOME CONTD.

7.1 Interest Income

For the year ended 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Cash & cash equivalents	658,815	855,038	658,928	855,038
Placements with banks	2,102,889	1,261,115	2,102,889	1,261,115
Financial assets recognised through profit or loss - measured at fair value	173,727	595,697	173,727	595,697
Reverse repurchase agreements	498,395	212,738	1,094,908	279,163
Financial assets at amortised cost				
- loans & advances	94,953,839	89,996,635	105,343,856	98,443,597
- debt & other instruments	49,454,485	43,895,066	49,545,103	44,685,016
Interest income accrued on impaired loans & advances (Note 25.2)	4,206,834	5,198,011	4,207,571	5,198,552
Financial assets - fair value through other comprehensive income	29,010,371	41,040,446	29,010,371	41,040,446
	181,059,355	183,054,746	192,137,353	192,358,624

7.2 Interest Expense

For the year ended 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Due to banks	922,813	250,972	1,990,046	959,333
Securities sold under repurchase agreements	2,208,441	2,563,271	2,194,659	2,540,837
Financial liabilities at amortised cost				
- due to depositors	94,668,216	95,754,451	98,141,477	99,216,440
- due to other borrowers	504,475	446,338	504,475	446,338
- due to debt securities holders	4,254,921	3,494,729	5,233,881	4,127,238
Finance leases (Notes 31.1)	718,099	537,045	501,300	406,364
	103,276,965	103,046,806	108,565,838	107,696,550

7.3 Net Interest Income from Sri Lanka Government Securities

For the year ended 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Interest income				
Financial assets recognised through profit or loss - measured at fair value	173,727	595,697	173,727	595,697
Financial assets at amortised cost - debt & other instruments	47,916,934	41,770,501	48,007,552	42,560,451
Financial assets - fair value through other comprehensive income	28,312,222	39,768,217	28,312,222	39,768,217
Reverse repurchase agreements	498,395	212,738	1,094,908	279,163
Interest expense				
Securities sold under repurchase agreements	(2,208,441)	(2,563,271)	(2,194,659)	(2,540,837)
Net interest income from Sri Lanka Government Securities	74,692,837	79,783,882	75,393,750	80,662,691

8. NET FEE AND COMMISSION INCOME

ACCOUNTING POLICY

Fee Income Earned from Services that are Provided over a Specified Period of Time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include professional fees, trade service fees, commission income, asset management fees, etc. Loan commitment fees for loans that are likely to be drawn down, along with other credit-related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate of the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

Fee Income from Provision of Transaction Services

Fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the arrangement of an acquisition of shares or other securities, or the purchase or sale of businesses, are recognised upon completion of the underlying transaction. Fees or components of fees that are linked to specific performance criteria are recognised as the related services are performed.

Expenses on Account of Customer Loyalty Program

Award credits granted under the customer loyalty programme are accounted for as a separately identifiable component of the transaction in which they are issued. The fair value of the consideration received from the initial sale is allocated between the award credits and the other components of the sale. Expenses incurred for the customer loyalty programme are recognised under fee and commission expenses.

Other Fee and Commission Expense

Other fee and commission expenses mainly relate to transaction and services fees, which are expensed as the services are received. Fee and commission expenses are recognised on an accrual basis.

For the year ended 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Fee & commission income	27,240,631	22,289,477	28,382,625	22,981,135
Fee & commission expense	(6,005,276)	(4,780,225)	(6,007,878)	(4,783,742)
Net fee & commission income	21,235,355	17,509,252	22,374,747	18,197,393
Comprising:				
Loans & advances	2,726,597	1,836,106	3,225,164	2,182,125
Credit & debit cards	7,974,082	6,848,808	7,974,082	6,848,808
Trade & remittances	5,675,526	4,768,957	5,675,526	4,768,957
Deposits	918,359	886,370	918,363	886,371
Guarantees	585,576	536,179	585,586	536,207
Other banking & financial services	3,355,215	2,632,832	3,996,026	2,974,925
Net fee & commission income	21,235,355	17,509,252	22,374,747	18,197,393

9. NET GAIN/(LOSS) FROM TRADING

ACCOUNTING POLICY

Net gain/(loss) from trading includes all gains and losses arising from changes in fair value and dividend from financial assets measured at fair value through profit or loss. Dividend income is recognised when the Group's right to receive payment is established. This category also includes foreign exchange differences arising from derivative contracts that are not designated as hedging instruments.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Derivative financial instruments				
Forward exchange contract revaluation gain/(loss)				
- Inter bank	4,447,934	(1,821,705)	4,447,934	(1,821,705)
- Others	(90,973)	39,369	(90,973)	39,369
Financial assets recognised through profit or loss measured at fair value				
Government Securities				
Net mark to market (loss)/gain	(102,073)	4,880	(102,073)	4,880
Equity Securities				
Net mark to market gain	-	-	-	72,245
Dividend income	-	-	-	949
	4,254,888	(1,777,456)	4,254,888	(1,704,262)

10. NET GAIN/(LOSS) ON DERECOGNITION OF FINANCIAL ASSETS

ACCOUNTING POLICY

Net gain/(loss) on derecognition of financial assets includes realised gain/(loss) relating to financial assets measured at fair value through profit or loss, debt instruments measured at FVOCI and financial instruments measured at amortised cost.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Capital gain on sale of financial assets (Note 10.1)	3,968,812	1,134,815	3,968,812	1,090,027
Impact on restructuring of Sri Lanka International Sovereign Bonds (Note 10.2)	-	(8,365,338)	-	(8,365,338)
	3,968,812	(7,230,523)	3,968,812	(7,275,311)

10.1 Capital Gain on Sale of Financial Assets

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Recognised at:				
- fair value through profit or loss	131,852	160,807	131,852	116,019
- fair value through other comprehensive income (Note 43.2)	3,836,960	974,008	3,836,960	974,008
	3,968,812	1,134,815	3,968,812	1,090,027

10.2 Impact on restructuring of Sri Lanka International Sovereign Bonds (SLISBs)

In December 2024, the Government of Sri Lanka successfully completed the restructuring of its Sri Lanka International Sovereign Bonds (SLISBs). Consequently, the Bank recognised the newly issued bonds and derecognised the SLISBs it held as of the restructuring date. This derecognition gave rise to a loss of Rs 8,365 Mn. During 2024, the Bank also reversed the impairment provision recognised on SLISBs, amounting to Rs 15,787 Mn. This is presented in Note 12.2 to the Financial Statements.

11. NET OTHER OPERATING INCOME

ACCOUNTING POLICY

Net other operating income includes foreign exchange gains and losses, dividend income from equity securities designated at fair value through other comprehensive income, dividend income from subsidiary companies, gains/(losses) on the disposal of property, plant and equipment and rental income.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Exchange income				
- Inter bank	(2,308,428)	(5,401,569)	(2,308,428)	(5,401,569)
- Others	3,244,391	2,963,406	3,244,391	2,963,406
Dividend income from financial assets at FVOCI	36,678	135,712	36,926	136,120
Dividend income from subsidiaries	35,392	80,080	-	-
(Loss)/profit on disposal of property, plant & equipment	(8,644)	6,851	(8,408)	7,112
Rental & other income	1,257,254	1,200,292	2,748,747	2,503,939
	2,256,643	(1,015,228)	3,713,228	209,008

11.1 Exchange income represents both revaluation gain/(loss) on the Bank's net open position and realised exchange gain/(loss) on foreign exchange contracts including the Bank's currency notes operation. Gain on forward exchange contracts amounting to Rs 4,357 Mn (2024: loss of Rs 1,782 Mn) is reported under Note 9, 'Net gain/(loss) from trading' as required by the Sri Lanka Accounting Standard SLFRS 9 (Financial Instruments). Accordingly total exchange gain of the Bank & the Group for the year ended 31st December 2025 amounted to Rs 5,293 Mn (2024: loss of Rs 4,220 Mn). The exchange loss for the financial year 2024 was incurred primarily on the Bank's FCBU exposure, due to appreciation of LKR during the year.

12. IMPAIRMENT CHARGE/(REVERSAL)

ACCOUNTING POLICY

The accounting policies adopted in determining impairment allowances for financial assets, including loans and advances, are provided in Note 3.4.6 to the Financial Statements.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Financial assets at amortised cost - loans & advances (Note 12.1)	(960,695)	2,771,348	(1,060,783)	2,659,031
Sri Lanka International Sovereign Bonds (Note 12.2)	1,374,294	(15,787,060)	1,374,294	(15,787,060)
Other financial assets and credit related commitments (Note 12.3)	(1,050,852)	1,287,669	(956,207)	1,256,554
	(637,253)	(11,728,043)	(642,696)	(11,871,475)

12.1 Financial Assets at Amortised Cost - Loans & Advances

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Impairment Charge/(Reversal) [Note 25.2]				
Stage 1	6,079,718	(2,855,375)	6,301,352	(2,786,774)
Stage 2	(6,290,933)	(9,099,027)	(6,350,793)	(9,104,302)
Stage 3	(749,480)	14,725,750	(1,011,342)	14,550,107
	(960,695)	2,771,348	(1,060,783)	2,659,031

12. IMPAIRMENT CHARGE/(REVERSAL) CONTD.

12.1.1 Loans and advances - Impact on impairment charge due to changes in accounting estimates, judgements and assumptions

Key accounting estimates, judgements and assumptions	Impact on impairment charge for the period
Impairment on Individually Significant Loans (ISL)	The Bank conducted a comprehensive assessment of all Individually Significant Loans (ISL) as at 31st December 2025, and adequate provisions have been recognised in the Financial Statements. In forecasting cash flows, the Bank considered multiple recovery methods, including collateral realisation and the repayment of rescheduled or contractual cash flows. Additional impairment allowances have been recognised for ISL customers adversely affected by Cyclone Ditwah, which impacted the country in November 2025. The threshold for determining ISL customers was revised upward during the year in line with the growth of the advance portfolio, while ensuring that the proportion of loans assessed under the ISL framework remained fully aligned with the Bank's internal policies and guidelines. In 2024, the Bank extended the property realisation periods for selected ISL exposures due to the suspension of Parate execution. For certain customers, collateral values were also adjusted to reflect borrower-specific circumstances. Although the suspension of Parate execution was lifted during the second half of 2025, the previously extended realisation periods continued to be applied consistently unless there was observable improvement in the progress of legal proceedings. For the year ended 31st December 2025, the Bank reported a net impairment reversal of Rs 961 Mn on loans and advances, primarily attributable to recoveries from ISL customers previously classified under Stage 3.
Calculation of Probability of Default (PD) and Loss Given Default (LGD)	The Group updated its PD and LGD calculations using the most recent recovery data to determine the impairment provisions as of 31st December 2025.
Forward looking information	The Group updated the values assigned to key macroeconomic variables using the latest data published by the Central Bank of Sri Lanka, the International Monetary Fund, and other relevant sources. A new variable was also introduced to the EFA model, with an appropriate weightage assigned, to capture the potential impact of climate-related risks on the estimation of Expected Credit Losses (ECL). In addition, the probability weightage applied to worst case scenario was increased to 60%, considering the impact of the Cyclone Ditwah, widespread flood damage, and ongoing global economic uncertainties. The weightages applied in 2025 are disclosed in Note 3.4.6.7, alongside those applied in the corresponding period.
Management overlay: impact of the cyclone Ditwah and the flood	As the extent of the impact of the Ditwah cyclone and the associated flooding on customers was not fully ascertainable as at the reporting date, the Bank exercised management judgement in assessing the requirement for additional impairment allowances in accordance with SLFRS 9. Accordingly, a provision of Rs 0.7 Bn has been recognised as a management overlay to account for the potential losses arising from customers affected by the cyclone. In determining the management overlay, the Bank considered the segment of customers who applied for the temporary debt relief scheme introduced by the Central Bank of Sri Lanka. Further details on the impairment methodology applied on these loans, including the approach to staging and the assessment of significant increase in credit risk, are provided in Note 3.4.6.12.

12.2 Sri Lanka International Sovereign Bonds

Bank & Group

For the year ended 31st December	2025 Rs 000	2024 Rs 000
Stage 1	-	-
Stage 2	1,374,294	(15,787,060)
Stage 3	-	-
	1,374,294	(15,787,060)

12.2.1 Impairment on Sri Lanka International Sovereign Bonds (SLISBs)

The Bank recognised an impairment charge of Rs 1,374 Mn for the year ended 31st December 2025 on PDI bonds acquired during the year. An impairment reversal of Rs 15,787 Mn was recognised in 2024, arising from the reversal of brought-forward impairment provisions on restructured SLISBs.

12.3 Other Financial Assets and Credit Related Commitments

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Cash & cash equivalents (Note 20.2)				
Stage 1	(13,805)	(18,449)	(13,805)	(18,449)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
	(13,805)	(18,449)	(13,805)	(18,449)
Placements with banks (Note 22.2)				
Stage 1	(15,006)	11,793	(15,006)	11,793
Stage 2	-	-	-	-
Stage 3	-	-	-	-
	(15,006)	11,793	(15,006)	11,793
Financial assets at amortised cost - debt & other instruments (Note 26.3)				
Stage 1	(8,896)	627	(8,896)	627
Stage 2	(1,164)	1,164	(1,164)	1,164
Stage 3	-	-	-	-
	(10,060)	1,791	(10,060)	1,791
Financial assets at fair value through other comprehensive income				
Stage 1	(117)	65	(117)	65
Stage 2	-	-	-	-
Stage 3	-	-	-	-
	(117)	65	(117)	65
Credit related commitments & contingencies (Note 45.2)				
Stage 1	(342,445)	(438,217)	(329,963)	(443,746)
Stage 2	(361,136)	337,064	(361,136)	337,064
Stage 3	(194,569)	565,622	(194,569)	565,622
	(898,150)	464,469	(885,668)	458,940
Other financial assets	(113,714)	828,000	(31,551)	802,414
	(1,050,852)	1,287,669	(956,207)	1,256,554

13. PERSONNEL EXPENSES

ACCOUNTING POLICY

Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related services are provided. A liability is recognised for the amount expected to be paid under a short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay such amounts as a result of past services rendered by employees and the obligation can be measured reliably.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to cover all employee benefits relating to employee services in the current and prior periods, as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan is proportional to the services rendered to the Group by employees and is recorded as an expense under 'Personnel expenses' as and when it becomes due. Unpaid contributions are recorded as a liability under 'Other liabilities' in Note 40.

The Group contributes 3% of each employee's salary to the Employees' Trust Fund. Additionally, the subsidiary companies contribute 12% of each employee's salary to the Employees' Provident Fund. These expenses are classified as contributions to "Defined Contribution Plans" as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, the Bank's pension fund, staff gratuity and Employees' Provident Fund are considered defined benefit plans in accordance with the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

Pension Fund

The Bank maintains a pension fund for all members who joined the Bank on permanent employment before 1st June 2003. A member becomes eligible for a monthly pension upon reaching retirement age and completing 10 years of uninterrupted service. The Bank measures the present value of the pension obligation, which is a defined benefit plan, with the advice of an independent professional actuary using the Projected Unit Credit (PUC) method, as required by the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits). An actuarial valuation is conducted at each year-end to determine the full liability under the Fund.

The Bank's obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting those benefits to determine their present value. The fair value of any plan assets is then deducted to determine the net amount to be presented in the Statement of Financial Position. The value of any defined benefit asset is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements applicable to any plan in the Bank. An economic benefit is considered available to the Bank if it is realisable during the life of the plan or upon settlement of the plan liabilities.

The Bank determines the net interest expense/(income) on the net defined benefit liability/(asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset) at the beginning of that period. The discount rate is based on the yield at the reporting date on government bonds with maturity dates approximating the terms of the Bank's obligations.

The increase in the pension fund liabilities attributable to services provided by employees who are members of the Fund during the year ended 31st December 2025 (current service cost) has been recognised in the Statement of Profit or Loss under 'Personnel expenses', together with the net interest income/expense. The Bank recognises the total actuarial gains/losses arising from the calculation of its obligation in respect of a plan in other comprehensive income, during the period in which they occur.

The demographic assumptions underlying the valuation include early withdrawals from service, retirement on medical grounds, and death before or after retirement, among others.

The assets of the fund are held separately from the Bank's assets and are administered independently. The subsidiaries do not maintain pension funds.

ACCOUNTING POLICY

Gratuity

In compliance with the Gratuity Act No. 12 of 1983, a provision is made in the accounts from the first year of service for gratuity payable to employees who joined the Bank on or after 1st June 2003, as they are not in the Bank's pensionable service. No provision is made in the accounts for gratuity payable to employees who joined prior to 1st June 2003 and have completed five or more years of continuous service, as the Bank has its own non-contributory pension scheme in force. However, if employees eligible for a pension resign before reaching retirement age, the Bank is liable to pay gratuity to such employees.

An actuarial valuation is conducted at each year-end to determine the full liability for gratuity.

The gratuity liability is not externally funded. All subsidiary companies also conduct actuarial valuations to determine their respective gratuity liabilities.

The Group determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the defined benefit liability at the beginning of that period. The discount rate is based on the yield at the reporting date on government bonds with the maturity dates approximating the terms of the Group's obligations.

The increase in gratuity liabilities attributable to services provided by employees during the year ended 31st December 2025 (current service cost) has been recognised in the Statement of Profit or Loss under 'Personnel expenses', together with the net interest expense. The Group recognises the total actuarial gains/losses arising from the calculation of its gratuity obligation in other comprehensive income during the period in which it occurs.

The demographic assumptions underlying the valuation include the retirement age (60 years), early withdrawals from service, retirement on medical grounds and other relevant factors.

Employees' Provident Fund - Bank

The Employees' Provident Fund is an approved private provident fund established to meet the Bank's provident fund liabilities, to which the Bank and employees contribute 12% and 8% of each employee's salary, respectively. Employees who are members of the fund are entitled to receive interest at a guaranteed rate equivalent to the National Savings Bank one-year fixed deposit rate (net of income tax) on their balances, even if the fund earns a lower return from its investments in a given financial year. Accordingly, this obligation is treated as a defined benefit liability, and an actuarial valuation is conducted to determine the Bank's obligation in this regard.

Unutilised Accumulated Leave

The Bank's liability for accumulated leave expected to be utilised more than one year after the end of the reporting period is classified as other long-term employee benefits. The Bank's net obligation for unutilised accumulated leave is calculated by discounting the amount of future benefits that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is based on the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligation. The calculation is performed using the Projected Unit Credit method. The net change in the liability for unutilised accumulated leave, including any actuarial gains/losses, is recognised in the Statement of Profit or Loss under 'Personnel expenses' in the period in which they arise.

The Group's net obligations relating to the pension fund, gratuity, EPF interest guarantee and unutilised accumulated annual leave are disclosed in Note 38 to the Financial Statements.

Share Based Payment Transactions

The Group does not have any share-based payment arrangements in force as at 31st December 2025.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Salaries & bonus	16,219,368	14,726,185	18,403,013	16,555,765
Contributions to EPF & ETF	1,383,521	1,175,149	1,547,263	1,303,469
Amortisation of pre-paid staff cost (Note 33.2)	412,471	385,001	427,425	393,450
Provision on gratuity (Note 38.1.2)	538,447	473,501	607,906	534,808
Provision on pension fund (Note 38.4.2)	636,699	385,437	636,699	385,437
Others	755,280	911,649	1,269,881	1,260,781
	19,945,786	18,056,922	22,892,187	20,433,710

14. DEPRECIATION AND AMORTISATION EXPENSES

ACCOUNTING POLICY

Depreciation of Property, Plant and Equipment

The Group provides depreciation from the date the assets are available for use, until the date of disposal, at the following rates, on a straight-line basis, over periods corresponding to the estimated useful lives of the assets, based on the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

Improvements to leasehold properties are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Group will obtain ownership at the end of the lease term. Freehold lands are not depreciated.

Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised. Depreciation does not cease when an asset becomes idle or is retired from active use unless the asset is fully depreciated.

Asset Category	Depreciation Rate per Annum (%)	
	2025	2024
Freehold buildings	2.50	2.50
Improvements to leasehold properties	10.00-20.00	10.00-20.00
Computer equipment - Freehold	15.00-33.33	15.00-25.00
Motor vehicles	12.50-20.00	12.50-20.00
Office equipment	5.00-20.00	5.00-20.00
Fixtures & fittings	4.00-20.00	4.00-20.00

Amortisation of Intangible Assets

Intangible assets, other than goodwill, are amortised on a straight-line basis in the Statement of Profit or Loss from the date the asset is available for use, over the best estimate of its useful economic life, based on the pattern in which the asset's economic benefits are consumed by the Group. The Group assumes that its intangible assets have no residual value.

Asset Category	Amortisation Rate per Annum (%)	
	2025	2024
Computer software	25.00	25.00
Licenses	5.00-33.33	5.00-33.33

Amortisation of Right-of-Use Assets

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of their useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and range from 1 to 20 years.

Changes in Estimates

Depreciation and amortisation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. During the year ended 31st December 2025, the Group conducted an operational efficiency review, and the estimates were revised accordingly.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Depreciation of property, plant & equipment (Note 29)	1,359,776	1,001,993	1,919,987	1,486,413
Amortisation of intangible assets (Note 30)	808,585	379,972	822,337	386,180
Amortisation of right-of-use assets (Note 31)	2,726,704	1,706,083	1,556,705	1,137,243
	4,895,065	3,088,048	4,299,029	3,009,836

15. OTHER OPERATING EXPENSES

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Directors' fees & expenses	134,514	120,435	215,451	201,743
Auditor's remuneration (Note 15.1)	101,727	51,388	110,591	62,603
Professional & legal expenses	1,633,499	583,147	1,707,278	628,158
Deposit insurance premium	1,587,517	1,372,243	1,638,102	1,411,686
Donations	101,000	1,250	101,650	1,760
Operating lease expenses	504,147	385,930	669,570	504,955
Office administration expenses	6,137,519	5,283,740	6,189,758	5,453,141
Establishment expenses	3,020,743	2,766,849	3,367,209	3,082,936
Crop insurance levy	302,107	273,206	317,990	284,776
Marketing & business promotion expenses	1,757,344	1,356,080	1,857,100	1,468,234
Other overhead expenses (Note 15.2)	6,647,464	5,993,325	7,036,933	6,258,853
	21,927,581	18,187,593	23,211,632	19,358,845

15.1 Auditor's Remuneration

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Audit fees	21,952	17,920	26,939	22,467
Audit & assurance related fees & expenses	11,835	13,803	13,485	16,528
Non-audit expenses	67,940	19,665	70,167	23,608
	101,727	51,388	110,591	62,603

Auditor's Remuneration disclosed in Note 15.1 are inclusive of applicable taxes.

15.2 Other overhead expenses encompass credit card related costs and other miscellaneous expenses incurred during the daily operations of the Bank/Group.

16. INCOME TAX EXPENSE

ACCOUNTING POLICY

In accordance with the Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense represents the aggregate amount included in the determination of profit or loss for the period, in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income. The Group has applied IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" in determining taxable profit, tax bases, unused tax losses, unused tax credits and applicable tax rates when there is uncertainty regarding the income tax treatment.

Current Taxation

Current tax assets and liabilities comprise amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year, calculated using the tax rates and tax laws enacted or substantively enacted at the reporting date, along with any adjustment to tax payable for prior years. Accordingly, the provision for taxation is based on the profit for the year, adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, at the rates specified in Note 16.2 to the Financial Statements.

Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes for all Group entities. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where a deferred tax liability arises from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss) and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences related to investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which these deductible temporary differences, carried-forward unused tax credits and unused tax losses can be utilised except:

- When a deferred tax asset relates to deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (or loss) and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences related to investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intention to settle on a net basis and such offsetting is permitted under the tax law of the relevant jurisdiction. Details of current tax liabilities/(receivables) and deferred tax liabilities/(assets) are provided in Notes 39 and 32 to the Financial Statements respectively.

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Current tax expense				
Current tax based on profit for the year (Note 39)	15,773,855	12,929,208	17,161,135	13,923,111
Over/under provision in respect of previous years (Note 39)	-	(654,047)	(8,531)	(545,265)
Total current tax expense	15,773,855	12,275,161	17,152,604	13,377,846
Deferred tax expense				
Due to change in temporary differences (Note 32.1)	3,305,452	7,126,642	3,322,281	7,107,163
Total income tax expense	19,079,307	19,401,803	20,474,885	20,485,009
Effective tax rate	38.7%	41.5%	38.6%	41.6%

16.1 Reconciliation of the Accounting Profit to Current Tax Expense

For the year ended 31st December	BANK				GROUP			
	2025		2024		2025		2024	
	%	Rs 000	%	Rs 000	%	Rs 000	%	Rs 000
Profit before tax		49,290,024		46,722,415		53,046,222		49,188,269
Tax effect on accounting profit before tax								
Liable at 30%	28.3	13,958,370	30.0	14,016,725	28.4	15,085,229	30.0	14,756,481
Liable at 15%	0.8	414,319	-	-	0.8	414,319	-	-
Tax effect on								
Disallowable expenses	6.3	3,107,857	2.9	1,350,643	7.0	3,684,781	3.9	1,918,783
Tax deductible expenses	(2.9)	(1,446,077)	(3.0)	(1,418,323)	(3.4)	(1,782,117)	(3.5)	(1,746,106)
Exempt income	(0.5)	(260,614)	(2.2)	(1,019,837)	(0.5)	(260,614)	(2.1)	(1,019,837)
Income from other sources	-	-	-	-	-	19,537	-	13,790
Current tax based on profit for the year (Note 39)	32.0	15,773,855	27.7	12,929,208	32.3	17,161,135	28.3	13,923,111
Over/under provision in respect of previous years (Note 39)	-	-	(1.4)	(654,047)	-	(8,531)	(1.1)	(545,265)
Deferred tax expense due to change in temporary differences (Note 32.1)	6.7	3,305,452	15.2	7,126,642	6.3	3,322,281	14.4	7,107,163
Total income tax expense	38.7	19,079,307	41.5	19,401,803	38.6	20,474,885	41.6	20,485,009

16.2 Applicable Income Tax Rates

Company	2025	2024
Sampath Bank PLC	30%	30%
Sampath Centre Ltd	30%	30%
Sampath Securities (Pvt) Ltd	30%	30%
Siyapatha Finance PLC	30%	30%
Sampath Information Technology Solutions Ltd	30%	30%

The Group is liable for income tax on local dividend received during the year at 15% (2024: 15%). Further, profit from services provided outside Sri Lanka is also liable for income tax at 15% (2024: exempt).

17. EARNINGS PER SHARE

ACCOUNTING POLICY

The Group presents both basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting both the profit attributable to the ordinary equity shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. The Group did not have any dilutive potential ordinary shares as at 31st December 2025.

17.1 Earnings per Share: Basic/Diluted

	BANK		GROUP	
	2025	2024	2025	2024
Amount used as the numerator				
Profit after tax for the year attributable to equity holders (Rs)	30,210,717,000	27,320,612,000	32,571,337,000	28,703,260,000
No. of ordinary shares used as the denominator				
Weighted average number of ordinary shares (Note 17.1.1)	1,172,700,760	1,172,700,760	1,172,700,760	1,172,700,760
Basic/diluted earnings per ordinary share (Rs)	25.76	23.30	27.77	24.48

17.1.1 Weighted Average Number of Ordinary Shares for Basic/Diluted EPS

Bank & Group

	Outstanding No. of Shares		Weighted Average No. of Shares	
	2025	2024	2025	2024
Number of shares in issue as at 1st January	1,172,700,760	1,172,700,760	1,172,700,760	1,172,700,760
Add:				
Number of shares issued during the year	-	-	-	-
Number of shares in issue/weighted average number of shares as at 31st December	1,172,700,760	1,172,700,760	1,172,700,760	1,172,700,760

18. DIVIDEND PAID AND PROPOSED

ACCOUNTING POLICY

Provision for final dividend and interim dividend (scrip) are recognised when the dividend is approved by the shareholders. However, interim cash dividend are recognised when approved by the Board, in accordance with the Companies Act No. 07 of 2007 and its amendments.

	2025 Rs 000	2024 Rs 000
Final dividend paid for the years 2024 & 2023 respectively		
Out of dividend received	94,743	234,390
Out of normal profit	10,870,009	6,625,909
Cash dividend paid	10,964,752	6,860,299
Dividend per Ordinary Share (Rs)	9.35	5.85
Final dividend proposed for the years 2025 (Note 18.1) & 2024 respectively		
Out of dividend received	36,678	94,743
Out of normal profit	12,042,140	10,870,009
Cash dividend payable	12,078,818	10,964,752
Dividend per Ordinary Share (Rs)	10.30	9.35

18.1 The Board of Directors has recommended a final cash dividend of Rs 10.30 per share for the financial year ended 31st December 2025. This recommendation is subject to shareholder approval at the Annual General Meeting scheduled for 30th March 2026.

18.2 In accordance with Sri Lanka Accounting Standard - LKAS 10 (Events after the Reporting Period), the proposed final dividend has not been recognised as a liability at the year end. Necessary disclosures have been made under Note 49 to the Financial Statements, titled "Events after the Reporting Period" as required by the said standard.

18.3 As per the Inland Revenue (Amendment) Act No. 04 of 2023, the proposed final dividend for the year ended 31st December 2025 is subject to a Withholding Tax (WHT) of 15% (2024: 15%). Consequently, the total Withholding Tax liability on the proposed dividend for the year ended 31st December 2025 amounts to Rs 1,806.3 Mn.

19. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

ACCOUNTING POLICY

Financial instruments are measured on an ongoing basis at either fair value or amortised cost. The Accounting Policies set out how each category of financial instrument is measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category, as defined in Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments) under the respective headings of the Statement of Financial Position.

19.1 Analysis of Financial Instruments by Measurement Basis - Bank

	Note	As at 31st December 2025			
		Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total
		Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash & cash equivalents	20	-	62,018,008	-	62,018,008
Balances with Central Bank of Sri Lanka	21	-	21,835,192	-	21,835,192
Placements with banks	22	-	39,223,825	-	39,223,825
Reverse repurchase agreements		-	44,282	-	44,282
Derivative financial instruments	23	2,468,488	-	-	2,468,488
Financial assets recognised through profit or loss - measured at fair value	24	403,260	-	-	403,260
Financial assets at amortised cost					
- loans & advances	25	-	1,127,776,792	-	1,127,776,792
- debt & other instruments	26	-	523,176,568	-	523,176,568
Financial assets - fair value through other comprehensive income	27	-	-	148,256,497	148,256,497
Other assets		-	8,326,567	-	8,326,567
Total Financial Assets		2,871,748	1,782,401,234	148,256,497	1,933,529,479
Financial Liabilities					
Due to banks	34	-	24,687,100		24,687,100
Derivative financial instruments	23	805,063	-		805,063
Securities sold under repurchase agreements		-	32,785,653		32,785,653
Financial liabilities at amortised cost					
- due to depositors	35	-	1,627,060,300		1,627,060,300
- due to other borrowers	36	-	8,357,756		8,357,756
- due to debt securities holders	37	-	29,795,272		29,795,272
Dividend payable		-	405,100		405,100
Other liabilities		-	40,649,343		40,649,343
Total Financial Liabilities		805,063	1,763,740,524		1,764,545,587

19. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS CONTD.

19.2 Analysis of Financial Instruments by Measurement Basis - Bank

	Note	As at 31st December 2024			
		Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total
		Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash & cash equivalents	20	-	46,229,318	-	46,229,318
Balances with Central Bank of Sri Lanka	21	-	16,373,983	-	16,373,983
Placements with banks	22	-	26,452,245	-	26,452,245
Reverse repurchase agreements		-	1,000,220	-	1,000,220
Derivative financial instruments	23	507,054	-	-	507,054
Financial assets recognised through profit or loss - measured at fair value	24	4,614,332	-	-	4,614,332
Financial assets at amortised cost					
- loans & advances	25	-	860,151,610	-	860,151,610
- debt & other instruments	26	-	401,280,763	-	401,280,763
Financial assets - fair value through other comprehensive income	27	-	-	367,782,512	367,782,512
Other assets		-	12,571,604	-	12,571,604
Total Financial Assets		5,121,386	1,364,059,743	367,782,512	1,736,963,641
Financial Liabilities					
Due to banks	34	-	23,259,811		23,259,811
Derivative financial instruments	23	3,200,590	-		3,200,590
Securities sold under repurchase agreements		-	40,312,784		40,312,784
Financial liabilities at amortised cost					
- due to depositors	35	-	1,455,864,416		1,455,864,416
- due to other borrowers	36	-	8,061,364		8,061,364
- due to debt securities holders	37	-	18,891,500		18,891,500
Dividend payable		-	298,695		298,695
Other liabilities		-	30,918,520		30,918,520
Total Financial Liabilities		3,200,590	1,577,607,090		1,580,807,680

19.3 Analysis of Financial Instruments by Measurement Basis - Group

	Note	As at 31st December 2025			
		Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total
		Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash & cash equivalents	20	-	62,563,988	-	62,563,988
Balances with Central Bank of Sri Lanka	21	-	21,835,192	-	21,835,192
Placements with banks	22	-	39,223,825	-	39,223,825
Reverse repurchase agreements		-	7,085,229	-	7,085,229
Derivative financial instruments	23	2,468,488	-	-	2,468,488
Financial assets recognised through profit or loss - measured at fair value	24	403,260	-	-	403,260
Financial assets at amortised cost					
- loans & advances	25	-	1,195,918,062	-	1,195,918,062
- debt & other instruments	26	-	523,233,300	-	523,233,300
Financial assets - fair value through other comprehensive income	27	-	-	148,256,553	148,256,553
Other assets		-	9,931,981	-	9,931,981
Total Financial Assets		2,871,748	1,859,791,577	148,256,553	2,010,919,878
Financial Liabilities					
Due to banks	34	-	43,929,855		43,929,855
Derivative financial instruments	23	805,063	-		805,063
Securities sold under repurchase agreements		-	30,626,611		30,626,611
Financial liabilities at amortised cost					
- due to depositors	35	-	1,662,952,864		1,662,952,864
- due to other borrowers	36	-	8,357,756		8,357,756
- due to debt securities holders	37	-	41,883,516		41,883,516
Dividend payable		-	405,100		405,100
Other liabilities		-	42,400,890		42,400,890
Total Financial Liabilities		805,063	1,830,556,592		1,831,361,655

19. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS CONTD.

19.4 Analysis of Financial Instruments by Measurement Basis - Group

	Note	As at 31st December 2024			
		Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total
		Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash & cash equivalents	20	-	46,501,139	-	46,501,139
Balances with Central Bank of Sri Lanka	21	-	16,373,983	-	16,373,983
Placements with banks	22	-	26,452,245	-	26,452,245
Reverse repurchase agreements		-	6,596,063	-	6,596,063
Derivative financial instruments	23	507,054	-	-	507,054
Financial assets recognised through profit or loss - measured at fair value	24	4,614,332	-	-	4,614,332
Financial assets at amortised cost					
- loans & advances	25	-	901,950,481	-	901,950,481
- debt & other instruments	26	-	405,616,020	-	405,616,020
Financial assets - fair value through other comprehensive income	27	-	-	367,782,568	367,782,568
Other assets		-	14,358,414	-	14,358,414
Total Financial Assets		5,121,386	1,417,848,345	367,782,568	1,790,752,299
Financial Liabilities					
Due to banks	34	-	30,067,815		30,067,815
Derivative financial instruments	23	3,200,590	-		3,200,590
Securities sold under repurchase agreements		-	40,312,784		40,312,784
Financial liabilities at amortised cost					
- due to depositors	35	-	1,487,148,551		1,487,148,551
- due to other borrowers	36	-	8,061,364		8,061,364
- due to debt securities holders	37	-	24,741,652		24,741,652
Dividend payable		-	298,695		298,695
Other liabilities		-	31,040,787		31,040,787
Total Financial Liabilities		3,200,590	1,621,671,648		1,624,872,238

20. CASH & CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash in hand, balances with banks and money at call and short notice that are subject to an insignificant risk of changes in value. They are carried at amortised cost in the Statement of Financial Position and are used by the Group to manage its short-term commitments. All cash and cash equivalent balances held by the Group entities were available for use by the Group.

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash and short-term deposits as defined above, together with placements with banks (less than 3 months) (Note 22), net of unfavourable balances with local and foreign banks (Note 34.2).

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Local currency in hand	25,363,504	25,352,154	25,718,946	25,596,538
Foreign currency in hand	2,395,007	4,557,999	2,395,007	4,557,999
Balances with local banks	350,294	1,075,762	540,934	1,103,301
Balances with foreign banks	30,279,692	11,634,868	30,279,692	11,634,868
Money at call & short notice	3,640,735	3,630,756	3,640,735	3,630,756
Gross cash & cash equivalents	62,029,232	46,251,539	62,575,314	46,523,462
Impairment for expected credit losses (Note 20.2)	(11,224)	(22,221)	(11,326)	(22,323)
Net cash & cash equivalents	62,018,008	46,229,318	62,563,988	46,501,139

20.1 Analysis of Cash & Cash Equivalents based on Exposure to Credit Risk

Bank

As at 31st December	2025				2024
	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000	Total Rs 000
Balances with local banks	350,294	-	-	350,294	1,075,762
Balances with foreign banks	30,279,692	-	-	30,279,692	11,634,868
Money at call & short notice	3,640,735	-	-	3,640,735	3,630,756
	34,270,721	-	-	34,270,721	16,341,386
Impairment for expected credit losses	(11,224)	-	-	(11,224)	(22,221)
	34,259,497	-	-	34,259,497	16,319,165

Group

As at 31st December	2025				2024
	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000	Total Rs 000
Balances with local banks	540,934	-	-	540,934	1,103,301
Balances with foreign banks	30,279,692	-	-	30,279,692	11,634,868
Money at call & short notice	3,640,735	-	-	3,640,735	3,630,756
	34,461,361	-	-	34,461,361	16,368,925
Impairment for expected credit losses	(11,326)	-	-	(11,326)	(22,323)
	34,450,035	-	-	34,450,035	16,346,602

20. CASH & CASH EQUIVALENTS CONTD.

20.2 Impairment for Expected Credit Losses - Cash & Cash Equivalents

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Stage 1				
Balance as at 1st January	22,221	46,021	22,323	46,123
Net reversal for the year (Note 12.3)	(13,805)	(18,449)	(13,805)	(18,449)
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	2,808	(5,351)	2,808	(5,351)
Balance as at 31st December	11,224	22,221	11,326	22,323

21. BALANCES WITH CENTRAL BANK OF SRI LANKA

ACCOUNTING POLICY

As required under Section 93 of the Monetary Law Act, a cash balance is maintained with the Central Bank of Sri Lanka. As at 31st December 2025, the minimum cash reserve requirement was 2% (2024: 2%) of rupee deposit liabilities. There was no reserve requirement for foreign currency deposit liabilities of the Domestic Banking Unit (DBU) or for the deposit liabilities of the Foreign Currency Banking Unit (FCBU).

Balances with the Central Bank of Sri Lanka are carried at amortised cost in the Statement of Financial Position.

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Statutory reserve requirement	21,835,192	16,373,983
	21,835,192	16,373,983

22. PLACEMENTS WITH BANKS

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Maturity less than three months		
Placements - in Sri Lanka	24,061,662	8,284,799
Placements - out side Sri Lanka	13,616,731	18,193,509
	37,678,393	26,478,308
Maturity more than three months		
Placements - in Sri Lanka	1,557,789	-
	1,557,789	-
Gross placements with banks	39,236,182	26,478,308
Impairment for expected credit losses (Note 22.2)	(12,357)	(26,063)
Net placements with banks	39,223,825	26,452,245

22.1 Analysis of Placements with Banks based on Exposure to Credit Risk

Bank & Group

As at 31st December	2025				2024
	Stage 1	Stage 2	Stage 3	Total	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Maturity less than three months					
Placements - in Sri Lanka	24,061,662	-	-	24,061,662	8,284,799
Placements - out side Sri Lanka	13,616,731	-	-	13,616,731	18,193,509
Maturity more than three months					
Placements - in Sri Lanka	1,557,789	-	-	1,557,789	-
	39,236,182	-	-	39,236,182	26,478,308
Impairment for expected credit losses	(12,357)	-	-	(12,357)	(26,063)
	39,223,825	-	-	39,223,825	26,452,245

22.2 Impairment for Expected Credit Losses - Placements with Banks

Bank & Group

	2025	2024
	Rs 000	Rs 000
Stage 1		
Balance as at 1st January	26,063	16,933
Net (reversal)/charge for the year (Note 12.3)	(15,006)	11,793
Amounts written off during the year	-	-
Other movements including exchange rate differences	1,300	(2,663)
Balance as at 31st December	12,357	26,063

23. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates etc. Derivatives are classified as trading instruments unless they are designated as hedging instruments. The accounting policies relating to "Derivative Financial Instruments" are set out in Note 3.4.3.2 to the Financial Statements.

The table below presents the fair values of derivative financial instruments held by the Bank/Group, categorised as assets or liabilities, along with their notional amounts. The notional amounts represent the volume of transactions outstanding at the year end and do not reflect the market risk or credit risk associated with these instruments.

Bank & Group

As at 31st December	2025			2024		
	Assets	Liabilities	Notional Amount	Assets	Liabilities	Notional Amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Forward exchange contracts						
Sales	43,235	133,617	20,725,151	103,826	131,731	36,292,777
Purchases	18,661	124,482	6,921,683	37,860	29,580	15,402,711
Currency SWAPS						
Sales	4,408	515,203	44,021,844	247,949	56,435	18,992,623
Purchases	2,402,184	31,761	120,043,389	117,419	2,982,844	102,652,002
	2,468,488	805,063	191,712,067	507,054	3,200,590	173,340,113

24. FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE

ACCOUNTING POLICY

The accounting policies relating to "Financial Assets Recognised through Profit or Loss - Measured at Fair Value" are set out in Note 3.4.3.3 to the Financial Statements.

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Government Securities		
Treasury bills (Note 24.1)	397,797	2,834,537
Treasury bonds (Note 24.2)	5,463	1,779,795
	403,260	4,614,332

24.1 Treasury Bills

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Amortised cost	397,867	2,822,620
Gain from mark to market valuation as at 1st January	11,917	31,162
Movement during the year	(11,987)	(19,245)
(Loss)/gain from mark to market valuation as at 31st December	(70)	11,917
Market value	397,797	2,834,537

24.2 Treasury Bonds

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Amortised cost	5,381	1,689,627
Gain from mark to market valuation as at 1st January	90,168	66,043
Movement during the year	(90,086)	24,125
Gain from mark to market valuation as at 31st December	82	90,168
Market value	5,463	1,779,795

24.3 Analysis of Financial Assets Recognised through Profit or Loss - Measured at Fair Value

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
By collateralisation		
Pledged as collateral	-	-
Unencumbered	403,260	4,614,332
Gross total	403,260	4,614,332
By currency		
Sri Lankan Rupee	403,260	4,614,332
Other currency	-	-
Gross total	403,260	4,614,332

25. LOANS AND ADVANCES

ACCOUNTING POLICY

The key accounting policies relating to financial instruments, including "Loans and Advances" are set out in Notes 3.4 to the Financial Statements.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Gross loans & advances (Note 25.1)				
Stage 1	1,013,776,907	680,421,037	1,062,273,642	702,367,590
Stage 2	92,845,718	151,867,317	111,271,277	170,413,248
Stage 3	117,018,351	132,287,791	120,595,959	136,480,157
	1,223,640,976	964,576,145	1,294,140,878	1,009,260,995
Impairment for expected credit losses (Note 25.2)				
Stage 1	(15,967,896)	(9,810,450)	(16,265,023)	(9,885,943)
Stage 2	(9,173,859)	(15,131,439)	(9,893,277)	(15,910,717)
Stage 3	(70,722,429)	(79,482,646)	(72,064,516)	(81,513,854)
	(95,864,184)	(104,424,535)	(98,222,816)	(107,310,514)
Net loans & advances	1,127,776,792	860,151,610	1,195,918,062	901,950,481

25.1 Analysis of Loans & Advances

25.1.1 By Product

As at 31st December	BANK					GROUP				
	2025 Rs 000	Mix %	2024 Rs 000	Mix %	Growth %	2025 Rs 000	Mix %	2024 Rs 000	Mix %	Growth %
Bills of exchange	2,315,381	-	2,287,990	-	1	2,315,381	-	2,287,990	-	1
Leasing (Note 25.3)	58,190,348	5	28,404,717	3	105	97,802,446	8	61,021,594	6	60
Housing loans	54,078,019	4	50,081,802	5	8	54,078,019	4	50,081,802	5	8
Export loans	31,548,898	3	29,644,375	3	6	31,548,898	2	29,644,375	3	6
Import loans	176,656,537	15	102,602,359	11	72	176,656,537	14	102,602,359	10	72
Refinance loans	5,339,835	-	5,511,241	1	(3)	5,339,835	-	5,511,241	1	(3)
Term loans										
Long term	574,894,771	47	449,456,651	47	28	575,609,139	45	446,166,493	45	29
Short term	6,058,671	-	22,337,571	2	(73)	16,625,667	1	25,533,435	2	(35)
Overdraft	127,428,166	10	101,006,836	11	26	127,428,162	10	100,987,922	10	26
Staff loans	14,379,029	1	11,896,324	1	21	14,591,439	1	12,064,511	1	21
Pawning & gold loans	102,369,518	9	88,415,351	9	16	121,078,290	10	99,861,831	10	21
Credit cards	23,418,427	2	21,410,705	2	9	23,418,302	2	21,410,686	2	9
Money market loans	44,680,870	4	49,750,754	5	(10)	44,680,870	3	49,750,754	5	(10)
Factoring	2,259,197	-	1,753,817	-	29	2,475,478	-	1,897,655	-	30
Others	23,309	-	15,652	-	49	492,415	-	438,347	-	12
Gross loans & advances	1,223,640,976	100	964,576,145	100	27	1,294,140,878	100	1,009,260,995	100	28

25. LOANS AND ADVANCES CONTD.

25.1.2 By Currency

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Sri Lankan Rupee	1,049,408,699	822,816,575	1,119,908,601	867,501,425
United States Dollar	166,279,881	134,016,452	166,279,881	134,016,452
Euro	6,593,322	6,280,245	6,593,322	6,280,245
Great Britain Pounds	1,334,196	1,414,273	1,334,196	1,414,273
Australian Dollar	24,878	48,600	24,878	48,600
Gross loans & advances	1,223,640,976	964,576,145	1,294,140,878	1,009,260,995

25.1.3 By Product and Currency

As at 31st December	BANK				GROUP			
	2025		2024		2025		2024	
	Rs 000	%	Rs 000	%	Rs 000	%	Rs 000	%
Local currency								
Bills of exchange	156,118	-	84,400	-	156,118	-	84,400	-
Leasing	58,190,348	5	28,404,717	3	97,802,446	8	61,021,594	6
Housing loans	53,949,134	4	49,894,932	5	53,949,134	4	49,894,932	5
Export loans	4,545,006	-	5,848,686	1	4,545,006	-	5,848,686	1
Import loans	164,404,173	14	92,185,840	10	164,404,173	13	92,185,840	9
Refinance loans	5,339,835	-	5,511,241	1	5,339,835	-	5,511,241	1
Term loans								
Long term	450,192,077	37	363,666,340	37	450,906,445	35	360,376,182	36
Short term	5,748,433	-	11,260,393	1	16,315,429	1	14,456,257	1
Overdraft	119,771,239	10	92,720,824	10	119,771,235	9	92,701,910	9
Staff loans	14,379,029	1	11,896,324	1	14,591,439	1	12,064,511	1
Pawning & gold loans	102,369,518	9	88,415,351	9	121,078,290	9	99,861,831	10
Credit cards	23,418,427	2	21,410,705	2	23,418,302	2	21,410,686	2
Money market loans	44,680,870	4	49,750,754	5	44,680,870	4	49,750,754	5
Factoring	2,259,197	-	1,753,817	-	2,475,478	-	1,897,655	-
Others	5,295	-	12,251	-	474,401	-	434,946	-
Sub total	1,049,408,699	86	822,816,575	85	1,119,908,601	86	867,501,425	86
Foreign currency								
Bills of exchange	2,159,263	-	2,203,590	-	2,159,263	-	2,203,590	-
Housing loans	128,885	-	186,870	-	128,885	-	186,870	-
Export loans	27,003,892	2	23,795,689	3	27,003,892	2	23,795,689	2
Import loans	12,252,364	1	10,416,519	1	12,252,364	1	10,416,519	1
Term loans								
Long term	124,702,694	10	85,790,311	9	124,702,694	10	85,790,311	9
Short term	310,238	-	11,077,178	1	310,238	-	11,077,178	1
Overdraft	7,656,927	1	8,286,012	1	7,656,927	1	8,286,012	1
Others	18,014	-	3,401	-	18,014	-	3,401	-
Sub total	174,232,277	14	141,759,570	15	174,232,277	14	141,759,570	14
Gross loans & advances	1,223,640,976	100	964,576,145	100	1,294,140,878	100	1,009,260,995	100

25.1.4 By Industry

As at 31st December	BANK				GROUP			
	2025 Rs 000	%	2024 Rs 000	%	2025 Rs 000	%	2024 Rs 000	%
Agriculture & related (Note 25.1.4.1)	103,776,855	8	86,219,268	9	112,038,989	9	93,202,232	9
Manufacturing	157,507,169	13	140,236,594	14	160,129,006	12	143,600,736	14
Tourism	82,074,437	7	84,606,218	9	83,584,471	6	85,947,950	9
Transport	13,418,769	1	11,779,277	1	20,569,578	2	15,888,121	2
Construction	129,436,103	11	114,412,472	12	136,636,502	11	114,073,475	11
Infrastructure	73,550,447	6	64,639,086	7	73,853,154	6	66,761,003	7
Traders	178,191,623	15	131,390,245	14	185,834,100	14	140,009,797	14
Financial & business services	121,505,162	10	77,152,399	8	121,669,786	9	75,983,297	7
Other services	79,282,471	6	60,766,385	6	86,189,524	7	69,841,369	7
Lending to overseas entities	87,668,993	7	40,294,819	4	87,668,993	7	40,294,819	4
Consumers	197,228,947	16	153,079,382	16	225,966,775	17	163,658,196	16
Gross loans & advances	1,223,640,976	100	964,576,145	100	1,294,140,878	100	1,009,260,995	100

25.1.4.1 In compliance with the Central Bank of Sri Lanka (CBSL) requirement, a minimum of 10% of the loans and advances must be allocated to the agriculture sector. The Bank has met this requirement as at 31st December 2025 and 31st December 2024. It is important to note that the computation method used to determine the industry-wise exposure in Note 25.1.4 above differs from the method used for calculating the CBSL minimum lending requirement for the agriculture sector.

25.2 Impairment for Expected Credit Losses - Loans and Advances

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Stage 1				
Balance as at 1st January	9,810,450	12,906,592	9,885,943	12,913,484
Net charge/(reversal) for the year (Note 12.1)	6,079,718	(2,855,375)	6,301,352	(2,786,774)
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	77,728	(240,767)	77,728	(240,767)
Balance as at 31st December	15,967,896	9,810,450	16,265,023	9,885,943
Stage 2				
Balance as at 1st January	15,131,439	24,962,148	15,910,717	25,746,701
Net reversal for the year (Note 12.1)	(6,290,933)	(9,099,027)	(6,350,793)	(9,104,302)
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	333,353	(731,682)	333,353	(731,682)
Balance as at 31st December	9,173,859	15,131,439	9,893,277	15,910,717
Stage 3				
Balance as at 1st January	79,482,646	83,012,773	81,513,854	85,909,327
Net (reversal)/charge for the year (Note 12.1)	(749,480)	14,725,750	(1,011,342)	14,550,107
Amounts written off during the year (Note 51.2.1.2)	(7,303,278)	(13,713,315)	(7,730,172)	(14,402,471)
Interest income accrued on impaired loans & advances (Note 7.1)	(4,206,834)	(5,198,011)	(4,207,571)	(5,198,552)
Other movements including exchange rate differences	3,499,375	655,449	3,499,747	655,443
Balance as at 31st December	70,722,429	79,482,646	72,064,516	81,513,854
Total				
Balance as at 1st January	104,424,535	120,881,513	107,310,514	124,569,512
Net (reversal)/charge for the year (Note 12.1)	(960,695)	2,771,348	(1,060,783)	2,659,031
Amounts written off during the year (Note 51.2.1.2)	(7,303,278)	(13,713,315)	(7,730,172)	(14,402,471)
Interest income accrued on impaired loans & advances (Note 7.1)	(4,206,834)	(5,198,011)	(4,207,571)	(5,198,552)
Other movements including exchange rate differences	3,910,456	(317,000)	3,910,828	(317,006)
Balance as at 31st December	95,864,184	104,424,535	98,222,816	107,310,514

25. LOANS AND ADVANCES CONTD.

25.3 Leasing

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Total lease rentals receivable	69,920,950	34,472,639	120,619,816	76,816,972
Unearned lease interest income	(11,730,602)	(6,067,922)	(22,817,370)	(15,795,378)
Gross lease receivable	58,190,348	28,404,717	97,802,446	61,021,594
Impairment for expected credit losses	(892,591)	(976,496)	(2,482,636)	(2,805,586)
Net lease receivable	57,297,757	27,428,221	95,319,810	58,216,008
Gross lease receivable within one year (Note 25.3.1)	17,424,267	10,541,966	33,355,184	23,697,803
Gross lease receivable after one year (Note 25.3.2)	40,766,081	17,862,751	64,447,262	37,323,791
	58,190,348	28,404,717	97,802,446	61,021,594

25.3.1 Lease Receivable within One Year

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Total lease rentals receivable within one year from reporting date	22,971,706	13,739,455	44,166,202	31,525,278
Unearned lease interest income	(5,547,439)	(3,197,489)	(10,811,018)	(7,827,475)
Gross lease receivable within one year (Note 25.3)	17,424,267	10,541,966	33,355,184	23,697,803
Impairment for expected credit losses	(267,274)	(362,411)	(907,179)	(1,113,207)
Net lease receivable within one year	17,156,993	10,179,555	32,448,005	22,584,596

25.3.2 Lease Receivable after One Year

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Total lease rentals receivable after one year from reporting date	46,949,244	20,733,184	76,453,614	45,291,694
Unearned lease interest income	(6,183,163)	(2,870,433)	(12,006,352)	(7,967,903)
Gross lease receivable after one year (Note 25.3)	40,766,081	17,862,751	64,447,262	37,323,791
Impairment for expected credit losses	(625,317)	(614,085)	(1,575,457)	(1,692,379)
Net lease receivable after one year	40,140,764	17,248,666	62,871,805	35,631,412

Additional notes on loans and advances are given in Note 51 to the Financial Statements (Risk Management), including the movement of the gross carrying amount of amortised cost and expected credit losses (ECL), sensitivity of ECL to key variables used in the ECL calculation etc.

26. DEBT AND OTHER INSTRUMENTS

ACCOUNTING POLICY

The accounting policies relating to financial instruments, including "Debt and Other Instruments," are set out in Note 3.4 to the Financial Statements.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Government Securities - Sri Lanka				
Treasury bills	139,989,583	117,575,919	140,046,315	121,911,176
Treasury bonds	351,769,018	237,965,544	351,769,018	237,965,544
Sri Lanka International Sovereign Bonds				
USD Step-Up Bonds	12,532,877	11,069,793	12,532,877	11,069,793
PDI Bonds	14,286,055	3,320,332	14,286,055	3,320,332
US Treasuries				
Treasury bills	-	24,724,887	-	24,724,887
Other Instruments				
Debentures (Note 26.1)	4,705,042	5,243,105	4,705,042	5,243,105
Lease backed trust certificates (Note 26.2)	354,139	1,019,826	354,139	1,019,826
Corporate Bond - LVL Energy Fund	940,897	900,145	940,897	900,145
Gross debt & other instruments	524,577,611	401,819,551	524,634,343	406,154,808
Impairment for expected credit losses (Note 26.3)	(1,401,043)	(538,788)	(1,401,043)	(538,788)
Net debt & other instruments	523,176,568	401,280,763	523,233,300	405,616,020

26.1 Debentures

Bank & Group

As at 31st December	2025 Amortised Cost Rs 000	2024 Amortised Cost Rs 000
Name of the company		
Banks, Finance & Insurance		
Commercial Credit & Finance PLC	533,675	535,371
LOLC Finance PLC	-	519,285
National Savings Bank	2,047,990	2,054,486
Nations Trust Bank PLC	334,038	334,746
People's Leasing & Finance PLC	1,046,875	1,048,761
	3,962,578	4,492,649
Constructions & Engineering		
MTD Walkers PLC	254,784	254,784
	254,784	254,784
Others		
Ceylon Electricity Board	487,680	489,212
Kotagala Plantations PLC	-	6,460
	487,680	495,672
	4,705,042	5,243,105

26. DEBT AND OTHER INSTRUMENTS CONTD.

26.2 Lease Backed Trust Certificates

Bank & Group

As at 31st December	2025 Amortised Cost Rs 000	2024 Amortised Cost Rs 000
Commercial Credit & Finance PLC	-	462,000
Sarvodaya Development Finance PLC	354,139	557,826
	354,139	1,019,826

26.3 Impairment for Expected Credit Losses - Debt and Other Instruments at Amortised Cost

Bank & Group

	2025 Rs 000	2024 Rs 000
Stage 1		
Balance as at 1st January	12,265	11,651
Net (reversal)/charge for the year (Note 12.3)	(8,896)	627
Amounts written off during the year	-	-
Other movements including exchange rate differences	6	(13)
Balance as at 31st December	3,375	12,265
Stage 2		
Balance as at 1st January	271,739	16,622,325
Net charge/(reversal) for the year		
Sri Lanka International Sovereign Bonds (Note 26.3.1)	837,796	(14,913,094)
Other financial assets (Note 12.3)	(1,164)	1,164
Amounts written off during the year	-	-
Other movements including exchange rate differences	34,513	(1,438,656)
Balance as at 31st December	1,142,884	271,739
Stage 3		
Balance as at 1st January	254,784	254,784
Net charge/(reversal) for the year	-	-
Amounts written off during the year	-	-
Other movements including exchange rate differences	-	-
Balance as at 31st December	254,784	254,784
Total		
Balance as at 1st January	538,788	16,888,760
Net charge/(reversal) for the year		
Sri Lanka International Sovereign Bonds (Note 26.3.1)	837,796	(14,913,094)
Other financial assets (Note 12.3)	(10,060)	1,791
Amounts written off during the year	-	-
Other movements including exchange rate differences	34,519	(1,438,669)
Balance as at 31st December	1,401,043	538,788

26.3.1 Following the completion of the restructuring of the Sri Lanka International Sovereign Bonds (SLISBs) in December 2024, the Bank recognised an impairment provision reversal of Rs 15.8 Bn for the year 2024, as detailed in Note 12.2 to the financial statements. Of this total reversal, Rs 14.9 Bn related to SLISBs previously measured at amortised cost, while the remaining Rs 0.9 Bn pertained to SLISBs classified under fair value through other comprehensive income. The impairment charge of Rs 838 Mn recognised during the year represents the additional provision for the new PDI bonds acquired during the year ended 31st December 2025.

26.4 Analysis of Debt and Other Instruments based on Exposure to Credit Risk

Bank

As at 31st December	2025				2024
	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000	Total Rs 000
Government Securities - Sri Lanka					
Treasury bills	139,989,583	-	-	139,989,583	117,575,919
Treasury bonds	351,769,018	-	-	351,769,018	237,965,544
Sri Lanka International Sovereign Bonds					
USD Step-Up Bonds	-	12,532,877	-	12,532,877	11,069,793
PDI Bonds	-	14,286,055	-	14,286,055	3,320,332
US Treasuries					
Treasury bills	-	-	-	-	24,724,887
Other Instruments					
Debentures	4,450,258	-	254,784	4,705,042	5,243,105
Leased backed trust certificates	354,139	-	-	354,139	1,019,826
Corporate Bond - LVL Energy Fund	940,897	-	-	940,897	900,145
	497,503,895	26,818,932	254,784	524,577,611	401,819,551
Impairment for expected credit losses	(3,375)	(1,142,884)	(254,784)	(1,401,043)	(538,788)
	497,500,520	25,676,048	-	523,176,568	401,280,763

Group

As at 31st December	2025				2024
	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000	Total Rs 000
Government Securities - Sri Lanka					
Treasury bills	140,046,315	-	-	140,046,315	121,911,176
Treasury bonds	351,769,018	-	-	351,769,018	237,965,544
Sri Lanka International Sovereign Bonds					
USD Step-Up Bonds	-	12,532,877	-	12,532,877	11,069,793
PDI Bonds	-	14,286,055	-	14,286,055	3,320,332
US Treasuries					
Treasury bills	-	-	-	-	24,724,887
Other Instruments					
Debentures	4,450,258	-	254,784	4,705,042	5,243,105
Leased backed trust certificates	354,139	-	-	354,139	1,019,826
Corporate Bond - LVL Energy Fund	940,897	-	-	940,897	900,145
	497,560,627	26,818,932	254,784	524,634,343	406,154,808
Impairment for expected credit losses	(3,375)	(1,142,884)	(254,784)	(1,401,043)	(538,788)
	497,557,252	25,676,048	-	523,233,300	405,616,020

26.5 Analysis of Debt and Other Instruments

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
By collateralisation				
Pledged as collateral	36,336,723	42,516,856	34,009,609	42,516,856
Unencumbered	486,839,845	358,763,907	489,223,691	363,099,164
	523,176,568	401,280,763	523,233,300	405,616,020
By currency				
Sri Lankan Rupee	497,500,520	362,436,455	497,557,252	366,771,712
Other currency	25,676,048	38,844,308	25,676,048	38,844,308
	523,176,568	401,280,763	523,233,300	405,616,020

27. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

ACCOUNTING POLICY

The accounting policies relating to "Financial Assets – Fair Value Through Other Comprehensive Income" are set out in Notes 3.4.3.5 and 3.4.3.6 to the Financial Statements.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Government Securities - Sri Lanka				
Treasury bills (Note 27.1)	151,222	116,214,123	151,222	116,214,123
Treasury bonds (Note 27.2)	139,483,770	230,056,460	139,483,770	230,056,460
Sri Lanka International Sovereign Bonds (Note 27.3)				
PDI Bonds	6,825,479	-	6,825,479	-
US Treasuries				
Treasury bills (Note 27.4)	-	18,983,956	-	18,983,956
Equity Securities				
Quoted equity security (Note 27.5)	1,592,163	2,324,219	1,592,163	2,324,219
Unquoted equity securities (Note 27.6)	203,863	203,754	203,919	203,810
	148,256,497	367,782,512	148,256,553	367,782,568

27.1 Sri Lanka Treasury Bills

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Amortised cost	151,212	115,826,479
Gain from mark to market valuation as at 1st January	387,644	449,592
Movement during the year		
Gross change in market value	(136,471)	259,110
Reclassification to profit or loss on derecognition	(251,163)	(321,058)
Gain from mark to market valuation as at 31st December	10	387,644
Market value	151,222	116,214,123

27.2 Sri Lanka Treasury Bonds

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Amortised cost	135,663,325	216,405,478
Gain from mark to market valuation as at 1st January	13,650,982	12,362,681
Movement during the year		
Gross change in market value	(6,244,740)	1,957,595
Reclassification to profit or loss on derecognition	(3,585,797)	(669,294)
Gain from mark to market valuation as at 31st December	3,820,445	13,650,982
Market value	139,483,770	230,056,460

27.3 Sri Lanka International Sovereign Bonds

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Amortised cost	6,706,219	-
Loss from mark to market valuation as at 1st January	-	(587,096)
Movement during the year		
Gross change in market value	119,260	(286,870)
Net reversal during the year	-	873,966
Gain from mark to market valuation as at 31st December	119,260	-
Market value	6,825,479	-

27.4 US Treasuries - Treasury Bills

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Amortised cost	-	18,978,219
Gain/(loss) from mark to market valuation as at 1st January	5,737	(4,193)
Movement during the year		
Gross change in market value	(5,737)	(6,414)
Reclassification to profit or loss on derecognition	-	16,344
Gain from mark to market valuation as at 31st December	-	5,737
Market value	-	18,983,956

27.5 Quoted Equity Security

Quoted equity security represents the investment in ordinary shares of LankaBangla Finance PLC in Bangladesh.

Bank & Group

	2025		2024	
	No. of Ordinary Shares	Rs 000	No. of Ordinary Shares	Rs 000
Cost of the investment as at 1st January	51,036,605	1,727,412	51,036,605	1,908,547
Exchange gain/(loss)		97,931		(181,135)
Cost of the investment as at 31st December	51,036,605	1,825,343	51,036,605	1,727,412
Gain from mark to market valuation as at 1st January		596,807		2,007,951
Movement during the year				
Gross change in market value		(846,306)		(1,279,173)
Exchange gain/(loss)		16,319		(131,971)
Gain from mark to market valuation as at 31st December		(233,180)		596,807
Market value		1,592,163		2,324,219

The sensitivity of the FVOCI reserve to changes in the share price of LankaBangla Finance PLC is detailed in Note 51.4.4.

27. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME CONTD.

27.6 Unquoted Equity Securities

As at 31st December	2025			2024		
	No. of Ordinary Shares	Cost of the Investment	Market Value	No. of Ordinary Shares	Cost of the Investment	Market Value
		Rs 000	Rs 000		Rs 000	Rs 000
Bank						
Name of the company						
LankaBangla Securities Ltd	293,485	92,136	2,032	293,485	87,193	1,923
Credit Information Bureau	1,700	170	170	1,700	170	170
SWIFT	23	9,035	30,517	23	9,035	30,517
LankaPay (Pvt) Ltd	2,000,000	20,000	20,000	2,000,000	20,000	20,000
Lanka Financial Services Bureau Ltd	500,000	5,000	-	500,000	5,000	-
Lanka Rating Agency Ltd	9,449,707	15,516	-	9,449,707	15,516	-
National Credit Guarantee Institution Ltd	15,114,475	151,144	151,144	15,114,475	151,144	151,144
		293,001	203,863		288,058	203,754
Loss from mark to market valuation as at 1st January		(84,304)			(85,487)	
Movement during the year						
Gross change in market value		-			(7,758)	
Exchange rate differences		(4,834)			8,941	
Loss from mark to market valuation as at 31st December		(89,138)			(84,304)	
Market value		203,863			203,754	
Group						
Name of the company						
LankaBangla Securities Ltd	293,485	92,136	2,032	293,485	87,193	1,923
Credit Information Bureau	1,800	226	226	1,800	226	226
SWIFT	23	9,035	30,517	23	9,035	30,517
LankaPay (Pvt) Ltd	2,000,000	20,000	20,000	2,000,000	20,000	20,000
Lanka Financial Services Bureau Ltd	500,000	5,000	-	500,000	5,000	-
Lanka Rating Agency Ltd	9,449,707	15,516	-	9,449,707	15,516	-
National Credit Guarantee Institution Ltd	15,114,475	151,144	151,144	15,114,475	151,144	151,144
		293,057	203,919		288,114	203,810
Loss from mark to market valuation as at 1st January		(84,304)			(85,487)	
Movement during the year						
Gross change in market value		-			(7,758)	
Exchange rate differences		(4,834)			8,941	
Loss from mark to market valuation as at 31st December		(89,138)			(84,304)	
Market value		203,919			203,810	

27.7 Analysis of Financial Assets - Fair Value through Other Comprehensive Income

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
By collateralisation				
Pledged as collateral	-	-	-	-
Unencumbered	148,256,497	367,782,512	148,256,553	367,782,568
	148,256,497	367,782,512	148,256,553	367,782,568
Sri Lankan Rupee				
Sri Lankan Rupee	139,806,306	346,441,897	139,806,362	346,441,953
Other currency	8,450,191	21,340,615	8,450,191	21,340,615
	148,256,497	367,782,512	148,256,553	367,782,568

28. INVESTMENT IN SUBSIDIARIES

ACCOUNTING POLICY

Subsidiaries are entities that are controlled by the Bank. The Bank is presumed to control an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date, the Bank reassesses whether it controls an investee if facts and circumstances indicate changes to one or more of the elements of control mentioned above.

The Financial Statements of subsidiaries are fully consolidated from the date on which control is transferred to the Bank and continue to be consolidated until the date such control ceases. The Financial Statements of the Bank's subsidiaries are prepared for the same reporting year as per the Bank, using consistent accounting policies.

The cost of acquiring a subsidiary is measured as the fair value of the consideration, including contingent consideration, given on the date of transfer of control. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the acquisition date. Subsequent to the initial recognition, the Bank continues to measure its investments in subsidiaries at cost.

The total assets and liabilities of subsidiaries as at the reporting date are included in the Consolidated Statement of Financial Position. The total profit or loss of the subsidiaries for the year is included in the Consolidated Statement of Profit or Loss. Non-controlling interest is presented within equity in the Consolidated Statement of Financial Position, separately from the equity attributable to the Bank's equity holders. Non-controlling interest in the Group's profit or loss is disclosed in the Consolidated Statement of Comprehensive Income. Total comprehensive income is allocated to the owners of the parent and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Intra-group balances and any income and expenses arising from intra-group transactions are eliminated when preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same manner as unrealised gains, except that they are eliminated only to the extent that there is no evidence of impairment. When a subsidiary is acquired or sold during the year, the operating results of the subsidiary are included from the date of acquisition or up to the date of disposal. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the Statement of Changes in Equity.

If the Group retains any interest in the former subsidiary, such interest is measured at fair value on the date control is lost. Subsequently, it is accounted for either as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

28. INVESTMENT IN SUBSIDIARIES CONTD.

ACCOUNTING POLICY

The Group did not acquire or dispose of any subsidiaries during the year ended 31st December 2025.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Bank in the form of cash dividend or the repayment of loans and advances.

All subsidiaries of the Bank have been incorporated in Sri Lanka. The principal activities of the Bank's subsidiary companies are provided below.

Name of the Subsidiary	Principal Activities
Sampath Centre Ltd	Renting of commercial property
Sampath Securities (Pvt) Ltd	Stock broking
Siyapatha Finance PLC	Granting lease, hire purchase, factoring & other loans facilities & accepting deposits
Sampath Information Technology Solutions Ltd	Software development, renting of IT equipment & IT resource outsourcing & consultancy

Bank

As at 31st December	2025				2024		
Name of the Subsidiary	No. of Ordinary Shares	Ownership	Cost Rs 000	Directors' Valuation Rs 000	Ownership	Cost Rs 000	Directors' Valuation Rs 000
Sampath Centre Ltd	36,696,433	100%	771,188	7,661,114	100%	771,188	6,362,061
Sampath Securities (Pvt) Ltd	12,302,474	100%	208,047	957,502	100%	201,035	776,614
Siyapatha Finance PLC	100,556,566	100%	2,883,089	10,034,540	100%	2,872,846	8,428,554
Sampath Information Technology Solutions Ltd	11,463,738	100%	363,789	1,005,714	100%	345,652	844,104
			4,226,113			4,190,721	

Subsidiaries are not quoted in the Colombo Stock Exchange except Siyapatha Finance PLC.

The Directors' valuation of investments in subsidiaries has been carried out on a net asset basis as at 31st December 2025. Net asset values of all subsidiary companies have exceeded the cost of investment as at 31st December 2025, and accordingly, no provisions have been recognised in the Financial Statements against investment in subsidiaries.

29. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Recognition

Property, plant and equipment are tangible items held for use in the production or supply of services, for rental to others, or for administrative purposes, and are expected to be used for more than one period. The Group applies the requirements of Sri Lanka Accounting Standard - LKAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognised when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure directly attributable to the acquisition of the asset, as well as costs incurred subsequently to add to or replace part of an item of property, plant and equipment. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling, removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

ACCOUNTING POLICY

Cost Model

The Group applies the cost model to property, plant and equipment, except for freehold land and buildings and records them at cost of purchase or construction, including any incidental expenses, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Group applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at their revalued amount, representing their fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. The Group's freehold land and buildings are revalued by independent professional valuers every three years, or more frequently if their fair values differ substantially from carrying amounts, to ensure that the carrying amounts do not materially deviate from fair values as at the reporting date. The Group revalued its freehold land and buildings as at 31st December 2025, the details of which are given in Note 29.3.

On revaluation of an asset, any increase in its carrying amount is recognised in 'Other Comprehensive Income' and accumulated in equity under revaluation reserve, or used to reverse a previous revaluation decrease relating to the same asset that was charged to the Statement of Profit or Loss. In such cases, the increase is recognised as income to the extent of the previous write-down. Any decrease in the carrying amount is recognised as an expense in the Statement of Profit or Loss, or debited to Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve for that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under revaluation reserves. Any remaining balance in the revaluation reserve for an asset is transferred directly to retained earnings upon retirement or disposal of the asset.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the asset if it is probable that the future economic benefits associated with that component will flow to the Group and the cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in the Statement of Profit or Loss. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Major inspection costs are capitalised, and upon such capitalisation, the remaining carrying amount of the previous inspection cost is derecognised.

Capital Work in Progress

These are capital expenditure items directly incurred in the construction of buildings, major plant, machinery and system development, awaiting capitalisation. Capital work-in-progress is transferred to the relevant asset when it becomes available for use, that is, when it is in the location and condition necessary for it to operate as intended by management. Capital work-in-progress is stated at cost, less any accumulated impairment losses.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in accordance with Sri Lanka Accounting Standard - LKAS 23 (Borrowing Costs). A qualifying asset is one that takes a substantial period of time to be made ready for its intended use or sale. Capitalisation of borrowing costs ceases when substantially all activities necessary to prepare the qualifying asset for its intended use are complete. Other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Group did not capitalise any borrowing costs under property, plant and equipment during the year.

Climate Risk Considerations

Climate-related matters have the potential to significantly impact the useful life, residual value and decommissioning of property, plant and equipment. The Bank assessed the impact of the recent cyclone on its property, plant and equipment and concluded that there is no material impact on the useful lives or carrying value as of 31st December 2025.

The rates of depreciation applicable to each category of property, plant and equipment are provided in Note 14, 'Depreciation and Amortisation Expenses'.

29. PROPERTY, PLANT AND EQUIPMENT CONTD.

29.1 Bank

	Freehold Land & Buildings	Improvements to Lease Hold Properties	Computer Equipment	Office Equipment	Fixtures & Fittings	Motor Vehicles	2025 Total	2024 Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cost/Valuation								
Balance as at 1st January	6,860,365	1,884,356	5,821,210	3,289,109	514,049	175,923	18,545,012	16,670,714
Additions & improvements	318,964	931,404	2,009,251	591,289	133,509	-	3,984,417	2,235,969
Disposals during the year	-	(108,633)	(351,532)	(145,575)	(51,898)	-	(657,638)	(361,671)
Revaluation adjustment on accumulated depreciation	(173,873)	-	-	-	-	-	(173,873)	-
Revaluation surplus	1,719,913	-	-	-	-	-	1,719,913	-
Transfers/adjustments	-	-	(95,640)	95,610	30	-	-	-
Cost/valuation as at 31st December	8,725,369	2,707,127	7,383,289	3,830,433	595,690	175,923	23,417,831	18,545,012
Accumulated Depreciation								
Balance as at 1st January	114,764	1,261,209	3,431,680	2,321,948	387,122	173,439	7,690,162	7,047,594
Charge for the year (Note 14)	59,109	219,166	759,413	272,880	48,269	939	1,359,776	1,001,993
Disposals during the year	-	(100,711)	(350,181)	(144,191)	(50,929)	-	(646,012)	(359,425)
Revaluation adjustment on accumulated depreciation	(173,873)	-	-	-	-	-	(173,873)	-
Transfers/adjustments	-	-	(96,352)	96,322	30	-	-	-
Accumulated depreciation as at 31st December	-	1,379,664	3,744,560	2,546,959	384,492	174,378	8,230,053	7,690,162
Net book value as at 31st December 2025	8,725,369	1,327,463	3,638,729	1,283,474	211,198	1,545	15,187,778	
Net book value as at 31st December 2024	6,745,601	623,147	2,389,530	967,161	126,927	2,484		10,854,850

29.1(a) The carrying amount of the Bank's revalued freehold land and buildings, if they were carried at cost less accumulated depreciation, would be as follows:

As at 31st December	2025			2024		
	Cost	Accumulated Depreciation	Cost Less Accumulated Depreciation	Cost	Accumulated Depreciation	Cost Less Accumulated Depreciation
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Freehold lands	1,172,708	-	1,172,708	906,309	-	906,309
Freehold buildings	1,394,188	444,019	950,169	1,341,623	409,782	931,841
Total	2,566,896	444,019	2,122,877	2,247,932	409,782	1,838,150

29.2 Group

	Freehold Land & Buildings	Improvements to Lease Hold Properties	Computer Equipment	Office Equipment	Fixtures & Fittings	Motor Vehicles	Capital Work-in Progress	2025 Total	2024 Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cost/Valuation									
Balance as at 1st January	15,419,817	1,884,356	8,286,688	4,278,887	1,469,977	205,840	746,463	32,292,028	29,175,092
Additions & improvements	453,343	931,404	2,274,258	650,398	170,719	42,500	245,131	4,767,753	3,544,702
Disposals during the year	-	(108,633)	(479,892)	(149,144)	(51,898)	-	-	(789,567)	(427,766)
Revaluation adjustment on accumulated depreciation	(588,109)	-	-	-	-	-	-	(588,109)	-
Revaluation surplus	3,427,268	-	-	-	-	-	-	3,427,268	-
Transfers/adjustments	942,729	-	(95,640)	124,901	19,604	-	(991,594)	-	-
Cost/valuation as at 31st December	19,655,048	2,707,127	9,985,414	4,905,042	1,608,402	248,340	-	39,109,373	32,292,028
							-		
Accumulated Depreciation									
Balance as at 1st January	370,149	1,261,209	5,087,115	2,601,528	780,757	178,756	-	10,279,514	9,214,482
Charge for the year (Note 14)	217,960	219,166	1,021,745	343,604	111,717	5,795	-	1,919,987	1,486,413
Disposals during the year	-	(100,711)	(477,445)	(146,930)	(50,929)	-	-	(776,015)	(421,381)
Revaluation adjustment on accumulated depreciation	(588,109)	-	-	-	-	-	-	(588,109)	-
Transfers/adjustments	-	-	(96,352)	96,322	30	-	-	-	-
Accumulated depreciation as at 31st December	-	1,379,664	5,535,063	2,894,524	841,575	184,551	-	10,835,377	10,279,514
Net book value as at 31st December 2025	19,655,048	1,327,463	4,450,351	2,010,518	766,827	63,789	-	28,273,996	
Net book value as at 31st December 2024	15,049,668	623,147	3,199,573	1,677,359	689,220	27,084	746,463		22,012,514

29.2(a) The carrying amount of the Group's revalued freehold land and buildings, if they were carried at cost less accumulated depreciation, would be as follows: :

As at 31st December	2025			2024		
	Cost	Accumulated Depreciation	Cost Less Accumulated Depreciation	Cost	Accumulated Depreciation	Cost Less Accumulated Depreciation
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Freehold lands	1,511,787	-	1,511,787	1,245,388	-	1,245,388
Freehold buildings	6,589,597	1,115,139	5,474,458	5,459,924	961,181	4,498,743
Total	8,101,384	1,115,139	6,986,245	6,705,312	961,181	5,744,131

29. PROPERTY, PLANT AND EQUIPMENT CONTD.

29.3 Details of Bank's & Group's Land and Buildings Stated at Valuation

Valuer/Location	Range of Estimates for Unobservable Inputs			Net Book Value before Revaluation		Revaluation Amount		Revaluation Gain/(Loss)			Revaluation Gain/(Loss) Recognised in 2025	
	Price per Perch for Land	Price per Square Foot for Building	Depreciation Rate	Land	Building	Land	Building	Land	Building	Total	Profit or Loss	OCI
	Rs 000	Rs 000	%	Rs Mn	Rs Mn	Rs Mn	Rs Mn	Rs Mn	Rs Mn	Rs Mn	Rs Mn	Rs Mn
Bank												
Valuer - Mr C Wellappili												
No. 05, Wakwella Road, Galle	7,000.00	9.50	3.33	113.62	44.43	122.36	51.32	8.74	6.89	15.63	-	15.63
No. 42, Anguruwatota Road, Horana*	3,500.00	Bare Land	Bare Land	62.25	-	72.63	-	10.38	-	10.38	-	10.38
No. 81 & 81 A, High Level Road, Maharagama	8,000.00	11.57	3.33	94.22	64.26	107.68	73.02	13.46	8.76	22.22	-	22.22
Valuer - Mr G M Gamage												
No. 69, Main Street, Deniyaya	3,000.00	9.18	2.50	40.30	30.50	52.56	48.91	12.26	18.40	30.67	-	30.67
No. 117, Hapugahawalawatta, Ihalagama Road, Deniyaya*	125.00	Bare Land	Bare Land	3.50	-	5.00	-	1.50	-	1.50	-	1.50
No. 05, Hakmana Road, Matara	8,756.30	6.92	2.50	357.00	74.45	416.80	82.20	59.80	7.75	67.55	-	67.55
No. 25-27, Main Street, Tissamaharama	2,000.00	6.81	2.50	28.86	70.64	44.40	73.60	15.54	2.96	18.50	-	18.50
Valuer - Mr Sarath Fernando												
No. 9, 9/1, Giriulla Road, Alawwa	1,743.34	4.64	4.00	31.00	33.83	36.00	38.00	5.00	4.17	9.17	-	9.17
No. 150, Colombo Road, Gampaha	4,000.00	8.45	3.57	70.00	46.80	100.00	48.00	30.00	1.20	31.20	-	31.20
No. 312/A, Galle Road, Kalutara	4,350.00	7.75	3.33	85.00	65.70	130.50	67.50	45.50	1.80	47.30	-	47.30
No. 187, Madawala Road, Katugastota	4,956.90	8.32	3.57	82.00	60.30	115.00	65.00	33.00	4.70	37.70	-	37.70
No. 31 & 33, Negombo Road, Kurunegala	7,009.10	7.90	3.57	192.00	105.75	262.00	128.00	70.00	22.25	92.25	-	92.25
No. 475, Elvitigala Mawatha, Narahenpita	7,989.42	7.19	3.33	110.00	62.10	151.00	69.00	41.00	6.90	47.90	-	47.90
No. 408, Main Street, Negombo	6,000.00	8.28	3.33	133.00	123.94	249.00	125.00	116.00	1.06	117.06	-	117.06
No. 371, Old Moor St, Masangasweediya, Colombo 12	11,000.00	6.19	5.00	207.00	51.00	264.00	63.00	57.00	12.00	69.00	-	69.00
No. 373 A, Galle Road, Panadura	3,992.67	8.64	4.00	80.00	48.60	109.00	52.00	29.00	3.40	32.40	-	32.40
No. 85/87, Panchikawatta Road, Colombo 10	12,448.98	5.72	4.55	80.00	81.96	122.00	84.00	42.00	2.04	44.04	-	44.04
No. 180(part), Bodiraja Mawatha, Pettah	-	23.69	5.00	-	101.20	-	121.40	-	20.20	20.20	-	20.20
No. 61A, Moratuwa Road, Piliyandala	2,986.28	8.49	3.33	90.00	53.51	111.00	75.00	21.00	21.49	42.49	-	42.49
No. 1/87, Victoria Range, Digana, Kandy*	994.53	6.34	3.57	11.00	11.88	20.00	14.70	9.00	2.82	11.82	-	11.82
No. 256/1, Negombo Road, Wattala	3,000.00	8.94	3.57	108.00	42.30	127.50	47.50	19.50	5.20	24.70	-	24.70
No. 591, Galle Road, Wellawatta	9,534.88	7.72	3.57	140.00	58.51	205.00	60.00	65.00	1.49	66.49	-	66.49
Valuer - Mr G W G Abeygunawaradene												
"Nuwarawewakele", Maithreepala Senanayake Mw, Anuradhapura	5,468.07	11.10	3.13	187.86	55.82	220.91	99.09	33.05	43.27	76.32	-	76.32
No. 1022, Maradana Road, Borella	18,500.00	10.55	2.63	318.37	83.60	456.58	167.42	138.21	83.82	222.03	-	222.03
No. 103, Dharmapala Mawatha, Hunupitiya, Colombo 7*	19,529.15	12.74	2.94	1,973.55	66.77	2,331.78	93.02	358.23	26.25	384.48	-	384.48
No. 29, Cross Street, Kandy	16,000.00	9.47	2.50	346.95	107.90	411.20	164.80	64.25	56.90	121.15	-	121.15
No. 261, Galle Road, Ratmalana	7,750.00	11.87	2.50	73.58	64.50	84.48	65.53	10.90	1.02	11.92	-	11.92
Valuer - Mr A A M Fathihu												
No. 202, Main Road, Attidiya	5,500.39	10.75	2.50	57.10	52.67	69.80	65.20	12.70	12.53	25.23	-	25.23
Valuer - Mr K T Nihal												
No. 05, Hunupitiya Cross Road, Colombo 2*	19,000.00	Bare Land	Bare Land	266.40	-	285.00	-	18.60	-	18.60	-	18.60
Total - Bank				5,342.56	1,662.90	6,683.17	2,042.20	1,340.61	379.30	1,719.91	-	1,719.91
Subsidiaries												
Valuer - Mr Lochana I Silva												
Sampath Centre - No. 110, Sir James Peiris Mawatha, Colombo 2	23,000.00	17.51	2.50	2,841.60	4,637.07	3,532.80	5,611.85	691.20	974.78	1,665.98	-	1,665.98
Valuer - Mr C Wellappili												
Siyapatha Finance PLC - No. 111, Dudley Senanayake Mawatha, Colombo 8	15,463.92	21.75	2.50	424.50	1,319.15	450.00	1,335.03	25.50	15.88	41.38	-	41.38
Total - Group				8,608.66	7,619.12	10,665.97	8,989.08	2,057.31	1,369.96	3,427.27	-	3,427.27

* The market values of these properties were determined using the market comparable method, whereas all other properties were valued using the income based approach.

All freehold lands and buildings of the Group were revalued as at 31st December 2025 by professionally qualified independent valuers, and the results are presented above. A total revaluation gain of Rs 1,720 Mn for the Bank and Rs 3,427 Mn for the Group have been recognised in the Revaluation Reserve through Other Comprehensive Income (OCI), to account for the increase in the fair value of freehold lands and buildings as at the reporting date.

29.4 Freehold Land and Buildings

	Location	Land Extent	Buildings	No. of Buildings in the Location	Cost/ Revaluation of Land	Cost/ Revaluation of Buildings	Total Value	Accumulated Depreciation	2025 Net Book Value	As a % of Total NBV	2024 Net Book Value
		Perches	Sq.ft		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000		Rs 000
	Bank										
1	**Alawwa**										
	No. 9, 9/1, Giriulla Road, Alawwa	20.7	8,190	1	36,000	38,000	74,000	-	74,000	0.4%	66,579
2	**Anuradhapura**										
	"Nuwarawewakele", Maithreepala Senanayake Mw, Anuradhapura	40.4	8,929	1	220,910	99,090	320,000	-	320,000	1.6%	245,426
3	**Attidiya**										
	No. 202, Main Road, Attidiya	12.7	6,064	1	69,800	65,200	135,000	-	135,000	0.7%	106,608
4	**Borella**										
	No. 1022, Maradana Road, Borella	24.7	15,876	1	456,580	167,420	624,000	-	624,000	3.2%	404,231
5	**Deniyaya**										
	No. 69, Main Street, Deniyaya	17.5	5,325	1	52,560	48,906	101,466	-	101,466	0.5%	71,625
6	**Deniyaya**										
	No. 117, Hapugahawalawatta, Ihalagama Road, Deniyaya	40.0	Bare Land	-	5,000	-	5,000	-	5,000	0.0%	3,500
7	**Dharmapala Mawatha**										
	No. 103, Dharmapala Mawatha, Hunupitiya, Colombo 7	119.4	7,300	1	2,331,780	93,020	2,424,800	-	2,424,800	12.3%	2,042,540
8	**Galle**										
	No. 05, Wakwella Road, Galle	17.5	5,400	1	122,360	51,318	173,678	-	173,678	0.9%	159,695
9	**Gampaha**										
	No. 150, Colombo Road, Gampaha	25.0	5,680	1	100,000	48,000	148,000	-	148,000	0.8%	118,533
10	**Horana**										
	No. 42, Anguruwatota Road, Horana	20.8	Bare Land	-	72,625	-	72,625	-	72,625	0.4%	62,250
11	**Kalutara**										
	No. 312/A, Galle Road, Kalutara	30.0	8,715	1	130,500	67,500	198,000	-	198,000	1.0%	153,133
12	**Kandy Metro**										
	No. 29, Cross Street, Kandy	25.7	17,398	1	411,200	164,800	576,000	-	576,000	2.9%	455,535
13	**Katugastota**										
	No. 187, Madawala Road, Katugastota	23.2	7,811	1	115,000	65,000	180,000	-	180,000	0.9%	144,533
14	**Kurunegala**										
	No. 31 & 33, Negombo Road, Kurunegala	37.4	16,202	1	262,000	128,000	390,000	-	390,000	2.0%	301,667
15	**Maharagama**										
	No. 81 & 81 A, High Level Road, Maharagama	13.5	6,310	1	107,680	73,020	180,700	-	180,700	0.9%	156,361
16	**Matara**										
	No. 05, Hakmana Road, Matara	47.6	11,876	2	416,800	82,200	499,000	-	499,000	2.5%	426,118
17	**Narahenpita**										
	No. 475, Elvitigala Mawatha, Narahenpita	18.9	9,600	1	151,000	69,000	220,000	-	220,000	1.1%	174,399
18	**Negombo**										
	No. 408, Main Street, Negombo	41.5	15,088	1	249,000	125,000	374,000	-	374,000	1.9%	258,999
19	**Old Moor Street**										
	No. 371, Old Moor St, Masangasweediya, Colombo 12	24.0	10,180	1	264,000	63,000	327,000	-	327,000	1.7%	260,999
20	**Panadura**										
	No. 373 A, Galle Road, Panadura	27.3	6,020	1	109,000	52,000	161,000	-	161,000	0.8%	130,400

29. PROPERTY, PLANT AND EQUIPMENT CONTD.

	Location	Land Extent	Buildings	No. of Buildings in the Location	Cost/ Revaluation of Land	Cost/ Revaluation of Buildings	Total Value	Accumulated Depreciation	2025 Net Book Value	As a % of Total NBV	2024 Net Book Value
		Perches	Sq.ft		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000		Rs 000
21	**Panchikawatta**										
	No. 85/87, Panchikawatta Road, Colombo 10	9.8	14,680	1	122,000	84,000	206,000	-	206,000	1.0%	164,079
22	**Pettah**										
	No. 180 (part), Bodiraja Mawatha, Pettah	-	5,124	1	-	121,400	121,400	-	121,400	0.7%	106,151
23	**Piliyandala**										
	No. 61A, Moratuwa Road, Piliyandala	37.2	8,838	1	111,000	75,000	186,000	-	186,000	0.9%	142,323
24	**Ratmalana**										
	No. 261, Galle Road, Ratmalana	10.9	5,520	1	84,475	65,525	150,000	-	150,000	0.8%	139,422
25	**Tissamaharama**										
	No. 25-27, Main Street, Tissamaharama	22.2	10,815	1	44,400	73,600	118,000	-	118,000	0.6%	77,443
26	**Victoria Range**										
	No. 1/87, Victoria Range, Digana, Kandy	20.1	2,320	1	20,000	14,700	34,700	-	34,700	0.2%	23,320
27	**Wattala**										
	No. 256/1, Negombo Road, Wattala	42.5	5,314	1	127,500	47,500	175,000	-	175,000	0.9%	151,866
28	**Wellawatte**										
	No. 591, Galle Road, Wellawatte	21.5	7,776	1	205,000	60,000	265,000	-	265,000	1.3%	197,866
29	**Hunupitiya Cross Road Land**										
	No. 05, Hunupitiya Cross Road , Colombo 02	15.0	Bare Land	-	285,000	-	285,000	-	285,000	1.5%	-
	Total - Bank	807.0	232,351	27	6,683,170	2,042,199	8,725,369	-	8,725,369	44.4%	6,745,601
	Subsidiaries										
	Sampath Centre Ltd										
30	**Slave Island**										
	No. 110, Sir James Peiris Mawatha, Colombo 2	153.6	320,454	1	3,532,800	5,611,850	9,144,650	-	9,144,650	46.5%	6,523,766
	Siyapatha Finance PLC										
31	**Borella**										
	No. 111, Dudley Senanayake Mawatha, Colombo 8	29.1	61,370	1	450,000	1,335,029	1,785,029	-	1,785,029	9.1%	1,780,301
	Total - Group	989.7	614,175	29	10,665,970	8,989,078	19,655,048	-	19,655,048	100%	15,049,668

29.5 (a) Improvements to Leasehold Properties

Bank & Group

As at 31st December	2025			2024
	Cost of Buildings	Accumulated Depreciation	Net Book Value	Net Book Value
	Rs 000	Rs 000	Rs 000	Rs 000
01 - 05 years	327,260	253,200	74,060	51,626
06 - 10 years	1,108,028	800,452	307,576	162,318
Above 10 years	1,271,839	326,012	945,827	409,203
Total	2,707,127	1,379,664	1,327,463	623,147

29.5 (b) Fully Depreciated Property, Plant and Equipment

A class-wise analysis of the initial cost of fully depreciated property, plant and equipment which are still in use as at reporting date is as follows.

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Asset class				
Improvements to leasehold properties	954,515	1,026,310	958,186	1,029,982
Computer equipment & software	3,845,013	3,594,367	4,541,917	4,180,137
Office equipment	1,821,687	1,719,678	1,914,185	1,828,397
Fixtures & fittings	287,303	314,924	480,471	530,102
Motor vehicles	171,031	162,141	178,152	170,670
Total	7,079,549	6,817,420	8,072,911	7,739,288

29.5 (c) Temporarily Idle Property, Plant and Equipment - Bank & Group

The Bank holds Horana land worth Rs 72.63 Mn with the intention of constructing a branch. The Bank does not intend to construct a branch in the bare land located in Deniyaya valued at Rs 5.00 Mn as it was severely affected by an earth slip. Any future construction on this land would be subjected to National Building Research Organisation (NBRO) certification.

29.5 (d) Property, Plant and Equipment Retired from Active Use - Bank & Group

Property, plant and equipment retired from active use as at 31st December 2025: Rs 103.08 Mn (2024: Rs 99.82 Mn).

29.5 (e) Title Restriction on Property, Plant and Equipment - Bank & Group

There were no restrictions on the title of property, plant and equipment as at 31st December 2025 (2024: NIL).

29.5 (f) Property, Plant and Equipment Pledged as Security against Liabilities - Bank & Group

There were no items of property, plant and equipment pledged as securities against liabilities outside the Group (2024: NIL).

29.5 (g) Compensation from Third Parties for Items of Property, Plant and Equipment - Bank & Group

There were no compensation received during the year from third parties for items of property, plant and equipment that were impaired, lost or given up (2024: NIL).

30 . INTANGIBLE ASSETS

ACCOUNTING POLICY

Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes. An intangible asset is recognised when it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was previously recognised as an expense in the Group's annual or interim Financial Statements is not recognised as part of the cost of an intangible asset at a later date.

Computer Software

The cost of purchased licences and all computer software costs incurred and licensed for use by the Group, which are not integrally related to associated hardware, are recognised under the category "Intangible Assets" in the Statement of Financial Position if they can be clearly identified, reliably measured, and are expected to generate future economic benefits. Such assets are carried at cost, less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalised only when it is probable that such expenditure will enable the asset to generate future economic benefits beyond its originally assessed standard of performance and when the expenditure can be reliably measured and attributed to the asset. All other expenditure is recognised as an expense when incurred. Goodwill is measured at cost, less any accumulated impairment losses.

Derecognition of Intangible Assets

The carrying amount of an intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition of an intangible asset is recognised in the Statement of Profit or Loss at the time of derecognition.

There were no restrictions on the title of the intangible assets as at the reporting date. Furthermore, no intangible assets were pledged as securities for liabilities.

As at 31st December 2025, the Bank's intangible assets comprise only computer software and the cost of licenses. The rates of amortisation for computer software and licenses are provided in Note 14, 'Depreciation and Amortisation Expenses'.

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Cost				
Balance as at 1st January	3,060,354	3,570,033	3,305,642	3,819,209
Additions & improvements	960,418	523,288	1,007,696	523,768
Disposal/write off during the year	(166,865)	(1,032,967)	(167,512)	(1,032,967)
Transfers/adjustments	-	-	-	(4,368)
Cost as at 31st December	3,853,907	3,060,354	4,145,826	3,305,642
Accumulated Amortisation				
Balance as at 1st January	2,171,643	2,824,638	2,405,890	3,052,677
Charge for the year (Note 14)	808,585	379,972	822,337	386,180
Disposal/write off during the year	(166,754)	(1,032,967)	(167,401)	(1,032,967)
Accumulated amortisation as at 31st December	2,813,474	2,171,643	3,060,826	2,405,890
Net book value as at 31st December	1,040,433	888,711	1,085,000	899,752

31. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Cost				
Balance as at 1st January	11,323,568	8,085,233	8,648,084	6,581,967
Additions & improvements	2,056,515	5,960,838	2,271,915	3,474,090
Expiration during the year	(656,564)	(2,722,503)	(656,564)	(1,407,973)
Cost as at 31st December	12,723,519	11,323,568	10,263,435	8,648,084
Accumulated Amortisation				
Balance as at 1st January	3,463,288	4,479,708	3,159,887	3,429,301
Charge for the year (Note 14)	2,726,704	1,706,083	1,556,705	1,137,243
Expiration during the year	(656,564)	(2,722,503)	(656,564)	(1,406,657)
Accumulated amortisation as at 31st December	5,533,428	3,463,288	4,060,028	3,159,887
Net book value as at 31st December	7,190,091	7,860,280	6,203,407	5,488,197

31.1 Lease Liability

Set out below are the carrying amounts of lease liabilities (included under "Other Liabilities" in Note 40) and the movements during the year.

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	8,279,973	4,181,855	6,119,586	3,825,628
Additions	2,056,515	5,960,838	2,271,915	3,474,090
Accretion of interest (Note 7.2)	718,099	537,045	501,300	406,364
Payments	(3,074,252)	(2,399,765)	(1,782,583)	(1,586,496)
Balance as at 31st December (Note 40)	7,980,335	8,279,973	7,110,218	6,119,586

31.2 Future Minimum Lease Payments under Non-cancellable Leases

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Maturity analysis of contractual undiscounted cash flows				
Less than 1 year	3,283,211	3,163,523	2,131,968	1,850,432
1 to 5 years	5,164,660	6,029,310	5,003,576	4,750,397
More than 5 years	1,406,567	996,952	1,775,012	1,058,055
Total undiscounted lease liabilities	9,854,438	10,189,785	8,910,556	7,658,884

31. RIGHT-OF-USE ASSETS CONTD.

31.3 Sensitivity of Right-of-Use Assets/Lease Liability to Key Assumptions

31.3.1 Sensitivity to Discount Rates

1% increase/(decrease) in discount rate as at 31st December 2025 would have (decreased)/increased the lease liability by approximately Rs 159 Mn with a similar (decrease)/increase in the right-of-use asset. Had the Bank (decreased)/increased the discount rate by 1%, the Bank's profit before tax for the year would have (decreased)/increased by approximately Rs 33 Mn.

31.3.2 Sensitivity to Lease Term

Had the lease term of all existing lease agreements been increased by further one year, lease liability of the Bank as at 31st December 2025 would have increased by Rs 3.7 Bn with a similar increase in the right-of-use assets. Further, this would reduce the profit before tax of the Bank by Rs 372 Mn.

The above sensitivities are given only for the Bank since the subsidiary leases do not have a material impact on the financial statements of the Group.

32. DEFERRED TAX (ASSETS)/LIABILITIES

	BANK		GROUP	
As at 31st December	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Recognised under assets	(10,597,476)	(10,934,412)	(10,814,762)	(11,177,659)
Recognised under liabilities	-	-	1,963,820	1,465,112
	(10,597,476)	(10,934,412)	(8,850,942)	(9,712,547)

Net deferred tax (assets)/liabilities of one entity cannot be set-off against another entity's liabilities/(assets) since there is no legally enforceable right to set-off. Therefore, net deferred tax assets and liabilities of different entities are separately recognised in the Statement of Financial Position of the Group.

The management exercises judgment in determining the carrying value of the deferred tax asset at each reporting date. The carrying amount of the deferred tax assets is adjusted to reflect changes in tax laws and management judgement, if any, during the subsequent reporting periods, resulting in corresponding increase or decrease in profit or loss/other comprehensive income.

32.1 Movement in Deferred Tax (Assets)/Liabilities

Bank

	Accelerated Depreciation for Tax Purposes		Provision for Loan and Other Financial Assets	Revaluation on Land & Buildings	Retirement Benefit Obligation	Gain/(Loss) on FVOCI Assets	Others	Total
	Property, Plant & Equipment	Leased Assets						
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	518,159	111,071	(23,193,974)	1,540,708	(951,073)	4,861,728	(178,642)	(17,292,023)
Profit or loss (Note 16)	44,989	(19,899)	7,269,477	-	(214,915)	-	46,990	7,126,642
Other comprehensive income	-	-	-	-	(573,863)	(195,168)	-	(769,031)
Balance as at 31st December 2024	563,148	91,172	(15,924,497)	1,540,708	(1,739,851)	4,666,560	(131,652)	(10,934,412)
Balance as at 1st January 2025	563,148	91,172	(15,924,497)	1,540,708	(1,739,851)	4,666,560	(131,652)	(10,934,412)
Profit or loss (Note 16)	(19,742)	(55,676)	3,605,048	-	(113,014)	-	(111,164)	3,305,452
Other comprehensive income	-	-	-	515,974	(394,393)	(3,090,097)	-	(2,968,516)
Balance as at 31st December 2025	543,406	35,496	(12,319,449)	2,056,682	(2,247,258)	1,576,463	(242,816)	(10,597,476)

Group

	Accelerated Depreciation for Tax Purposes		Provision for Loan and Other Financial Assets	Revaluation on Land & Buildings	Retirement Benefit Obligation	Gain/(Loss) on FVOCI Assets	Others	Total
	Property, Plant & Equipment	Leased Assets						
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	611,155	115,009	(23,405,782)	3,039,824	(1,006,512)	4,861,728	(267,829)	(16,052,407)
Profit or loss (Note 16)	67,840	(22,338)	7,241,545	-	(227,320)	-	47,436	7,107,163
Other comprehensive income	-	-	-	-	(572,135)	(195,168)	-	(767,303)
Balance as at 31st December 2024	678,995	92,671	(16,164,237)	3,039,824	(1,805,967)	4,666,560	(220,393)	(9,712,547)
Balance as at 1st January 2025	678,995	92,671	(16,164,237)	3,039,824	(1,805,967)	4,666,560	(220,393)	(9,712,547)
Profit or loss (Note 16)	28,729	(55,385)	3,615,594	-	(128,331)	-	(138,326)	3,322,281
Other comprehensive income	-	-	-	1,028,180	(398,759)	(3,090,097)	-	(2,460,676)
Balance as at 31st December 2025	707,724	37,286	(12,548,643)	4,068,004	(2,333,057)	1,576,463	(358,719)	(8,850,942)

33. OTHER ASSETS

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Pre-paid expenses	1,111,245	1,031,301	1,265,013	1,195,195
Reimbursement under special senior citizen deposit scheme	120,848	3,435,944	120,848	3,435,944
Items in transit (Note 33.1)	5,637,743	5,124,276	5,637,743	5,124,276
Pre-paid staff cost (Note 33.2)	3,744,466	3,658,138	3,781,055	3,684,152
Refundable deposits	25,625	52,904	57,590	77,547
Other debtors	4,167,833	5,517,549	5,979,929	7,506,245
	14,807,760	18,820,112	16,842,178	21,023,359

33.1 Items in transit include amounts receivable under the Common Electronic Fund Transfer (CEFT) system, e-remittance, cheque clearing transactions etc.

33.2 The Movement in the Pre-Paid Staff Cost

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	3,658,138	3,720,634	3,684,152	3,734,428
Add: Adjustment for new grants (net of settlements)	498,799	322,505	524,328	343,174
Charge to personnel expenses (Note 13)	(412,471)	(385,001)	(427,425)	(393,450)
Balance as at 31st December	3,744,466	3,658,138	3,781,055	3,684,152

The Group's accounting policy on pre-paid staff cost is explained in Note 3.4.2.1.

34. DUE TO BANKS

ACCOUNTING POLICY

The accounting policies relating to "Due to Banks" are set out in Note 3.4.3.7 to the Financial Statements.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Deposits (Note 34.1)	20,283,188	13,357,451	20,283,188	13,357,451
Borrowings (Note 34.2)	4,403,912	9,902,360	23,646,667	16,710,364
Total due to banks	24,687,100	23,259,811	43,929,855	30,067,815

34.1 Deposits

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Local Currency Deposits		
Demand deposits	41,602	36,005
Savings deposits	254,447	241,482
Term deposits	2,485,640	289,743
Total local currency deposits	2,781,689	567,230
Foreign Currency Deposits		
Term deposits	17,501,499	12,790,221
Total foreign currency deposits	17,501,499	12,790,221
Total deposits	20,283,188	13,357,451

34.2 Borrowings

As at 31st December	BANK 2025 Rs 000	BANK 2024 Rs 000	GROUP 2025 Rs 000	GROUP 2024 Rs 000
Call borrowings	3,750,826	7,012,707	3,750,826	7,012,707
Term borrowings	-	-	19,070,984	6,503,249
Foreign bank borrowings	-	1,832,665	-	1,832,665
Unfavourable balances with local & foreign banks	653,086	1,056,988	824,857	1,361,743
Total Borrowings	4,403,912	9,902,360	23,646,667	16,710,364

The Bank/Group has not defaulted on principal or interest with regard to any liability during 2024 and 2025.

35. DUE TO DEPOSITORS

ACCOUNTING POLICY

The accounting policies relating to "Due to Depositors" are set out in Note 3.4.3.7 to the Financial Statements.

As at 31st December	BANK 2025 Rs 000	BANK 2024 Rs 000	GROUP 2025 Rs 000	GROUP 2024 Rs 000
Local Currency Deposits				
Demand deposits	74,762,826	66,394,391	74,695,324	66,377,158
Savings deposits	408,470,699	346,557,832	408,416,249	346,311,065
Call deposits	-	3,472	-	3,472
Term deposits	911,351,299	826,447,841	947,365,815	857,995,976
Certificates of deposits	4,698,947	5,635,081	4,698,947	5,635,081
Margin deposits	2,088,343	1,647,558	2,088,343	1,647,558
Total local currency deposits	1,401,372,114	1,246,686,175	1,437,264,678	1,277,970,310
Foreign Currency Deposits				
Demand deposits	9,900,559	7,679,069	9,900,559	7,679,069
Savings deposits	77,533,271	78,528,703	77,533,271	78,528,703
Term deposits	138,079,609	122,794,214	138,079,609	122,794,214
Margin deposits	174,747	176,255	174,747	176,255
Total foreign currency deposits	225,688,186	209,178,241	225,688,186	209,178,241
Total deposits	1,627,060,300	1,455,864,416	1,662,952,864	1,487,148,551

35. DUE TO DEPOSITORS CONTD.

35.1 Analysis of Due to Depositors

35.1.1 By Product

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Demand deposits	84,663,385	74,073,460	84,595,883	74,056,227
Savings deposits	486,003,970	425,086,535	485,949,520	424,839,768
Call deposits	-	3,472	-	3,472
Term deposits	1,049,430,908	949,242,055	1,085,445,424	980,790,190
Certificates of deposits	4,698,947	5,635,081	4,698,947	5,635,081
Margin deposits	2,263,090	1,823,813	2,263,090	1,823,813
Total deposits	1,627,060,300	1,455,864,416	1,662,952,864	1,487,148,551

35.1.2 By Currency

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Sri Lankan Rupee	1,401,372,114	1,246,686,175	1,437,264,678	1,277,970,310
United States Dollar	206,406,502	196,477,248	206,406,502	196,477,248
Euro	6,542,703	3,592,810	6,542,703	3,592,810
Great Britain Pounds	5,908,802	4,503,653	5,908,802	4,503,653
Australian Dollar	4,123,475	3,149,846	4,123,475	3,149,846
Japanese Yen	274,724	256,848	274,724	256,848
New Zealand Dollar	63,363	31,548	63,363	31,548
Singapore Dollar	357,533	313,982	357,533	313,982
Others	2,011,084	852,306	2,011,084	852,306
Total deposits	1,627,060,300	1,455,864,416	1,662,952,864	1,487,148,551

35.1.3 Current Accounts and Savings Accounts (CASA)

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
CASA				
Local Currency Deposits				
-Due to banks	296,049	277,487	296,049	277,487
-Due to depositors	483,233,525	412,952,223	483,111,573	412,688,223
Total local currency CASA	483,529,574	413,229,710	483,407,622	412,965,710
Foreign Currency Deposits				
-Due to depositors	87,433,830	86,207,772	87,433,830	86,207,772
Total foreign currency CASA	87,433,830	86,207,772	87,433,830	86,207,772
Total CASA deposits	570,963,404	499,437,482	570,841,452	499,173,482
Total Deposits				
Due to bank (Note 34.1)	20,283,188	13,357,451	20,283,188	13,357,451
Due to depositors	1,627,060,300	1,455,864,416	1,662,952,864	1,487,148,551
	1,647,343,488	1,469,221,867	1,683,236,052	1,500,506,002
CASA as a percentage (%) of total deposits	34.7	34.0	33.9	33.3

36. DUE TO OTHER BORROWERS

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Refinance borrowings	8,357,756	8,061,364
	8,357,756	8,061,364

The Bank/Group has not defaulted on principal or interest with regard to any liability during 2024 and 2025.

37. DUE TO DEBT SECURITIES HOLDERS

	BANK		GROUP	
As at 31st December	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Redeemable debentures (Note 37.1)	29,795,272	18,891,500	40,940,575	24,741,652
Securitisation	-	-	942,941	-
Total	29,795,272	18,891,500	41,883,516	24,741,652
Due within 1 year	3,795,272	2,891,500	5,383,516	3,241,652
Due after 1 year	26,000,000	16,000,000	36,500,000	21,500,000
Total	29,795,272	18,891,500	41,883,516	24,741,652
Senior debt	-	-	9,597,485	4,302,334
Subordinated debt	29,795,272	18,891,500	32,286,031	20,439,318
Total	29,795,272	18,891,500	41,883,516	24,741,652

37.1 Redeemable Debentures

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	18,891,500	26,709,893	24,741,652	29,837,303
Debentures issued	10,000,000	-	15,000,000	4,000,000
Debentures redeemed	-	(7,000,000)	-	(8,500,000)
	28,891,500	19,709,893	39,741,652	25,337,303
Interest accrued during the year	4,254,921	3,494,729	5,225,940	4,064,042
Interest paid	(3,351,149)	(4,313,122)	(4,027,017)	(4,659,693)
Balance as at 31st December	29,795,272	18,891,500	40,940,575	24,741,652

37. DUE TO DEBT SECURITIES HOLDERS CONTD.

37.1.1 Details of Debentures Issued

Category	Colombo Stock Exchange Listing	No. of Debentures	Face Value Rs 000	Rate of Interest	Interest Payable Frequency	Tenor	Allotment Date	Maturity Date	Amortised Cost As at 31.12.2025 Rs 000	Amortised Cost As at 31.12.2024 Rs 000
Debentures issued by the Bank										
Fixed Rate Debentures										
2021	Listed	60,000,000	6,000,000	9.00%	Annually	7 years	12-Apr-21	12-Apr-28	6,390,575	6,390,575
2023	Listed	99,900,000	9,990,000	28.00%	Annually	5 years	9-Feb-23	9-Feb-28	12,488,321	12,489,138
2025	Listed	100,000,000	10,000,000	11.75%	Annually	5 years	26-Mar-25	26-Mar-30	10,904,589	-
Floating Rate Debentures										
2023	Listed	100,000	10,000	*T-bill rate+1.5%	Annually	5 years	9-Feb-23	9-Feb-28	11,787	11,787
Total debentures issued by the Bank									29,795,272	18,891,500
Debentures issued by the Subsidiary, Siyapatha Finance PLC										
Fixed Rate Debentures										
2021	Listed	15,000,000	1,500,000	9.46%	Annually	5 Years	1-Sep-21	31-Aug-26	1,547,818	1,547,818
2024	Listed	40,000,000	4,000,000	13.20%	Annually	5 Years	6-Jun-24	6-Jun-29	4,302,334	4,302,334
2025	Listed	50,000,000	5,000,000	11.40%	Annually	5 Years	26-Jun-25	26-Jun-30	5,295,151	-
Total debentures issued by the Subsidiary									11,145,303	5,850,152
Total debentures issued by the Group									40,940,575	24,741,652

Since 2017, the Bank has only issued Basel III compliant, Tier II, listed, rated, unsecured, subordinated, redeemable debentures with a non-viability conversion at a par value of Rs 100/- each.

The outstanding debentures of Siyapatha Finance PLC are rated, unsecured, redeemable debentures of a par value of Rs 100/- each. The debentures issued in 2024 and 2025 are senior debentures whilst the debentures issued in 2021 are subordinated debentures.

*One year gross T-bill rate + 1.5%, subject to a floor of 20% & a cap of 31%

37.1.2 Proposed Debentures and/or Green and/or Sustainability Bonds Issue - Bank

The Board of Directors of the Bank, at its meeting held on 17th December 2025, decided to issue up to 200,000,000 Basel III compliant - Tier II, Listed, Rated, Unsecured, Subordinated, Redeemable, 5-year Debentures and/or Green and/or Sustainability Bonds with a Non-Viability Conversion feature each with a par value of Rs 100/- , to raise up to Rs 20 Bn in one or more issuances within two years from the date of obtaining shareholder approval at an Extraordinary General Meeting, subject to regulatory clearances from the Colombo Stock Exchange and other relevant authorities.

37.1.3 Proposed Debenture Issue – Siyapatha Finance PLC

The Board of Directors of Siyapatha Finance PLC, at its meeting on 28th October 2025, decided to issue 20,000,000 listed, rated, subordinated, unsecured, redeemable 5 year debentures, with options to issue up to an additional 10,000,000 and a further 7,500,000 debentures, at the discretion of the company, in the event of oversubscriptions. The issue is subject to obtaining required regulatory approvals, and the company intends to list the debentures on the Colombo Stock Exchange.

38. RETIREMENT BENEFIT OBLIGATION

ACCOUNTING POLICY

The accounting policies relating to "Retirement Benefit Obligation" are set out in Note 13 to the Financial Statements.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Provision for gratuity (Note 38.1.1)	3,096,926	2,688,432	3,382,923	2,908,822
Leave accrual plan (Note 38.2.1)	322,377	349,460	322,377	349,460
EPF interest guarantee plan (Note 38.3.1)	202,028	175,057	202,028	175,057
Net liability on pension fund (Note 38.4.1)	3,869,529	2,586,553	3,869,529	2,586,553
	7,490,860	5,799,502	7,776,857	6,019,892

38.1 Provision for Gratuity

38.1.1 Movement of Defined Benefit Obligation During the Year

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	2,688,432	2,206,081	2,908,822	2,390,873
Current service cost	220,674	180,092	263,698	217,377
Interest expenses	317,773	293,409	344,208	317,431
Benefits paid from plan	(204,766)	(254,334)	(223,170)	(274,283)
Actuarial loss/(gain) due to changes in assumptions				
- Financial assumptions	509	83,705	10,938	84,006
- Demographic assumptions	96,259	(85,350)	96,259	(85,350)
Actuarial experience (gain)/loss	(21,955)	264,829	(17,832)	258,768
Balance as at 31st December	3,096,926	2,688,432	3,382,923	2,908,822

38.1.2 Amounts Recognised in Profit or Loss

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Current service cost	220,674	180,092	263,698	217,377
Interest expenses	317,773	293,409	344,208	317,431
Total amount recognised in profit or loss (Note 13)	538,447	473,501	607,906	534,808

38.1.3 Amounts Recognised in OCI

For the year ended 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Actuarial loss due to changes in assumptions*				
- Financial assumptions	509	83,705	10,938	84,006
- Demographic assumptions	96,259	(85,350)	96,259	(85,350)
Actuarial experience (gain)/loss arising during the year	(21,955)	264,829	(17,832)	258,768
Total actuarial loss recognised in OCI	74,813	263,184	89,365	257,424

*The significant assumptions used for the actuarial valuation are given in Note 38.1.4.

An Actuarial valuation of the gratuity fund of the Bank was carried out as at 31st December 2025 by Mr Piyal S Goonetilleke (Fellow of Society of Actuaries - USA) of Messrs Piyal S Goonetilleke & Associates, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the Projected Unit Credit Method as recommended by Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

38. RETIREMENT BENEFIT OBLIGATION CONTD.

38.1.4 Actuarial Assumptions - Bank

	2025	2024
Financial assumptions*		
Discount rate	10.7%	11.8%
Future salary increment rate	9.7%	10.8%
Demographic assumptions **		
Mortality	RP 2000 Mortality Table	RP 2000 Mortality Table
Retirement age	60 years	60 years

The expected average future working life of the active participants is 9.4 years (2024: 10.1 years).

* The discount rate used for the actuarial valuation changed during the year due to changes in market interest rates. The future salary increment rate was also revised to align with the decrease in market interest rates.

** The Bank adjusted the staff turnover rates used in 2025, a key demographic assumption, based on the actual turnover rates during the period.

38.1.5 Sensitivity of Assumptions Employed in Gratuity Valuation - Bank

Reasonably possible changes to one of the significant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the gratuity liability/Statement of Comprehensive Income by the amounts shown below.

		2025		2024	
Increase/ (Decrease) in Discount Rate	Increase / (Decrease) in Salary Increment Rate	Sensitivity Effect on Comprehensive Income Statement Increase/(Decrease) in Comprehensive Income for the Year Rs Mn	Sensitivity Effect on Gratuity Liability Increase/(Decrease) in Liability Rs Mn	Sensitivity Effect on Comprehensive Income Statement Increase/(Decrease) in Comprehensive Income for the Year Rs Mn	Sensitivity Effect on Gratuity Liability Increase/(Decrease) in Liability Rs Mn
1%	-	241.6	(241.6)	237.6	(237.6)
(1%)	-	(280.6)	280.6	(278.4)	278.4
-	1%	(277.5)	277.5	(275.4)	275.4
-	(1%)	243.4	(243.4)	239.4	(239.4)

All Subsidiaries of the Group conduct actuarial valuations to determine their respective gratuity liabilities. However, assumptions and the sensitivity of the assumptions have been provided only for the Bank's gratuity fund as Subsidiary gratuity liabilities do not have a material impact on the Group Financial Statements.

38.2 Leave Accrual Plan

38.2.1 Liability Recognised in the Statement of Financial Position

Bank & Group

	2025 Rs 000	2024 Rs 000
Balance as at 1st January	349,460	265,027
Provision (reversed)/made during the year	(27,083)	84,433
Balance as at 31st December	322,377	349,460

38.3 EPF Interest Guarantee Plan

Employees' Provident Fund (EPF) is an approved private provident fund established to meet the provident fund liabilities of the Bank, to which the Bank and employees contribute 12% and 8%, respectively, on the salary of each employee. Employees who are members of the fund are entitled to receive interest at a guaranteed rate, which is the National Savings Bank's one-year fixed deposit rate (net of income tax), on their balance, even if the fund earns a lower return from its investments in a given financial year. As per Section 8 of the EPF Constitution, the Bank shall contribute any shortfall in the revenue account of the fund, after payment of interest at the stated rate and other costs of administering the fund. Therefore, the Bank's obligation to the EPF is not limited to the 12% contribution mentioned above, and accordingly, the fund was treated as a defined benefit liability under Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits). An actuarial valuation was carried out by Mr Piyal S Goonetilleke (Fellow of the Society of Actuaries - USA) of Messrs Piyal S Goonetilleke & Associates, a firm of professional actuaries, to assess the Bank's additional obligation arising from Section 8 of the EPF Constitution as of 31st December 2025.

38.3.1 Movement of the Liability Recognised in the Statement of Financial Position

Bank & Group

	2025 Rs 000	2024 Rs 000
Balance as at 1st January	175,057	135,674
Current service cost and interest cost (Note 38.3.2)	33,416	27,343
Actuarial (gain)/loss (Note 38.3.3)	(6,445)	12,040
Balance as at 31st December	202,028	175,057

38.3.2 Amounts Recognised in Profit or Loss

Bank & Group

For the year ended 31st December	2025 Rs 000	2024 Rs 000
Current service cost	12,724	9,298
Interest expense on defined benefit liability	20,692	18,045
Total amount recognised in profit or loss	33,416	27,343

38.3.3 Amounts Recognised in OCI

Bank & Group

For the year ended 31st December	2025 Rs 000	2024 Rs 000
Actuarial loss/(gain) due to changes in assumptions*		
- Financial assumptions	16,163	12,884
- Demographic assumptions	(5,142)	4,660
Actuarial gain due to experience adjustments	(17,466)	(5,504)
Total amount recognised in OCI	(6,445)	12,040

* The significant assumptions used for the actuarial valuation are given in Note 38.3.4.

38. RETIREMENT BENEFIT OBLIGATION CONTD.

38.3.4 Actuarial Assumptions - Bank

	2025	2024
Financial assumptions*		
Discount rate	10.7%	11.8%
Future salary increment rate	9.7%	10.8%
Return from EPF investments	5.6%	5.8%
Long term guaranteed EPF interest rate (net of tax)	5.8%	6.0%
Demographic assumptions**		
Mortality	RP 2000 Mortality Table	RP 2000 Mortality Table

The expected average future working life of the active participants is 9.6 years (2024: 10.3 years)

* The discount rate used for the actuarial valuation adjusted during the year due to changes in market interest rates. Additionally, the future salary increment rate was revised to align with the decrease in market interest rates.

** The Bank adjusted the staff turnover rates used in 2025, a key demographic assumption, based on the actual turnover rates during the period.

38.3.5 Sensitivity of Assumptions Employed in EPF Interest Guarantee Plan Valuation

Reasonably possible changes to one of the significant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the EPF interest guarantee liability/Statement of Comprehensive Income by the amounts shown below.

		2025		2024	
Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Sensitivity Effect on Comprehensive Income Statement Increase/(Decrease) in Comprehensive Income for the Year Rs Mn	Sensitivity Effect on Employment Benefit Obligation Increase/(Decrease) in Liability Rs Mn	Sensitivity Effect on Comprehensive Income Statement Increase/(Decrease) in Comprehensive Income for the Year Rs Mn	Sensitivity Effect on Employment Benefit Obligation Increase/(Decrease) in Liability Rs Mn
1%	-	17.7	(17.7)	16.2	(16.2)
(1%)	-	(20.4)	20.4	(18.8)	18.8
-	1%	(3.5)	3.5	(3.5)	3.5
-	(1%)	3.2	(3.2)	3.2	(3.2)

38.4 Pension Fund

38.4.1 Net Liability Recognised in the Statement of Financial Position

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Present value of funded obligations as at 31st December (Note 38.4.4)	14,991,167	12,511,832
Fair value of plan assets as at 31st December (Note 38.4.5)	(11,121,638)	(9,925,279)
Funded status	3,869,529	2,586,553
Present value of unfunded benefit obligation	-	-
Net liability recognised in the Statement of Financial Position	3,869,529	2,586,553

38.4.2 Amounts Recognised in Profit or Loss

Bank & Group

For the year ended 31st December	2025 Rs 000	2024 Rs 000
Current service cost	289,479	246,524
Net interest expense on the net defined benefit liability	347,220	138,913
Total amount recognised in profit or loss (Note 13)	636,699	385,437

38.4.3 Amounts Recognised in OCI

Bank & Group

For the year ended 31st December	2025 Rs 000	2024 Rs 000
Actuarial loss/(gain) due to changes in assumptions*		
- Financial assumptions	973,742	757,072
- Demographic assumptions	108,256	(215,070)
Actuarial loss due to experience adjustments	276,940	1,589,821
Actuarial gain from plan assets	(112,661)	(494,172)
Total amount recognised in OCI	1,246,277	1,637,651

* The significant assumptions used for the actuarial valuation are given in Note 38.4.6.

38.4.4 Defined Benefit Obligation Reconciliation

Bank & Group

	2025 Rs 000	2024 Rs 000
Defined benefit obligation as at 1st January	12,511,832	9,815,046
Current service cost	289,479	246,524
Interest cost	1,478,898	1,266,141
Actual benefits paid from plan	(647,980)	(947,702)
Actuarial loss/(gain) due to changes in assumptions		
- Financial assumptions	973,742	757,072
- Demographic assumptions	108,256	(215,070)
Actuarial loss due to experience adjustments	276,940	1,589,821
Defined benefit obligation as at 31st December	14,991,167	12,511,832

38.4.5 Fair Value of Plan Assets Reconciliation

Bank & Group

	2025 Rs 000	2024 Rs 000
Fair value of plan assets as at 1st January	9,925,279	9,251,581
Interest income on plan assets	1,131,678	1,127,228
Actual employer contributions	600,000	-
Actual benefits paid from plan	(647,980)	(947,702)
Actuarial gain from plan assets	112,661	494,172
Fair value of plan assets as at 31st December (Note 38.4.5 (a))	11,121,638	9,925,279

An actuarial valuation of the Pension Fund was carried out as at 31st December 2025 by Mr Piyal S Goonetilleke (Fellow of Society Actuaries - USA) of Messrs Piyal S Goonetilleke & Associates, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the Projected Unit Credit Method, as recommended by Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

38. RETIREMENT BENEFIT OBLIGATION CONTD.

38.4.5(a) Fair Value of Plan Assets Consists of the Following

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Equity securities & debentures - quoted	3,098,800	2,354,692
Term deposits	5,205,000	3,062,999
Government securities	2,429,664	4,186,703
Others	388,174	320,885
Fair value of plan assets	11,121,638	9,925,279

38.4.6 Actuarial Assumptions

Bank & Group

As at 31st December	2025	2024
Financial assumptions*		
Discount rate	10.7%	11.8%
Future salary increment rate	9.7%	10.8%
Expected return on assets	10.7%	11.8%
Demographic assumptions**		
Mortality	RP 2000 Mortality Table	RP 2000 Mortality Table
Retirement age	60 years	60 years

The expected average future life of the active and retired participants is 26.6 years (2024: 27.5 years).

The weighted average duration of the defined benefit obligation is 10.6 years (2024: 10.7 years).

* The discount rate used for the actuarial valuation changed during the year due to changes in market interest rates. The future salary increment rate was also revised to align with the decrease in market interest rates.

** The Bank adjusted the staff turnover rates used in 2025, a key demographic assumption, based on the actual turnover rates during the period.

38.4.7 Sensitivity of Assumptions Employed in Pension Fund Valuation

Reasonably possible changes to one of the significant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the net pension liability/Statement of Comprehensive Income by the amounts shown below.

		2025		2024	
Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Sensitivity Effect on Comprehensive Income Statement Increase/(Decrease) in Comprehensive Income for the Year Rs Mn	Sensitivity Effect on Employment Benefit Obligation Increase/(Decrease) in Liability Rs Mn	Sensitivity Effect on Comprehensive Income Statement Increase/(Decrease) in Comprehensive Income for the Year Rs Mn	Sensitivity Effect on Employment Benefit Obligation Increase/(Decrease) in Liability Rs Mn
1%	-	1,294.6	(1,294.6)	1,080.3	(1,080.3)
(1%)	-	(1,508.2)	1,508.2	(1,256.0)	1,256.0
-	1%	(469.9)	469.9	(440.7)	440.7
-	(1%)	440.4	(440.4)	410.7	(410.7)

39. CURRENT TAX LIABILITIES

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	14,522,729	16,220,788	15,312,202	16,688,675
Current tax based on profit for the year (Note 16)	15,773,855	12,929,208	17,161,135	13,923,111
Over provision in respect of previous years (Note 16)	-	(654,047)	(8,531)	(545,265)
Payment of tax	(13,534,576)	(13,973,220)	(14,863,018)	(14,754,319)
Balance as at 31st December	16,762,008	14,522,729	17,601,788	15,312,202

40. OTHER LIABILITIES

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Deposit insurance premium payable	407,693	364,428	412,211	368,380
Deferred income	440,559	353,167	440,559	353,167
Lease liability (Note 31.1)	7,980,335	8,279,973	7,110,218	6,119,586
Pay orders and drafts issued	2,831,995	1,353,428	2,831,995	1,353,428
Items in transit (Note 40.1)	13,065,761	11,521,034	13,065,761	11,521,034
Accrued expenses	9,368,557	9,504,672	9,692,909	9,767,558
Advance payment received	5,000,000	-	5,000,000	-
Impairment provision for expected credit loss- credit related commitments & contingencies (Note 45.2)	2,796,186	3,616,994	2,787,154	3,595,480
Other payable (Note 40.2)	9,337,990	6,197,820	12,799,149	9,405,764
	51,229,076	41,191,516	54,139,956	42,484,397

40.1 Items in transit include amounts payable under the Common Electronic Fund Transfer (CEFT) system, Common ATM Switch (CAS), Sri Lanka Interbank Payments Systems (SLIPS) etc.

40.2 Other payables include amounts payable to credit/debit card merchants for point-of-sale transactions, amounts payable to vendors for finance lease transactions, unclaimed balances and other miscellaneous payable balances that have arisen in the ordinary course of business of the Bank/Group.

41. STATED CAPITAL

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Stated capital	48,741,119	48,741,119
	48,741,119	48,741,119

Rights, preferences and restrictions of classes of capital

The holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Bank.

41.1 Reconciliation of Number of Shares

Bank & Group

	2025	2024
Ordinary shares as at 1st January	1,172,700,760	1,172,700,760
Number of shares issued during the year	-	-
Ordinary shares as at 31st December	1,172,700,760	1,172,700,760

42. STATUTORY RESERVES

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Statutory reserve fund (Note 42.1)	9,500,000	7,985,000	9,955,000	8,358,000
Special reserve (Note 42.2)	1,879,931	1,660,470	1,879,931	1,660,470
	11,379,931	9,645,470	11,834,931	10,018,470

42.1 Statutory Reserve Fund

The statutory reserve fund is maintained as required by Section 20 (1) of the Banking Act No. 30 of 1988. A sum equivalent to not less than 5% of the profit after tax before any dividend is declared or any profits are transferred elsewhere, should be transferred to the above reserve until it equals 50% of the Bank's stated capital. Thereafter, a further sum equivalent to 2% of such profits should be transferred to the statutory reserve fund until the amount of the said reserve fund equals the stated capital of the Bank.

Siyapatha Finance PLC also transfers 5% of its profit after tax to the statutory reserve fund, as required by the Finance Companies (Capital Funds) Direction No. 01 of 2003.

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	7,985,000	6,615,000	8,358,000	6,929,000
Transfer during the year	1,515,000	1,370,000	1,597,000	1,429,000
Balance as at 31st December	9,500,000	7,985,000	9,955,000	8,358,000

42.2 Special Reserve

As instructed by the Central Bank of Sri Lanka (CBSL), banks are required to maintain a special temporary reserve equal to 15% of the amortised cost of the USD Step-Up Bonds received in settlement of the restructured SLISBs in 2024. As of 31st December 2025, the amortised cost of these bonds stood at Rs 12,533 Mn, requiring the Bank to maintain Rs 1,880 Mn as a special reserve. Notably, this reserve shall not be included in the Bank's regulatory capital.

Bank & Group

	2025 Rs 000	2024 Rs 000
Balance as at 1st January	1,660,470	-
Transfer during the year	219,461	1,660,470
Balance as at 31st December	1,879,931	1,660,470

43. OTHER RESERVES

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Revaluation reserve (Note 43.1)	4,798,923	3,594,984	9,492,010	7,092,922
Fair value through other comprehensive income reserve (Note 43.2)	3,678,415	10,888,641	3,678,415	10,888,641
General reserve (Note 43.3)	95,027,656	80,010,923	95,027,656	80,010,923
	103,504,994	94,494,548	108,198,081	97,992,486

43.1 Revaluation Reserve

The revaluation reserve relates to the revaluation of freehold land and buildings and represents the fair value changes of the land and buildings as at the date of revaluation.

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	3,594,984	3,594,984	7,092,922	7,092,922
Revaluation surplus	1,719,913	-	3,427,268	-
Deferred tax effect on revaluation surplus	(515,974)	-	(1,028,180)	-
Balance as at 31st December	4,798,923	3,594,984	9,492,010	7,092,922

43.2 Fair Value through Other Comprehensive Income Reserve

The fair value through other comprehensive income reserve (FVOCI) comprises the cumulative net change in the fair value of financial assets measured at FVOCI until such investments are derecognised or impaired.

Bank & Group

	2025 Rs 000	2024 Rs 000
Balance as at 1st January	10,888,641	11,344,032
(Loss)/gain on re-measurement - debt instruments at FVOCI (Note 43.2.1)	(6,267,688)	1,923,421
Reclassification to profit or loss due to derecognition - debt instruments at FVOCI	(3,836,960)	(974,008)
Changes in impairment recycled to profit or loss - debt instruments at FVOCI	536,381	65
Loss on re-measurement - equity instruments at FVOCI	(846,306)	(1,286,931)
Exchange gain/(loss) - equity instruments at FVOCI	114,250	(313,106)
Deferred tax effect - due to change in temporary difference (Note 32.1)	3,090,097	195,168
Balance as at 31st December	3,678,415	10,888,641

43.2.1 The Bank incurred a mark to market loss of Rs 6.3 Bn (2024: gain of Rs 1.9 Bn) primarily on remeasurement of treasury bills and treasury bonds.

43.3 General Reserve

The Board of Directors decides the amount to be transferred to the general reserve from retained earnings after retaining a substantial amount to pay the proposed dividend. The purpose of setting up the general reserve is to meet potential future unknown commitments.

Bank & Group

	2025 Rs 000	2024 Rs 000
Balance as at 1st January	80,010,923	67,011,693
Unclaimed dividend adjustments	16,733	(770)
Transfer during the year	15,000,000	13,000,000
Balance as at 31st December	95,027,656	80,010,923

44. RETAINED EARNINGS

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Balance as at 1st January	13,657,079	10,566,248	21,130,237	16,711,726
Profit for the year	30,210,717	27,320,612	32,571,337	28,703,260
Actuarial loss on defined benefit plans	(1,314,645)	(1,912,875)	(1,329,197)	(1,907,115)
Deferred tax effect on actuarial loss on defined benefit plans	394,393	573,863	398,759	572,135
Final dividend: Cash	(10,964,752)	(6,860,299)	(10,964,752)	(6,860,299)
Transfers to reserves during the year	(16,734,461)	(16,030,470)	(16,816,461)	(16,089,470)
Balance as at 31st December	15,248,331	13,657,079	24,989,923	21,130,237

45. COMMITMENTS AND CONTINGENCIES

ACCOUNTING POLICY

The accounting policies relating to "Commitments and Contingencies" are set out in Note 3.4.3.8 to the Financial Statements.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Local Currency				
Credit related commitments & contingencies				
Undrawn-direct credit facilities	140,807,287	130,621,587	139,760,039	127,964,746
Undrawn-indirect credit facilities	127,743,494	100,355,887	127,743,494	100,355,887
Acceptances	310,655	43,094	310,655	43,094
Documentary credit	1,283,495	493,673	1,283,495	493,673
Guarantees	40,047,002	32,709,383	40,048,002	32,710,383
Credit related commitments & contingencies - Local currency	310,191,933	264,223,624	309,145,685	261,567,783
Other commitments & contingencies				
Capital commitments	826,455	1,419,564	911,013	1,512,302
Operating lease commitments - as lessee (Note 45.4)	133,698	100,937	133,698	100,937
Forward exchange contracts	4,838,111	15,142,955	4,838,111	15,142,955
Currency SWAPs	109,059,555	102,652,002	109,059,555	102,652,002
Other commitments & contingencies - Local currency	114,857,819	119,315,458	114,942,377	119,408,196
Gross commitments & contingencies - Local currency	425,049,752	383,539,082	424,088,062	380,975,979
Foreign Currency				
Credit related commitments & contingencies				
Undrawn-direct credit facilities	33,484,774	31,818,805	33,484,774	31,818,805
Undrawn-indirect credit facilities	13,868,467	7,311,473	13,868,467	7,311,473
Acceptances	22,506,331	16,722,320	22,506,331	16,722,320
Documentary credit	49,823,339	25,226,514	49,823,339	25,226,514
Guarantees	4,831,863	6,765,517	4,831,863	6,765,517
Credit related commitments & contingencies - Foreign currency	124,514,774	87,844,629	124,514,774	87,844,629
Other commitments & contingencies				
Capital commitments	158,190	532,448	158,190	532,448
Forward exchange contracts	22,808,723	36,552,533	22,808,723	36,552,533
Currency SWAPs	55,005,678	18,992,623	55,005,678	18,992,623
Other commitments & contingencies - Foreign currency	77,972,591	56,077,604	77,972,591	56,077,604
Gross commitments & contingencies - Foreign currency	202,487,365	143,922,233	202,487,365	143,922,233
Total gross commitments & contingencies	627,537,117	527,461,315	626,575,427	524,898,212
Impairment for expected credit losses - credit related commitments & contingencies (Note 45.2)	(2,796,186)	(3,616,994)	(2,787,154)	(3,595,480)
Commitments & contingencies - net of impairment for expected credit losses	624,740,931	523,844,321	623,788,273	521,302,732

45.1 Analysis of Credit Related Commitment and Contingencies based on the Exposure to Credit Risk

Bank

As at 31st December 2025	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000
Undrawn-direct credit facilities	167,629,376	6,662,685	-	174,292,061
Undrawn-indirect credit facilities	135,908,106	5,694,388	9,467	141,611,961
Acceptances	22,097,682	587,634	131,670	22,816,986
Documentary credit	48,622,890	2,196,003	287,941	51,106,834
Guarantees	41,481,772	2,682,593	714,500	44,878,865
Gross credit related commitments & contingencies	415,739,826	17,823,303	1,143,578	434,706,707
Impairment for expected credit losses	(1,699,499)	(692,078)	(404,609)	(2,796,186)
Net credit related commitments & contingencies	414,040,327	17,131,225	738,969	431,910,521

As at 31st December 2024	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000
Undrawn-direct credit facilities	153,504,250	8,936,142	-	162,440,392
Undrawn-indirect credit facilities	95,800,123	11,865,639	1,598	107,667,360
Acceptances	15,670,186	889,386	205,842	16,765,414
Documentary credit	23,841,836	1,754,097	124,254	25,720,187
Guarantees	32,220,326	5,911,696	1,342,878	39,474,900
Gross credit related commitments & contingencies	321,036,721	29,356,960	1,674,572	352,068,253
Impairment for expected credit losses	(2,027,337)	(1,000,137)	(589,520)	(3,616,994)
Net credit related commitments & contingencies	319,009,384	28,356,823	1,085,052	348,451,259

Group

As at 31st December 2025	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000
Undrawn-direct credit facilities	166,582,128	6,662,685	-	173,244,813
Undrawn-indirect credit facilities	135,908,106	5,694,388	9,467	141,611,961
Acceptances	22,097,682	587,634	131,670	22,816,986
Documentary credit	48,622,890	2,196,003	287,941	51,106,834
Guarantees	41,482,772	2,682,593	714,500	44,879,865
Gross credit related commitments & contingencies	414,693,578	17,823,303	1,143,578	433,660,459
Impairment for expected credit losses	(1,690,467)	(692,078)	(404,609)	(2,787,154)
Net credit related commitments & contingencies	413,003,111	17,131,225	738,969	430,873,305

As at 31st December 2024	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000
Undrawn-direct credit facilities	150,847,409	8,936,142	-	159,783,551
Undrawn-indirect credit facilities	95,800,123	11,865,639	1,598	107,667,360
Acceptances	15,670,186	889,386	205,842	16,765,414
Documentary credit	23,841,836	1,754,097	124,254	25,720,187
Guarantees	32,221,326	5,911,696	1,342,878	39,475,900
Gross credit related commitments & contingencies	318,380,880	29,356,960	1,674,572	349,412,412
Impairment for expected credit losses	(2,005,823)	(1,000,137)	(589,520)	(3,595,480)
Net credit related commitments & contingencies	316,375,057	28,356,823	1,085,052	345,816,932

45. COMMITMENTS AND CONTINGENCIES CONTD.

45.2 Impairment for Expected Credit Losses- Credit Related Commitments and Contingencies

	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Stage 1				
Balance as at 1st January	2,027,337	2,507,806	2,005,823	2,491,821
Net reversal for the year (Note 12.3)	(342,445)	(438,217)	(329,963)	(443,746)
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	14,607	(42,252)	14,607	(42,252)
Balance as at 31st December	1,699,499	2,027,337	1,690,467	2,005,823
Stage 2				
Balance as at 1st January	1,000,137	701,999	1,000,137	701,999
Net (reversal)/charge for the year (Note 12.3)	(361,136)	337,064	(361,136)	337,064
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	53,077	(38,926)	53,077	(38,926)
Balance as at 31st December	692,078	1,000,137	692,078	1,000,137
Stage 3				
Balance as at 1st January	589,520	25,693	589,520	25,693
Net (reversal)/charge for the year (Note 12.3)	(194,569)	565,622	(194,569)	565,622
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	9,658	(1,795)	9,658	(1,795)
Balance as at 31st December	404,609	589,520	404,609	589,520
Total				
Balance as at 1st January	3,616,994	3,235,498	3,595,480	3,219,513
Net (reversal)/charge for the year (Note 12.3)	(898,150)	464,469	(885,668)	458,940
Amounts written off during the year	-	-	-	-
Other movements including exchange rate differences	77,342	(82,973)	77,342	(82,973)
Balance as at 31st December	2,796,186	3,616,994	2,787,154	3,595,480

45.3 Capital Commitments

Capital expenditure approved by the Board of Directors, for which provisions have not been made in the accounts are detailed below.

	BANK		GROUP	
As at 31st December	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Approved & contracted for	65,404	1,346,818	149,962	1,439,556
Approved but not contracted for	919,241	605,194	919,241	605,194
	984,645	1,952,012	1,069,203	2,044,750

45.4 Operating Lease Commitments

Bank & Group

As at 31st December	2025 Rs 000	2024 Rs 000
Less than 1 year	133,698	100,937
More than 1 year	-	-
	133,698	100,937

45.5 Other Contingent Liabilities

45.5.1 Litigation against the Bank

Litigation is a common occurrence in the Banking industry due to the nature of its business and in that light, the Bank has formal controls and policies in place for managing and defending any legal action instituted against it. Pursuant to obtaining professional advice and estimating any loss likely to be incurred by the Bank, if any, adjustments are made to the accounts of the Bank in order to accommodate any adverse effects that such claims may have on its financial standing.

(i.) The following cases instituted against the Bank are currently being adjudicated before court.

(a) Case No. 7058/DMR

The Plaintiff instituted this action against the Bank, claiming a sum of Rs 20 Mn on the purported basis that the Bank has increased the rate of interest in respect of the housing loan obtained by the Plaintiff thereby causing loss to the Plaintiff. While the case is currently being adjudicated before the District Court, we note that the letter of offer confirms that the Bank has the right to increase the rate of interest. The Bank is confident that the subsisting contract with the Plaintiff confers on the Bank the right to increase rates.

(b) Case No. CHC/167/2020/MR and Case No. CHC/168/2020/MR

The Plaintiffs have filed the above actions against the Bank claiming a sum of Rs 250 Mn and Rs 100 Mn respectively, on the purported basis that the Bank has erroneously uplifted the deposits and transferred monies from the Plaintiffs' personal and corporate accounts without their consent and knowledge. The orders thus far in the above cases were delivered in favour of the Bank by which the Court had dissolved the enjoining orders thus far issued and also refused to grant the interim reliefs sought. The Bank is confident of being able to vindicate its position.

(c) Case No. CHC/21/2021/MR

The Plaintiff instituted this action against the Bank claiming damages in a sum of Rs 897 Mn on the purported basis that the Bank has recovered part of the outstanding facilities without consent of the customer. The Bank has taken up the position that it has at all times acted on the written instructions of the customer and in strict conformity with the applicable law.

(d) Case No. CHC/187/2023/MR

Customer has filed the case against the Bank claiming that he is entitled to a concessionary rate of interest under 'Jaya Isura' scheme. The Bank has taken up the position that it has granted the facility in keeping with the documents signed between the parties.

(e) Case No. DMR/575/24

The customer has filed this case claiming damages of Rs 500 Mn, challenging the rescheduling of an outstanding sum of Rs 6.1 Mn. The case is being defended on the premise that the customer has agreed to the rescheduling and this position is supported by documentary evidence.

(ii.) In addition to the above cases, the following cases have also been filed against the Bank seeking orders from Court preventing the Bank from enforcing mortgages to recover dues:

(a) Eight actions have been filed in Supreme Court

(b) Ten actions have been filed in Court of Appeal

(c) Eighty actions have been filed in Commercial High Court

(d) Two hundred and Ten actions have been filed in District Courts

45.5.2 Litigation on Employment and Industrial Relations

There are no material legal issues outstanding against the Bank and the Group on employment and industrial relations as at 31st December 2025. The Bank has made adequate provisions for all known litigations on employment and industrial relations.

45.5.3 Litigation against the Group

Other than those disclosed above, there are no cases filed against the Group which would have a material impact on the financial position of the Group.

46. NET ASSET VALUE PER SHARE

As at 31st December	BANK 2025	BANK 2024	GROUP 2025	GROUP 2024
Amounts used as the numerator:				
Total equity attributable to equity holders of the Bank (Rs 000)	178,874,375	166,538,216	193,764,054	177,882,312
Number of ordinary shares used as the denominator:				
Total number of shares as at 31st December	1,172,700,760	1,172,700,760	1,172,700,760	1,172,700,760
Net assets value per share (Rs)	152.53	142.01	165.23	151.69

47. RELATED PARTY DISCLOSURES

The Bank and the Group carry out transactions in the ordinary course of business with the parties who are defined as related parties in the Sri Lanka Accounting Standards - LKAS 24 (Related Party Disclosures), the details of these transactions are reported below.

47.1 Terms and Condition

The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Bank and is comparable with what is applied to transactions between the Bank/Group and its unrelated customers with similar credit standing.

47.2 Parent and Ultimate Controlling Party

The Bank does not have an identifiable parent of its own.

47.3 Transactions with Key Management Personnel (KMP)

As per Sri Lanka Accounting Standard - LKAS 24 (Related Party Disclosures), Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. According to the above definition, a person cannot be considered as a KMP unless such person has both the authority and responsibility to carry out all the three activities mentioned in the above definition (i.e. planning, directing and controlling the activities of the entity).

Accordingly, the Board of Directors of the Bank are considered as KMP of the Bank and the Group.

47.3.1 Compensation to KMP

For the year ended 31st December	BANK 2025 Rs 000	BANK 2024 Rs 000	GROUP 2025 Rs 000	GROUP 2024 Rs 000
Short term employment benefits				
Directors' fees & expenses	134,514	120,435	148,379	128,372
Short term benefits	170,337	149,470	170,337	149,470
Post-employment benefits				
Statutory	10,168	10,922	10,168	10,922
Non-statutory	15,780	75,815	15,780	75,815
Total	330,799	356,642	344,664	364,579

47.3.2 Transactions with KMP and their Close Family Members (CFM)

CFMs of the KMP are those family members who may be expected to influence the KMP or be influenced by that KMP in their dealings with the entity. They may include the KMP's spouse, children, domestic partner, children of the KMP's spouse/domestic partner and dependents of the KMP or the KMP's spouse/domestic partner. The aggregate value of the transactions with KMP and their CFMs are disclosed below.

As at 31st December	2025			2024		
	Limit	Closing Balance	Average Balance	Limit	Closing Balance	Average Balance
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Loans & advances	127,000	15,583	10,921	118,000	13,627	80,644
Credit cards	18,800	5,482	3,721	18,800	4,994	9,115
Indirect facilities	72,000	-	-	72,000	-	-
Deposits		377,942	214,045		375,005	327,195
Debentures		305,610	301,522		300,000	300,000
No of shares held		681,176			684,647	

For the year ended 31st December	2025	2024
	Rs 000	Rs 000
Interest & other income	1,421	10,729
Interest expense	96,132	105,891
Cash dividend paid (Gross)	6,389	4,240

No losses have been recorded against loan balances outstanding with KMP during the period and no specific provisions have been made under impairment losses against such balances as at the reporting date.

47.4 Transactions with Subsidiaries

Details of the subsidiaries are given in Note 28. The aggregate value of transactions with subsidiaries are disclosed below.

Subsidiary company	Nature of Facility/ Transaction	2025			2024		
		Limit	Average Balance	31st December Balance	Limit	Average Balance	31st December Balance
		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Sampath Centre Ltd	**As at**						
	Loans & advances	1,224,375	1,194,813	1,124,375	1,275,023	1,080,057	1,225,029
	Other assets		174,198	174,198		174,198	174,198
	Deposits		325,231	382,992		252,730	138,517
	Other liabilities		35,713	53,475		32,581	29,357
	For the year ended						
	Dividend income (Gross)			-			66,891
	Income & fees received			109,693			97,714
	Expenses & fees paid			1,101,295			717,698
Sampath Securities (Pvt) Ltd	**As at**						
	Loans & advances	500,000	22,161	-	600,000	187,695	-
	Deposits		105,438	9,831		45,506	175,795
	For the year ended						
	Dividend income (Gross)			8,249			-
	Income & fees received			5,062			27,643
	Expenses & fees paid			6,139			1,193

47. RELATED PARTY DISCLOSURES CONTD.

Subsidiary company	Nature of Facility/ Transaction	2025 Limit Rs 000	2025 Average Balance Rs 000	2025 31st December Balance Rs 000	2024 Limit Rs 000	2024 Average Balance Rs 000	2024 31st December Balance Rs 000
Siyapatha Finance PLC	**As at**						
	Loans & advances	3,014,700	3,304,299	2,494,545	4,149,767	3,825,917	3,668,500
	Deposits		65,314	113,108		42,940	6,530
	Repo borrowings		431,808	2,159,042		250,205	-
	For the year ended						
	Dividend income (Gross)			12,051			7,024
	Income & fees received			290,537			405,460
	Expenses & fees paid			15,466			23,993
Sampath Information Technology Solutions Ltd	**As at**						
	Loans & advances	750	38,081	89	400,000	24,082	52,914
	Deposits		490,609	552,488		393,853	592,098
	Other liabilities		286,846	267,190		177,656	153,271
	Indirect facilities	25,000	2,919	613	25,000	4,963	3,964
	For the year ended						
	Dividend income (Gross)			21,338			20,298
	Income & fees received			4,879			2,535
	Expenses & fees paid excluding reimbursement of expenses			357,503			281,488
	Purchase of computer hardware & software			702,168			43,199

The net asset value of all subsidiary companies exceeded the carrying value of the investments as at 31st December 2025. Accordingly, the Bank has not made any impairment provisions against its investment in subsidiary companies as at the reporting date.

47.5 Transactions with Other Related Parties

47.5.1 Transactions with Entities Controlled and/or Jointly Controlled by KMP or their CFMs

	2025 Limit Rs 000	2025 Average Balance Rs 000	2025 31st December Balance Rs 000	2024 Limit Rs 000	2024 Average Balance Rs 000	2024 31st December Balance Rs 000
Loans & advances	12,675,449	8,256,704	11,071,843	6,985,232	10,333,786	6,883,833
Indirect facilities		533,878	146,492		434,258	61,779
Deposits		74,553	60,292		379,993	166,001
Debentures		100,000	100,000		100,000	100,000

For the year ended 31st December	2025 Rs 000	2024 Rs 000
Interest income	651,723	940,024
Interest & other expenses	30,913	36,245
Cash dividend paid (Gross)	11,069	691,076

No losses have been recorded against loan balances outstanding with the entities controlled/jointly controlled by KMPs/CFMs of KMP as at the reporting date.

47.5.2 Transactions with Post Employment Benefit Plans of the Bank

Name of the Post Employment Benefit Plan	Nature of Transactions	2025 Average Balance Rs 000	2025 31st December Balance Rs 000	2024 Average Balance Rs 000	2024 31st December Balance Rs 000
Sampath Bank Employees' Provident Fund	**As at**				
	Deposits	4,844,456	4,794,472	3,583,707	3,662,357
	Debentures	759,740	784,740	661,073	634,740
	Interest payable	280,799	457,301	210,432	288,077
	For the year ended				
	Interest expense		566,750		453,695
Sampath Bank Employees' Pension Fund	**As at**				
	Deposits	2,554,938	2,318,156	2,252,871	2,029,563
	Debentures	775,667	784,000	740,250	734,000
	Investment in Sampath Bank Shares - market value	1,568,048	1,733,456	974,157	1,399,189
	Interest payable	252,177	194,616	256,334	271,101
	Net liability in the Bank's Financial Statements (Note 38.4.1)		3,869,529		2,586,553
	For the year ended				
	Interest expense		333,957		331,446
	Cash dividend paid (Gross)		110,634		69,220

48. SEGMENT INFORMATION

ACCOUNTING POLICY

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses from transactions with other components of the Group. Its operating results are reviewed regularly by the chief operating decision maker to make decisions about resource allocation and to assess performance, and discrete financial information is available for the segment.

For management purposes, the Group has identified four operating segments based on its products and services, as follows:

- Corporate Banking
- SME & Retail Banking
- Dealing/Investment
- Others

SME & Retail Banking includes activities such as retail lending and deposit-taking conducted through branch networks, excluding corporate units and support service departments. Dealing/Investment covers activities such as securities trading, investment banking, and foreign currency services provided by the Treasury Department and the Primary Dealer Unit. The activities of the four subsidiaries are classified under the "Others" segment.

Management monitors the operating results of its business units separately to make decisions about resource allocation and to assess performance. Segment performance is evaluated based on operating profits or losses, which, in certain respects, are measured differently from the operating profits or losses reported in the Consolidated Financial Statements. Taxes are managed at an entity level and are not allocated to operating segments.

Interest income is reported on a net basis, as management primarily relies on net interest income as a performance measure, rather than on gross income and expense.

Revenue from transactions with any single external customer or counterparty did not exceed 10% of the Bank's total revenue in 2025 or 2024.

The following table presents the income, profit, total assets, total liabilities and cash flows of the Group's operating segments.

48. SEGMENT INFORMATION CONTD.

For the year ended 31st December	Corporate Banking		SME & Retail Banking		Dealing/Investment		Others		(Eliminations)/Unallocated		Total	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Net interest income	16,701,500	15,922,564	53,704,777	51,371,340	20,942,194	26,415,943	5,491,017	4,456,915	(13,267,973)	(13,504,688)	83,571,515	84,662,074
Net fee & commission income	3,452,786	2,553,772	17,332,757	14,587,001	(42,165)	(38,125)	1,139,392	688,141	491,977	406,604	22,374,747	18,197,393
Net gain/(loss) from trading	-	-	-	-	4,254,888	(1,777,456)	-	73,194	-	-	4,254,888	(1,704,262)
Net gain/(loss) on derecognition of financial assets	-	-	-	-	3,968,812	(7,230,523)	-	(44,788)	-	-	3,968,812	(7,275,311)
Net other operating income	95,456	104,991	2,344,554	2,298,951	(2,618,715)	1,428,867	3,070,093	2,341,744	821,840	(5,965,545)	3,713,228	209,008
Total revenue from external customers	20,249,742	18,581,327	73,382,088	68,257,292	26,505,014	18,798,706	9,700,502	7,515,206	(11,954,156)	(19,063,629)	117,883,190	94,088,902
Inter segment (expense)/income	(445,028)	(414,263)	239,028	414,263	206,000	-	-	-	-	-	-	-
Total operating income	19,804,714	18,167,064	73,621,116	68,671,555	26,711,014	18,798,706	9,700,502	7,515,206	(11,954,156)	(19,063,629)	117,883,190	94,088,902
Less: Impairment (reversal)/charge	(3,017,753)	3,334,889	1,131,213	(96,934)	1,345,794	(15,785,676)	(59,630)	(177,345)	(42,320)	853,591	(642,696)	(11,871,475)
Net operating income	22,822,467	14,832,175	72,489,903	68,768,489	25,365,220	34,584,382	9,760,132	7,692,551	(11,911,836)	(19,917,220)	118,525,886	105,960,377
Less: Total operating expenses	1,209,871	926,159	28,024,502	22,781,281	463,321	414,236	5,019,390	4,165,607	15,685,764	14,515,108	50,402,848	42,802,391
Segment result	21,612,596	13,906,016	44,465,401	45,987,208	24,901,899	34,170,146	4,740,742	3,526,944	(27,597,600)	(34,432,328)	68,123,038	63,157,986
Less: Taxes on financial services											15,076,816	13,969,717
Less: Income tax expense											20,474,885	20,485,009
Profit for the year											32,571,337	28,703,260
Non controlling interest											-	-
Profit attributable to equity holders of the Bank											32,571,337	28,703,260

As at 31st December	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Segment assets	618,365,187	442,305,394	1,671,195,396	1,499,480,074	721,195,974	800,514,510	98,980,559	72,141,750	122,130,487	90,469,575	3,231,867,603	2,904,911,303
Unallocated assets	-	-	-	-	-	-	-	-	(1,167,660,363)	(1,067,915,937)	(1,167,660,363)	(1,067,915,937)
Total assets	618,365,187	442,305,394	1,671,195,396	1,499,480,074	721,195,974	800,514,510	98,980,559	72,141,750	(1,045,529,876)	(977,446,362)	2,064,207,240	1,836,995,366
Segment liabilities	600,796,788	428,286,441	1,636,011,243	1,462,721,564	697,417,122	762,323,364	79,997,643	56,682,788	19,787,509	10,668,547	3,034,010,305	2,720,682,704
Unallocated liabilities	-	-	-	-	-	-	-	-	(1,163,567,119)	(1,061,569,650)	(1,163,567,119)	(1,061,569,650)
Total liabilities	600,796,788	428,286,441	1,636,011,243	1,462,721,564	697,417,122	762,323,364	79,997,643	56,682,788	(1,143,779,610)	(1,050,901,103)	1,870,443,186	1,659,113,054

For the year ended 31st December	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Cash flows from operating activities	(106,388,358)	(35,188,078)	16,006,589	132,418,463	62,263,920	93,242,755	(8,710,843)	2,588,589	(31,698,303)	(27,444,636)	(68,526,995)	165,617,093
Cash flows from investing activities	-	97,826	-	-	93,167,876	(180,713,813)	2,108,116	(5,159,745)	(4,905,064)	(2,712,184)	90,370,928	(188,487,916)
Cash flows from financing activities	-	-	-	-	-	-	7,009,870	2,724,589	(3,320,905)	(15,723,019)	3,688,965	(12,998,430)
Capital expenditure	-	-	-	-	-	-	(830,614)	(1,309,213)	(4,944,835)	(2,759,257)	(5,775,449)	(4,068,470)

49. EVENTS AFTER THE REPORTING PERIOD

ACCOUNTING POLICY

Events after the reporting period are those events, both favourable and unfavourable, that occur between the reporting date and the date on which the Financial Statements are authorised for issue. No circumstances have arisen since the reporting date that would require adjustments to, or disclosure in, the Financial Statements, other than those disclosed below.

49.1 Proposed Dividend

The Directors of the Bank have recommended a final cash dividend of Rs 10.30 per share for the financial year ended 31st December 2025. This dividend is subject to approval by the shareholders at the Annual General Meeting to be held on 30th March 2026.

In accordance with Sri Lanka Accounting Standard - LKAS 10 (Events after the Reporting Period), this proposed final dividend has not been recognised as a liability as at 31st December 2025. As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors has confirmed that the Bank has satisfied the 'solvency test' under Section 57 of the Companies Act No. 7 of 2007, having obtained a certificate from the External Auditors, prior to recommending the final dividend for the year.

49.2 Incorporation of a New Subsidiary to Conduct Wealth Management Business

The Central Bank of Sri Lanka has granted approval for the Bank to engage in wealth management business through a wholly owned subsidiary. The commencement of these business activities is subject to the subsidiary obtaining all other necessary approvals, including regulatory approval from the Securities and Exchange Commission of Sri Lanka.

50. FAIR VALUE OF ASSETS & LIABILITIES

50.1 Assets & Liabilities Recorded at Fair Value

The following is a description of how fair values are determined for assets and liabilities that are recorded at fair value. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing assets and liabilities.

Derivatives - Assets & Liabilities

Derivative products, which consist of SWAPs, forward foreign exchange contracts and hedges are valued using a valuation technique with market-observable inputs. The most frequently applied valuation techniques include forward foreign exchange spot and forward premiums.

Financial Assets - Fair Value through Other Comprehensive Income (FVOCI)

FVOCI financial assets primarily consist of quoted/unquoted equity securities and government securities. Government securities are valued using the yield curve published by the Central Bank of Sri Lanka. Quoted equity securities are valued using quoted market prices in active markets as at the reporting date. Unquoted equity investments of the Group include share investments that have been made primarily for regulatory purposes. Such investments have been recorded at cost, which is comparable to computed fair value.

Trading Assets Measured at Fair Value

Government securities in the trading portfolio are valued using yield curve published by the Central Bank of Sri Lanka. For quoted equity securities, the Bank uses quoted market prices in the active market as at the reporting date.

Property, Plant & Equipment

Freehold land and buildings are carried at revalued amounts, being their fair value at the revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group last revalued its freehold land and buildings on 31st December 2025.

50.2 Valuation Model

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Bank uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value of freehold land and buildings was determined by using Market Comparable Method or Income Basis. These valuations performed by the valuers are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. Management determined that freehold land and buildings constitute one class of asset under Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement), based on the nature, characteristics and risks of the property.

Fair values are determined according to the following hierarchy:

Level 1 – Quoted market price (unadjusted): quoted prices for identical assets and liabilities in active markets.

Level 2 – Valuation technique using observable inputs: quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets and liabilities in inactive markets and are valued using models where all significant inputs are observable.

Level 3 – Valuation technique with significant unobservable inputs: assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

50.3 Valuation Framework

The Bank has an established control framework with respect to the measurement of fair values of trading and investment operations and all other significant assets and liabilities. Specific controls include:

- A review and approval process involving the Board Audit Committee for significant judgment and assumptions, new models, changes to existing judgments, assumptions and models.
- Periodic (at least quarterly) reviewing of fair value measurements against observable market data.
- Periodic (at least annually) reviewing of fair value measurement models against changes in market conditions, significant judgments and assumptions.
- Use of sophisticated software for fair value measurements of trading and investment securities and derivatives.
- Independent analysis and investigation of significant daily valuation movements in trading and investment securities and derivatives.
- A dual verification process for market data inputs to the fair value measurement software.

50.4 Transfers between the Levels of the Fair Value Hierarchy

Significant transfers can occur between the fair value hierarchy levels when additional or new information regarding valuation inputs and their observability becomes available. The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Bank reported its investment in USD step-up bonds and PDI bonds under Level 2 of the fair value hierarchy as at 31st December 2024. The investment in PDI bonds was reclassified from Level 2 to Level 1 as of 31st December 2025, as these bonds became actively traded in the market.

Apart from the mentioned transfer, the Bank/Group did not move any asset/liability between levels of the fair value hierarchy during the reporting period.

50.5 Assets & Liabilities Measured at Fair Value - Fair Value Hierarchy

The following table shows an analysis of assets and liabilities recorded at fair value by level of the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the value recognised in the Statement of Financial Position.

50. FAIR VALUE OF ASSETS & LIABILITIES CONTD.

50.5 Assets & Liabilities Measured at Fair Value - Fair Value Hierarchy (Contd.)

Bank

As at 31st December	Date of Valuation	2025 Fair Value Measurement Using Quoted Prices in Active Markets Level 1 Rs 000	2025 Significant Observable Inputs Level 2 Rs 000	2025 Significant Unobservable Inputs Level 3 Rs 000	2025 Total Rs 000	2024 Fair Value Measurement Using Quoted Prices in Active Markets Level 1 Rs 000	2024 Significant Observable Inputs Level 2 Rs 000	2024 Significant Unobservable Inputs Level 3 Rs 000	2024 Total Rs 000
Financial assets measured at fair value									
Derivative financial instruments	31st December								
Currency SWAPs		-	2,406,592	-	2,406,592	-	365,368	-	365,368
Forward exchange contracts		-	61,896	-	61,896	-	141,686	-	141,686
Sub Total		-	2,468,488	-	2,468,488	-	507,054	-	507,054
Financial assets- fair value through profit or loss	31st December								
Government securities -Treasury bills & bonds		403,260	-	-	403,260	4,614,332	-	-	4,614,332
Sub Total		403,260	-	-	403,260	4,614,332	-	-	4,614,332
Financial assets - fair value through other comprehensive income	31st December								
Government securities - Sri Lanka									
Treasury bills & bonds		139,634,992	-	-	139,634,992	346,270,583	-	-	346,270,583
Sri Lanka International Sovereign Bonds - PDI Bonds		6,825,479	-	-	6,825,479	-	-	-	-
US Treasuries									
Treasury bills		-	-	-	-	18,983,956	-	-	18,983,956
Equity Securities									
Quoted equity security		1,592,163	-	-	1,592,163	2,324,219	-	-	2,324,219
Unquoted equity securities		-	-	203,863	203,863	-	-	203,754	203,754
Sub Total		148,052,634	-	203,863	148,256,497	367,578,758	-	203,754	367,782,512
Total financial assets measured at fair value		148,455,894	2,468,488	203,863	151,128,245	372,193,090	507,054	203,754	372,903,898
Non-financial assets measured at fair value	31st December								
Freehold land & buildings (included under property, plant & equipment)		-	-	8,725,369	8,725,369	-	-	6,745,601	6,745,601
Total non - financial assets measured fair value		-	-	8,725,369	8,725,369	-	-	6,745,601	6,745,601
Financial liabilities measured at fair value									
Derivative financial instruments	31st December								
Currency SWAPs		-	546,964	-	546,964	-	3,039,279	-	3,039,279
Forward exchange contracts		-	258,099	-	258,099	-	161,311	-	161,311
Total financial liabilities measured at fair value		-	805,063	-	805,063	-	3,200,590	-	3,200,590

Group

As at 31st December	Date of Valuation	2025				2024			
		Fair Value Measurement Using				Fair Value Measurement Using			
		Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total	Quoted Prices in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial assets measured at fair value									
Derivative financial instruments	31st December								
Currency SWAPs		-	2,406,592	-	2,406,592	-	365,368	-	365,368
Forward exchange contracts		-	61,896	-	61,896	-	141,686	-	141,686
Sub Total		-	2,468,488	-	2,468,488	-	507,054	-	507,054
Financial assets - fair value through profit or loss	31st December								
Government securities -Treasury bills & bonds		403,260	-	-	403,260	4,614,332	-	-	4,614,332
Sub Total		403,260	-	-	403,260	4,614,332	-	-	4,614,332
Financial assets - fair value through other comprehensive income	31st December								
Government securities - Sri Lanka									
Treasury bills & bonds		139,634,992	-	-	139,634,992	346,270,583	-	-	346,270,583
Sri Lanka International Sovereign Bonds - PDI Bonds		6,825,479	-	-	6,825,479	-	-	-	-
US Treasuries									
Treasury bills		-	-	-	-	18,983,956	-	-	18,983,956
Equity Securities									
Quoted equity security		1,592,163	-	-	1,592,163	2,324,219	-	-	2,324,219
Unquoted equity securities		-	-	203,919	203,919	-	-	203,810	203,810
Sub Total		148,052,634	-	203,919	148,256,553	367,578,758	-	203,810	367,782,568
Total financial assets measured at fair value		148,455,894	2,468,488	203,919	151,128,301	372,193,090	507,054	203,810	372,903,954
Non-financial assets measured at fair value	31st December								
Freehold land & buildings (included under property, plant & equipment)		-	-	19,655,048	19,655,048	-	-	15,049,668	15,049,668
Total non - financial assets measured fair value		-	-	19,655,048	19,655,048	-	-	15,049,668	15,049,668
Financial liabilities measured at fair value	31st December								
Derivative financial instruments									
Currency SWAPs		-	546,964	-	546,964	-	3,039,279	-	3,039,279
Forward exchange contracts		-	258,099	-	258,099	-	161,311	-	161,311
Total financial liabilities measured at fair value		-	805,063	-	805,063	-	3,200,590	-	3,200,590

50. FAIR VALUE OF ASSETS & LIABILITIES CONTD.

50.6 Level 3 Fair Value Measurement

50.6.1 Reconciliation

The following table shows a reconciliation of how the fair value measurements in Level 3 of the fair value hierarchy were arrived at, from the beginning to the ending balances.

	BANK		GROUP	
	Assets Measured at Level 3		Assets Measured at Level 3	
	Unquoted Equity Securities	Freehold Land and Buildings	Unquoted Equity Securities	Freehold Land and Buildings
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	60,571	6,755,058	60,627	14,675,886
Additions	151,144	48,578	151,144	79,105
Gain/(loss) recognised in other comprehensive income				
Loss from mark to market valuation (Note 27.6)	(7,758)	-	(7,758)	-
Exchange rate differences	(203)	-	(203)	-
Gain/(loss) recognised in profit or loss:				
Depreciation of buildings	-	(58,035)	-	(190,146)
Transfer from capital work in progress	-	-	-	484,823
Balance as at 31st December 2024	203,754	6,745,601	203,810	15,049,668
Balance as at 1st January 2025	203,754	6,745,601	203,810	15,049,668
Additions	-	318,964	-	453,343
Revaluation surplus	-	1,719,913	-	3,427,268
Gain/(loss) recognised in other comprehensive income				
Exchange rate differences	109	-	109	-
Gain/(loss) recognised in profit or loss:				
Depreciation of buildings	-	(59,109)	-	(217,960)
Transfer from capital work in progress	-	-	-	942,729
Balance as at 31st December 2025	203,863	8,725,369	203,919	19,655,048

50.6.2 Unobservable Inputs Used In Measuring Fair Value

The table below sets out information about significant unobservable inputs used in measuring the fair value of assets categorised under Level 3 of the fair value hierarchy.

Type of Asset	Assets Measured at Level 3					
	Bank Fair Value as at 31st December 2025 Rs 000	Group Fair Value as at 31st December 2025 Rs 000	Valuation Technique	Significant Unobservable Inputs	Weighted Average Range of Estimates for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Property, plant & equipment						
- Freehold lands	6,683,170	10,665,970	Market comparable basis	Estimated price per perch		*
				Bank	Rs 125,000 - 19,529,146	
				Subsidiary	Rs 15,463,918 - 23,000,000	
- Freehold buildings	2,042,199	8,989,078	Income basis	Estimated price per sq.ft		*
				Bank	Rs 4,640 - 23,692	
				Subsidiary	Rs 17,512 - 21,754	
			Income basis	Estimated rental value per sq.ft		
				Bank	Rs 28 - 325	
				Subsidiary	Rs 275 - 400	
				Expected market rental growth		
				Bank	0% - 6.00%	*
				Subsidiary	0% - 6.00%	*
				Discount rate		
				Bank	5.25% - 7.00%	**
				Subsidiary	5.50% - 6.00%	**

* Significant increases/(decreases) in any of these inputs in isolation would result in a significantly higher/(lower) fair value.

** Significant increases/(decreases) in this input in isolation would result in a significantly (lower)/higher fair value.

50.7 Fair Value of Financial Assets and Liabilities Carried at Amortised Cost

The following describes the methodologies and assumptions used to determine fair values of those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets of which Fair Value Approximates Carrying Value

For financial assets and liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair values. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed-rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For variable rate instruments with a fixed credit spread, an adjustment is made to reflect the change in credit spread since the instrument was first recognised.

Variable Rate Financial Instruments

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments. Treasury bonds received in settlement of Sri Lanka Development Bonds under the Domestic Debt Optimisation Program in 2023 carry a variable interest rate of SLFR + 1% (Standard Lending Facility Rate). Similarly, treasury bonds received through the restructuring of Sri Lanka International Sovereign Bonds in 2024 carry a variable interest rate of SLFR + 0.5%. These bonds have been classified under Level 2 of the fair value hierarchy.

Set out below is a comparison of the carrying amounts and fair values of the Bank's financial instruments by classes that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

50. FAIR VALUE OF ASSETS & LIABILITIES CONTD.

50.7 Fair Value of Financial Assets and Liabilities Carried at Amortised Cost (Contd.)

As at 31st December 2025	BANK					GROUP				
	Fair Value				Carrying Value	Fair Value				Carrying Value
	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000	Rs 000	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000	Rs 000
Financial Assets										
Cash & cash equivalents	-	62,018,008	-	62,018,008	62,018,008	-	62,563,988	-	62,563,988	62,563,988
Balances with Central Bank of Sri Lanka	-	21,835,192	-	21,835,192	21,835,192	-	21,835,192	-	21,835,192	21,835,192
Placements with banks	-	39,223,825	-	39,223,825	39,223,825	-	39,223,825	-	39,223,825	39,223,825
Reverse repurchase agreements	-	44,282	-	44,282	44,282	-	7,085,229	-	7,085,229	7,085,229
Financial assets at amortised cost										
- loans & advances	-	1,129,099,825	-	1,129,099,825	1,127,776,792	-	1,199,655,602	-	1,199,655,602	1,195,918,062
- debt & other instruments	482,797,470	42,432,555	-	525,230,025	523,176,568	482,854,202	42,432,555	-	525,286,757	523,233,300
Other financial assets	-	8,326,567	-	8,326,567	8,326,567	-	9,931,981	-	9,931,981	9,931,981
	482,797,470	1,302,980,254	-	1,785,777,724	1,782,401,234	482,854,202	1,382,728,372	-	1,865,582,574	1,859,791,577
Financial Liabilities										
Due to banks	-	24,748,752	-	24,748,752	24,687,100	-	44,109,982	-	44,109,982	43,929,855
Securities sold under repurchase agreements	-	32,785,653	-	32,785,653	32,785,653	-	30,626,611	-	30,626,611	30,626,611
Financial liabilities at amortised cost										
- due to depositors	-	1,633,604,907	-	1,633,604,907	1,627,060,300	-	1,670,462,680	-	1,670,462,680	1,662,952,864
- due to other borrowers	-	8,357,756	-	8,357,756	8,357,756	-	8,357,756	-	8,357,756	8,357,756
- due to debt securities holders	-	33,697,346	-	33,697,346	29,795,272	-	46,024,441	-	46,024,441	41,883,516
Dividend payable	-	405,100	-	405,100	405,100	-	405,100	-	405,100	405,100
Other financial liabilities	-	40,649,343	-	40,649,343	40,649,343	-	42,400,890	-	42,400,890	42,400,890
	-	1,774,248,857	-	1,774,248,857	1,763,740,524	-	1,842,387,460	-	1,842,387,460	1,830,556,592

50.7 Fair Value of Financial Assets and Liabilities Carried at Amortised Cost (Contd.)

As at 31st December 2024	BANK					GROUP				
	Fair Value				Carrying Value	Fair Value				Carrying Value
	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000	Rs 000	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000	Rs 000
Financial Assets										
Cash & cash equivalents	-	46,229,318	-	46,229,318	46,229,318	-	46,501,139	-	46,501,139	46,501,139
Balances with Central Bank of Sri Lanka	-	16,373,983	-	16,373,983	16,373,983	-	16,373,983	-	16,373,983	16,373,983
Placements with banks	-	26,452,245	-	26,452,245	26,452,245	-	26,452,245	-	26,452,245	26,452,245
Reverse repurchase agreements	-	1,000,220	-	1,000,220	1,000,220	-	6,596,063	-	6,596,063	6,596,063
Financial assets at amortised cost										
- loans & advances	-	862,032,418	-	862,032,418	860,151,610	-	907,820,422	-	907,820,422	901,950,481
- debt & other instruments	354,429,078	53,244,486	-	407,673,564	401,280,763	358,764,335	53,244,486	-	412,008,821	405,616,020
Other financial assets	-	12,571,604	-	12,571,604	12,571,604	-	14,358,414	-	14,358,414	14,358,414
	354,429,078	1,017,904,274	-	1,372,333,352	1,364,059,743	358,764,335	1,071,346,752	-	1,430,111,087	1,417,848,345
Financial Liabilities										
Due to banks	-	23,259,811	-	23,259,811	23,259,811	-	30,160,890	-	30,160,890	30,067,815
Securities sold under repurchase agreements	-	40,312,784	-	40,312,784	40,312,784	-	40,312,784	-	40,312,784	40,312,784
Financial liabilities at amortised cost										
- due to depositors	-	1,462,284,013	-	1,462,284,013	1,455,864,416	-	1,493,462,078	-	1,493,462,078	1,487,148,551
- due to other borrowers	-	8,061,364	-	8,061,364	8,061,364	-	8,061,364	-	8,061,364	8,061,364
- due to debt securities holders	-	23,059,835	-	23,059,835	18,891,500	-	28,863,197	-	28,863,197	24,741,652
Dividend payable	-	298,695	-	298,695	298,695	-	298,695	-	298,695	298,695
Other financial liabilities	-	30,918,520	-	30,918,520	30,918,520	-	31,040,787	-	31,040,787	31,040,787
	-	1,588,195,022	-	1,588,195,022	1,577,607,090	-	1,632,199,795	-	1,632,199,795	1,621,671,648

51. RISK MANAGEMENT

51.1 Introduction

Risk is inherent in the Bank's activities, but is managed through an ongoing process of identification, measurement and monitoring, subject to risk limits and other controls. The risk management process is critical to the Bank's continuous profitability and each individual within the Bank is accountable for managing the risk exposures associated with their specific job functions. The Bank is primarily exposed to Credit Risk, Liquidity Risk, Market Risk and Operational Risk, which are disclosed in this note and summarised below.

		Page No.
51.2	**Credit Risk**	473
51.2.1	Assessment of expected credit losses	474
51.2.2	Risks on credit-related commitments	479
51.2.3	Collateral and other credit enhancements	479
51.2.4	Stage-wise movement of loans & advances and commitments & contingencies	483
51.2.5	Credit quality by class of financial assets	490
51.2.6	Counterparty-wise analysis of derivative financial instruments	494
51.2.7	Analysis of risk concentration	495
51.3	**Liquidity Risk and Funding Management**	499
51.3.1	Liquidity ratios	499
51.3.2	Analysis of financial assets and liabilities by remaining contractual maturities	500
51.3.3	Remaining contractual maturities of commitments and contingencies	504
51.3.4	Financial assets available to support future funding	506
51.4	**Market Risk**	507
51.4.1	Classification of assets and liabilities subject to market risk	507
51.4.2	Interest rate risk	509
51.4.3	Currency risk	513
51.4.4	Equity price risk	515
51.4.5	Commodity price risk	515
51.5	**Operational Risk**	515
51.6	**Capital Management**	515
51.6.1	Regulatory capital	516

Risk Management Framework

The Board of Directors holds ultimate responsibility for establishing and overseeing the Bank's risk management framework. This authority is delegated to the Board Integrated Risk Management Committee (BIRMC) which is tasked with developing and monitoring the Bank's risk management policies. The Committee consists of four Non - Executive Directors. It meets regularly and ensure that the Board of Directors is kept informed of its activities.

The Bank's risk management policies are designed to identify and analyse the risks faced by the Bank, set appropriate risk limits and controls and monitor adherence to these limits. These policies and systems are regularly reviewed to reflect changes in market conditions, products and services. The Bank maintains a disciplined and constructive control environment, where all employees are assigned and understand their respective roles and responsibilities.

Integrated Risk Management Unit

The primary responsibility for risk management lies with the business units, including Credit Departments, Branches, Regional Offices, and Treasury. The Integrated Risk Management Unit, which operates independently of profit or volume targets, serves as the second line of defence and reports directly to the Chief Risk Officer (CRO). The CRO, in turn, reports to the Board Integrated Risk Management Committee (BIRMC).

The Asset and Liability Committee (ALCO)

ALCO is chaired by the Managing Director/CEO and includes representatives from Treasury Department, Credit Departments, Finance Department, Strategic Planning Department, Deposit Mobilisation Department and the Marketing Department. Additionally, the Executive Director/Chief Financial Officer and Chief Risk Officer are members of the ALCO. The Committee convenes regularly to monitor and manage the Bank's assets, liabilities, and overall liquidity position, ensuring that liquidity remains at healthy levels while adhering to regulatory requirements.

Risk Measurement and Reporting

The Bank assesses its risks using techniques tailored to each type of risk, in alignment with industry best practices. Stress testing is conducted to identify the impact of extreme events or worst-case scenarios for major types of risks, with results reported to the BIRMC periodically. Risk monitoring and control are primarily based on policies, limits and thresholds established by the Bank. These limits reflect the business strategy, the market environment in which the Bank operates and the level of risk the Bank is willing to accept (Risk Appetite).

Risk Mitigation

As part of its overall risk management, the Bank obtains various types of collaterals to mitigate risk. The Risk Management Policy of the Bank clearly defines details such as the nature of acceptable collateral and the required security margin. Any deviations from these guidelines require specific approval. However, approving authorities consider the availability of security only as the secondary source of repayment.

51.2 Credit Risk

Credit risk is the risk of financial loss to the Bank if a borrower or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises primarily from the Bank's loans & advances, as well as investments in debt securities. Additionally, the Bank faces credit risk from indirect liabilities such as letters of credit, guarantees etc, which also carry credit risk.

The Bank considers and consolidates all elements of credit risk exposure, such as individual obligor default risk, country and sector concentration risks to ensure stringent Credit Risk Management.

51. RISK MANAGEMENT CONTD.

51.2.1 Assessment of Expected Credit Losses

51.2.1.1 Analysis of the total impairment for expected credit losses

Bank

As at 31st December	Notes	2025				2024
		Stage 1	Stage 2	Stage 3	Total	Total
		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cash & cash equivalents	20.2	11,224	-	-	11,224	22,221
Placements with banks	22.2	12,357	-	-	12,357	26,063
Financial assets at amortised cost						
- loans & advances	25.2	15,967,896	9,173,859	70,722,429	95,864,184	104,424,535
- debt & other instruments	26.3	3,375	1,142,884	254,784	1,401,043	538,788
Credit related commitments & contingencies	45.2	1,699,499	692,078	404,609	2,796,186	3,616,994
Other financial assets		-	-	714,286	714,286	828,000
Total impairment for expected credit losses		17,694,351	11,008,821	72,096,108	100,799,280	109,456,601

Group

As at 31st December	Notes	2025				2024
		Stage 1	Stage 2	Stage 3	Total	Total
		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cash & cash equivalents	20.2	11,326	-	-	11,326	22,323
Placements with banks	22.2	12,357	-	-	12,357	26,063
Financial assets at amortised cost						
- loans & advances	25.2	16,265,023	9,893,277	72,064,516	98,222,816	107,310,514
- debt & other instruments	26.3	3,375	1,142,884	254,784	1,401,043	538,788
Credit related commitments & contingencies	45.2	1,690,467	692,078	404,609	2,787,154	3,595,480
Other financial assets		188,861	-	714,286	903,147	934,698
Total impairment for expected credit losses		18,171,409	11,728,239	73,438,195	103,337,843	112,427,866

51.2.1.2 Movement of the total impairment for expected credit losses during the period

	Notes	BANK		GROUP	
		2025	2024	2025	2024
		Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January		109,456,601	141,068,725	112,427,866	144,886,977
Net charge for the year		(1,173,634)	(10,854,142)	(1,179,077)	(10,997,574)
Write-off during the year	25.2	(7,303,278)	(13,713,315)	(7,730,172)	(14,402,471)
Interest income accrued on impaired loans & advances	7.1	(4,206,834)	(5,198,011)	(4,207,571)	(5,198,552)
Other movements		4,026,425	(1,846,656)	4,026,797	(1,860,514)
Balance as at 31st December		100,799,280	109,456,601	103,337,843	112,427,866

The methodology used to determine expected credit losses is detailed in Note 3.4.6 of the financial statements.

51.2.1.3 Sensitivity of factors used to determine impairment provisions

Management judgement plays a crucial role in determining the impairment allowance for loans and advances. Key variables such as Probability of Default (PD), Loss Given Default (LGD), Economic Factor Adjustment (EFA), property foreclosure period for individually significant loans and deemed loss period are influenced by management judgment. Changes in any such variable can lead to different levels of impairment allowance. The following tables illustrate the sensitivity of the Bank's impairment allowance to changes in these variables as of 31st December 2025 and 31st December 2024.

As at 31st December 2025

	Sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on Statement of Profit or Loss [Increase/ (Decrease) in operating profit before tax]
	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000	Rs 000
Probability of Default (PD)					
Increase existing PD by 1% across all age buckets	5,240,650	124,275	-	5,364,925	(5,364,925)
Decrease existing PD by 1% across all age buckets*	(4,313,637)	(124,275)	-	(4,437,912)	4,437,912
Loss Given Default (LGD)					
5% increase	1,354,865	161,822	1,261,516	2,778,203	(2,778,203)
5% decrease*	(1,354,865)	(161,822)	(1,261,516)	(2,778,203)	2,778,203
Economic Factor Adjustment (EFA)					
Worst case 5% increase, with a decrease of 2.5% each in best & base cases	270,208	21,001	-	291,209	(291,209)
Worst case 5% decrease, with an increase of 2.5% each in best & base cases	(270,208)	(21,001)	-	(291,209)	291,209
Property foreclosure period for individually significant impaired customers					
Increase by one year	-	-	3,279,905	3,279,905	(3,279,905)
Decrease by one year**	-	-	(3,583,353)	(3,583,353)	3,583,353
Deemed loss period					
Increase by 1 year	(744,141)	(92,620)	(781,486)	(1,618,247)	1,618,247
Decrease by 1 year**	1,163,698	150,539	1,276,370	2,590,607	(2,590,607)

* The PD/LGD decrease is limited to 0%, if applicable.

** Foreclosure period/deemed loss period is capped at one year, if applicable.

51. RISK MANAGEMENT CONTD.

As at 31st December 2024

	Sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on Statement of Profit or Loss [Increase/ (Decrease) in operating profit before tax]
	Stage 1 Rs 000	Stage 2 Rs 000	Stage 3 Rs 000	Total Rs 000	Rs 000
Probability of Default (PD)					
Increase existing PD by 1% across all age buckets	2,995,844	308,132	-	3,303,976	(3,303,976)
Decrease existing PD by 1% across all age buckets*	(2,799,870)	(308,132)	-	(3,108,002)	3,108,002
Loss Given Default (LGD)					
5% increase	839,223	306,235	1,578,135	2,723,593	(2,723,593)
5% decrease*	(839,223)	(306,235)	(1,578,135)	(2,723,593)	2,723,593
Economic Factor Adjustment (EFA)					
Worst case 5% increase, with a decrease of 2.5% each in best & base cases	220,289	43,036	-	263,325	(263,325)
Worst case 5% decrease, with an increase of 2.5% each in best & base cases	(220,289)	(43,036)	-	(263,325)	263,325
Property foreclosure period for individually significant impaired customers					
Increase by one year	-	-	3,589,086	3,589,086	(3,589,086)
Decrease by one year**	-	-	(3,965,851)	(3,965,851)	3,965,851
Deemed loss period					
Increase by 1 year	(543,114)	(381,337)	(1,537,393)	(2,461,844)	2,461,844
Decrease by 1 year**	1,083,443	522,923	2,617,984	4,224,350	(4,224,350)

* The PD/LGD decrease is limited to 0%, if applicable.

** Foreclosure period/deemed loss period is capped at one year, if applicable.

51.2.1.4 Sensitivity Analysis: Impact of staging of loans and advances on collective impairment

If all loans and advances currently in stage 2, were moved to stage 1, the Expected Credit Loss (ECL) provision of the Bank/Group as at 31st December 2025 would have reduced by approximately 1% (2024 - 2%). The total loans and advances in stage 2 as at 31st December 2025 amounts to Rs 93 Bn for the Bank and Rs 111 Bn for the Group.

If all loans and advances currently in stage 1 were moved to stage 2, the ECL provision of the Bank/Group as at 31st December 2025 would have further increased by approximately 34% (2024 - 21%). The total loans and advances in stage 1 as at 31st December 2025 amounts to Rs 1,014 Bn for the Bank and Rs 1,062 Bn for the Group. The management believes that a movement of the entire stage 1 loan portfolio to stage 2 is highly unlikely.

The increase or decrease in impairment has been calculated excluding the allowance for overlay recognised as at the reporting date.

51.2.1.5 Breakdown of loans classified under stage 2

Loans classified under stage 2 include contractually past due loans and loans that have been shifted to stage 2 based on the criteria specified in Notes 3.4.6.1.(b) & 3.4.6.11.

Bank

As at 31st December	2025				2024
	Not Contractually Past Due	Contractually Past Due		Total	Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	38,330,143	13,749,800	8,777,653	60,857,596	94,445,926
Overdraft	3,764,950	2,044,196	115,800	5,924,946	14,081,351
Import loans	7,212,082	1,714,474	43,783	8,970,339	12,904,215
Others	7,638,674	5,655,961	3,798,202	17,092,837	30,435,825
	56,945,849	23,164,431	12,735,438	92,845,718	151,867,317

Group

As at 31st December	2025				2024
	Not Contractually Past Due	Contractually Past Due		Total	Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	38,330,143	14,801,233	8,932,520	62,063,896	95,762,046
Overdraft	3,764,950	2,044,196	115,800	5,924,946	14,081,351
Import loans	7,212,082	1,714,474	43,783	8,970,339	12,904,215
Others	15,519,591	12,004,244	6,788,261	34,312,096	47,665,636
	64,826,766	30,564,147	15,880,364	111,271,277	170,413,248

51. RISK MANAGEMENT CONTD.

51.2.1.6 Breakdown of loans classified under stage 3

Loans classified under stage 3 include contractually past due loans and loans that have been shifted to stage 3 based on the criteria specified in Notes 3.4.6.1.(a) & 3.4.6.11.

Bank

As at 31st December	2025					2024
	Not Contractually Past Due			Contractually Past Due	Total	Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	above 90 Days		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	7,600,292	585,267	3,750,576	88,692,096	100,628,231	112,598,980
Overdraft	54,306	2,604	1,002	5,680,162	5,738,074	7,122,597
Import loans	510,879	-	-	2,114,879	2,625,758	3,536,281
Others	402,185	7,498	32,897	7,583,708	8,026,288	9,029,933
	8,567,662	595,369	3,784,475	104,070,845	117,018,351	132,287,791

Group

As at 31st December	2025					2024
	Not Contractually Past Due			Contractually Past Due	Total	Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	above 90 Days		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Term loans	7,600,292	585,267	3,750,576	89,254,500	101,190,635	113,660,048
Overdraft	54,306	2,604	1,002	5,680,162	5,738,074	7,122,597
Import loans	510,879	-	-	2,114,879	2,625,758	3,536,281
Others	550,283	225,228	416,195	9,849,786	11,041,492	12,161,231
	8,715,760	813,099	4,167,773	106,899,327	120,595,959	136,480,157

51.2.1.7 Overview of rescheduled & restructured loans

An analysis of rescheduled and restructured loans and advances of the Bank/Group in stage 2 and stage 3 is provided below, along with the impairment for ECL. This analysis excludes individually significant impaired loans and advances, for which ECLs have been derived by discounting future recovery cash flows of such loans.

As at 31st December 2025

	Amortised Cost			Impairment for ECL			Net Carrying Value
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Bank	2,471,026	12,446,312	14,917,338	318,217	7,017,216	7,335,433	7,581,905
Group	3,294,286	12,869,286	16,163,572	346,459	7,109,096	7,455,555	8,708,017

As at 31st December 2024

	Amortised Cost			Impairment for ECL			Net Carrying Value
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Bank	5,348,856	14,718,674	20,067,530	540,759	7,688,434	8,229,193	11,838,337
Group	6,134,784	15,556,905	21,691,689	572,482	7,918,683	8,491,165	13,200,524

51.2.1.8 Overview of rescheduled/restructured loans & advances upgraded during the year

The Bank upgrades rescheduled/restructured loans from Stage 3/Stage 2 to Stage 1 as per the upgrading policy described in Note 3.4.6.11 of the Financial Statements. During the year the Bank upgraded Rs 6.2 Bn (2024: Rs 4.6 Bn) worth of rescheduled/restructured loans to Stage 1. Due to this upgrade, the impairment provision against these loans decreased by Rs 835 Mn from Rs 1,328 Mn as at 31st December 2024 to Rs 493 Mn as at 31st December 2025.

51.2.1.9 Assessment of credit risk on loans under the CBSL temporary debt relief scheme following cyclone Ditwah and the floods

The Bank's impairment methodology relating to loans applied for the temporary debt relief under the CBSL scheme is described in Note 3.4.6.12. Based on the number and value of moratorium requests received up to the closing date for applications, the overall credit impact of the cyclone and floods has been assessed as materially lower than initially expected.

However, as the precise credit risk associated with customers subject to collective impairment cannot be reliably estimated as at the reporting date, the Bank has recognised a management overlay provision in the Financial Statements as at 31st December 2025. This overlay has been applied to account for potential credit losses that may arise from these exposures.

51.2.2 Risks on Credit-related Commitments

The Bank provides guarantees to its customers, which may require the Bank to make payments on their behalf. Additionally, the Bank commits to extending credit lines to secure customers' liquidity needs. Letters of credit and guarantees are commitments to make payments on behalf of customers in the event of a specific act. Such commitments expose the Bank to risks similar to loans and are mitigated by the same control processes and policies.

The maximum exposure to credit risk related to a financial guarantee is the maximum amount the Bank would have to pay if the guarantee is called upon. Similarly, the maximum exposure to credit risk related to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the Statement of Financial Position. The Bank's maximum credit risk exposure to commitments and contingencies is disclosed in Note 51.2.3.1 to the Financial Statements.

51.2.3 Collateral and Other Credit Enhancements

51.2.3.1 Net exposure to credit risk

The required amount and type of collateral depend on an assessment of the counterparty's credit risk. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are as follows:

For commercial lending : charges over real estate properties, cash, inventory and trade receivables, shares etc.

For retail lending : mortgages over residential properties, motor vehicles, gold etc.

The Bank also obtains guarantees from parent companies as securities against loans granted to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral if the market values are not sufficient in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly manner. The proceeds are used to recover the outstanding claim.

There was no change in the Group's collateral policy during the year. Furthermore, the Group did not observe any significant deterioration in the quality of the collaterals and other credit enhancements during the reporting period.

The Bank/Group conducted an assessment of the impact on collateral, following the Cyclone Ditwah, which affected the country in November 2025. Based on the evaluation carried out on the properties of individually significant customers, it was concluded that there was no material impact on the assets pledged to the Bank as collateral for loans and advances.

The Group does not provide for any allowances for ECL against financial assets secured by cash or deposits held within the Group. Additionally, no allowance for ECL has been recognised for government securities denominated in Sri Lankan rupees, other financial assets secured by government guarantees, treasury bills and treasury bonds. Except for the aforementioned, the Group has recognised ECL for all other financial assets classified at amortised cost and debt instruments at Fair Value through Other Comprehensive Income (FVOCI).

51. RISK MANAGEMENT CONTD.

The following table shows the maximum exposure and net exposure (net of fair value of any collaterals held) to credit risk by class of financial asset, before netting off impairment for expected credit losses.

Bank

As at 31st December	Note	2025		2024	
		Maximum Exposure to Credit Risk	Net Exposure	Maximum Exposure to Credit Risk	Net Exposure
		Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash & cash equivalents	20	62,029,232	34,270,721	46,251,539	16,341,386
Placements with banks	22	39,236,182	39,236,182	26,478,308	26,478,308
Reverse repurchase agreements		44,282	-	1,000,220	-
Derivative financial instruments	23	2,468,488	2,468,488	507,054	507,054
Financial assets recognised through profit or loss - measured at fair value	24	403,260	403,260	4,614,332	4,614,332
Financial assets at amortised cost					
- loans & advances	25	1,223,640,976	445,707,255	964,576,145	326,331,500
- debt & other instruments	26	524,577,611	524,223,472	401,819,551	400,799,725
Financial assets - fair value through other comprehensive income	27	148,256,497	148,256,497	367,782,512	367,782,512
Other assets		8,326,567	8,326,567	12,571,604	12,571,604
		2,008,983,095	1,202,892,442	1,825,601,265	1,155,426,421
Credit related commitments & contingencies		434,706,707	426,962,737	352,068,253	344,719,459

Group

As at 31st December	Note	2025		2024	
		Maximum Exposure to Credit Risk	Net Exposure	Maximum Exposure to Credit Risk	Net Exposure
		Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets					
Cash & cash equivalents	20	62,575,314	34,461,361	46,523,462	16,368,925
Placements with banks	22	39,236,182	39,236,182	26,478,308	26,478,308
Reverse repurchase agreements		7,085,229	-	6,596,063	-
Derivative financial instruments	23	2,468,488	2,468,488	507,054	507,054
Financial assets recognised through profit or loss - measured at fair value	24	403,260	403,260	4,614,332	4,614,332
Financial assets at amortised cost					
- loans & advances	25	1,294,140,878	446,127,224	1,009,260,995	323,548,963
- debt & other instruments	26	524,634,343	524,280,204	406,154,808	405,134,982
Financial assets - fair value through other comprehensive income	27	148,256,553	148,256,553	367,782,568	367,782,568
Other assets		9,931,981	9,931,981	14,358,414	14,358,414
		2,088,732,228	1,205,165,253	1,882,276,004	1,158,793,546
Credit related commitments & contingencies		433,660,459	425,916,489	349,412,412	342,063,618

51.2.3.2 Stage-wise analysis of collateral held against loans & advances

The following table sets out the principal types of collateral held by the Bank/Group against loans and advances. For each loan, the value of the collateral is capped at the amortised cost of the loan.

As at 31st December	BANK				GROUP			
	Mix %	2025 Amortised Cost Rs 000	Mix %	2024 Amortised Cost Rs 000	Mix %	2025 Amortised Cost Rs 000	Mix %	2024 Amortised Cost Rs 000
Stage 1								
Cash & cash equivalents	9	91,879,253	11	75,507,312	9	92,211,818	11	75,821,901
Treasury guarantee	1	10,014,198	2	11,539,478	1	10,014,198	2	11,539,478
Gold	10	100,878,074	13	87,729,682	11	118,521,444	14	98,017,264
Motor vehicle	6	59,885,347	3	23,858,373	9	93,667,184	6	39,878,109
Immovable property	24	245,948,621	25	167,749,826	23	243,821,123	24	167,749,826
Others securities*	34	340,235,960	30	204,716,699	32	339,102,421	28	200,041,345
Unsecured	16	164,935,454	16	109,319,667	15	164,935,454	15	109,319,667
	100	1,013,776,907	100	680,421,037	100	1,062,273,642	100	702,367,590
Stage 2								
Cash & cash equivalents	7	6,824,117	6	8,500,086	6	6,878,890	5	8,537,099
Gold	2	1,463,537	-	680,060	2	2,378,262	1	1,778,936
Motor vehicle	2	1,481,973	3	4,166,406	17	18,932,874	13	21,564,718
Immovable property	59	55,177,750	60	90,664,123	50	55,177,750	53	90,664,123
Others securities*	18	16,727,001	21	32,153,778	15	16,732,161	19	32,165,508
Unsecured	12	11,171,340	10	15,702,864	10	11,171,340	9	15,702,864
	100	92,845,718	100	151,867,317	100	111,271,277	100	170,413,248
Stage 3								
Cash & cash equivalents	1	630,330	1	701,112	1	665,600	1	728,081
Gold	-	45,766	-	22,777	-	196,429	-	82,799
Motor vehicle	1	1,301,076	1	1,684,456	3	4,179,960	3	4,736,248
Immovable property	63	73,346,970	64	84,672,826	61	73,614,505	62	84,978,085
Others securities*	24	28,742,001	22	29,308,793	24	28,987,257	22	30,057,117
Unsecured	11	12,952,208	12	15,897,827	11	12,952,208	12	15,897,827
	100	117,018,351	100	132,287,791	100	120,595,959	100	136,480,157

* Other securities include quoted & unquoted shares, lease receivable, inventories, trade receivable, personal guarantees and corporate guarantees etc.

51. RISK MANAGEMENT CONTD.

51.2.3.3 Offsetting financial assets & liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

51.2.3.4 Financial assets & liabilities not subject to offsetting

Amounts that do not qualify for offsetting include netting arrangements that only permit outstanding transactions with the same counterparty to be offset in the event of default or other predetermined events. Such netting arrangements include repurchase arrangements and other similar secured lending and borrowing arrangements.

The amount of financial collateral received or pledged subject to netting arrangements but not qualified for offsetting is disclosed below.

Bank

As at 31st December	2025			2024		
	Gross Amount	Amount Subject to Netting but do not Qualify for Offsetting	Net Amount	Gross Amount	Amount Subject to Netting but do not Qualify for Offsetting	Net Amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets						
Loans & advances	132,518,236	99,333,700	33,184,536	118,366,527	84,708,510	33,658,017
Financial Liabilities						
Securities sold under repurchase agreements	32,785,653	32,785,653	-	40,312,784	40,312,784	-

Group

As at 31st December	2025			2024		
	Gross Amount	Amount Subject to Netting but do not Qualify for Offsetting	Net Amount	Gross Amount	Amount Subject to Netting but do not Qualify for Offsetting	Net Amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets						
Loans & advances	132,940,844	99,756,308	33,184,536	118,924,821	85,087,081	33,837,740
Financial Liabilities						
Securities sold under repurchase agreements	30,626,611	30,626,611	-	40,312,784	40,312,784	-

51.2.4 Stage-wise Movement of Loans & Advances and Commitments & Contingencies

Changes in the gross carrying amount of loans & advances as well as commitments & contingencies during the period that contributed to the changes in impairment provisions is given below.

51.2.4.1 Stage-wise movement of gross carrying values of loans and advances

Bank

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	522,382,314	211,319,074	143,615,684	877,317,072
Current stage of new financial assets originated	341,605,769	43,228,281	-	384,834,050
Changes in the gross carrying amount				
- Transfer to stage 1	41,821,430	(42,670,339)	(1,231,540)	(2,080,449)
- Transfer to stage 2	(16,544,334)	17,653,196	(4,583,953)	(3,475,091)
- Transfer to stage 3	(1,278,139)	(18,192,737)	16,952,965	(2,517,911)
Financial assets that have been derecognised	(207,566,003)	(76,571,992)	(20,682,599)	(304,820,594)
Write-offs during the year	-	-	(13,713,315)	(13,713,315)
Changes to contractual cash flows due to modifications	-	17,101,834	11,930,549	29,032,383
Balance as at 31st December 2024	680,421,037	151,867,317	132,287,791	964,576,145
Balance as at 1st January 2025	680,421,037	151,867,317	132,287,791	964,576,145
Current stage of new financial assets originated	559,062,223	24,686,538	-	583,748,761
Changes in the gross carrying amount				
- Transfer to stage 1	29,338,829	(34,161,866)	(1,827,815)	(6,650,852)
- Transfer to stage 2	(10,128,658)	10,961,742	(2,267,465)	(1,434,381)
- Transfer to stage 3	(1,179,043)	(4,157,741)	4,810,456	(526,328)
Financial assets that have been derecognised	(243,737,481)	(62,560,020)	(18,078,435)	(324,375,936)
Write-offs during the year	-	-	(7,303,278)	(7,303,278)
Changes to contractual cash flows due to modifications	-	6,209,748	9,397,097	15,606,845
Balance as at 31st December 2025	1,013,776,907	92,845,718	117,018,351	1,223,640,976

51. RISK MANAGEMENT CONTD.

Group

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	533,318,509	227,146,446	151,460,276	911,925,231
Current stage of new financial assets originated	362,243,583	54,036,586	-	416,280,169
Changes in the gross carrying amount				
- Transfer to stage 1	42,740,668	(43,385,452)	(1,441,514)	(2,086,298)
- Transfer to stage 2	(17,915,021)	19,700,084	(5,270,827)	(3,485,764)
- Transfer to stage 3	(1,558,391)	(19,317,429)	18,178,750	(2,697,070)
Financial assets that have been derecognised	(216,461,758)	(84,868,821)	(24,310,120)	(325,640,699)
Write-offs during the year	-	-	(14,402,471)	(14,402,471)
Changes to contractual cash flows due to modifications	-	17,101,834	12,266,063	29,367,897
Balance as at 31st December 2024	702,367,590	170,413,248	136,480,157	1,009,260,995
Balance as at 1st January 2025	702,367,590	170,413,248	136,480,157	1,009,260,995
Current stage of new financial assets originated	599,881,142	34,401,430	-	634,282,572
Changes in the gross carrying amount				
- Transfer to stage 1	32,329,003	(34,811,719)	(1,917,510)	(4,400,226)
- Transfer to stage 2	(11,590,604)	12,761,527	(2,484,153)	(1,313,230)
- Transfer to stage 3	(1,398,944)	(5,402,459)	6,384,106	(417,297)
Financial assets that have been derecognised	(259,314,545)	(72,300,498)	(20,239,739)	(351,854,782)
Write-off during the year	-	-	(7,730,172)	(7,730,172)
Changes to contractual cash flows due to modifications	-	6,209,748	10,103,270	16,313,018
Balance as at 31st December 2025	1,062,273,642	111,271,277	120,595,959	1,294,140,878

51.2.4.2 Stage-wise movement of impairment for loans and advances

Bank

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	12,906,592	24,962,148	83,012,773	120,881,513
Net impairment charge for the year due to:				
New financial assets originated	3,857,337	3,844,406	-	7,701,743
Changes in the gross carrying amount				
- Transfer to stage 1	1,435,671	(3,882,763)	(464,823)	(2,911,915)
- Transfer to stage 2	(651,297)	1,269,697	(1,222,224)	(603,824)
- Transfer to stage 3	(82,506)	(3,664,933)	8,641,263	4,893,824
Net remeasurement of impairment	(3,320,106)	(2,257,710)	10,617,820	5,040,004
Financial assets that have been derecognised	(4,094,474)	(6,479,358)	(10,163,422)	(20,737,254)
Change to contractual cash flows due to modifications	-	2,071,634	7,317,136	9,388,770
Write-off during the year	-	-	(13,713,315)	(13,713,315)
Interest accrued on impaired loans and advances	-	-	(5,198,011)	(5,198,011)
Other movements	(240,767)	(731,682)	655,449	(317,000)
Balance as at 31st December 2024	9,810,450	15,131,439	79,482,646	104,424,535
Balance as at 1st January 2025	9,810,450	15,131,439	79,482,646	104,424,535
Net impairment charge for the year due to:				
New financial assets originated	7,941,528	2,704,647	-	10,646,175
Changes in the gross carrying amount				
- Transfer to stage 1	853,383	(1,966,860)	(927,060)	(2,040,537)
- Transfer to stage 2	(232,632)	842,852	(1,140,585)	(530,365)
- Transfer to stage 3	(35,304)	(627,477)	2,336,301	1,673,520
Net remeasurement of impairment	(582,587)	(1,393,349)	3,355,184	1,379,248
Financial assets that have been derecognised	(1,864,670)	(6,909,651)	(9,544,173)	(18,318,494)
Change to contractual cash flows due to modifications	-	1,058,905	5,170,853	6,229,758
Write-off during the year	-	-	(7,303,278)	(7,303,278)
Interest accrued on impaired loans and advances	-	-	(4,206,834)	(4,206,834)
Other movements	77,728	333,353	3,499,375	3,910,456
Balance as at 31st December 2025	15,967,896	9,173,859	70,722,429	95,864,184

51. RISK MANAGEMENT CONTD.

Group

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	12,913,484	25,746,701	85,909,327	124,569,512
Net impairment charge for the year due to:				
New financial assets originated	3,950,047	4,090,978	-	8,041,025
Changes in the gross carrying amount				
- Transfer to stage 1	1,484,094	(3,907,870)	(485,245)	(2,909,021)
- Transfer to stage 2	(673,448)	1,374,749	(1,305,356)	(604,055)
- Transfer to stage 3	(88,603)	(3,739,137)	8,668,862	4,841,122
Net remeasurement of impairment	(3,297,883)	(2,257,710)	10,608,679	5,053,086
Financial assets that have been derecognised	(4,160,981)	(6,736,946)	(10,787,114)	(21,685,041)
Change to contractual cash flows due to modifications	-	2,071,634	7,850,281	9,921,915
Write-off during the year	-	-	(14,402,471)	(14,402,471)
Interest accrued on impaired loans and advances	-	-	(5,198,552)	(5,198,552)
Other movements	(240,767)	(731,682)	655,443	(317,006)
Balance as at 31st December 2024	9,885,943	15,910,717	81,513,854	107,310,514
Balance as at 1st January 2025	9,885,943	15,910,717	81,513,854	107,310,514
Net impairment charge for the year due to:				
New financial assets originated	8,084,518	2,991,622	-	11,076,140
Changes in the gross carrying amount				
- Transfer to stage 1	887,654	(1,990,325)	(937,104)	(2,039,775)
- Transfer to stage 2	(251,002)	893,167	(1,171,900)	(529,735)
- Transfer to stage 3	(13,557)	(703,635)	2,442,357	1,725,165
Net remeasurement of impairment	(561,268)	(1,393,349)	3,350,591	1,395,974
Financial assets that have been derecognised	(1,844,993)	(7,207,178)	(10,122,092)	(19,174,263)
Change to contractual cash flows due to modifications	-	1,058,905	5,426,806	6,485,711
Write-off during the year	-	-	(7,730,172)	(7,730,172)
Interest accrued on impaired loans and advances	-	-	(4,207,571)	(4,207,571)
Other movements	77,728	333,353	3,499,747	3,910,828
Balance as at 31st December 2025	16,265,023	9,893,277	72,064,516	98,222,816

51.2.4.3 Stage-wise movement of gross carrying values of credit related commitments and contingencies

Bank

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	263,041,596	33,069,211	2,843,292	298,954,099
Current stage of new commitments originated	79,540,434	5,337,824	-	84,878,258
Changes in the gross carrying amount				
- Transfer to stage 1	10,868,299	(10,820,843)	(4,280)	43,176
- Transfer to stage 2	(12,527,931)	11,274,587	(38,553)	(1,291,897)
- Transfer to stage 3	(30)	(1,461,300)	1,288,374	(172,956)
Amounts that have been derecognised	(19,885,647)	(8,042,519)	(2,414,261)	(30,342,427)
Balance as at 31st December 2024	321,036,721	29,356,960	1,674,572	352,068,253
Balance as at 1st January 2025	321,036,721	29,356,960	1,674,572	352,068,253
Current stage of new commitments originated	102,654,507	2,914,396	-	105,568,903
Changes in the gross carrying amount				
- Transfer to stage 1	18,579,458	(14,763,461)	(43,316)	3,772,681
- Transfer to stage 2	(6,113,310)	7,774,388	(305)	1,660,773
- Transfer to stage 3	(14,371)	(23,391)	200,529	162,767
Amounts that have been derecognised	(20,403,179)	(7,435,589)	(687,902)	(28,526,670)
Balance as at 31st December 2025	415,739,826	17,823,303	1,143,578	434,706,707

Group

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	261,330,853	33,069,211	2,843,292	297,243,356
Current stage of new commitments originated	79,540,434	5,337,824	-	84,878,258
Changes in the gross carrying amount				
- Transfer to stage 1	9,927,346	(10,820,843)	(4,280)	(897,777)
- Transfer to stage 2	(12,527,931)	11,274,587	(38,553)	(1,291,897)
- Transfer to stage 3	(30)	(1,461,300)	1,288,374	(172,956)
Amounts that have been derecognised	(19,889,792)	(8,042,519)	(2,414,261)	(30,346,572)
Balance as at 31st December 2024	318,380,880	29,356,960	1,674,572	349,412,412
Balance as at 1st January 2025	318,380,880	29,356,960	1,674,572	349,412,412
Current stage of new commitments originated	102,729,338	2,914,396	-	105,643,734
Changes in the gross carrying amount				
- Transfer to stage 1	19,748,450	(14,763,461)	(43,316)	4,941,673
- Transfer to stage 2	(6,113,310)	7,774,388	(305)	1,660,773
- Transfer to stage 3	(14,371)	(23,391)	200,529	162,767
Amounts that have been derecognised	(20,037,409)	(7,435,589)	(687,902)	(28,160,900)
Balance as at 31st December 2025	414,693,578	17,823,303	1,143,578	433,660,459

51. RISK MANAGEMENT CONTD.

51.2.4.4 Stage-wise movement of impairment for credit related commitments and contingencies

Bank

	Stage 1	Stage 2	Stage 3	Total
	Subject to 12-month ECL	Subject to Lifetime ECL but not Credit Impaired	Subject to Lifetime ECL Credit Impaired	
	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	2,507,806	701,999	25,693	3,235,498
Net impairment charge for the year due to:				
New commitments originated	200,587	101,957	-	302,544
Changes in the gross carrying amount				
- Transfer to stage 1	21,559	(126,735)	-	(105,176)
- Transfer to stage 2	(96,160)	336,364	-	240,204
- Transfer to stage 3	(2,401)	(29,605)	-	(32,006)
Net remeasurement of impairment	(447,852)	187,440	565,622	305,210
Amounts that have been derecognised	(113,950)	(132,357)	-	(246,307)
Other movements	(42,252)	(38,926)	(1,795)	(82,973)
Balance as at 31st December 2024	2,027,337	1,000,137	589,520	3,616,994
Balance as at 1st January 2025	2,027,337	1,000,137	589,520	3,616,994
Net impairment charge for the year due to:				
New commitments originated	258,859	114,462	-	373,321
Changes in the gross carrying amount				
- Transfer to stage 1	36,376	(447,175)	(15,150)	(425,949)
- Transfer to stage 2	(20,169)	257,643	(111)	237,363
- Transfer to stage 3	(126)	(592)	68,965	68,247
Net remeasurement of impairment	(435,835)	(176,604)	(238,560)	(850,999)
Amounts that have been derecognised	(181,550)	(108,870)	(9,713)	(300,133)
Other movements	14,607	53,077	9,658	77,342
Balance as at 31st December 2025	1,699,499	692,078	404,609	2,796,186

Group

	Stage 1 Subject to 12-month ECL Rs 000	Stage 2 Subject to Lifetime ECL but not Credit Impaired Rs 000	Stage 3 Subject to Lifetime ECL Credit Impaired Rs 000	Total Rs 000
Balance as at 1st January 2024	2,491,821	701,999	25,693	3,219,513
Net impairment charge for the year due to:				
New commitments originated	200,587	101,957	-	302,544
Changes in the gross carrying amount				
- Transfer to stage 1	21,559	(126,735)	-	(105,176)
- Transfer to stage 2	(96,160)	336,364	-	240,204
- Transfer to stage 3	(2,401)	(29,605)	-	(32,006)
Net remeasurement of impairment	(449,910)	187,440	565,622	303,152
Amounts that have been derecognised	(117,421)	(132,357)	-	(249,778)
Other movements	(42,252)	(38,926)	(1,795)	(82,973)
Balance as at 31st December 2024	2,005,823	1,000,137	589,520	3,595,480
Balance as at 1st January 2025	2,005,823	1,000,137	589,520	3,595,480
Net impairment charge for the year due to:				
New commitments originated	262,870	114,462	-	377,332
Changes in the gross carrying amount				
- Transfer to stage 1	36,376	(447,175)	(15,150)	(425,949)
- Transfer to stage 2	(20,169)	257,643	(111)	237,363
- Transfer to stage 3	(126)	(592)	68,965	68,247
Net remeasurement of impairment	(429,793)	(176,604)	(238,560)	(844,957)
Amounts that have been derecognised	(179,121)	(108,870)	(9,713)	(297,704)
Other movements	14,607	53,077	9,658	77,342
Balance as at 31st December 2025	1,690,467	692,078	404,609	2,787,154

51.2.4.5 Stage-wise movement of gross carrying values of other financial assets

There were no material stage movements recorded in other financial assets during the year.

51. RISK MANAGEMENT CONTD.

51.2.5 Credit Quality by Class of Financial Assets

The tables below show the credit quality by the class of asset for all financial assets exposed to credit risk, based on the internal credit ratings for loans & advances and based on external credit ratings for other financial assets.

Bank

	High Grade				Standard Grade				Sub -Standard Grade			
	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
As at 31st December 2025												
Financial Assets												
Cash & cash equivalents	34,213,457	-	-	27,758,511	1,745	-	-	-	55,519	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	21,835,192	-	-	-	-	-	-	-	-
Placements with banks	35,154,300	-	-	-	4,081,882	-	-	-	-	-	-	-
Reverse repurchase agreements	44,282	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	2,457,340	-	-	-	11,014	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	-	-	-	403,260	-	-	-	-	-	-	-	-
Financial assets at amortised cost												
- loans & advances	674,856,212	15,267,029	26,336	-	211,503,396	65,868,093	4,964,376	-	3,575,450	7,574,243	3,723,712	-
- debt & other instruments	496,616,080	-	-	-	887,815	-	-	-	-	26,818,932	-	-
Financial assets - fair value through other comprehensive income	139,634,992	-	-	-	-	-	-	-	-	6,825,479	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	1,380,519,323	15,267,029	26,336	52,454,303	216,474,838	65,868,093	4,964,376	11,014	3,630,969	41,218,654	3,723,712	-
Credit related commitments & contingencies	298,304,061	3,298,253	-	-	84,301,831	12,863,272	116,778	-	523,394	954,038	259,308	-
As at 31st December 2024												
Financial Assets												
Cash & cash equivalents	16,263,056	-	-	29,910,153	2,158	-	-	-	76,172	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	16,373,983	-	-	-	-	-	-	-	-
Placements with banks	17,583,607	-	-	-	8,894,701	-	-	-	-	-	-	-
Reverse repurchase agreements	1,000,220	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	495,540	-	-	-	9,633	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	-	-	-	4,614,332	-	-	-	-	-	-	-	-
Financial assets at amortised cost												
- loans & advances	427,779,223	43,596,707	787,393	-	142,682,598	85,713,393	14,289,376	-	1,865,707	18,794,717	5,188,824	-
- debt & other instruments	385,123,773	-	-	-	2,044,409	-	-	-	-	14,396,585	-	-
Financial assets - fair value through other comprehensive income	365,254,539	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	1,213,004,418	43,596,707	787,393	51,394,008	153,623,866	85,713,393	14,289,376	9,633	1,941,879	33,191,302	5,188,824	-
Credit related commitments & contingencies	219,854,020	8,498,667	-	-	71,981,520	19,942,796	288,009	-	403,732	202,267	480,207	-

Low Grade				Unrated				Exposures not Subject to Rating				Total
Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	
Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
-	-	-	-	-	-	-	-	-	-	-	-	62,029,232
-	-	-	-	-	-	-	-	-	-	-	-	21,835,192
-	-	-	-	-	-	-	-	-	-	-	-	39,236,182
-	-	-	-	-	-	-	-	-	-	-	-	44,282
-	-	-	-	-	-	-	134	-	-	-	-	2,468,488
-	-	-	-	-	-	-	-	-	-	-	-	403,260
874,616	1,966,475	107,632,782	-	122,946,923	2,169,878	671,145	-	20,310	-	-	-	1,223,640,976
-	-	-	-	-	-	254,784	-	-	-	-	-	524,577,611
-	-	-	-	-	-	-	1,796,026	-	-	-	-	148,256,497
-	-	-	-	-	-	-	-	8,326,567	-	-	-	8,326,567
874,616	1,966,475	107,632,782	-	122,946,923	2,169,878	925,929	1,796,160	8,346,877	-	-	-	2,030,818,287
93,746	120,933	767,492	-	32,516,794	586,807	-	-	-	-	-	-	434,706,707
-	-	-	-	-	-	-	-	-	-	-	-	46,251,539
-	-	-	-	-	-	-	-	-	-	-	-	16,373,983
-	-	-	-	-	-	-	-	-	-	-	-	26,478,308
-	-	-	-	-	-	-	-	-	-	-	-	1,000,220
-	-	-	178	-	-	-	1,703	-	-	-	-	507,054
-	-	-	-	-	-	-	-	-	-	-	-	4,614,332
446,554	2,248,440	111,315,342	-	107,607,550	1,514,060	704,446	-	39,405	-	2,410	-	964,576,145
-	-	-	-	-	-	254,784	-	-	-	-	-	401,819,551
-	-	-	-	-	-	-	2,527,973	-	-	-	-	367,782,512
-	-	-	-	-	-	-	-	8,542,381	4,029,223	-	-	12,571,604
446,554	2,248,440	111,315,342	178	107,607,550	1,514,060	959,230	2,529,676	8,581,786	4,029,223	2,410	-	1,841,975,248
106,786	165,574	906,356	-	28,690,663	547,656	-	-	-	-	-	-	352,068,253

51. RISK MANAGEMENT CONTD.

Group

	High Grade				Standard Grade				Sub -Standard Grade			
	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
As at 31st December 2025												
Financial Assets												
Cash & cash equivalents	34,401,782	-	-	28,113,953	4,060	-	-	-	55,519	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	21,835,192	-	-	-	-	-	-	-	-
Placements with banks	35,154,300	-	-	-	4,081,882	-	-	-	-	-	-	-
Reverse repurchase agreements	7,085,229	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	2,457,340	-	-	-	11,014	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	-	-	-	403,260	-	-	-	-	-	-	-	-
Financial assets at amortised cost												
- loans & advances	672,357,838	15,267,029	26,336	-	210,377,316	65,868,093	4,964,376	-	3,575,450	7,574,243	3,723,712	-
- debt & other instruments	496,672,812	-	-	-	887,815	-	-	-	-	26,818,932	-	-
Financial assets - fair value through other comprehensive income	139,634,992	-	-	-	-	-	-	-	-	6,825,479	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	1,385,306,953	15,267,029	26,336	52,809,745	215,351,073	65,868,093	4,964,376	11,014	3,630,969	41,218,654	3,723,712	-
Credit related commitments & contingencies	297,238,561	3,298,253	-	-	84,201,831	12,863,272	116,778	-	523,394	954,038	259,308	-
As at 31st December 2024												
Financial Assets												
Cash & cash equivalents	16,290,468	-	-	30,154,537	2,285	-	-	-	76,172	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	16,373,983	-	-	-	-	-	-	-	-
Placements with banks	17,583,607	-	-	-	8,894,701	-	-	-	-	-	-	-
Reverse repurchase agreements	6,596,063	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	495,540	-	-	-	9,633	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	-	-	-	4,614,332	-	-	-	-	-	-	-	-
Financial assets at amortised cost												
- loans & advances	426,499,410	43,596,707	787,393	-	139,009,831	85,713,393	14,289,376	-	1,865,707	18,794,717	5,188,824	-
- debt & other instruments	389,459,030	-	-	-	2,044,409	-	-	-	-	14,396,585	-	-
Financial assets - fair value through other comprehensive income	365,254,539	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	1,221,683,117	43,596,707	787,393	51,638,392	149,951,226	85,713,393	14,289,376	9,633	1,941,879	33,191,302	5,188,824	-
Credit related commitments & contingencies	219,463,187	8,498,667	-	-	69,692,091	19,942,796	288,009	-	403,732	202,267	480,207	-

	Low Grade				Unrated				Exposures not Subject to Rating				Total
	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	Stage 1	Stage 2	Stage 3	Exposures not subject to ECL	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
	-	-	-	-	-	-	-	-	-	-	-	-	62,575,314
	-	-	-	-	-	-	-	-	-	-	-	-	21,835,192
	-	-	-	-	-	-	-	-	-	-	-	-	39,236,182
	-	-	-	-	-	-	-	-	-	-	-	-	7,085,229
	-	-	-	-	-	-	-	134	-	-	-	-	2,468,488
	-	-	-	-	-	-	-	-	-	-	-	-	403,260
	874,616	1,966,475	107,632,782	-	175,068,112	20,595,437	4,248,753	-	20,310	-	-	-	1,294,140,878
	-	-	-	-	-	-	254,784	-	-	-	-	-	524,634,343
	-	-	-	-	-	-	-	1,796,082	-	-	-	-	148,256,553
	-	-	-	-	-	-	-	-	9,931,981	-	-	-	9,931,981
	874,616	1,966,475	107,632,782	-	175,068,112	20,595,437	4,503,537	1,796,216	9,952,291	-	-	-	2,110,567,420
	93,746	120,933	767,492	-	32,636,046	586,807	-	-	-	-	-	-	433,660,459
	-	-	-	-	-	-	-	-	-	-	-	-	46,523,462
	-	-	-	-	-	-	-	-	-	-	-	-	16,373,983
	-	-	-	-	-	-	-	-	-	-	-	-	26,478,308
	-	-	-	-	-	-	-	-	-	-	-	-	6,596,063
	-	-	-	178	-	-	-	1,703	-	-	-	-	507,054
	-	-	-	-	-	-	-	-	-	-	-	-	4,614,332
	446,554	2,248,440	111,315,342	-	134,506,683	20,059,991	4,896,812	-	39,405	-	2,410	-	1,009,260,995
	-	-	-	-	-	-	254,784	-	-	-	-	-	406,154,808
	-	-	-	-	-	-	-	2,528,029	-	-	-	-	367,782,568
	-	-	-	-	-	-	-	-	10,329,191	4,029,223	-	-	14,358,414
	446,554	2,248,440	111,315,342	178	134,506,683	20,059,991	5,151,596	2,529,732	10,368,596	4,029,223	2,410	-	1,898,649,987
	106,786	165,574	906,356	-	28,715,084	547,656	-	-	-	-	-	-	349,412,412

51. RISK MANAGEMENT CONTD.

51.2.6 Counterparty-wise Analysis of Derivative Financial Instruments

The following table provides a counterparty-wise analysis of derivative financial instruments.

Bank & Group

As at 31st December 2025	Type of Derivative							
	SPOT		Forward		SWAP		Total	
	Notional amount	Gain/Loss	Notional amount	Gain/Loss	Notional amount	Gain/Loss	Notional amount	Gain/Loss
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Derivative financial assets								
- with banks	3,426,497	1,951	5,196,849	10,519	115,738,383	2,406,592	124,361,729	2,419,062
- with other customers	154,925	13	2,987,502	49,413	-	-	3,142,427	49,426
Total derivative financial assets	3,581,422	1,964	8,184,351	59,932	115,738,383	2,406,592	127,504,156	2,468,488
Derivative financial liabilities								
- with banks	1,162,348	366	8,526,047	159,288	48,326,850	546,964	58,015,245	706,618
- with other customers	143,178	67	6,049,488	98,378	-	-	6,192,666	98,445
Total derivative financial liabilities	1,305,526	433	14,575,535	257,666	48,326,850	546,964	64,207,911	805,063

Bank & Group

As at 31st December 2024	Type of Derivative							
	SPOT		Forward		SWAP		Total	
	Notional amount	Gain/Loss	Notional amount	Gain/Loss	Notional amount	Gain/Loss	Notional amount	Gain/Loss
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Derivative financial assets								
- with banks	1,968,058	10,388	12,105,178	77,011	36,402,939	365,368	50,476,175	452,767
- with other customers	634,841	1,199	2,346,461	53,088	-	-	2,981,302	54,287
Total derivative financial assets	2,602,899	11,587	14,451,639	130,099	36,402,939	365,368	53,457,477	507,054
Derivative financial liabilities								
- with banks	5,717,486	12,993	26,528,382	135,985	85,241,686	3,039,279	117,487,554	3,188,257
- with other customers	1,650,775	2,904	744,307	9,429	-	-	2,395,082	12,333
Total derivative financial liabilities	7,368,261	15,897	27,272,689	145,414	85,241,686	3,039,279	119,882,636	3,200,590

51.2.7 Analysis of Risk Concentration

By setting various concentration limits (i.e. large exposures, industry, product, country/region etc.), the Bank/Group ensures that an acceptable level of risk diversification is maintained on an ongoing basis. These limits are continuously monitored and periodically reviewed at both management and Board level to capture developments in the macro economy, both locally and globally.

The exposure to credit risk based on geographical concentration and industry/sector concentration is provided below for each item of financial asset in the Statement of Financial Position.

51.2.7.1 Geographical concentration

Bank

As at 31st December	2025			2024		
	Sri Lanka Rs 000	Overseas Rs 000	Total Rs 000	Sri Lanka Rs 000	Overseas Rs 000	Total Rs 000
Financial Assets						
Cash & cash equivalents	31,693,860	30,324,148	62,018,008	33,193,108	13,036,210	46,229,318
Balances with Central Bank of Sri Lanka	21,835,192	-	21,835,192	16,373,983	-	16,373,983
Placements with banks	25,614,982	13,608,843	39,223,825	8,279,954	18,172,291	26,452,245
Reverse repurchase agreements	44,282	-	44,282	1,000,220	-	1,000,220
Derivative financial instruments	2,453,235	15,253	2,468,488	505,076	1,978	507,054
Financial assets recognised through profit or loss - measured at fair value	403,260	-	403,260	4,614,332	-	4,614,332
Financial assets at amortised cost						
- loans & advances *	1,045,183,725	82,593,067	1,127,776,792	823,144,933	37,006,677	860,151,610
- debt & other instruments	523,176,568	-	523,176,568	376,556,005	24,724,758	401,280,763
Financial assets - fair value through other comprehensive income	146,631,785	1,624,712	148,256,497	346,441,897	21,340,615	367,782,512
Other assets	7,637,700	688,867	8,326,567	11,005,240	1,566,364	12,571,604
Total financial assets	1,804,674,589	128,854,890	1,933,529,479	1,621,114,748	115,848,893	1,736,963,641

* The provincial breakdown for loans & advances within Sri Lanka

Province	BANK	
	2025 Rs 000	2024 Rs 000
Central	48,177,688	47,844,013
Eastern	22,787,268	18,112,960
North Central	26,546,123	18,772,409
North Western	45,140,558	34,946,461
Northern	19,080,915	13,892,731
Sabaragamuwa	22,816,473	17,642,391
Southern	51,155,110	39,915,029
Uva	14,319,125	12,218,423
Western	795,160,465	619,800,516
Total	1,045,183,725	823,144,933

51. RISK MANAGEMENT CONTD.

Group

As at 31st December	2025			2024		
	Sri Lanka	Overseas	Total	Sri Lanka	Overseas	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets						
Cash & cash equivalents	32,239,840	30,324,148	62,563,988	33,464,929	13,036,210	46,501,139
Balances with Central Bank of Sri Lanka	21,835,192	-	21,835,192	16,373,983	-	16,373,983
Placements with banks	25,614,982	13,608,843	39,223,825	8,279,954	18,172,291	26,452,245
Reverse repurchase agreements	7,085,229	-	7,085,229	6,596,063	-	6,596,063
Derivative financial instruments	2,453,235	15,253	2,468,488	505,076	1,978	507,054
Financial assets recognised through profit or loss - measured at fair value	403,260	-	403,260	4,614,332	-	4,614,332
Financial assets at amortised cost						
- loans & advances *	1,113,324,995	82,593,067	1,195,918,062	864,943,804	37,006,677	901,950,481
- debt & other instruments	523,233,300	-	523,233,300	380,891,262	24,724,758	405,616,020
Financial assets - fair value through other comprehensive income	146,631,841	1,624,712	148,256,553	346,441,953	21,340,615	367,782,568
Other assets	9,243,114	688,867	9,931,981	12,792,050	1,566,364	14,358,414
Total financial assets	1,882,064,988	128,854,890	2,010,919,878	1,674,903,406	115,848,893	1,790,752,299

* The provincial breakdown for loans & advances within Sri Lanka

Province	GROUP	
	2025	2024
	Rs 000	Rs 000
Central	57,576,906	54,272,301
Eastern	30,045,122	22,880,029
North Central	29,257,071	20,417,538
North Western	52,658,022	39,863,104
Northern	21,660,367	15,352,138
Sabaragamuwa	26,654,058	20,543,368
Southern	56,341,496	43,124,989
Uva	15,720,770	13,112,465
Western	823,411,183	635,377,872
Total	1,113,324,995	864,943,804

51.2.7.2 Industry/sector concentration

The following tables show the risk concentration by industry for the financial assets.

Bank

As at 31st December 2025	Agriculture & Related	Manufacturing	Tourism	Transport	Construction	Infrastructure	Traders	Banks, Financial & Business Services	Other Services	Lending to overseas entities	Consumers	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets												
Cash & cash equivalents	-	-	-	-	-	-	-	62,018,008	-	-	-	62,018,008
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	-	21,835,192	-	-	-	21,835,192
Placements with banks	-	-	-	-	-	-	-	39,223,825	-	-	-	39,223,825
Reverse repurchase agreements	-	-	-	-	-	-	-	-	44,282	-	-	44,282
Derivative financial instruments	9,452	991	-	-	-	-	38,520	2,419,075	-	-	450	2,468,488
Financial assets recognised through profit or loss - measured at fair value	-	-	-	-	-	-	-	403,260	-	-	-	403,260
Financial assets at amortised cost												
- loans & advances	98,617,831	139,889,067	65,389,428	12,405,545	112,918,803	69,969,433	161,238,381	118,673,917	74,908,938	82,593,067	191,172,382	1,127,776,792
- debt & other instruments	-	-	-	-	-	1,426,704	-	521,749,864	-	-	-	523,176,568
Financial assets - fair value through other comprehensive income	-	-	-	-	-	-	-	148,256,497	-	-	-	148,256,497
Other assets	-	-	-	-	-	-	-	6,807,232	1,519,335	-	-	8,326,567
Total financial assets	98,627,283	139,890,058	65,389,428	12,405,545	112,918,803	71,396,137	161,276,901	921,386,870	76,472,555	82,593,067	191,172,832	1,933,529,479

As at 31st December 2024	Agriculture & Related	Manufacturing	Tourism	Transport	Construction	Infrastructure	Traders	Banks, Financial & Business Services	Other Services	Lending to overseas entities	Consumers	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets												
Cash & cash equivalents	-	-	-	-	-	-	-	46,229,318	-	-	-	46,229,318
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	-	16,373,983	-	-	-	16,373,983
Placements with banks	-	-	-	-	-	-	-	26,452,245	-	-	-	26,452,245
Reverse repurchase agreements	-	-	-	-	-	-	-	1,000,220	-	-	-	1,000,220
Derivative financial instruments	-	49,804	-	-	-	-	3,468	453,782	-	-	-	507,054
Financial assets recognised through profit or loss - measured at fair value	-	-	-	-	-	-	-	4,614,332	-	-	-	4,614,332
Financial assets at amortised cost												
- loans & advances	80,257,682	121,865,166	64,660,946	10,634,892	95,281,691	61,108,279	111,682,604	74,896,175	56,100,905	37,006,677	146,656,593	860,151,610
- debt & other instruments	5,295	-	-	-	-	1,384,677	-	399,890,791	-	-	-	401,280,763
Financial assets - fair value through other comprehensive income	-	-	-	-	-	-	-	367,782,512	-	-	-	367,782,512
Other assets	-	-	-	-	-	-	-	10,913,633	1,657,971	-	-	12,571,604
Total financial assets	80,262,977	121,914,970	64,660,946	10,634,892	95,281,691	62,492,956	111,686,072	948,606,991	57,758,876	37,006,677	146,656,593	1,736,963,641

51. RISK MANAGEMENT CONTD.

Group

As at 31st December 2025	Agriculture & Related	Manufacturing	Tourism	Transport	Construction	Infrastructure	Traders	Banks, Financial & Business Services	Other Services	Lending to overseas entities	Consumers	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets												
Cash & cash equivalents	-	-	-	-	-	-	-	62,563,988	-	-	-	62,563,988
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	-	21,835,192	-	-	-	21,835,192
Placements with banks	-	-	-	-	-	-	-	39,223,825	-	-	-	39,223,825
Reverse repurchase agreements	-	-	-	-	-	-	-	7,040,947	44,282	-	-	7,085,229
Derivative financial instruments	9,452	991	-	-	-	-	38,520	2,419,075	-	-	450	2,468,488
Financial assets recognised through profit or loss - measured at fair value	-	-	-	-	-	-	-	403,260	-	-	-	403,260
Financial assets at amortised cost												
- loans & advances	106,579,429	142,050,607	66,861,240	19,253,906	119,878,499	70,232,766	168,562,186	119,024,465	81,078,680	82,593,067	219,803,217	1,195,918,062
- debt & other instruments	-	-	-	-	-	1,426,704	-	521,806,596	-	-	-	523,233,300
Financial assets - fair value through other comprehensive income	-	-	-	-	-	-	-	148,256,553	-	-	-	148,256,553
Other assets	-	-	-	-	-	-	-	6,807,232	3,124,749	-	-	9,931,981
Total financial assets	106,588,881	142,051,598	66,861,240	19,253,906	119,878,499	71,659,470	168,600,706	929,381,133	84,247,711	82,593,067	219,803,667	2,010,919,878

As at 31st December 2024	Agriculture & Related	Manufacturing	Tourism	Transport	Construction	Infrastructure	Traders	Banks, Financial & Business Services	Other Services	Lending to overseas entities	Consumers	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Financial Assets												
Cash & cash equivalents	-	-	-	-	-	-	-	46,501,139	-	-	-	46,501,139
Balances with Central Bank of Sri Lanka	-	-	-	-	-	-	-	16,373,983	-	-	-	16,373,983
Placements with banks	-	-	-	-	-	-	-	26,452,245	-	-	-	26,452,245
Reverse repurchase agreements	-	-	-	-	-	-	-	6,596,063	-	-	-	6,596,063
Derivative financial instruments	-	49,804	-	-	-	-	3,468	453,782	-	-	-	507,054
Financial assets recognised through profit or loss - measured at fair value	-	-	-	-	-	-	-	4,614,332	-	-	-	4,614,332
Financial assets at amortised cost												
- loans & advances	86,838,944	124,762,287	65,925,462	14,403,458	94,940,482	63,052,686	119,586,733	73,653,983	64,752,286	37,006,677	157,027,483	901,950,481
- debt & other instruments	5,295	-	-	-	-	1,384,677	-	404,226,048	-	-	-	405,616,020
Financial assets - fair value through other comprehensive income	-	-	-	-	-	-	-	367,782,568	-	-	-	367,782,568
Other assets	-	-	-	-	-	-	-	10,913,633	3,444,781	-	-	14,358,414
Total financial assets	86,844,239	124,812,091	65,925,462	14,403,458	94,940,482	64,437,363	119,590,201	957,567,776	68,197,067	37,006,677	157,027,483	1,790,752,299

51.3 Liquidity Risk and Funding Management

The Bank manages liquidity risk in accordance with regulatory guidelines and industry best practices. The objective of the Bank's liquidity and funding framework is to ensure that funding commitments and deposit withdrawals can be met when due, and that market access remains cost-effective.

The Bank has a Board-approved liquidity policy to manage liquidity on a day-to-day basis and a contingency funding plan to deal with crisis situations. The Asset and Liability Committee (ALCO) reviews the contractual and behavioural maturity of assets and liabilities, key liquidity ratios, and monthly liquidity forecasts and gaps. The main sources of the Bank's funding are core deposits from retail and commercial clients, wholesale deposits and access to borrowed funds from the interbank money market. Additionally, the Bank maintains a portfolio of readily marketable securities to further strengthen its liquidity position. Liquidity risk exposure is managed with limits and triggers being set, ensuring that sufficient liquidity surplus and reserves are available to meet daily business requirements and to deal with sudden liquidity shocks.

51.3.1 Liquidity Ratios

51.3.1.1 Liquidity Coverage Ratio (LCR)

This ratio determines the Bank's ability to withstand adverse liquidity shocks, such as the sudden withdrawal of a significant portion of deposits, over a 30-day period. It is measured by the amount of unencumbered high-quality liquid assets the Bank holds, which exceeds the anticipated net cash outflow during this time.

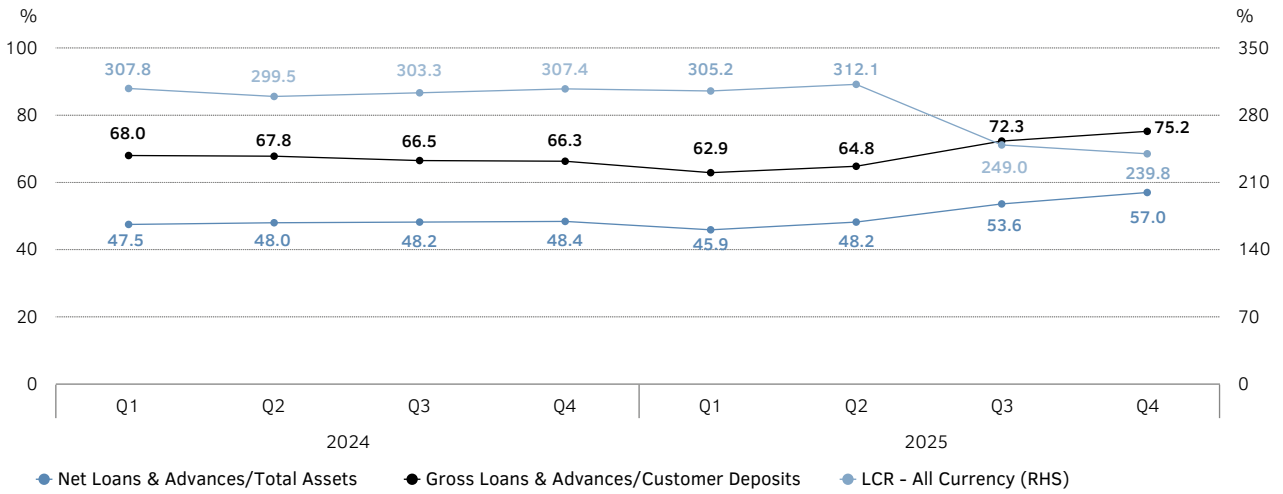
As at 31st December	2025 %	2024 %
Rupee Liquidity Requirement	283.45	340.11
All Currency Liquidity Requirement	239.79	307.36

51.3.1.2 Net Stable Funding Ratio (NSFR)

This ratio measures the Bank's availability of stable funds against the required funds. The Net Stable Funding Ratio (NSFR) creates an additional incentive for banks to fund their activities with more stable sources of funding on an ongoing basis, over a longer time horizon.

As at 31st December	2025 %	2024 %
Net Stable Funding Ratio (NSFR)	173.00	198.66

51.3.1.3 Liquidity Ratios under Stock Approach



51. RISK MANAGEMENT CONTD.

51.3.2 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The tables below summarise the maturity profile of the undiscounted cash flows of the Bank/Group's financial assets and financial liabilities as at 31st December 2025 and 31st December 2024. Although the cash outflows have been considered based on the earliest date of repayment, it is believed that most customers would not expect repayments on the earliest possible date. Therefore, the behavioural maturity profile would differ from the contractual maturities shown in the tables below.

Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Financial Liabilities

Bank

As at 31st December 2025	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Total Rs 000
Financial Assets						
Cash & cash equivalents	62,018,008	-	-	-	-	62,018,008
Balances with Central Bank of Sri Lanka	13,490,372	5,680,769	2,458,057	205,994	-	21,835,192
Placements with banks	37,864,903	1,594,366	-	-	-	39,459,269
Reverse repurchase agreements	44,364	-	-	-	-	44,364
Derivative financial instruments	1,568,034	900,454	-	-	-	2,468,488
Financial assets recognised through profit or loss - measured at fair value	103,963	309,801	57	-	-	413,821
Financial assets at amortised cost						
- loans & advances	454,671,551	301,428,283	315,469,691	165,640,833	125,534,749	1,362,745,107
- debt & other instruments	125,288,801	157,056,780	160,833,188	130,194,583	59,171,136	632,544,488
Financial assets - fair value through other comprehensive income	4,063,898	70,446,259	55,697,728	40,511,927	4,348,026	175,067,838
Other assets	8,113,206	166,743	20,993	-	25,625	8,326,567
Total Financial Assets	707,227,100	537,583,455	534,479,714	336,553,337	189,079,536	2,304,923,142
Financial Liabilities						
Due to banks	19,123,664	3,546,984	2,426,000	-	-	25,096,648
Derivative financial instruments	701,214	103,849	-	-	-	805,063
Securities sold under repurchase agreements	31,036,443	1,851,016	-	-	-	32,887,459
Financial liabilities at amortised cost						
- due to depositors	1,000,855,441	478,390,954	186,996,808	18,658,990	-	1,684,902,193
- due to other borrowers	559,116	2,281,547	2,879,242	2,764,361	1,558,350	10,042,616
- due to debt securities holders	3,974,200	540,000	25,028,400	12,350,000	-	41,892,600
Dividend payable	405,100	-	-	-	-	405,100
Other liabilities	24,738,980	6,001,530	3,119,805	1,992,947	6,514,655	42,367,917
Total Financial Liabilities	1,081,394,158	492,715,880	220,450,255	35,766,298	8,073,005	1,838,399,596
Total Net Financial Assets/(Liabilities)	(374,167,058)	44,867,575	314,029,459	300,787,039	181,006,531	466,523,546

As at 31st December 2024	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Total Rs 000
Financial Assets						
Cash & cash equivalents	46,229,318	-	-	-	-	46,229,318
Balances with Central Bank of Sri Lanka	10,884,650	3,970,834	1,161,279	357,220	-	16,373,983
Placements with banks	21,803,822	4,814,545	-	-	-	26,618,367
Reverse repurchase agreements	1,000,220	-	-	-	-	1,000,220
Derivative financial instruments	387,790	119,264	-	-	-	507,054
Financial assets recognised through profit or loss - measured at fair value	759,828	2,354,511	1,697,129	213,500	-	5,024,968
Financial assets at amortised cost						
- loans & advances	343,200,035	261,977,255	217,582,835	128,167,828	119,227,716	1,070,155,669
- debt & other instruments	70,847,608	142,297,410	155,447,188	60,877,637	62,922,943	492,392,786
Financial assets - fair value through other comprehensive income	48,884,897	174,621,653	141,475,630	42,212,898	2,929,150	410,124,228
Other assets	8,360,206	129,271	4,029,223	-	52,904	12,571,604
Total Financial Assets	552,358,374	590,284,743	521,393,284	231,829,083	185,132,713	2,080,998,197
Financial Liabilities						
Due to banks	20,231,869	3,193,152	-	-	-	23,425,021
Derivative financial instruments	3,033,784	166,806	-	-	-	3,200,590
Securities sold under repurchase agreements	39,729,026	630,822	-	-	-	40,359,848
Financial liabilities at amortised cost						
- due to depositors	956,574,046	402,148,990	108,727,010	42,755,945	-	1,510,205,991
- due to other borrowers	104,500	1,705,712	3,292,820	2,820,057	1,864,118	9,787,207
- due to debt securities holders	2,799,200	540,000	6,678,400	19,339,200	-	29,356,800
Dividend payable	298,695	-	-	-	-	298,695
Other liabilities	20,775,051	4,786,404	4,223,324	1,444,854	1,390,118	32,619,751
Total Financial Liabilities	1,043,546,171	413,171,886	122,921,554	66,360,056	3,254,236	1,649,253,903
Total Net Financial Assets/(Liabilities)	(491,187,797)	177,112,857	398,471,730	165,469,027	181,878,477	431,744,294

51. RISK MANAGEMENT CONTD.

Group

As at 31st December 2025	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Total Rs 000
Financial Assets						
Cash & cash equivalents	62,563,988	-	-	-	-	62,563,988
Balances with Central Bank of Sri Lanka	13,490,372	5,680,769	2,458,057	205,994	-	21,835,192
Placements with banks	37,864,903	1,594,366	-	-	-	39,459,269
Reverse repurchase agreements	6,140,046	1,021,082	-	-	-	7,161,128
Derivative financial instruments	1,568,034	900,454	-	-	-	2,468,488
Financial assets recognised through profit or loss - measured at fair value	103,963	309,801	57	-	-	413,821
Financial assets at amortised cost						
- loans & advances	477,660,065	328,876,241	337,757,896	173,241,231	125,587,202	1,443,122,635
- debt & other instruments	125,288,801	157,116,780	160,833,188	130,194,583	59,171,136	632,604,488
Financial assets - fair value through other comprehensive income	4,063,898	70,446,259	55,697,728	40,511,927	4,348,082	175,067,894
Other assets	9,696,187	180,681	24,167	1,919	29,027	9,931,981
Total Financial Assets	738,440,257	566,126,433	556,771,093	344,155,654	189,135,447	2,394,628,884
Financial Liabilities						
Due to banks	24,848,877	7,886,914	10,705,071	3,221,132	88	46,662,082
Derivative financial instruments	701,214	103,849	-	-	-	805,063
Securities sold under repurchase agreements	28,877,401	1,851,016	-	-	-	30,728,417
Financial liabilities at amortised cost						
- due to depositors	1,000,925,577	499,369,523	199,625,966	23,774,663	-	1,723,695,729
- due to other borrowers	559,116	2,281,547	2,879,242	2,764,361	1,558,350	10,042,616
- due to debt securities holders	4,295,103	3,272,425	27,755,236	22,378,474	-	57,701,238
Dividend payable	405,100	-	-	-	-	405,100
Other liabilities	25,750,133	6,089,466	3,349,369	2,222,511	6,707,985	44,119,464
Total Financial Liabilities	1,086,362,521	520,854,740	244,314,884	54,361,141	8,266,423	1,914,159,709
Total Net Financial Assets/(Liabilities)	(347,922,264)	45,271,693	312,456,209	289,794,513	180,869,024	480,469,175

Group

As at 31st December 2024	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Total Rs 000
Financial Assets						
Cash & cash equivalents	46,501,139	-	-	-	-	46,501,139
Balances with Central Bank of Sri Lanka	10,884,650	3,970,834	1,161,279	357,220	-	16,373,983
Placements with banks	21,803,822	4,814,545	-	-	-	26,618,367
Reverse repurchase agreements	6,626,824	-	-	-	-	6,626,824
Derivative financial instruments	387,790	119,264	-	-	-	507,054
Financial assets recognised through profit or loss - measured at fair value	759,828	2,354,511	1,697,129	213,500	-	5,024,968
Financial assets at amortised cost						
- loans & advances	365,113,924	278,144,394	235,009,545	133,552,935	117,572,555	1,129,393,353
- debt & other instruments	72,935,507	144,634,199	155,447,188	60,877,637	62,922,943	496,817,474
Financial assets - fair value through other comprehensive income	48,884,897	174,621,653	141,475,630	42,212,898	2,929,206	410,124,284
Other assets	10,072,316	176,681	4,038,526	17,020	53,871	14,358,414
Total Financial Assets	583,970,697	608,836,081	538,829,297	237,231,210	183,478,575	2,152,345,860
Financial Liabilities						
Due to banks	24,904,121	3,476,743	1,297,384	771,232	99,034	30,548,514
Derivative financial instruments	3,033,784	166,806	-	-	-	3,200,590
Securities sold under repurchase agreements	39,729,026	630,822	-	-	-	40,359,848
Financial liabilities at amortised cost						
- due to depositors	962,737,083	419,304,001	119,022,488	43,633,325	-	1,544,696,897
- due to other borrowers	104,500	1,705,712	3,292,820	2,820,057	1,864,118	9,787,207
- due to debt securities holders	2,799,200	1,209,900	9,328,870	24,130,477	-	37,468,447
Dividend payable	298,695	-	-	-	-	298,695
Other liabilities	20,897,318	4,786,404	4,223,324	1,444,854	1,390,118	32,742,018
Total Financial Liabilities	1,054,503,727	431,280,388	137,164,886	72,799,945	3,353,270	1,699,102,216
Total Net Financial Assets/(Liabilities)	(470,533,030)	177,555,693	401,664,411	164,431,265	180,125,305	453,243,644

51. RISK MANAGEMENT CONTD.

51.3.3 Remaining Contractual Maturities of Commitments and Contingencies

The tables below illustrate the remaining maturity of the commitments and contingencies based on the contractual expiry dates. However, all undrawn direct and indirect commitments are classified as "On Demand" based on the earliest date they can be drawn down by the customers.

Bank

As at 31st December 2025	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Credit related commitments & contingencies						
Undrawn - direct credit facilities	174,292,061	-	-	-	-	174,292,061
Undrawn - indirect credit facilities	141,611,961	-	-	-	-	141,611,961
Acceptances	-	15,320,387	7,478,006	18,593	-	22,816,986
Documentary credit	2,789,754	41,978,716	5,749,601	588,763	-	51,106,834
Guarantees	2,713,982	15,536,888	22,773,717	3,844,267	10,011	44,878,865
	321,407,758	72,835,991	36,001,324	4,451,623	10,011	434,706,707
Other commitments & contingencies						
Capital commitments	984,645	-	-	-	-	984,645
Operating lease commitments	-	64,207	69,491	-	-	133,698
Forward & SWAP contracts	-	143,994,166	47,717,901	-	-	191,712,067
	984,645	144,058,373	47,787,392	-	-	192,830,410
Total gross commitments & contingencies	322,392,403	216,894,364	83,788,716	4,451,623	10,011	627,537,117
Impairment for expected credit losses - credit related commitments & contingencies	(2,212,742)	(329,032)	(222,207)	(32,127)	(78)	(2,796,186)
Commitments & contingencies - net of impairment for expected credit losses	320,179,661	216,565,332	83,566,509	4,419,496	9,933	624,740,931

As at 31st December 2024	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Credit related commitments & contingencies						
Undrawn - direct credit facilities	162,440,392	-	-	-	-	162,440,392
Undrawn - indirect credit facilities	107,667,360	-	-	-	-	107,667,360
Acceptances	-	14,025,632	2,739,782	-	-	16,765,414
Documentary credit	2,371,788	18,636,723	4,711,676	-	-	25,720,187
Guarantees	3,923,869	15,619,402	18,078,158	1,849,888	3,583	39,474,900
	276,403,409	48,281,757	25,529,616	1,849,888	3,583	352,068,253
Other commitments & contingencies						
Capital commitments	1,952,012	-	-	-	-	1,952,012
Operating lease commitments	-	46,009	54,928	-	-	100,937
Forward & SWAP contracts	-	147,883,311	25,456,802	-	-	173,340,113
	1,952,012	147,929,320	25,511,730	-	-	175,393,062
Total gross commitments & contingencies	278,355,421	196,211,077	51,041,346	1,849,888	3,583	527,461,315
Impairment for expected credit losses - credit related commitments & contingencies	(2,832,665)	(431,104)	(324,265)	(28,904)	(56)	(3,616,994)
Commitments & contingencies - net of impairment for expected credit losses	275,522,756	195,779,973	50,717,081	1,820,984	3,527	523,844,321

Group

As at 31st December 2025	On Demand Rs 000	Up to 3 Months Rs 000	3 to 12 Months Rs 000	1 to 5 Years Rs 000	Over 5 Years Rs 000	Total Rs 000
Credit related commitments & contingencies						
Undrawn - direct credit facilities	173,244,813	-	-	-	-	173,244,813
Undrawn - indirect credit facilities	141,611,961	-	-	-	-	141,611,961
Acceptances	-	15,320,387	7,478,006	18,593	-	22,816,986
Documentary credit	2,789,754	41,978,716	5,749,601	588,763	-	51,106,834
Guarantees	2,713,982	15,537,388	22,774,217	3,844,267	10,011	44,879,865
	320,360,510	72,836,491	36,001,824	4,451,623	10,011	433,660,459
Other commitments & contingencies						
Capital commitments	1,069,203	-	-	-	-	1,069,203
Operating lease commitments	-	64,207	69,491	-	-	133,698
Forward & SWAP contracts	-	143,994,166	47,717,901	-	-	191,712,067
	1,069,203	144,058,373	47,787,392	-	-	192,914,968
Total gross commitments & contingencies	321,429,713	216,894,864	83,789,216	4,451,623	10,011	626,575,427
Impairment for expected credit losses - credit related commitments & contingencies	(2,203,710)	(329,032)	(222,207)	(32,127)	(78)	(2,787,154)
Commitments & contingencies - net of impairment for expected credit losses	319,226,003	216,565,832	83,567,009	4,419,496	9,933	623,788,273

As at 31st December 2024	On Demand Rs 000	Up to 3 Months Rs 000	3 to 12 Months Rs 000	1 to 5 Years Rs 000	Over 5 Years Rs 000	Total Rs 000
Credit related commitments & contingencies						
Undrawn - direct credit facilities	159,783,551	-	-	-	-	159,783,551
Undrawn - indirect credit facilities	107,667,360	-	-	-	-	107,667,360
Acceptances	-	14,025,632	2,739,782	-	-	16,765,414
Documentary credit	2,371,788	18,636,723	4,711,676	-	-	25,720,187
Guarantees	3,923,869	15,619,902	18,078,658	1,849,888	3,583	39,475,900
	273,746,568	48,282,257	25,530,116	1,849,888	3,583	349,412,412
Other commitments & contingencies						
Capital commitments	2,044,750	-	-	-	-	2,044,750
Operating lease commitments	-	46,009	54,928	-	-	100,937
Forward & SWAP contracts	-	147,883,311	25,456,802	-	-	173,340,113
	2,044,750	147,929,320	25,511,730	-	-	175,485,800
Total gross commitments & contingencies	275,791,318	196,211,577	51,041,846	1,849,888	3,583	524,898,212
Impairment for expected credit losses - credit related commitments & contingencies	(2,811,151)	(431,104)	(324,265)	(28,904)	(56)	(3,595,480)
Commitments & contingencies - net of impairment for expected credit losses	272,980,167	195,780,473	50,717,581	1,820,984	3,527	521,302,732

51. RISK MANAGEMENT CONTD.

51.3.4 Financial assets available to support future funding

As at 31st December	2025					2024				
	Encumbered		Unencumbered		Total	Encumbered		Unencumbered		Total
	Pledged as collateral	Other	Available as collateral	Other		Pledged as collateral	Other	Available as collateral	Other	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Bank										
Financial Assets										
Cash & cash equivalents	-	-	62,018,008	-	62,018,008	-	-	46,229,318	-	46,229,318
Balances with Central Bank of Sri Lanka	-	21,835,192	-	-	21,835,192	-	16,373,983	-	-	16,373,983
Placements with banks	7,279,227	-	31,944,598	-	39,223,825	7,079,416	-	19,372,829	-	26,452,245
Reverse repurchase agreements	-	-	44,282	-	44,282	-	-	1,000,220	-	1,000,220
Derivative financial instruments	-	-	-	2,468,488	2,468,488	-	-	-	507,054	507,054
Financial assets recognised through profit or loss - Measured at fair value	-	-	403,260	-	403,260	-	-	4,614,332	-	4,614,332
Financial assets at amortised cost										
- loans & advances	-	-	1,127,776,792	-	1,127,776,792	-	-	860,151,610	-	860,151,610
- debt & other instruments	36,336,723	-	486,839,845	-	523,176,568	42,516,856	-	358,763,907	-	401,280,763
Financial assets - fair value through other comprehensive income	-	-	148,256,497	-	148,256,497	-	-	367,782,512	-	367,782,512
Other assets	-	-	-	8,326,567	8,326,567	-	-	-	12,571,604	12,571,604
Total Financial Assets	43,615,950	21,835,192	1,857,283,282	10,795,055	1,933,529,479	49,596,272	16,373,983	1,657,914,728	13,078,658	1,736,963,641
Group										
Financial Assets										
Cash & cash equivalents	-	-	62,563,988	-	62,563,988	-	-	46,501,139	-	46,501,139
Balances with Central Bank of Sri Lanka	-	21,835,192	-	-	21,835,192	-	16,373,983	-	-	16,373,983
Placements with banks	7,279,227	-	31,944,598	-	39,223,825	7,079,416	-	19,372,829	-	26,452,245
Reverse repurchase agreements	-	-	7,085,229	-	7,085,229	-	-	6,596,063	-	6,596,063
Derivative financial instruments	-	-	-	2,468,488	2,468,488	-	-	-	507,054	507,054
Financial assets recognised through profit or loss - Measured at fair value	-	-	403,260	-	403,260	-	-	4,614,332	-	4,614,332
Financial assets at amortised cost										
- loans & advances	-	-	1,195,918,062	-	1,195,918,062	-	-	901,950,481	-	901,950,481
- debt & other instruments	34,009,609	-	489,223,691	-	523,233,300	42,516,856	-	363,099,164	-	405,616,020
Financial assets - fair value through other comprehensive income	-	-	148,256,553	-	148,256,553	-	-	367,782,568	-	367,782,568
Other assets	-	-	-	9,931,981	9,931,981	-	-	-	14,358,414	14,358,414
Total Financial Assets	41,288,836	21,835,192	1,935,395,381	12,400,469	2,010,919,878	49,596,272	16,373,983	1,709,916,576	14,865,468	1,790,752,299

51.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. The Treasury Middle Office monitors and ensures that the Bank's market risk limits align with the risk tolerance established by the Board. The Bank employs a range of tools to monitor and limit market risk exposure which are discussed below.

51.4.1 Classification of assets and liabilities subject to market risk

The following tables separately identify the Bank/Group's assets and liabilities which are subject to market risk between trading and non-trading portfolios

Bank

As at 31st December	2025			2024		
	Market risk measurement		Carrying amount	Market risk measurement		Carrying amount
	Trading portfolio	Non-trading portfolio		Trading portfolio	Non-trading portfolio	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets subject to market risk						
Cash & cash equivalents*	-	36,654,504	36,654,504	-	20,877,164	20,877,164
Placements with banks	-	39,223,825	39,223,825	-	26,452,245	26,452,245
Reverse repurchase agreements	-	44,282	44,282	-	1,000,220	1,000,220
Derivative financial instruments	2,468,488	-	2,468,488	507,054	-	507,054
Financial assets recognised through profit or loss - measured at fair value	403,260	-	403,260	4,614,332	-	4,614,332
Financial assets at amortised cost						
- loans & advances	-	1,127,776,792	1,127,776,792	-	860,151,610	860,151,610
- debt & other instruments	-	523,176,568	523,176,568	-	401,280,763	401,280,763
Financial assets - fair value trough other comprehensive income	-	148,256,497	148,256,497	-	367,782,512	367,782,512
Total	2,871,748	1,875,132,468	1,878,004,216	5,121,386	1,677,544,514	1,682,665,900
Liabilities subject to market risk						
Due to banks*	-	24,645,498	24,645,498	-	23,223,806	23,223,806
Derivatives financial instruments	805,063	-	805,063	3,200,590	-	3,200,590
Securities sold under repurchase agreements	-	32,785,653	32,785,653	-	40,312,784	40,312,784
Financial liabilities at amortised cost						
- due to depositors*	-	1,552,297,474	1,552,297,474	-	1,389,470,025	1,389,470,025
- due to other borrowers	-	8,357,756	8,357,756	-	8,061,364	8,061,364
- due to debt securities holders	-	29,795,272	29,795,272	-	18,891,500	18,891,500
Total	805,063	1,647,881,653	1,648,686,716	3,200,590	1,479,959,479	1,483,160,069

* This excludes coins and notes held in local currency and local currency current account balances, as these are not exposed to market risk.

51. RISK MANAGEMENT CONTD.

Group

As at 31st December	2025			2024		
	Market risk measurement		Carrying amount	Market risk measurement		Carrying amount
	Trading portfolio	Non-trading portfolio		Trading portfolio	Non-trading portfolio	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets subject to market risk						
Cash & cash equivalents*	-	36,845,042	36,845,042	-	20,904,601	20,904,601
Placements with banks	-	39,223,825	39,223,825	-	26,452,245	26,452,245
Reverse repurchase agreements	-	7,085,229	7,085,229	-	6,596,063	6,596,063
Derivative financial instruments	2,468,488	-	2,468,488	507,054	-	507,054
Financial assets recognised through profit or loss - measured at fair value	403,260	-	403,260	4,614,332	-	4,614,332
Financial assets at amortised cost						
- loans & advances	-	1,195,918,062	1,195,918,062	-	901,950,481	901,950,481
- debt & other instruments	-	523,233,300	523,233,300	-	405,616,020	405,616,020
Financial assets - fair value through other comprehensive income	-	148,256,553	148,256,553	-	367,782,568	367,782,568
Total	2,871,748	1,950,562,011	1,953,433,759	5,121,386	1,729,301,978	1,734,423,364
Liabilities subject to market risk						
Due to banks*	-	43,888,253	43,888,253	-	30,031,810	30,031,810
Derivatives financial instruments	805,063	-	805,063	3,200,590	-	3,200,590
Securities sold under repurchase agreements	-	30,626,611	30,626,611	-	40,312,784	40,312,784
Financial liabilities at amortised cost						
- due to depositors*	-	1,588,257,540	1,588,257,540	-	1,420,771,393	1,420,771,393
- due to other borrowers	-	8,357,756	8,357,756	-	8,061,364	8,061,364
- due to debt securities holders	-	41,883,516	41,883,516	-	24,741,652	24,741,652
Total	805,063	1,713,013,676	1,713,818,739	3,200,590	1,523,919,003	1,527,119,593

* This excludes coins and notes held in local currency and local currency current account balances, as these are not exposed to market risk.

51.4.2 Interest Rate Risk

Interest rate risk refers to the potential loss resulting from fluctuations in future cash flows or the fair values of financial instruments due to changes in market interest rates. The Bank manages this risk for its non-trading portfolio by managing interest rate gap limits and, monitoring the portfolio's sensitivity to various rate scenarios.

51.4.2.1 Interest Rate Sensitivity Analysis

The tables below analyse the Bank/Group's interest rate risk exposure based on the interest rate repricing gaps. The financial assets and liabilities in the non-trading portfolio are included at their carrying amount and categorised by the earlier of the contractual repricing date or the maturity date.

Bank

As at 31st December 2025	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Non Interest Sensitive Rs 000	Total Rs 000
Financial Assets							
Cash & cash equivalents	29,116,718	-	-	-	-	32,901,290	62,018,008
Balances with Central Bank of Sri Lanka	-	-	-	-	-	21,835,192	21,835,192
Placements with banks	37,666,332	1,557,493	-	-	-	-	39,223,825
Reverse repurchase agreements	44,282	-	-	-	-	-	44,282
Financial assets at amortised cost							
- loans & advances	669,339,284	106,566,162	212,235,140	50,425,465	89,171,087	39,654	1,127,776,792
- debt & other instruments	153,106,422	130,663,778	110,638,317	109,652,127	19,115,924	-	523,176,568
Financial assets - fair value through other comprehensive income	3,370,101	62,060,811	43,886,941	34,856,364	2,286,254	1,796,026	148,256,497
Other assets	-	-	-	-	-	8,326,567	8,326,567
Total Financial Assets	892,643,139	300,848,244	366,760,398	194,933,956	110,573,265	64,898,729	1,930,657,731
Financial Liabilities							
Due to banks	18,321,740	3,476,666	2,194,006	-	-	694,688	24,687,100
Securities sold under repurchase agreements	31,008,644	1,777,009	-	-	-	-	32,785,653
Financial liabilities at amortised cost							
- due to depositors	908,378,797	459,050,224	158,573,986	14,072,742	-	86,984,551	1,627,060,300
- due to other borrowers	551,330	1,830,935	2,182,644	2,439,646	1,353,201	-	8,357,756
- due to debt securities holders	3,414,697	390,575	15,990,000	10,000,000	-	-	29,795,272
Dividend payable	-	-	-	-	-	405,100	405,100
Other liabilities	795,856	2,142,660	2,427,153	1,292,077	1,322,589	32,669,008	40,649,343
Total Financial Liabilities	962,471,064	468,668,069	181,367,789	27,804,465	2,675,790	120,753,347	1,763,740,524
Interest Rate Sensitivity Gap	(69,827,925)	(167,819,825)	185,392,609	167,129,491	107,897,475	(55,854,618)	166,917,207

51. RISK MANAGEMENT CONTD.

Bank

As at 31st December 2024	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Non Interest Sensitive Rs 000	Total Rs 000
Financial Assets							
Cash & cash equivalents	12,232,012	-	-	-	-	33,997,306	46,229,318
Balances with Central Bank of Sri Lanka	-	-	-	-	-	16,373,983	16,373,983
Placements with banks	21,732,299	4,719,946	-	-	-	-	26,452,245
Reverse repurchase agreements	1,000,220	-	-	-	-	-	1,000,220
Financial assets at amortised cost							
- loans & advances	474,342,329	126,686,621	139,202,525	36,452,345	83,445,714	22,076	860,151,610
- debt & other instruments	72,261,977	120,137,379	123,275,802	48,168,591	37,437,014	-	401,280,763
Financial assets - fair value through other comprehensive income	47,245,427	154,123,200	124,562,319	38,975,012	348,581	2,527,973	367,782,512
Other assets	-	-	-	-	-	12,571,604	12,571,604
Total Financial Assets	628,814,264	405,667,146	387,040,646	123,595,948	121,231,309	65,492,942	1,731,842,255
Financial Liabilities							
Due to banks	19,064,208	3,102,610	-	-	-	1,092,993	23,259,811
Securities sold under repurchase agreements	39,698,773	614,011	-	-	-	-	40,312,784
Financial liabilities at amortised cost							
- due to depositors	874,848,769	385,944,350	91,013,593	28,111,249	-	75,946,455	1,455,864,416
- due to other borrowers	107,897	1,218,302	2,516,428	2,386,517	1,832,220	-	8,061,364
- due to debt securities holders	2,510,925	390,575	-	15,990,000	-	-	18,891,500
Dividend payable	-	-	-	-	-	298,695	298,695
Other liabilities	722,938	2,044,497	3,535,979	1,030,834	945,725	22,638,547	30,918,520
Total Financial Liabilities	936,953,510	393,314,345	97,066,000	47,518,600	2,777,945	99,976,690	1,577,607,090
Interest Rate Sensitivity Gap	(308,139,246)	12,352,801	289,974,646	76,077,348	118,453,364	(34,483,748)	154,235,165

Group

As at 31st December 2025	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Non Interest Sensitive Rs 000	Total Rs 000
Financial Assets							
Cash & cash equivalents	29,307,255	-	-	-	-	33,256,733	62,563,988
Balances with Central Bank of Sri Lanka	-	-	-	-	-	21,835,192	21,835,192
Placements with banks	37,666,332	1,557,493	-	-	-	-	39,223,825
Reverse repurchase agreements	7,085,229	-	-	-	-	-	7,085,229
Financial assets at amortised cost							
- loans & advances	689,253,994	130,321,666	229,642,715	57,347,893	89,312,140	39,654	1,195,918,062
- debt & other instruments	153,106,422	130,720,510	110,638,317	109,652,127	19,115,924	-	523,233,300
Financial assets - fair value through other comprehensive income	3,370,101	62,060,811	43,886,941	34,856,364	2,286,254	1,796,082	148,256,553
Other assets	1,352,105	-	-	-	-	8,579,876	9,931,981
Total Financial Assets	921,141,438	324,660,480	384,167,973	201,856,384	110,714,318	65,507,537	2,008,048,130
Financial Liabilities							
Due to banks	23,470,410	6,544,874	9,746,578	3,473,305	-	694,688	43,929,855
Securities sold under repurchase agreements	28,849,602	1,777,009	-	-	-	-	30,626,611
Financial liabilities at amortised cost							
- due to depositors	913,431,290	480,833,920	167,189,024	14,575,966	5,615	86,917,049	1,662,952,864
- due to other borrowers	551,330	1,830,935	2,182,644	2,439,646	1,353,201	-	8,357,756
- due to debt securities holders	3,422,637	2,866,879	16,594,000	19,000,000	-	-	41,883,516
Dividend payable	-	-	-	-	-	405,100	405,100
Other liabilities	959,103	2,232,228	2,623,244	1,488,168	1,487,730	33,610,417	42,400,890
Total Financial Liabilities	970,684,372	496,085,845	198,335,490	40,977,085	2,846,546	121,627,254	1,830,556,592
Interest Rate Sensitivity Gap	(49,542,934)	(171,425,365)	185,832,483	160,879,299	107,867,772	(56,119,717)	177,491,538

51. RISK MANAGEMENT CONTD.

Group

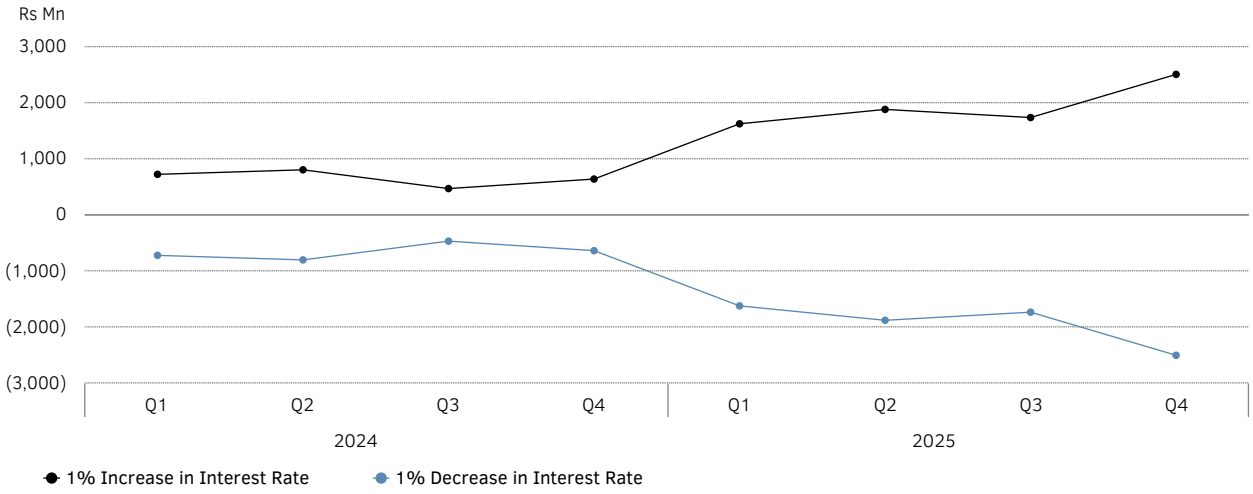
As at 31st December 2024	Up to 3 Months Rs 000	3 - 12 Months Rs 000	1 - 3 Years Rs 000	3 - 5 Years Rs 000	Over 5 Years Rs 000	Non Interest Sensitive Rs 000	Total Rs 000
Financial Assets							
Cash & cash equivalents	12,259,413	-	-	-	-	34,241,726	46,501,139
Balances with Central Bank of Sri Lanka	-	-	-	-	-	16,373,983	16,373,983
Placements with banks	21,732,299	4,719,946	-	-	-	-	26,452,245
Reverse repurchase agreements	6,596,063	-	-	-	-	-	6,596,063
Financial assets at amortised cost							
- loans & advances	485,238,612	139,358,092	152,743,559	41,074,912	83,513,230	22,076	901,950,481
- debt & other instruments	75,407,123	121,327,490	123,275,802	48,168,591	37,437,014	-	405,616,020
Financial assets - fair value through other comprehensive income	47,245,427	154,123,200	124,562,319	38,975,012	348,581	2,528,029	367,782,568
Other assets	1,327,521	-	-	-	-	13,030,893	14,358,414
Total Financial Assets	649,806,458	419,528,728	400,581,680	128,218,515	121,298,825	66,196,707	1,785,630,913
Financial Liabilities							
Due to banks	24,868,994	3,149,366	667,737	288,725	-	1,092,993	30,067,815
Securities sold under repurchase agreements	39,698,773	614,011	-	-	-	-	40,312,784
Financial liabilities at amortised cost							
- due to depositors	881,324,525	402,066,419	99,029,271	28,794,043	5,071	75,929,222	1,487,148,551
- due to other borrowers	107,897	1,218,302	2,516,428	2,386,517	1,832,220	-	8,061,364
- due to debt securities holders	2,510,925	740,727	1,500,000	19,990,000	-	-	24,741,652
Dividend payable	-	-	-	-	-	298,695	298,695
Other liabilities	722,993	2,044,497	3,535,979	1,030,834	945,725	22,760,759	31,040,787
Total Financial Liabilities	949,234,107	409,833,322	107,249,415	52,490,119	2,783,016	100,081,669	1,621,671,648
Interest Rate Sensitivity Gap	(299,427,649)	9,695,406	293,332,265	75,728,396	118,515,809	(33,884,962)	163,959,265

51.4.2.2 Sensitivity of Net Interest Income to Changes in Interest Rates

The table below illustrates the sensitivity of the Bank/Group's Net Interest Income (NII) to potential changes in market interest rates. The impact on NII is calculated by applying parallel interest rate shocks of ±100 basis points and ±200 basis points to prevailing market rates based on a static balance sheet position as at 31st December 2025. The sensitivity of NII to various rate shocks is assessed at least quarterly to ensure that interest rate volatility is prudently managed within the Bank/Group's risk appetite limits. This ensures that the Bank/Group remains resilient under a range of plausible interest rate scenarios.

Impact on Net Interest Income	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Parallel Increase				
100 bps	2,506,899	638,683	2,666,836	701,359
200 bps	5,013,799	1,277,366	5,333,672	1,402,719
Parallel Decrease				
100 bps	(2,506,899)	(638,683)	(2,666,836)	(701,359)
200 bps	(5,013,799)	(1,277,366)	(5,333,672)	(1,402,719)

51.4.2.3 Impact of a Rate Shock on the Net Interest Income - Bank



51.4.3 Currency Risk

Currency risk arises from fluctuations in foreign exchange rates. To manage this risk, the Bank has Board-approved limits for the net open position (NOP) for each major currency. Positions are monitored daily, and hedging strategies are employed to ensure compliance with these limits.

The Risk Management Unit conducts stress testing on NOP to assess the potential impact of exchange rate fluctuations on the Bank's profit and equity. Additionally, the Bank uses Value at Risk (VaR) to measure market risk exposure from its overnight foreign exchange positions, calculated using the historical method at various confidence levels.

51. RISK MANAGEMENT CONTD.

51.4.3.1 Net Open Position by Currency

The following table shows the Net Open Position (NOP) of the Bank for each of the major currencies as at 31st December 2025 and 31st December 2024.

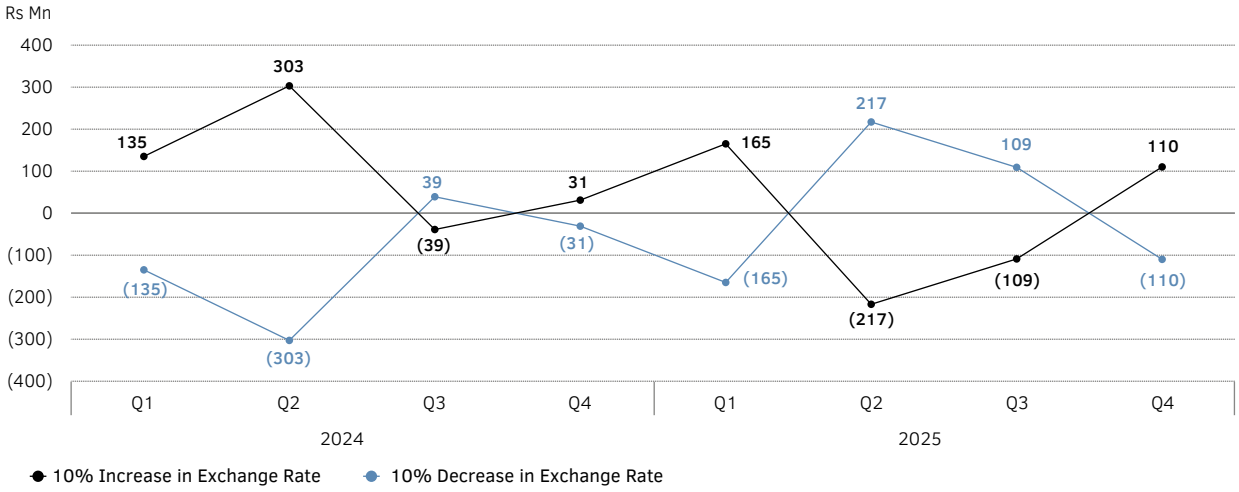
As at 31st December	2025		2024	
	Net Overall Long Rs 000	Net Overall Short Rs 000	Net Overall Long Rs 000	Net Overall Short Rs 000
Currency				
United States Dollar	-	862,924	-	3,600,218
Great Britain Pound	196,865	-	320,786	-
Euro	870,677	-	2,680,467	-
Japanese Yen	72,911	-	94,011	-
Singapore Dollar	20,683	-	14,091	-
Sub Total	1,161,136	862,924	3,109,355	3,600,218
Other Currencies	798,776	221	805,224	172
Grand Total	1,959,912	863,145	3,914,579	3,600,390
Net Exposure	1,096,767		314,189	
Higher of Long and Short for Basel III	1,959,912		3,914,579	
VaR (99%, 1 day) 31st December	70,425		71,234	

51.4.3.2 Impact due to Exchange Rate Shocks

The following table indicates the gain/(loss) to the Bank and the impact on total CAR, of a reasonably possible change in exchange rates, based on a constant open position as indicated in Note 51.4.3.1.

Increase/ (decrease) in exchange rate	2025				2024			
	Position for Basel III Rs 000	Impact on Total CAR %	Net Open Position Rs 000	Impact on Income Rs 000	Position for Basel III Rs 000	Impact on Total CAR %	Net Open Position Rs 000	Impact on Income Rs 000
5%	2,057,907	(0.03)	1,151,605	54,838	4,110,308	(0.02)	329,898	15,709
10%	2,155,902	(0.07)	1,206,443	109,677	4,306,037	(0.05)	345,608	31,419
(5%)	1,861,916	0.03	1,041,928	(54,838)	3,718,850	0.02	298,480	(15,709)
(10%)	1,763,920	0.07	987,090	(109,677)	3,523,121	0.05	282,770	(31,419)

51.4.3.3 Impact on Income due to Increase/Decrease in Exchange Rate by 10%



51.4.4 Equity Price Risk

Equity price risk arises from volatility in market prices of individual equities. The Bank conducts mark to market calculations monthly, or more frequently if needed, to identify the impact of changes in equity prices on the financial statements.

Apart from the investment in LankaBangla Finance PLC, the Bank/Group did not hold any other quoted equity securities as at 31st December 2025 or 31st December 2024.

The table below summarises the impact of a 10% change in individual equity prices on the Statement of Profit or Loss, Other Comprehensive Income and total equity of the Bank/Group as at 31st December 2025 and 31st December 2024.

As at 31st December	2025			2024		
	Statement of Profit or Loss	Other Comprehensive Income	Total Impact to Equity	Statement of Profit or Loss	Other Comprehensive Income	Total Impact to Equity
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Bank & Group						
10% increase	-	159,216	159,216	-	232,422	232,422
10% decrease	-	(159,216)	(159,216)	-	(232,422)	(232,422)

51.4.5 Commodity Price Risk

Commodity price risk arises from fluctuations in the value of commodities such as gold. The Bank does not hold commodities on its Statement of Financial Position and is therefore not directly exposed to this risk. However, there is an indirect exposure through the pawning and gold loan portfolio, where default rates tend to be highly correlated with movements in gold prices.

To mitigate this risk, the Bank adopts prudent measures, including maintaining lower Loan-to-Value (LTV) ratios and performing regular mark-to-market valuations. These practices ensure that collateral remains adequate and the portfolio remains resilient under changing market conditions.

51.5 Operational Risk

Operational risk arises due to inadequate or failed internal processes, people and systems or from external events. These events, which include legal and regulatory implications, could lead to financial and reputational losses to the Bank.

The Bank's operational risk management framework is outlined in the Board-approved Operational Risk Management Policy. Operational risk is managed by implementing an appropriate internal control system, which includes mechanisms for segregating related responsibilities and conducting periodic evaluations of the efficiency and effectiveness of the Bank's overall internal controls.

The Operational Risk Management Unit reports to the Chief Risk Officer (CRO), who in turn reports directly to the Board Integrated Risk Management Committee (BIRMC). The BIRMC maintains a high level of overall supervision over the management of operational risks within the Bank.

51.6 Capital Management

The Bank's capital management objectives can be summarised as follows:

- Maintain sufficient capital to meet minimum regulatory capital requirements
- Hold sufficient capital to support the Bank's risk appetite
- Provide additional capital to business segments of the Bank to achieve the overall strategic objectives
- Provide a cushion or buffer to absorb potential losses arising from various risks and safeguarding depositors' funds

51. RISK MANAGEMENT CONTD.

51.6.1 Regulatory Capital

The Bank manages its capital in line with regulatory capital requirements set by the Central Bank of Sri Lanka (CBSL), based on the Basel framework. As of 31st December 2025, the Bank is required to maintain a minimum Total Tier I Capital Adequacy Ratio (including capital buffers) of 9.5% and a minimum Total Capital Adequacy Ratio of 13.5%.

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Common Equity Tier I (CET I) Capital after adjustments	145,012,150	131,766,084	158,535,476	142,561,898
Common Equity Tier I (CET I) Capital	158,274,826	145,328,039	168,471,418	153,174,197
Stated capital	48,741,119	48,741,119	48,741,119	48,741,119
Statutory reserve fund	9,500,000	7,985,000	9,955,000	8,358,000
Published retained earnings/(Accumulated retained losses)	3,126,040	2,692,327	12,867,632	10,165,485
Published accumulated other comprehensive income (OCI)	1,880,011	5,898,670	1,880,011	5,898,670
General and other disclosed reserves	95,027,656	80,010,923	95,027,656	80,010,923
Total adjustments to CET I Capital	13,262,676	13,561,955	9,935,942	10,612,299
Intangible assets (net)	1,040,433	888,711	1,085,000	899,752
Deferred tax assets (net)	10,597,476	10,934,412	8,850,942	9,712,547
Defined benefit pension fund assets	-	-	-	-
Others (Investments in the capital of banking & financial institutions)	1,624,767	1,738,832	-	-
Additional Tier I (AT I) Capital after adjustments	-	-	-	-
Additional Tier I (AT I) Capital	-	-	-	-
Tier II Capital after adjustments	28,577,599	20,756,236	29,351,591	21,257,018
Tier II Capital	28,577,599	20,756,236	29,351,591	21,257,018
Qualifying Tier II capital instruments	16,000,000	10,700,000	16,000,000	10,700,000
Revaluation gains	1,243,805	1,243,805	1,243,805	1,243,805
Stage 1 & 50% of stage 2 impairment provision subject to 1.25% of credit RWA	11,333,794	8,812,431	12,107,786	9,313,213
Total adjustments to Tier II	-	-	-	-
CET I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Tier I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Capital	173,589,749	152,522,320	187,887,067	163,818,916
Total Risk Weighted Assets (RWA)	983,264,409	786,841,091	1,053,651,543	833,824,684
RWAs for Credit Risk	906,703,520	704,994,453	968,622,919	745,057,021
RWAs for Operational Risk	74,581,741	77,382,536	83,049,476	84,303,561
RWAs for Market Risk	1,979,148	4,464,102	1,979,148	4,464,102
CET I Capital Ratio (%)	14.75	16.75	15.05	17.10
Total Tier I Capital Ratio (%)	14.75	16.75	15.05	17.10
Total Capital Ratio (%)	17.65	19.38	17.83	19.65

Pillar III - Disclosure Requirements under Basel III

Disclosures under the Pillar III requirements mainly include the regulatory capital requirements and liquidity, risk weighted assets, discussion on meeting current and future capital requirements of banks, linkages between financial statements and regulatory exposures and information on assessment of D-SIBs. The Bank is required to disclose the templates specified by the Central Bank of Sri Lanka in accordance with the Basel III minimum disclosure requirements, effective from 1st July 2017. These templates are provided on pages 541 to 550.

52. MATURITY ANALYSIS

The remaining contractual period to maturity as of the date of the Statement of Financial Position is tabulated below:

Bank

As at 31st December	2025			2024		
	Within 12 Months Rs 000	After 12 Months Rs 000	Total Rs 000	Within 12 Months Rs 000	After 12 Months Rs 000	Total Rs 000
Assets						
Cash & cash equivalents	62,018,008	-	62,018,008	46,229,318	-	46,229,318
Balances with Central Bank of Sri Lanka	19,171,140	2,664,052	21,835,192	14,855,483	1,518,500	16,373,983
Placements with banks	39,223,825	-	39,223,825	26,452,245	-	26,452,245
Reverse repurchase agreements	44,282	-	44,282	1,000,220	-	1,000,220
Derivative financial instruments	2,468,488	-	2,468,488	507,054	-	507,054
Financial assets recognised through profit or loss - measured at fair value	403,260	-	403,260	4,614,332	-	4,614,332
Financial assets at amortised cost						
- loans & advances	662,224,032	465,552,760	1,127,776,792	522,726,757	337,424,853	860,151,610
- debt & other instruments	256,124,772	267,051,796	523,176,568	190,050,584	211,230,179	401,280,763
Financial assets - fair value through other comprehensive income	65,430,912	82,825,585	148,256,497	201,368,628	166,413,884	367,782,512
Investment in subsidiaries	-	4,226,113	4,226,113	-	4,190,721	4,190,721
Property, plant & equipment	-	15,187,778	15,187,778	-	10,854,850	10,854,850
Intangible assets	-	1,040,433	1,040,433	-	888,711	888,711
Right-of-use assets	2,878,663	4,311,428	7,190,091	2,744,980	5,115,300	7,860,280
Deferred tax assets	-	10,597,476	10,597,476	-	10,934,412	10,934,412
Other assets	11,221,586	3,586,174	14,807,760	11,299,440	7,520,672	18,820,112
Total Assets	1,121,208,968	857,043,595	1,978,252,563	1,021,849,041	756,092,082	1,777,941,123
Liabilities						
Due to banks	22,493,094	2,194,006	24,687,100	23,259,811	-	23,259,811
Derivative financial instruments	805,063	-	805,063	3,200,590	-	3,200,590
Securities sold under repurchase agreements	32,785,653	-	32,785,653	40,312,784	-	40,312,784
Financial liabilities at amortised cost						
- due to depositors	1,454,413,572	172,646,728	1,627,060,300	1,336,739,574	119,124,842	1,455,864,416
- due to other borrowers	2,382,265	5,975,491	8,357,756	1,326,199	6,735,165	8,061,364
- due to debt securities holders	3,795,272	26,000,000	29,795,272	2,891,500	16,000,000	18,891,500
Retirement benefit obligation	-	7,490,860	7,490,860	-	5,799,502	5,799,502
Dividend payable	405,100	-	405,100	298,695	-	298,695
Current tax liabilities	16,762,008	-	16,762,008	14,522,729	-	14,522,729
Other liabilities	41,131,077	10,097,999	51,229,076	35,646,944	5,544,572	41,191,516
Total Liabilities	1,574,973,104	224,405,084	1,799,378,188	1,458,198,826	153,204,081	1,611,402,907
Maturity Gap	(453,764,136)	632,638,511	178,874,375	(436,349,785)	602,888,001	166,538,216
Cumulative Gap	(453,764,136)	178,874,375		(436,349,785)	166,538,216	

52. MATURITY ANALYSIS CONTD.

Group

As at 31st December	2025			2024		
	Within 12 Months Rs 000	After 12 Months Rs 000	Total Rs 000	Within 12 Months Rs 000	After 12 Months Rs 000	Total Rs 000
Assets						
Cash & cash equivalents	62,563,988	-	62,563,988	46,501,139	-	46,501,139
Balances with Central Bank of Sri Lanka	19,171,140	2,664,052	21,835,192	14,855,483	1,518,500	16,373,983
Placements with banks	39,223,825	-	39,223,825	26,452,245	-	26,452,245
Reverse repurchase agreements	7,085,229	-	7,085,229	6,596,063	-	6,596,063
Derivative financial instruments	2,468,488	-	2,468,488	507,054	-	507,054
Financial assets recognised through profit or loss - measured at fair value	403,260	-	403,260	4,614,332	-	4,614,332
Financial assets at amortised cost						
- loans & advances	706,674,079	489,243,983	1,195,918,062	548,786,858	353,163,623	901,950,481
- debt & other instruments	256,181,504	267,051,796	523,233,300	194,385,841	211,230,179	405,616,020
Financial assets - fair value through other comprehensive income	65,430,912	82,825,641	148,256,553	201,368,628	166,413,940	367,782,568
Property, plant & equipment	-	28,273,996	28,273,996	-	22,012,514	22,012,514
Intangible assets	-	1,085,000	1,085,000	-	899,752	899,752
Right-of-use assets	2,688,434	3,514,973	6,203,407	499,328	4,988,869	5,488,197
Deferred tax assets	-	10,814,762	10,814,762	-	11,177,659	11,177,659
Other assets	13,037,249	3,804,929	16,842,178	13,419,571	7,603,788	21,023,359
Total Assets	1,174,928,108	889,279,132	2,064,207,240	1,057,986,542	779,008,824	1,836,995,366
Liabilities						
Due to banks	30,709,973	13,219,882	43,929,855	25,632,279	4,435,536	30,067,815
Derivative financial instruments	805,063	-	805,063	3,200,590	-	3,200,590
Securities sold under repurchase agreements	30,626,611	-	30,626,611	40,312,784	-	40,312,784
Financial liabilities at amortised cost						
- due to depositors	1,481,182,260	181,770,604	1,662,952,864	1,359,320,166	127,828,385	1,487,148,551
- due to other borrowers	2,382,265	5,975,491	8,357,756	1,326,199	6,735,165	8,061,364
- due to debt securities holders	6,279,516	35,604,000	41,883,516	3,241,652	21,500,000	24,741,652
Retirement benefit obligation	-	7,776,857	7,776,857	-	6,019,892	6,019,892
Dividend payable	405,100	-	405,100	298,695	-	298,695
Current tax liabilities	17,601,788	-	17,601,788	15,312,202	-	15,312,202
Deferred tax liabilities	-	1,963,820	1,963,820	-	1,465,112	1,465,112
Other liabilities	44,011,415	10,128,541	54,139,956	36,355,467	6,128,930	42,484,397
Total Liabilities	1,614,003,991	256,439,195	1,870,443,186	1,485,000,034	174,113,020	1,659,113,054
Maturity Gap	(439,075,883)	632,839,937	193,764,054	(427,013,492)	604,895,804	177,882,312
Cumulative Gap	(439,075,883)	193,764,054		(427,013,492)	177,882,312	

53 REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS IN SCRIPLESS TREASURY BONDS AND SCRIPLESS TREASURY BILLS

Directive No. 1 of 2019, issued by the Central Bank of Sri Lanka, requires Licensed Banks and Primary Dealers to disclose the following additional information on repurchase and reverse repurchase transactions in scripless treasury bonds and bills.

53.1 Carrying Value of Securities Allocated for Repurchase Transactions

As at 31st December	Note	2025 Amortised Cost	2025 Fair Value	2024 Amortised Cost	2024 Fair Value
		Rs 000	Rs 000	Rs 000	Rs 000
Financial assets at amortised cost - debt & other instruments	26.5				
Bank		36,336,723	36,347,290	42,516,856	42,687,685
Group		34,009,609	34,018,724	42,516,856	42,687,685

53.2 Market Value of Securities Received for Reverse Repurchase Transactions

Securities purchased under agreements to resell at a specified future date are not recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, within “reverse repurchase agreements”.

As at 31st December	2025 Amortised Cost	2025 Fair Value of Securities Received	2024 Amortised Cost	2024 Fair Value of Securities Received
	Rs 000	Rs 000	Rs 000	Rs 000
Reverse repurchase agreements				
Bank	44,282	51,489	1,000,220	1,073,932
Group	7,085,229	7,400,445	6,596,063	6,669,775

53.3 Bank's Policy on Haircuts for Repurchase and Reverse Repurchase Transactions

According to the Bank's internal policies, the minimum haircut applicable for each maturity bucket as at 31st December 2025 is given below. The haircuts applied meet the minimum haircut requirements imposed by Directive No. 1 of 2019.

Remaining Term to Maturity of the Eligible Security	Minimum Haircut (%) Repurchase Transactions	Minimum Haircut (%) Reverse Repurchase Transactions
Up to 1 year	6.00	6.00
More than 1 year and up to 3 years	6.00	6.00
More than 3 years and up to 5 years	8.00	8.00
More than 5 years and up to 8 years	10.00	10.00
More than 8 years	12.00	12.00

53.4 Penalties Imposed on the Bank/Group for Non-Compliance

No penalties have been imposed on the Group for non compliance with Directive No. 1 of 2019 during the year ended 31st December 2025/2024.

54. SELECTED PERFORMANCE INDICATORS/KEY FINANCIAL DATA (AS PER REGULATORY REPORTING)

As at 31st December	BANK 2025	BANK 2024	GROUP 2025	GROUP 2024
Regulatory Capital Adequacy (Rs 000)				
Common Equity Tier 1 Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Tier 1 Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Regulatory Capital	173,589,749	152,522,320	187,887,067	163,818,916
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement: 2025 - 8.0%, 2024 - 7.0%)	14.75	16.75	15.05	17.10
Total Tier 1 Capital Ratio (Minimum Requirement: 2025 - 9.5%, 2024 - 8.5%)	14.75	16.75	15.05	17.10
Total Capital Ratio (Minimum Requirement: 2025 - 13.5%, 2024 - 12.5%)	17.65	19.38	17.83	19.65
Basel III Leverage Ratio % (Minimum Requirement - 3%)	7.13	7.24	7.47	7.58

As at 31st December	BANK 2025	BANK 2024
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 100%)	283.45	340.11
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 100%)	239.79	307.36
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	173.00	198.66
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) to Total Loans Ratio (%)	3.31	4.69
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	60.44	60.08
Income & Profitability		
Net Interest Margin (%)	4.11	4.90
Return on Assets (Before Tax) (%)	2.60	2.84
Return on Equity (After Tax) (%)	17.93	17.74
Cost to Income Ratio (%)	42.71	44.95
Memorandum Information		
Credit Rating - Fitch	AA- (lka)	AA- (lka)
Number of Employees	4,917	4,428
Number of Branches	229	229

SUPPLEMENTARY INFORMATION

Ten Years at a Glance | 522
Quarterly Statistics | 524
Statement of Profit or Loss in US$ | 526
Statement of Comprehensive Income in US$ | 527
Statement of Financial Position in US$ | 528
Investor Relations | 529
Direct Economic Value Generated and Distributed - Bank | 539
Annexures to Corporate Governance Report | 540
Basel III Disclosure Requirements | 541
GRI Content Index | 551
SLFRS S1 and S2 Taxonomy | 555
Sustainability Accounting Standards Board (SASB) Index | 558
Independent Practitioner's Assurance Report to the Board of Directors of Sampath Bank PLC on the Integrated Annual Report 2025 | 559
Independent Practitioner's Assurance Report to the Board of Directors of Sampath Bank PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report FY 2025 | 561
Glossary of Financial and Banking Terms | 563
Acronyms and Abbreviations | 567
Notice of Annual General Meeting | 569
Notes | 570
Stakeholder Feedback Form | 571

Corporate Information | IBC
Encl. - Form of Proxy



A LEGACY SEQUENCE

Every action we undertake contributes to a continuum of progress shaped by decades of wholehearted service. By carrying forward our values through structured pathways, we secure continuity, strengthen relevance, and create lasting impact for the foreseeable future.

TEN YEARS AT A GLANCE

For the year ended/As at 31st December	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating Results (Rs Mn)										
Gross income	218,780	195,321	226,154	197,571	104,570	102,339	118,855	115,310	92,590	67,585
Interest income	181,059	183,055	203,447	157,619	85,987	88,628	103,567	97,934	79,625	56,529
Interest expense	103,277	103,047	131,157	84,117	44,318	54,805	61,992	59,880	51,261	33,776
Net interest income	77,782	80,008	72,290	73,502	41,669	33,823	41,575	38,054	28,363	22,754
Exchange gain/(loss)	5,293	(4,220)	(1,887)	16,261	4,849	2,792	2,793	5,491	3,132	2,589
Other income	26,423	11,706	20,570	21,191	11,969	9,598	10,809	10,198	8,484	7,002
Total operating income	109,498	87,494	90,973	110,954	58,487	46,213	55,177	53,743	39,979	32,344
Impairment (reversal)/charge	(637)	(11,728)	20,149	62,706	17,085	11,783	12,573	11,223	2,376	1,460
Net operating income	110,135	99,222	70,824	48,248	41,402	34,430	42,604	42,520	37,603	30,884
Operating expenses	46,768	39,333	32,457	28,048	20,668	20,095	20,366	19,307	16,918	15,471
Operating profit before taxes	63,367	59,889	38,367	20,200	20,734	14,335	22,238	23,213	20,685	15,413
Taxes on financial services	14,077	13,167	8,607	5,176	3,901	3,163	6,740	4,863	4,079	2,814
Profit before income tax	49,290	46,722	29,760	15,024	16,833	11,172	15,498	18,350	16,606	12,600
Income tax expense	19,079	19,402	12,620	1,890	4,376	3,147	4,347	6,207	4,502	3,475
Profit for the year	30,211	27,321	17,140	13,134	12,457	8,025	11,151	12,143	12,104	9,125
Assets (Rs Mn)										
Cash and cash equivalents including placements	101,242	72,682	113,013	90,090	25,623	32,282	25,040	27,799	25,494	25,814
Net loans and advances	1,127,777	860,152	756,436	811,158	762,588	720,215	689,378	650,014	562,884	458,831
Other interest earning assets	670,085	772,150	584,889	321,531	338,871	309,468	182,772	174,300	145,371	124,127
Investment in subsidiaries	4,226	4,191	4,111	3,899	3,503	3,351	2,395	2,320	1,356	1,228
Property, plant and equipment	15,188	10,855	9,623	8,911	7,818	8,126	8,466	7,918	7,270	5,972
Other assets	59,735	57,911	73,876	88,837	61,510	36,829	54,299	51,874	52,727	42,540
Total assets	1,978,253	1,777,941	1,541,948	1,324,426	1,199,913	1,110,271	962,350	914,225	795,102	658,512
Liabilities (Rs Mn)										
Deposits from banks and customers	1,647,343	1,469,222	1,264,470	1,103,213	978,368	886,873	718,301	698,085	630,442	516,273
Due to debt securities holders, borrowings from banks and repo	75,343	77,168	68,829	40,901	72,829	83,617	110,164	104,875	80,601	82,605
Other liabilities	76,693	65,013	60,776	53,932	29,964	32,232	28,880	26,876	20,409	15,145
Total liabilities	1,799,379	1,611,403	1,394,075	1,198,046	1,081,161	1,002,722	857,345	829,836	731,452	614,023
Shareholders' Fund (Rs Mn)										
Stated capital	48,741	48,741	48,741	47,622	47,622	47,622	47,622	32,796	16,308	6,471
Reserves	130,133	117,797	99,132	78,758	71,130	59,927	57,384	51,593	47,342	38,018
Total equity	178,874	166,538	147,873	126,380	118,752	107,549	105,006	84,389	63,650	44,489
Total liabilities and equity	1,978,253	1,777,941	1,541,948	1,324,426	1,199,913	1,110,271	962,350	914,225	795,102	658,512
Investor Information										
Dividend paid/proposed (Rs Mn)	12,079	10,965	6,860	5,264	4,864	3,147	4,482	4,565	4,598	3,362
Dividend per share (Rs) [A]	10.30	9.35	5.85	4.60	4.25	2.75	11.75	16.25	17.20	18.75
Cash dividend per share (Rs) [A]	10.30	9.35	5.85	3.45	4.25	2.75	11.75	5.00	nil	4.75
Dividend cover (times)	2.50	2.49	2.50	2.50	2.56	2.55	2.49	2.66	2.63	2.71
Dividend yield (%)	7.03	7.91	8.30	13.45	8.16	6.08	7.24	6.91	5.45	7.20
Earnings per share - Basic/Diluted (Rs) [B]	25.76	23.30	14.62	11.20	10.62	6.84	9.86	11.32	11.88	8.98
Earnings yield (%)	17.58	19.70	20.74	33.57	20.90	15.51	20.22	18.37	17.76	18.18
Price earning ratio (times)	5.69	5.08	4.82	2.98	4.78	6.45	4.95	5.44	5.63	5.50
Price to book value (times)	0.96	0.83	0.56	0.31	0.50	0.48	0.59	0.78	1.08	1.09
Net asset value per share (Rs) [B]	152.53	142.01	126.10	107.77	101.26	91.71	92.86	78.69	62.45	43.76
Market price per share (Rs) - High	156.75	119.00	79.20	56.50	250.00	170.00	245.00	335.50	352.20	268.70
Market price per share (Rs) - Low	99.90	66.00	33.00	26.00	48.00	96.00	136.00	218.00	253.50	210.00
Market price as at 31st December (Rs)	146.50	118.25	70.50	34.20	52.10	135.60	162.40	235.00	315.70	260.40

For the year ended/As at 31st December	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Ratios										
Growth in income (%)	12.0	(13.6)	14.5	88.9	2.2	(13.9)	3.1	24.5	37.0	43.7
Growth in profit (%)	10.6	59.4	30.5	5.4	55.2	(28.0)	(8.2)	0.3	32.7	48.8
Growth in total assets (%)	11.3	15.3	16.4	10.4	8.1	15.4	5.3	15.0	20.7	25.4
Growth in net loans and advances (%)	31.1	13.7	(6.7)	6.4	5.9	4.5	6.1	15.5	22.7	21.6
Growth in deposits (%)	12.1	16.2	14.6	12.8	10.3	23.5	2.9	10.7	22.1	26.1
Cost to income ratio with taxes on financial services (%)	55.6	60.0	45.1	29.9	42.0	50.3	49.1	45.0	52.5	56.5
Cost to income ratio without taxes on financial services (%)	42.7	45.0	35.7	25.3	35.3	43.5	36.9	35.9	42.3	47.8
Return on average assets (before tax) (%)	2.60	2.84	2.12	1.16	1.44	1.09	1.66	2.13	2.29	2.14
Return on average assets (after tax) (%)	1.60	1.66	1.22	1.01	1.07	0.78	1.20	1.41	1.67	1.55
Return on average equity (after tax) (%)	17.93	17.74	12.65	10.95	11.05	7.58	11.78	16.02	23.35	23.47
Property, plant & equipment to shareholders' fund (%)	8.5	6.5	6.5	7.1	6.6	7.6	8.1	9.4	11.4	13.4
Total assets to shareholders' fund (times)	11.1	10.7	10.4	10.5	10.1	10.3	9.2	10.8	12.5	14.8
Total impairment on loans as a % of gross loans & advances	7.83	10.83	13.78	11.84	6.21	5.10	4.20	3.03	1.52	1.67
Cost of risk (%)	(0.09)	0.31	2.04	5.97	1.61	1.36	1.74	1.69	0.44	n/a
CASA ratio (%)	34.7	34.0	33.4	32.7	45.7	39.3	35.2	33.4	34.9	38.4
Loans to deposits ratio (%)	74.3	65.7	69.4	83.4	83.1	85.6	100.2	96.0	90.7	90.4
Non-performing loan ratio (%) - Gross [C]	n/a	n/a	n/a	n/a	5.09	6.30	6.37	3.69	1.64	1.61
Non-performing loan ratio (%) - Net [C]	n/a	n/a	n/a	n/a	1.78	3.45	4.53	2.39	0.75	0.62
Stage 3 impairment to Stage 3 loans ratio (%) [C]	60.44	60.08	57.80	53.84	45.45	40.22	n/a	n/a	n/a	n/a
Impaired loans (Stage 3) ratio (%) [C]	3.31	4.69	5.87	4.35	3.20	3.95	n/a	n/a	n/a	n/a
Liquidity Coverage Ratios										
- Rupee (%)	283.45	340.11	453.16	200.78	254.89	424.90	177.29	125.03	133.52	94.15
- All currency (%)	239.79	307.36	312.47	146.53	213.43	293.37	149.17	125.42	118.81	77.69
Net stable funding ratio (%)	173.00	198.66	184.20	157.10	149.92	144.00	126.80	n/a	n/a	n/a
Capital Adequacy Ratios	Basel III	Basel III	Basel III	Basel III	Basel III	Basel III	Basel III	Basel III	Basel III	Basel II
- Common equity Tier I (%)	14.75	16.75	16.35	11.92	13.95	13.44	14.22	12.08	10.26	n/a
- Total Tier I (%)	14.75	16.75	16.35	11.92	13.95	13.44	14.22	12.08	10.26	8.31
- Total capital (Tier I + Tier II) (%)	17.65	19.38	19.56	14.27	17.02	16.41	18.12	15.73	14.41	12.87
Leverage ratio (%)	7.13	7.24	6.39	7.00	7.80	6.94	8.12	n/a	n/a	n/a
Other Information										
Exchange rate (USD)	309.88	293.25	324.00	365.50	200.75	185.50	181.35	182.90	153.50	150.00
Number of staff	4,917	4,428	4,179	3,948	4,013	4,048	4,134	4,189	4,011	3,960
Number of branches	229	229	229	229	229	229	229	229	229	229
Number of ATMs, CRMs and CDMs	757	789	787	821	829	830	812	750	568	489

n/a - not applicable

[A] Actual dividend per share paid each year.

[B] Earnings per share and net asset value per share are retrospectively adjusted to account for changes in the weighted average number of shares.

[C] Following the issuance of Banking Act Direction No. 13 of 2021 on the Classification, Recognition and Measurement of Credit Facilities in Licensed Banks, the Central Bank of Sri Lanka (CBSL) mandated the licensed banks to disclose ratios relating to stage-wise classifications as prescribed by the Direction.

As at	2025				2024			
	31st December Rs Mn	30th September Rs Mn	30th June Rs Mn	31st March Rs Mn	31st December Rs Mn	30th September Rs Mn	30th June Rs Mn	31st March Rs Mn
Statement of Financial Position								
Total assets	1,978,253	1,952,923	1,927,434	1,863,661	1,777,941	1,684,435	1,640,586	1,631,194
Financial assets at amortised cost - loans & advances	1,127,777	1,046,446	928,431	855,654	860,152	811,392	786,863	775,057
Financial liabilities at amortised cost - due to depositors	1,627,060	1,587,229	1,594,583	1,526,679	1,455,864	1,380,493	1,339,119	1,317,238
Total equity	178,874	171,271	165,424	161,137	166,538	156,721	152,566	146,444

For the quarter ended	2025				2024			
	31st December Rs Mn	30th September Rs Mn	30th June Rs Mn	31st March Rs Mn	31st December Rs Mn	30th September Rs Mn	30th June Rs Mn	31st March Rs Mn
Statement of Profit or Loss								
Net interest income	20,597	18,600	19,460	19,125	19,419	19,445	20,691	20,453
Net fee & commission income	5,626	5,892	4,979	4,738	4,551	4,255	4,229	4,474
Net gain/(loss) from trading	1,038	355	(18)	2,880	(1,553)	2,135	2,156	(4,515)
Net gain/(loss) on derecognition of financial assets	161	267	819	2,721	(8,135)	223	281	399
Net other operating income	992	1,481	1,348	(1,564)	1,088	(2,254)	(176)	327
Total operating income	28,414	26,595	26,588	27,900	15,370	23,804	27,181	21,138
Less: Impairment (reversal)/charge	(2,662)	639	1,467	(82)	(17,123)	(779)	1,801	4,372
Net operating income	31,076	25,956	25,121	27,982	32,493	24,583	25,380	16,766
Less: Total operating expenses	13,240	11,806	10,929	10,793	11,244	9,983	9,657	8,448
Taxes on financial services	3,859	3,233	3,220	3,765	4,403	3,231	3,456	2,077
Income tax expense	5,222	4,157	4,618	5,082	7,311	4,695	4,509	2,886
Profit for the period	8,755	6,760	6,354	8,342	9,535	6,674	7,758	3,355
Other comprehensive income for the period	(1,151)	(913)	(2,083)	(2,780)	283	(2,519)	(1,636)	2,077
Total comprehensive income for the period	7,604	5,847	4,271	5,562	9,818	4,155	6,122	5,432

For the quarter ended	2025				2024			
	31st December	30th September	30th June	31st March	31st December	30th September	30th June	31st March
Market price per share (Rs)								
Highest	156.75	151.00	126.75	128.00	119.00	80.00	82.70	80.90
Lowest	135.00	124.50	99.90	110.00	77.10	67.10	75.20	66.00
Closing	146.50	145.25	126.50	122.50	118.25	77.70	78.30	80.00

As at	2025				2024			
	31st December	30th September	30th June	31st March	31st December	30th September	30th June	31st March
Income & Profitability								
Interest Margin (%)	4.11	4.09	4.24	4.32	4.90	5.01	5.18	5.24
Return on Assets (before tax) (%)	2.60	2.52	2.67	3.02	2.84	2.46	2.32	1.59
Return on Equity (after tax) (%)	17.93	17.24	17.94	20.34	17.74	15.67	14.90	9.04
Cost to Income Ratio (%)	42.71	41.35	39.87	38.68	44.95	38.94	37.47	39.97
Regulatory Capital								
Common Equity Tier 1 Capital Ratio (%)	14.75	14.06	15.64	16.51	16.75	16.72	16.98	15.18
Total Tier 1 Capital Ratio (%)	14.75	14.06	15.64	16.51	16.75	16.72	16.98	15.18
Total Capital Ratio (%)	17.65	17.21	19.16	20.30	19.38	19.54	19.96	18.22
Leverage Ratio (%)	7.13	6.47	6.58	6.85	7.24	7.26	6.46	5.72
Assets Quality								
Impaired Loans (Stage 3) Ratio %	3.31	3.77	4.26	4.61	4.69	5.27	5.70	5.53
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	60.44	60.25	60.66	60.51	60.08	57.92	58.77	59.18
Regulatory Liquidity								
Liquidity Coverage Ratio (%) - Rupee	283.45	334.28	387.31	389.45	340.11	399.48	329.07	407.42
Liquidity Coverage Ratio (%) - All Currency	239.79	249.01	312.11	305.17	307.36	303.25	299.48	307.77
Net Stable Funding Ratio (%)	173.00	181.22	198.59	198.00	198.66	198.60	195.48	189.57
Memorandum Information								
Credit Rating - Fitch	AA-(lka)	AA-(lka)	AA-(lka)	AA-(lka)	AA-(lka)	A (lka)	A (lka)	A (lka)
Number of Employees	4,917	4,733	4,633	4,526	4,428	4,352	4,328	4,297
Number of Branches	229	229	229	229	229	229	229	229

STATEMENT OF PROFIT OR LOSS IN US$

For the year ended 31st December	BANK		GROUP	
	2025	2024	2025	2024
	US$ 000	US$ 000	US$ 000	US$ 000
Gross income	706,017	666,056	750,152	704,412
Interest income	584,289	624,228	620,038	655,954
Less: Interest expense	333,281	351,396	350,348	367,252
Net interest income	251,008	272,832	269,690	288,702
Fee & commission income	87,907	76,008	91,592	78,367
Less: Fee & commission expense	19,379	16,301	19,388	16,313
Net fee & commission income	68,528	59,707	72,204	62,054
Net gain/(loss) from trading	13,731	(6,061)	13,731	(5,812)
Net gain/(loss) on derecognition of financial assets				
Capital gain on sale of financial assets	12,808	3,870	12,808	3,717
Impact on restructuring of Sri Lanka International Sovereign Bonds	-	(28,526)	-	(28,526)
Net other operating income	7,282	(3,463)	11,983	712
Total other income	33,821	(34,180)	38,522	(29,909)
Total operating income	353,357	298,359	380,416	320,847
Less: Impairment (reversal)/charge				
Loans and advances	(3,100)	9,450	(3,423)	9,067
Sri Lanka International Sovereign Bonds	4,435	(53,835)	4,435	(53,835)
Other financial assets and credit related commitments	(3,391)	4,391	(3,086)	4,285
Total Impairment reversal	(2,056)	(39,994)	(2,074)	(40,483)
Net operating income	355,413	338,353	382,490	361,330
Less: Operating expenses				
Personnel expenses	64,366	61,575	73,874	69,680
Depreciation & amortisation expenses	15,797	10,530	13,873	10,264
Other operating expenses	70,762	62,021	74,905	66,015
Total operating expenses	150,925	134,126	162,652	145,959
Operating profit before taxes on financial services	204,488	204,227	219,838	215,371
Less: Value added tax on financial services	39,887	39,425	42,720	41,828
Social security contribution levy	5,540	5,476	5,933	5,809
Total taxes on financial services	45,427	44,901	48,653	47,637
Profit before income tax	159,061	159,326	171,185	167,734
Less: Income tax expense	61,570	66,161	66,074	69,854
Profit for the year	97,491	93,165	105,111	97,880
Attributable to:				
Equity holders of the Bank	97,491	93,165	105,111	97,880
Non-controlling interest			-	-
	97,491	93,165	105,111	97,880
Earnings per share: Basic/Diluted (USD)	0.08	0.08	0.09	0.08
Dividend per share				
Dividend per share: Gross (USD)	0.033*	0.032		
Dividend per share: Net (USD)	0.028*	0.027		

Exchange rate of US$ was Rs 309.88 as at 31st December 2025 (Rs 293.25 as at 31st December 2024).

** Based on proposed dividend which is to be approved at the Annual General Meeting.*

STATEMENT OF COMPREHENSIVE INCOME IN US$

For the year ended 31st December	BANK		GROUP	
	2025 US$ 000	2024 US$ 000	2025 US$ 000	2024 US$ 000
Profit for the year	97,491	93,165	105,111	97,880
Other comprehensive income				
Items that will be reclassified to profit or loss:				
Debt instruments at fair value through other comprehensive income:				
(Loss)/gain arising on re-measurement	(20,226)	6,559	(20,226)	6,559
Reclassification to profit or loss due to derecognition	(12,382)	(3,321)	(12,382)	(3,321)
Changes in impairment recycled to profit or loss	1,731	-	1,731	-
Deferred tax effect on the above	9,263	(971)	9,263	(971)
Net other comprehensive income to be reclassified to profit or loss	(21,614)	2,267	(21,614)	2,267
Items that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income:				
Loss arising on re-measurement	(2,731)	(4,389)	(2,731)	(4,389)
Exchange gain/(loss) in translation	369	(1,068)	369	(1,068)
Deferred tax effect on the above	709	1,637	709	1,637
	(1,653)	(3,820)	(1,653)	(3,820)
Actuarial loss on defined benefit plans	(4,242)	(6,523)	(4,289)	(6,503)
Deferred tax effect on the above	1,273	1,957	1,287	1,951
	(2,969)	(4,566)	(3,002)	(4,552)
Revaluation surplus on property, plant & equipment	5,550	-	11,060	-
Deferred tax effect on the above	(1,665)	-	(3,318)	-
	3,885	-	7,742	-
Net other comprehensive income not to be reclassified to profit or loss	(737)	(8,386)	3,087	(8,372)
Other comprehensive income net of tax	(22,351)	(6,119)	(18,527)	(6,105)
Total comprehensive income for the year net of tax	75,140	87,046	86,584	91,775
Attributable to:				
Equity holders of the Bank	75,140	87,046	86,584	91,775
Non-controlling interest			-	-
	75,140	87,046	86,584	91,775

Exchange rate of US$ was Rs 309.88 as at 31st December 2025 (Rs 293.25 as at 31st December 2024).

STATEMENT OF FINANCIAL POSITION IN US$

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	US$ 000	US$ 000	US$ 000	US$ 000
ASSETS				
Cash & cash equivalents	200,136	157,645	201,897	158,572
Balances with Central Bank of Sri Lanka	70,463	55,836	70,463	55,836
Placements with banks	126,577	90,204	126,577	90,204
Reverse repurchase agreements	143	3,411	22,864	22,493
Derivative financial instruments	7,966	1,729	7,966	1,729
Financial assets recognised through profit or loss - measured at fair value	1,301	15,735	1,301	15,735
Financial assets at amortised cost				
- loans & advances	3,639,398	2,933,168	3,859,294	3,075,705
- debt & other instruments	1,688,320	1,368,391	1,688,503	1,383,175
Financial assets - fair value through other comprehensive income	478,432	1,254,160	478,432	1,254,161
Investment in subsidiaries	13,638	14,291	-	-
Property, plant & equipment	49,012	37,016	91,242	75,064
Intangible assets	3,358	3,031	3,501	3,068
Right-of-use assets	23,203	26,804	20,019	18,715
Deferred tax assets	34,199	37,287	34,900	38,116
Other assets	47,785	64,177	54,351	71,691
Total Assets	6,383,931	6,062,885	6,661,310	6,264,264
LIABILITIES				
Due to banks	79,667	79,317	141,764	102,533
Derivative financial instruments	2,598	10,914	2,598	10,914
Securities sold under repurchase agreements	105,801	137,469	98,834	137,469
Financial liabilities at amortised cost				
- due to depositors	5,250,614	4,964,585	5,366,441	5,071,265
- due to other borrowers	26,971	27,490	26,971	27,490
- due to debt securities holders	96,151	64,421	135,160	84,371
Retirement benefit obligation	24,173	19,777	25,096	20,528
Dividend payable	1,307	1,019	1,307	1,019
Current tax liabilities	54,092	49,523	56,802	52,216
Deferred tax liabilities	-	-	6,337	4,996
Other liabilities	165,319	140,466	174,713	144,874
Total Liabilities	5,806,693	5,494,981	6,036,023	5,657,675
EQUITY				
Stated capital	157,290	166,210	157,290	166,210
Reserves				
Statutory reserves				
Statutory reserve fund	30,657	27,229	32,125	28,501
Special reserve	6,067	5,662	6,067	5,662
Other reserves	334,016	322,232	349,161	334,160
Retained earnings	49,208	46,571	80,644	72,056
Total equity attributable to equity holders of the Bank	577,238	567,904	625,287	606,589
Non-controlling interest			-	-
Total Equity	577,238	567,904	625,287	606,589
Total Liabilities & Equity	6,383,931	6,062,885	6,661,310	6,264,264
Commitments & contingencies	2,016,074	1,786,340	2,012,999	1,777,673
Net asset value per share (US$)	0.49	0.48	0.53	0.52

Exchange rate of US$ was Rs 309.88 as at 31st December 2025 (Rs 293.25 as at 31st December 2024).

INVESTOR RELATIONS

Sampath Bank places strong emphasis on shareholder engagement as a key element of its corporate governance approach. The Bank's Board Shareholder Relations Committee oversees these efforts, ensuring that shareholder concerns and interests are effectively integrated into the Bank's business strategy. Sampath Bank is likely the only institution listed on the Colombo Stock Exchange to have established a dedicated Board Sub Committee for shareholder relations, underscoring the importance the Bank places on maintaining open and transparent dialogue with its shareholders. Members of this Sub Committee meet with shareholders annually at the "Shareholder Engagement Forum" to discuss and address key concerns.

The Bank's shareholder/investor engagement is guided by its 'Policy on Relations with Shareholders and Investors'. The policy reflects the Bank's commitment to ensuring equal and timely access to material information in supporting its investors/ shareholders in exercising their rights effectively. As outlined in this policy, three core principles form the foundation for effective shareholder engagement at Sampath Bank. These are,

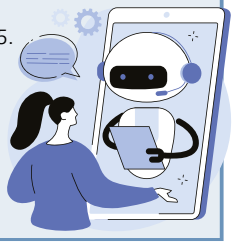
- Compliance with all regulatory requirements applicable to licensed commercial banks and listed entities in Sri Lanka.
- Ensuring open and fair disclosure with emphasis on the integrity, timeliness and relevance of the information provided.
- Maintaining multiple channels of communication to fulfil the needs of diverse shareholders and promoting ongoing shareholder engagement.

LEVERAGING DIGITAL PLATFORMS TO STRENGTHEN SHAREHOLDER ENGAGEMENT

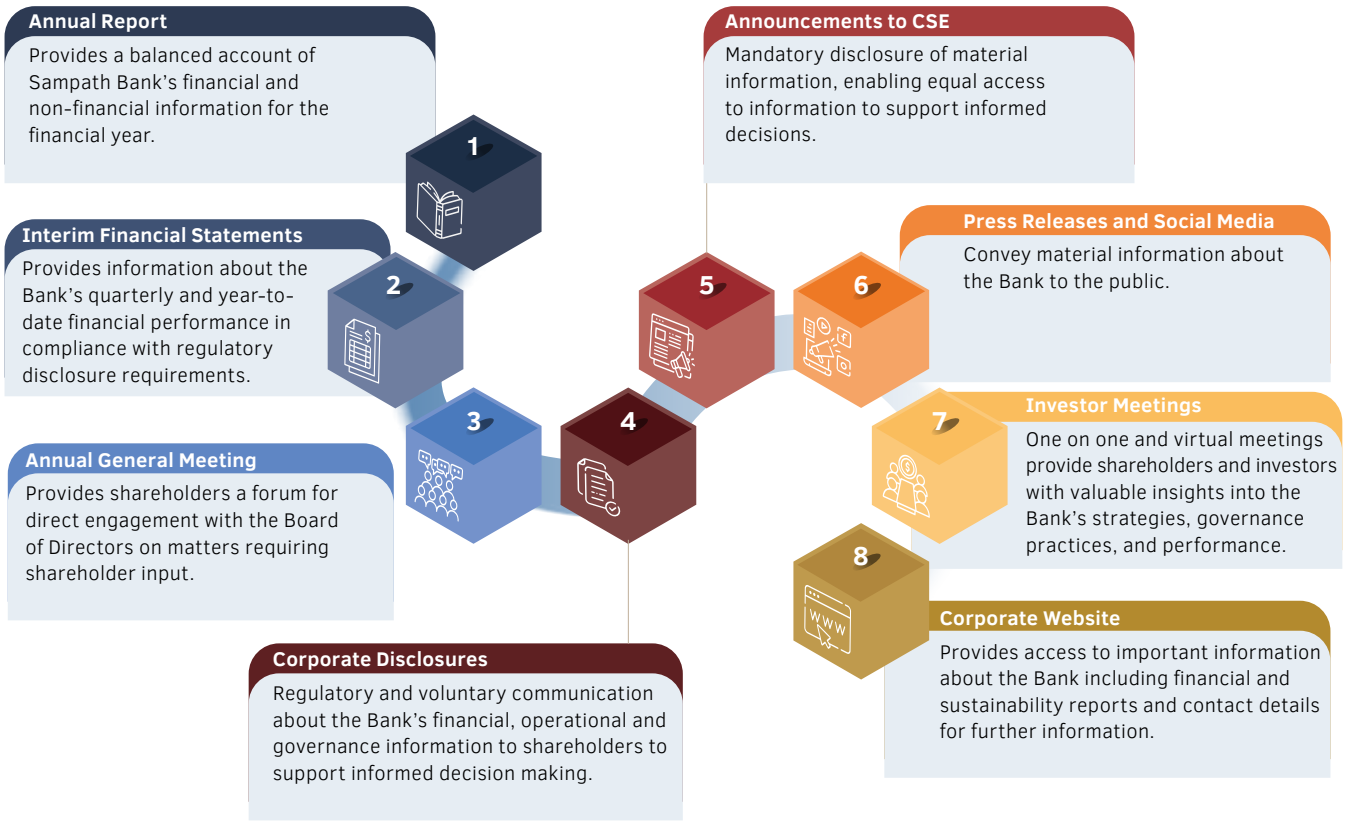
As part of its forward-looking investor relations strategy, the Bank continued to leverage digital engagement platforms to enhance the quality of its disclosures and expand investor outreach, while maintaining strict adherence to regulatory requirements and ethical communication standards.

Accordingly, the Bank significantly enhanced the digital version of its 2025 Annual Report, by incorporating features such as,

- An interactive page presenting the key highlights for 2025.
- An AI avatar with voice interaction.
- AI-powered PDF search.
- A chart generator.
- A summarised video animation.



Our approach to shareholder engagement in 2025 is set out below.

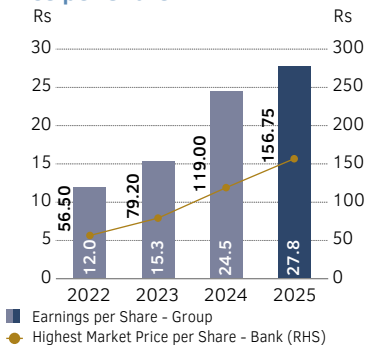


INVESTOR RELATIONS

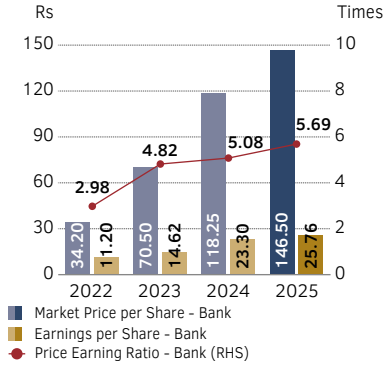
VALUE CREATION FOR SHAREHOLDERS

	2025	2024	Change %
Net asset value per share (Rs)	152.53	142.01	7.4
Group earnings per share - Basic (Rs)	27.77	24.48	13.5
Dividend per share (Rs)	10.30	9.35	10.2
Market price per share as at 31st December (Rs)	146.50	118.25	23.9
Dividend payout ratio (%)	39.98	40.13	(0.4)

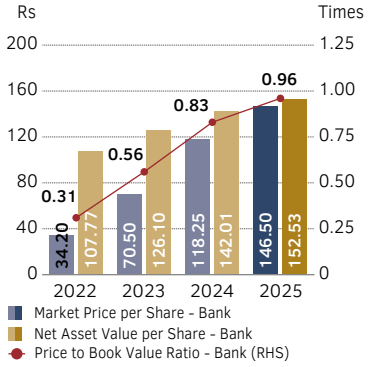
Earnings & Highest Market Price per Share



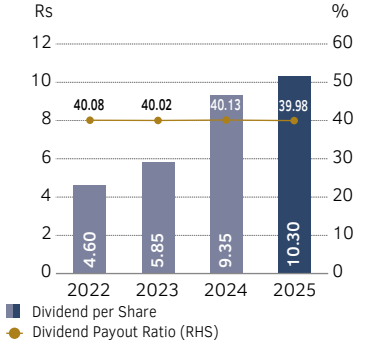
Price Earning Ratio as at 31st December



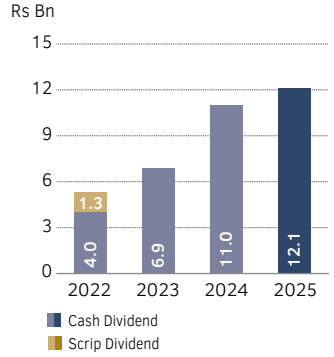
Price to Book Value as at 31st December



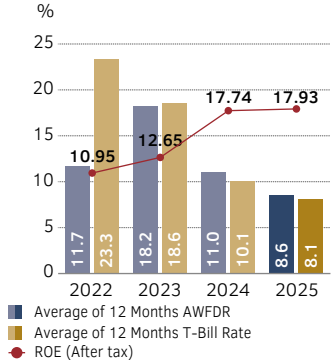
Dividend per Share & Dividend Payout Ratio



Gross Dividend



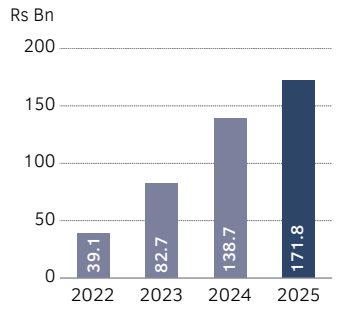
Bank's ROE & Market Interest Rates



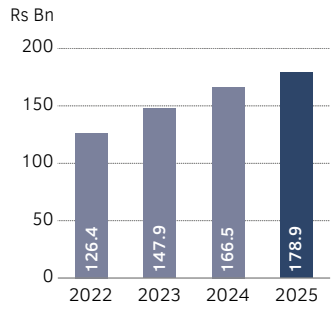
BANK'S MARKET CAPITALISATION IN COMPARISON TO CSE - AS AT 31ST DECEMBER

	2025	2024	2023	2022	2021	2020
Sampath Bank's market capitalisation (Rs Mn)	171,801	138,672	82,675	39,138	59,622	51,726
Increase/(Decrease) % in market capitalisation	24%	68%	111%	(34%)	15%	(17%)
CSE market capitalisation (Rs Mn)	8,068,624	5,695,560	4,248,935	3,847,153	5,489,168	2,960,648
As a % of CSE market capitalisation	2.13%	2.43%	1.95%	1.02%	1.09%	1.75%
Market capitalisation rank	11	9	12	23	21	17

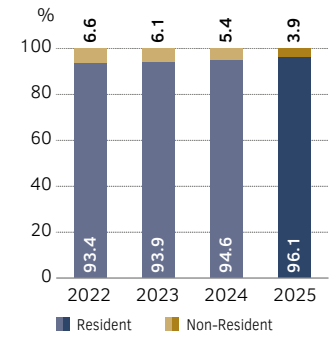
Bank's Market Capitalisation



Shareholders' Fund



Shareholding - Resident & Non-Resident



ANALYSIS OF SHAREHOLDERS

Resident/Non-Resident

	31st December 2025			31st December 2024		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident shareholders	41,759	1,127,039,566	96.11	30,443	1,109,110,222	94.58
Non-resident shareholders	275	45,661,194	3.89	234	63,590,538	5.42
Total	42,034	1,172,700,760	100.00	30,677	1,172,700,760	100.00

Individuals/Institutions

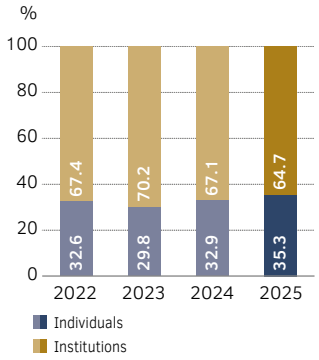
	31st December 2025			31st December 2024		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	41,066	414,420,234	35.34	29,767	386,316,126	32.94
Institutions	968	758,280,526	64.66	910	786,384,634	67.06
Total	42,034	1,172,700,760	100.00	30,677	1,172,700,760	100.00

Composition of Share Ownership

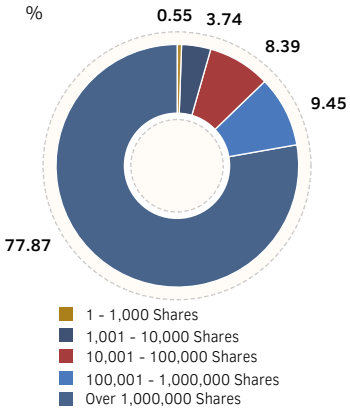
	31st December 2025				31st December 2024			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
1 - 1,000 shares	23,991	57.08	6,409,518	0.55	14,937	48.69	4,080,736	0.35
1,001 - 10,000 shares	13,893	33.05	43,898,556	3.74	11,683	38.08	37,120,758	3.16
10,001 - 100,000 shares	3,641	8.66	98,388,640	8.39	3,513	11.45	96,963,214	8.27
100,001 - 1,000,000 shares	422	1.00	110,813,468	9.45	456	1.49	120,804,488	10.30
Over 1,000,000 shares	87	0.21	913,190,578	77.87	88	0.29	913,731,564	77.92
Total	42,034	100.00	1,172,700,760	100.00	30,677	100.00	1,172,700,760	100.00

INVESTOR RELATIONS

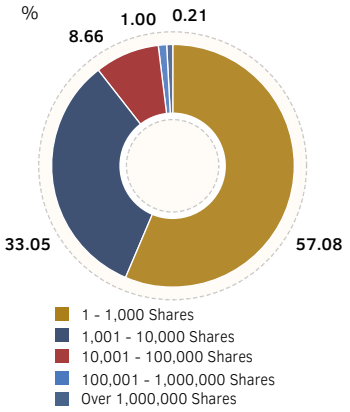
Shareholding of Individuals & Institutions



No. of Shares



No. of Shareholders



SHARE TRADING

Market

	2025	2024	2023	2022	2021
No. of transactions	7,492,995	3,524,067	3,618,960	6,057,233	8,131,508
No. of shares traded	46,646,333,149	23,249,694,068	16,988,827,390	29,047,818,242	59,771,688,538
Value of shares traded (Rs Mn)	1,232,649	537,635	410,629	686,602	1,173,157

Bank

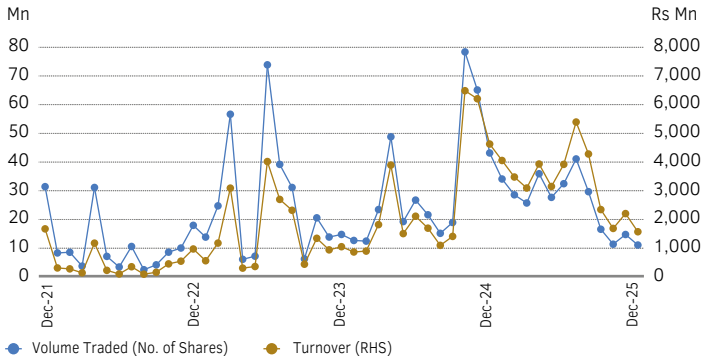
	2025	2024	2023	2022	2021
No. of transactions	178,150	94,048	90,860	57,981	159,003
No. of shares traded	309,103,136	385,841,958	308,275,126	116,309,634	332,368,388
As a % of total shares in issue	26.36	32.90	26.29	10.16	29.04
Average daily turnover (Rs Mn)	165.11	135.38	75.36	20.66	110.31
Value of shares traded (Rs Mn)	39,118.59	32,625.84	18,312.82	4,812.84	26,144.44

Sampath Bank's Share Price Fluctuation

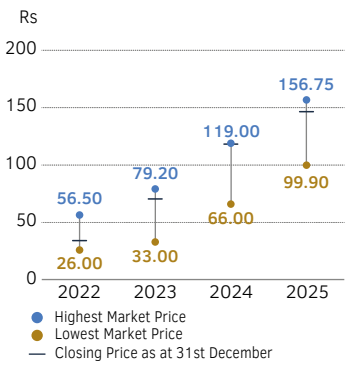
	2025	2024	2023	2022	2021
Lowest market price (Rs)	99.90	66.00	33.00	26.00	48.00
Highest market price (Rs)	156.75	119.00	79.20	56.50	250.00*
Closing price as at 31st December (Rs)	146.50	118.25	70.50	34.20	52.10

** Highest share price of Rs 250.00 reported prior to the sub-division of shares in 2021.*

Share Trading - Sampath Bank PLC (Volume Traded & Turnover)



Bank's Share Price Fluctuation



SAMPATH BANK PLC - ORDINARY SHARES

Frequency Distribution of Shareholders as at 31st December 2025

Share Range	Resident				Non-Resident				Total			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
1 - 250	15,264	36.31	1,255,803	0.11	38	0.09	3,537	0.00	15,302	36.40	1,259,340	0.11
251 - 500	4,146	9.86	1,557,019	0.13	22	0.05	9,094	0.00	4,168	9.92	1,566,113	0.13
501 - 1,000	4,500	10.71	3,566,584	0.30	21	0.05	17,481	0.00	4,521	10.76	3,584,065	0.31
1,001 - 2,000	5,760	13.70	7,709,682	0.66	28	0.07	41,904	0.00	5,788	13.77	7,751,586	0.66
2,001 - 5,000	5,229	12.44	16,212,484	1.38	27	0.06	88,543	0.01	5,256	12.50	16,301,027	1.39
5,001 - 10,000	2,818	6.70	19,622,657	1.67	31	0.07	223,286	0.02	2,849	6.78	19,845,943	1.69
10,001 - 20,000	1,873	4.46	25,723,688	2.19	37	0.09	512,484	0.04	1,910	4.54	26,236,172	2.24
20,001 - 30,000	672	1.60	16,504,204	1.41	16	0.04	366,131	0.03	688	1.64	16,870,335	1.44
30,001 - 40,000	342	0.81	11,835,367	1.01	8	0.02	294,814	0.03	350	0.83	12,130,181	1.03
40,001 - 50,000	219	0.52	9,859,151	0.84	5	0.01	218,455	0.02	224	0.53	10,077,606	0.86
50,001 - 100,000	457	1.09	32,232,408	2.75	12	0.03	841,938	0.07	469	1.12	33,074,346	2.82
100,001 - 1,000,000	401	0.95	104,808,465	8.94	21	0.05	6,005,003	0.51	422	1.00	110,813,468	9.45
Over 1,000,000	78	0.19	876,152,054	74.71	9	0.02	37,038,524	3.16	87	0.21	913,190,578	77.87
Total	41,759	99.35	1,127,039,566	96.11	275	0.65	45,661,194	3.89	42,034	100.00	1,172,700,760	100.00

SAMPATH BANK PLC - ORDINARY SHARES

Top 20 Shareholders

No.	Name of the Shareholder	31st December 2025		31st December 2024*	
		No. of Shares	% Holding	No. of Shares	% Holding
1	VALLIBEL ONE PLC	175,352,762	14.95	175,352,762	14.95
2	PHANTOM INVESTMENTS (PVT) LTD	117,270,076	10.00	117,270,076	10.00
3	MR Y S H I SILVA	117,035,065	9.98	117,000,065	9.98
4	EMPLOYEES' PROVIDENT FUND	116,948,697	9.97	116,948,697	9.97
5	ROSEWOOD (PVT) LIMITED	55,240,454	4.71	55,270,454	4.71
6	AKBAR BROTHERS PVT LTD	37,538,805	3.20	36,898,792	3.15
7	MR D P PIERIS	29,696,789	2.53	-	-
8	MR W JINADASA	27,356,683	2.33	18,348,658	1.56
9	AYENKA HOLDINGS PRIVATE LIMITED	26,489,689	2.26	42,100,476	3.59
10	MS P D A S BERUWALAGE	12,982,629	1.11	12,012,417	1.02
11	MR N A MADANAYAKE	12,545,855	1.07	-	-
12	SAMPATH BANK PLC ACCOUNT NO 04 (SAMPATH BANK PENSION FUND)	11,832,461	1.01	11,832,461	1.01
13	BBH-TUNDRA SUSTAINABLE FRONTIER FUND	9,837,629	0.84	9,837,629	0.84
14	BBH-TUNDRA SHIKARI GLOBAL	9,164,000	0.78	8,440,000	0.72
15	EMPLOYEES' TRUST FUND BOARD	7,782,375	0.66	7,633,883	0.65
16	FIRST CAPITAL HOLDINGS PLC	7,575,723	0.65	10,100,000	0.86
17	JANASHAKTHI INSURANCE PLC-SHAREHOLDERS	7,500,000	0.64	7,500,000	0.64
18	MR S K WIJEKOON	7,396,242	0.63	-	-
19	MAGNA WEALTH (PVT) LTD	7,031,815	0.60	6,936,815	0.59
20	SRI LANKA INSURANCE CORPORATION LIFE LTD PARTICIPATING PORTFOLIO A/C 1	4,900,969	0.42	-	-
		801,478,718	68.34	753,483,185	64.24
	Total No. of shares registered	1,172,700,760	100.00	1,172,700,760	100.00
	Total No. of shares unregistered	-	-	-	-
	Total No. of shares issued	1,172,700,760	100.00	1,172,700,760	100.00
	Shares held by Directors	681,176	0.06	675,639	0.06
	Shares held by Institutions	758,280,526	64.66	786,384,634	67.06
	Balance held by Others	413,739,058	35.28	385,640,487	32.88
	Total No. of shares issued	1,172,700,760	100.00	1,172,700,760	100.00
	No. of Public Shareholders	42,002		30,637	
	% Shares held by Public		98.86		98.85
	% Shares held by Directors and Related Parties		1.14		1.15

** Shareholding as at 31st December 2024 of the top twenty shareholders as at 31st December 2025.*

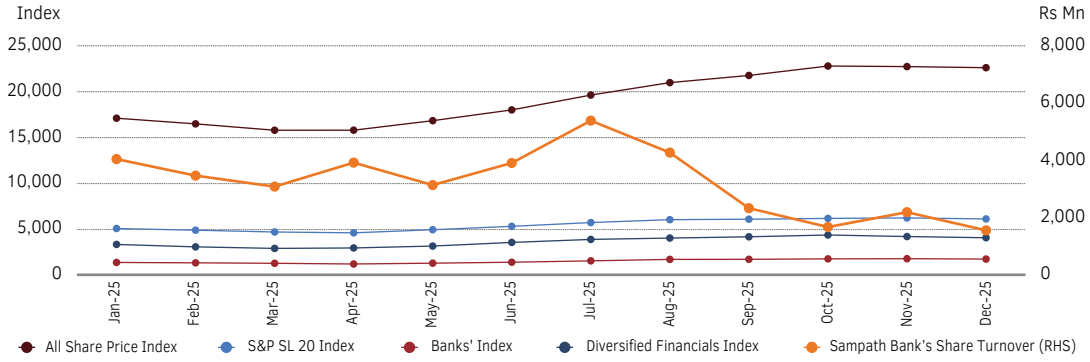
INVESTOR RELATIONS

As at 31st December

No. of Public Shareholders		Percentage of Public Holding		Float Adjusted Market Capitalisation	
42,002		**98.86%**		**Rs 170 Bn**	
2025		2025		2025	
30,637 2024	**29,164** 2023	**98.85%** 2024	**80.79%** 2023	**Rs 137 Bn** 2024	**Rs 67 Bn** 2023

The Bank complies with the minimum public shareholding requirement under option 1 of Listing Rules Section 7.13.1 (i) (a).

Performance Compared to Colombo Stock Exchange



SUBSIDIARIES - ORDINARY SHARES

	Sampath Centre Limited		Sampath Securities (Pvt) Limited		Siyapatha Finance PLC		Sampath Information Technology Solutions Limited	
	No. of Shares	Stated Capital Rs 000	No. of Shares	Stated Capital Rs 000	No. of Shares	Stated Capital Rs 000	No. of Shares	Stated Capital Rs 000
As at 1st January 2024	36,317,859	517,331	12,180,273	149,314	100,329,537	2,866,876	10,900,583	328,399
Add: Scrip dividend	378,574	56,857	-	-	91,826	5,970	295,920	17,253
As at 31st December 2024	36,696,433	574,188	12,180,273	149,314	100,421,363	2,872,846	11,196,503	345,652
As at 1st January 2025	36,696,433	574,188	12,180,273	149,314	100,421,363	2,872,846	11,196,503	345,652
Add: Scrip dividend	-	-	122,201	7,012	135,203	10,243	267,235	18,137
As at 31st December 2025	36,696,433	574,188	12,302,474	156,326	100,556,566	2,883,089	11,463,738	363,789

Sampath Wealth Management Limited, the subsidiary incorporated on 6th January 2026, had not issued any ordinary shares as at the date of this Annual Report.

DIVIDEND PAYMENT DETAILS

Year	Total Dividend Paid Rs Mn	Dividend per Share* Rs	Cash Dividend per Share* Rs	Scrip Dividend per Share* Rs	Profit for the Year Rs Mn	Dividend Payout Ratio
1988	8.80	0.50	0.50	n/a	27	32.59%
1989	13.10	0.75	0.75	n/a	20	65.50%
1990	8.90	0.50	0.50	n/a	10	89.00%
1991	17.70	0.50	0.50	n/a	41	43.17%
1992	35.40	1.00	1.00	n/a	71	49.86%
1993	35.40	1.00	1.00	n/a	122	29.02%
1994	44.30	1.25	1.25	n/a	172	25.76%
1995	53.10	1.50	1.50	n/a	241	22.03%
1996	53.10	1.50	1.50	n/a	282	18.83%
1997	53.10	1.50	1.50	n/a	322	16.49%
1998	53.10	1.50	1.50	n/a	372	14.27%
1999 (Interim)	116.90	4.00	3.30	n/a	261	54.29%
1999 (Final)	24.80		0.70			
2000	58.70	1.75	1.75	n/a	402	14.60%
2001	52.14	1.75	1.75	n/a	322	16.19%
2002	88.57	2.00	2.00	n/a	441	20.08%
2003 (Interim)	59.78	2.00	2.00	n/a	561	14.58%
2003 (Final)	21.99					
2004 (Interim)	65.98	2.00	2.00	n/a	621	16.15%
2004 (Final)	34.30					
2005 (Interim)	87.14	2.00	2.00	n/a	821	14.54%
2005 (Final)	32.21					
2006	155.47	2.50	2.50	n/a	1,028	15.12%
2007	206.66	3.00	3.00	n/a	1,052	19.64%
2008	256.65	4.00	4.00	n/a	1,414	18.15%
2009	436.19	6.25	6.25	n/a	2,098	20.79%
2010	1,235.86	8.09	n/a	8.09	3,303	37.42%
2011	1,426.98	9.00	4.50	4.50	3,819	37.37%
2012	1,954.10	12.00	6.00	6.00	5,230	37.36%
2013	1,342.63	8.00	8.00	n/a	3,430	39.13%
2014	1,847.01	11.00	5.00	6.00	4,914	37.59%
2015	2,240.06	13.00	6.00	7.00	6,134	36.52%
2016 (Interim)	2,477.73	18.75	n/a	14.00	9,125	36.85%
2016 (Final)	884.41		4.75	n/a		
2017	4,598.43	17.20	n/a	17.20	12,104	38.00%
2018	4,564.66	16.25	5.00	11.25	12,143	37.59%
2019	4,482.13	11.75	11.75	n/a	11,151	40.19%
2020	3,147.03	2.75	2.75	n/a	8,025	39.21%
2021	4,863.59	4.25	4.25	n/a	12,457	39.04%
2022	5,264.12	4.60	3.45	1.15	13,134	40.08%
2023	6,860.30	5.85	5.85	n/a	17,140	40.02%
2024	10,964.75	9.35	9.35	n/a	27,321	40.13%
2025 (Proposed)	12,078.82	10.30	10.30	n/a	30,211	39.98%

n/a - not applicable

*Actual dividend per share paid in each year.

INVESTOR RELATIONS

RECORD OF SCRIP ISSUES

Year	Issue	Basis/ Proportion	No. of Shares Issued	Consideration per Share Rs	Contribution to Stated Capital Rs Mn	Reason for Issue
2010	Interim Scrip Dividend for 2010	1 for 120.74	627,596	326.00	204.6	Increase stated capital
2011	Final Scrip Dividend for 2010	1 for 43.39	3,521,294	260.00	915.5	Increase stated capital
2012	Final Scrip Dividend for 2011	1 for 43.06	3,682,039	175.00	644.4	Increase stated capital
2013	Final Scrip Dividend for 2012	1 for 33.12	4,916,007	180.10	885.4	Increase stated capital
2015	Final Scrip Dividend for 2014	1 for 38.14	4,402,402	206.99	911.3	Increase stated capital
2016	Final Scrip Dividend for 2015	1 for 36.91	4,668,414	233.44	1,089.8	Increase stated capital
2017	Interim Scrip Dividend for 2016	1 for 19.22	9,209,419	242.55	2,233.7	Increase stated capital
2018	Final Scrip Dividend for 2017	1 for 19.72	13,551,804	291.93	3,956.1	Increase stated capital
2019	Final Scrip Dividend for 2018	1 for 24.32	11,548,874	235.66	2,721.6	Increase stated capital
2023	Final Scrip Dividend for 2022	1 for 40.40	28,326,805	39.49	1,118.6	Increase stated capital

RECORD OF BONUS ISSUES AND SUB-DIVISIONS

Year	Issue	Basis/Proportion	No. of Shares Issued	Reason for Issue
2004	Bonus Issue	1 for 6	7,380,817	Benefit to shareholders
2010	Consolidation and Sub-division	11 for 10	6,888,762	Benefit to shareholders
2010	Sub-division	1 for 1	76,403,986	Benefit to shareholders
2021	Sub-division	3 for 1	762,915,970	Benefit to shareholders

RECORD OF RIGHTS ISSUES

Year	Issue	Basis/Proportion	No. of Shares Issued	Price per Share Rs	Contribution to Stated Capital Rs Mn
2005	Rights Issue 2005	1 for 3 held	17,221,907	60.00	1,033.3
2017	Rights Issue 2017	1 for 6 held	31,031,748	245.00	7,602.8
2018	Rights Issue 2018	3 for 13 held	50,128,208	250.00	12,532.1
2019	Rights Issue 2019	7 for 23 held	89,006,863	136.00	12,104.9

EMPLOYEE SHARE OPTION PLANS

Capitalised Year	Issue	No. of Shares Issued	Price per Share Rs	Contribution to Stated Capital Rs Mn	Reason for Issue
2011	ESOP 2010	524,924	80.00	42.0	Benefit for staff members
2012	ESOP 2010	2,200,436	80.00	176.0	Benefit for staff members
2013	ESOP 2010	134,933	80.00	10.8	Benefit for staff members
2014	ESOP 2010	122,648	80.00	9.8	Benefit for staff members

DISCLOSURE OF RELATED PARTY TRANSACTIONS AS PER SECTION 9.14.7 AND 9.14.8(1), 9.14.8(2) OF THE CSE LISTING RULES

Aggregate values of the transactions carried out by the Bank with the Related Parties did not exceed the following thresholds given in 9.14.8(1), 9.14.8(2) of the CSE Listing Rules.

- Non-recurrent related party transactions - 10% of the equity or 5% of the total assets as at 31st December 2025, whichever is lower.
- Recurrent related party transactions - 10% of the gross revenue/income for the year ended 31st December 2025.

The Related Party Transactions that took place during the year 2025 do not trigger the requirements under Section 9.14.7 of the CSE Listing Rules.

DEBENTURE INFORMATION

(A) Market Values

Debentures - 2021/2028	Highest (Rs)		Lowest (Rs)		Last Traded (Rs)	
	2025	2024	2025	2024	2025	2024
Fixed: 9.00%	100.00	n/t	100.00	n/t	100.00	n/t

Debentures - 2023/2028	Highest (Rs)		Lowest (Rs)		Last Traded (Rs)	
	2025	2024	2025	2024	2025	2024
Fixed: 28.00%	137.00	141.00	100.00	110.00	127.50	135.00
Floating	n/t	n/t	n/t	n/t	n/t	n/t

Debentures - 2025/2030	Highest (Rs)		Lowest (Rs)		Last Traded (Rs)	
	2025	2024	2025	2024	2025	2024
Fixed: 11.75%	n/t	n/a	n/t	n/a	n/t	n/a

n/t - not traded

n/a - not applicable

(B) Interest Rates

Debentures - 2021/2028	2025		2024	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Fixed: 9.00%	9.00%	9.00%	9.00%	9.00%

Debentures - 2023/2028	2025		2024	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Fixed: 28.00%	28.00%	28.00%	28.00%	28.00%
Floating	Note 1		Note 1	

Debentures - 2025/2030	2025		2024	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Fixed: 11.75%	11.75%	11.75%	n/a	n/a

n/a - not applicable

Note 1

Debentures - 2023/2028

Floating rate is equivalent to the one year gross treasury bill rate plus 1.5%, subject to a floor of 20.0% and a cap of 31.0% p.a. payable annually.

(C) Interest Rates of Comparable Government Securities

As at 31st December	2025	2024
3 Month Treasury Bill	7.55%	8.62%
6 Month Treasury Bill	7.95%	8.77%
5 Year Treasury Bond	9.84%	10.64%
7 Year Treasury Bond	10.45%	11.05%

(D) Current Yield and Yield to Maturity

Debentures - 2021/2028	Fixed: 9.00%	
	2025	2024
Current yield	9.00%	n/t
Yield to maturity of last trade	9.00%	n/t

Debentures - 2023/2028	Fixed: 28.00%		Floating	
	2025	2024	2025	2024
Current yield	21.96%	20.74%	n/t	n/t
Yield to maturity of last trade	12.70%	14.29%	n/t	n/t

Debentures - 2025/2030	Fixed: 11.75%	
	2025	2024
Current yield	n/t	n/a
Yield to maturity of last trade	n/t	n/a

n/t - not traded

n/a - not available

(E) Ratios - Bank

As at 31st December	2025	2024
Debt to equity ratio (%)	14.5	9.6
Interest cover (Times)	15.9	18.1
Quick asset ratio (%)	71.2	70.1
Debt service coverage (Times)	17.8	21.9

UTILISATION OF FUNDS RAISED VIA CAPITAL MARKETS

Funds Raised in Previous Years

The funds raised via capital markets in the previous years were fully utilised for the objectives stated in the relevant prospectuses.

Funds Raised from the Debenture Issue 2025

Objective No.	Objective as per Prospectus	Amount Allocated as per Prospectus	Proposed Date of Utilisation as per Prospectus	Amount Allocated from Proceeds (A)	% of Total Proceeds	Amounts Utilised (B)	% of Utilisation against Allocation (B/A)	Clarification if Not Fully Utilised including where the Funds are Invested
1	To increase the Tier II capital base of the Bank	Rs 10.0 Bn	26th March 2025	Rs 10.0 Bn	100%	Rs 10.0 Bn	100%	Fully utilised
2	To expand the loan portfolio of the Bank	Rs 10.0 Bn	26th March 2025	Rs 10.0 Bn	100%	Rs 10.0 Bn	100%	Fully utilised

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED - BANK

Information on the creation and distribution of economic value provides a fundamental insight into how the Bank has generated wealth for its stakeholders.

For the year ended 31st December	2025 Rs Mn	2024 Rs Mn
Direct Economic Value Generated		
Interest income	181,059	183,055
Exchange gain/(loss)	5,293	(4,220)
Commission income	27,241	22,289
Gain/(loss) from investments	4,041	(7,015)
Other income	1,249	1,207
	218,883	195,316
Economic Value Distributed		
To Depositors and Lenders		
Interest expense	99,022	99,552
	99,022	99,552
Operating Costs		
Depreciation and amortisation	4,895	3,088
Fee and commission expense	6,005	4,780
Other operating expense	21,280	17,725
	32,180	25,593
To Employees		
Salaries	13,034	11,444
Other benefits	6,912	6,613
	19,946	18,057
Payments to Government		
Income tax expense	15,774	12,275
Taxes on financial services	14,077	13,167
Crop insurance levy	302	273
	30,153	25,715
To Community		
Corporate social responsibility projects	125	60
Corporate leadership programme for school leavers and undergraduates	119	129
Donations	101	1
	345	190
Payments to Providers of Capital		
Interest to debt securities holders	4,255	3,495
Dividend to shareholders	12,079	10,965
	16,334	14,460
Economic value distributed	197,980	183,567
Economic value retained (after payment of dividend to shareholders)	20,903	11,749
	218,883	195,316

ANNEXURES TO CORPORATE GOVERNANCE REPORT

DISCLOSURES RELATING TO SECTION 7 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE)

Listing Rule Reference	Disclosure Requirement	Relevant Section/Reference of the Annual Report	Page Reference
7.6 (i)	Board of Directors during the financial year with profiles	Corporate Governance Report – Board of Directors	234 - 237
7.6 (ii)	Principal activities of the Bank and its Subsidiaries during the year and any changes therein	Annual Report of the Board of Directors on the Affairs of the Company	351 - 359
7.6 (iii)	Top 20 shareholders – number of shares and % of voting shares	Investor Relations	533
7.6 (iv)(a)	Public holding details for Shares » float adjusted market capitalisation » public holding percentage (%) » number of public shareholders; » option	Investor Relations	534
7.6 (iv)(b)	Public holding details for Foreign Currency Denominated Shares » public holding percentage (%) » number of public shareholders	Not applicable – Bank does not have Foreign Currency Denominated Shares	
7.6 (v)	Each Director's and MD's shareholding at the beginning and end of the financial year	Annual Report of the Board of Directors on the Affairs of the Company	356
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Bank	Risk Management Report	317 - 347
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Bank	Not applicable – There are no material issues pertaining to employees and industrial relations of the Bank	
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Bank's land holdings and investment properties	Note 29 to the Financial Statements	428 - 435
7.6 (ix)	Number of shares representing the Bank's Stated Capital	Note 41.1 to the Financial Statements	451
7.6 (x)	Distribution schedule of the number of holders and % of their total shareholding as at the end of the year	Investor Relations	531 - 534
7.6 (xi)	Ratios and market price information **Equity** » dividend per share » dividend payout » NAV per share » market value per share – highest/lowest/end; **Debt** » interest rate of comparable government security » debt/equity » interest cover » quick asset » debt service coverage (where applicable) » market prices and yield » changes in credit rating (if applicable)	Investor Relations Annual Report of the Board of Directors on the Affairs of the Company	529 - 538 351 - 359
7.6 (xii)	Significant changes of Bank's and Subsidiaries' fixed assets including substantial difference between market value and book value of lands	Note 29 to the Financial Statements	428 - 435
7.6 (xiii)	Details of funds raised via IPO and a further issue of securities during the year	Investor Relations	538
7.6 (xiv)(a)	Details of Employee Share Option Schemes (ESOS)	Not applicable – Bank does not have ESOS at present. Previous ESOS details are in Investor Relations	536
7.6 (xiv)(b)	Details of Employee Share Purchase Schemes (ESPS)	Not applicable – Bank does not have ESPS at present	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Corporate Governance Report	221 - 231 and 245 - 315
7.6 (xvi)	Details of Investments in Related Parties and due from Related Parties (date; name; relationship; amount and terms; rationale)	Not exceeded the thresholds. Investor Relations	536
7.6 (xvii)	Disclosures on Foreign Currency Denominated Securities listed on the CSE	Not applicable – Bank does not have Foreign Currency Denominated Securities	
7.6 (xviii)	Disclosures on the Sustainable Bonds listed on the CSE	No sustainable bonds were issued in 2025	
7.6 (xxi)	Disclosures on the Shariah Compliant Debt Securities listed on the CSE	Not applicable – Bank does not have Shariah Compliant Debt Securities	
7.6 (xxii)	Disclosures on the High Yield Corporate Debt Securities listed on the CSE	Not applicable – Bank has not issued any High Yield Corporate Debt Securities	

BASEL III DISCLOSURE REQUIREMENTS

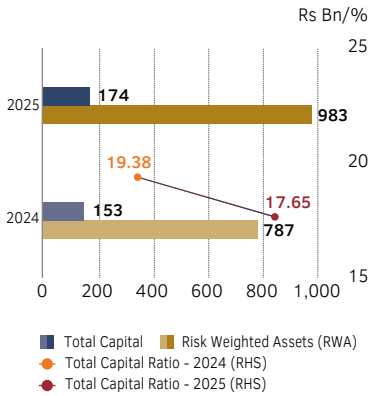
TABLE - 1: KEY REGULATORY RATIOS - CAPITAL AND LIQUIDITY

	BANK		GROUP	
As at 31st December	2025	2024	2025	2024
Regulatory Capital (Rs 000)				
Common Equity Tier I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Tier I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Capital	173,589,749	152,522,320	187,887,067	163,818,916
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (minimum requirement: 2025 - 8.00%, 2024 - 7.00%)	14.75	16.75	15.05	17.10
Total Tier I Capital Ratio (minimum requirement: 2025 - 9.50%, 2024 - 8.50%)	14.75	16.75	15.05	17.10
Total Capital Ratio (minimum requirement: 2025 - 13.50%, 2024 - 12.50%)	17.65	19.38	17.83	19.65
Leverage Ratio (minimum requirement - 3%)	7.13	7.24	7.47	7.58
Regulatory Liquidity				
Total Stock of High-Quality Liquid Assets (Rs 000)	643,209,567	755,845,414	n/a	n/a
Liquidity Coverage Ratio (%) – Rupee (minimum requirement: 100%)	283.45	340.11	n/a	n/a
Liquidity Coverage Ratio (%) – All Currency (minimum requirement: 100%)	239.79	307.36	n/a	n/a
Net Stable Funding Ratio (%) (minimum requirement: 100%)	173.00	198.66	n/a	n/a

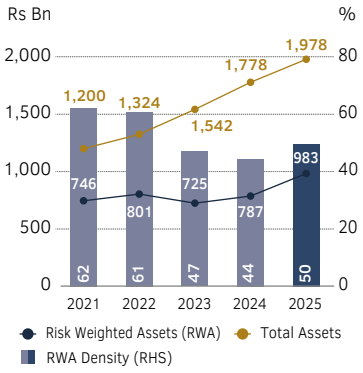
n/a - not applicable

The Central Bank of Sri Lanka, through Directive No. 01 of 2025, has designated Sampath Bank as a Domestic Systemically Important Bank (D-SIB) under Bucket 1, effective 17th April 2025. As a result, the Bank's minimum capital requirements have increased by 1% across all levels.

Total Capital Ratio



Total Assets & Total Risk Weighted Assets



BASEL III DISCLOSURE REQUIREMENTS

TABLE - 2: CAPITAL RATIOS

As at 31st December	BANK		GROUP	
	2025	2024	2025	2024
	Rs 000	Rs 000	Rs 000	Rs 000
Common Equity Tier I (CET I) Capital after adjustments	145,012,150	131,766,084	158,535,476	142,561,898
Common Equity Tier I (CET I) Capital	158,274,826	145,328,039	168,471,418	153,174,197
Stated capital	48,741,119	48,741,119	48,741,119	48,741,119
Statutory reserve fund	9,500,000	7,985,000	9,955,000	8,358,000
Published retained earnings/(Accumulated retained losses)	3,126,040	2,692,327	12,867,632	10,165,485
Published accumulated other comprehensive income (OCI)	1,880,011	5,898,670	1,880,011	5,898,670
General and other disclosed reserves	95,027,656	80,010,923	95,027,656	80,010,923
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 CET I Capital	13,262,676	13,561,955	9,935,942	10,612,299
Goodwill (net)	-	-	-	-
Intangible assets (net)	1,040,433	888,711	1,085,000	899,752
Deferred tax assets (net)	10,597,476	10,934,412	8,850,942	9,712,547
Defined benefit pension fund assets	-	-	-	-
Others (Investments in the capital of banking & financial institutions)	1,624,767	1,738,832	-	-
Additional Tier I (AT I) Capital after adjustments	-	-	-	-
Additional Tier I (AT I) Capital	-	-	-	-
Tier II Capital after adjustments	28,577,599	20,756,236	29,351,591	21,257,018
Tier II Capital	28,577,599	20,756,236	29,351,591	21,257,018
Qualifying Tier II capital instruments	16,000,000	10,700,000	16,000,000	10,700,000
Revaluation gains	1,243,805	1,243,805	1,243,805	1,243,805
Stage 1 & 50% of stage 2 impairment provision subject to 1.25% of credit RWA	11,333,794	8,812,431	12,107,786	9,313,213
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-	-	-
Total adjustments to Tier II	-	-	-	-
CET I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Tier I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Capital	173,589,749	152,522,320	187,887,067	163,818,916
Total Risk Weighted Assets (RWA)	983,264,409	786,841,091	1,053,651,543	833,824,684
RWAs for Credit Risk (refer table No. 3)	906,703,520	704,994,453	968,622,919	745,057,021
RWAs for Operational Risk (refer table No. 5)	74,581,741	77,382,536	83,049,476	84,303,561
RWAs for Market Risk (refer table No. 6)	1,979,148	4,464,102	1,979,148	4,464,102
CET I Capital Ratio (%)	14.75	16.75	15.05	17.10
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	1.00	-	1.00	-
Total Tier I Capital Ratio (%)	14.75	16.75	15.05	17.10
Total Capital Ratio (%)	17.65	19.38	17.83	19.65
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital Surcharge on D-SIBs (%)	1.00	-	1.00	-

TABLE - 3 (A) BANK: CREDIT RISK AS AT 31ST DECEMBER 2025 UNDER STANDARDISED APPROACH – CREDIT RISK EXPOSURES AND CREDIT RISK MITIGATION (CRM) EFFECTS

Asset Class	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
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	%
Claims on central government and CBSL	688,200,902	-	688,200,902	-	6,500,305	0.9
Claims on foreign sovereigns and their central banks	-	-	-	-	-	-
Claims on public sector entities	25,496,988	8,527,811	16,147,928	1,705,562	9,779,526	54.8
Claims on banks	89,682,864	816,521	89,682,864	816,521	25,776,652	28.5
Claims on financial institutions	78,364,895	362,500	78,364,895	181,948	53,061,800	67.6
Claims on corporates	588,715,971	601,326,490	540,133,228	54,368,201	522,467,196	87.9
Retail claims	346,926,881	16,503,795	307,243,540	11,704,695	171,438,077	53.8
Claims secured by residential property	61,057,232	-	61,057,232	-	29,035,310	47.6
Non-performing assets	46,295,922	-	46,295,922	-	49,189,927	106.3
Higher-risk categories	1,466,369	-	1,466,369	-	3,665,924	250.0
Cash items and other assets	63,547,314	-	63,547,314	-	35,788,803	56.3
	1,989,755,338	627,537,117	1,892,140,194	68,776,927	906,703,520	46.2

TABLE - 3 (B) GROUP: CREDIT RISK AS AT 31ST DECEMBER 2025 UNDER STANDARDISED APPROACH – CREDIT RISK EXPOSURES AND CREDIT RISK MITIGATION (CRM) EFFECTS

Asset Class	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
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	%
Claims on central government and CBSL	695,298,581	-	695,298,581	-	6,500,305	0.9
Claims on foreign sovereigns and their central banks	-	-	-	-	-	-
Claims on public sector entities	25,496,988	8,527,811	16,147,928	1,705,562	9,779,526	54.8
Claims on banks	89,873,505	816,521	89,873,505	816,521	25,814,780	28.5
Claims on financial institutions	75,866,521	362,500	75,866,521	181,948	51,812,613	68.1
Claims on corporates	586,491,561	600,364,800	537,908,816	54,176,663	520,051,247	87.8
Retail claims	417,473,629	16,503,795	377,524,490	11,704,695	223,239,362	57.4
Claims secured by residential property	61,057,232	-	61,057,232	-	29,035,310	47.6
Non-performing assets	48,531,443	-	48,531,443	-	52,503,610	108.2
Higher-risk categories	-	-	-	-	-	-
Cash items and other assets	78,000,119	-	78,000,119	-	49,886,166	64.0
	2,078,089,579	626,575,427	1,980,208,635	68,585,389	968,622,919	47.3

Asset Class-wise Exposure

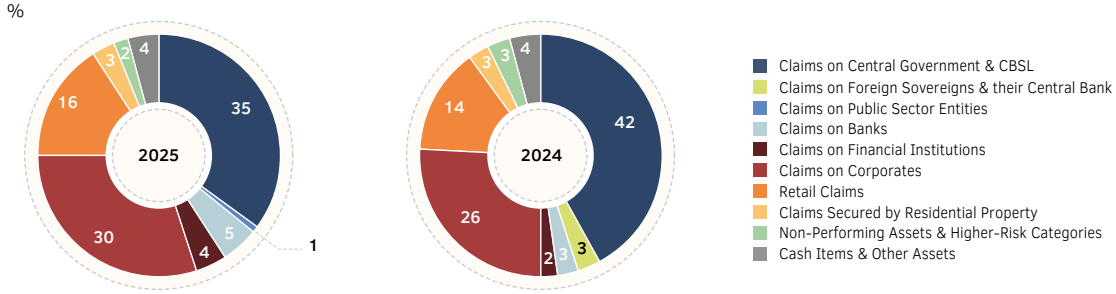


TABLE - 4 (A) BANK: CREDIT RISK AS AT 31ST DECEMBER 2025 (POST CCF & CRM) UNDER STANDARDISED APPROACH: EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

Asset Class \ Risk Weight	0%	20%	35%	50%	60%	75%	100%	150%	250%	Total credit exposure amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Claims on central government and CBSL	655,699,375	32,501,527	-	-	-	-	-	-	-	688,200,902
Claims on foreign sovereigns and their central banks	-	-	-	-	-	-	-	-	-	-
Claims on public sector entities	-	-	-	16,147,928	-	-	1,705,562	-	-	17,853,490
Claims on banks	-	68,101,560	-	20,538,490	-	-	1,803,816	55,519	-	90,499,385
Claims on financial institutions	-	-	-	50,970,086	-	-	27,576,757	-	-	78,546,843
Claims on corporates	-	86,838,999	-	5,126,066	-	-	502,536,364	-	-	594,501,429
Retail claims	101,870,721	448,695	-	-	32,918,053	128,453,041	55,257,725	-	-	318,948,235
Claims secured by residential property	-	-	49,264,495	-	-	-	11,792,737	-	-	61,057,232
Non-performing assets	-	-	-	1,488,137	-	-	37,531,636	7,276,149	-	46,295,922
Higher-risk categories	-	-	-	-	-	-	-	-	1,466,369	1,466,369
Cash items and other assets	27,758,511	-	-	-	-	-	35,788,803	-	-	63,547,314
	785,328,607	187,890,781	49,264,495	94,270,707	32,918,053	128,453,041	673,993,400	7,331,668	1,466,369	1,960,917,121

TABLE - 4 (B) GROUP: CREDIT RISK AS AT 31ST DECEMBER 2025 (POST CCF & CRM) UNDER STANDARDISED APPROACH: EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

Asset Class \ Risk Weight	0%	20%	35%	50%	60%	75%	100%	150%	250%	Total credit exposure amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Claims on central government and CBSL	662,797,054	32,501,527	-	-	-	-	-	-	-	695,298,581
Claims on foreign sovereigns and their central banks	-	-	-	-	-	-	-	-	-	-
Claims on public sector entities	-	-	-	16,147,928	-	-	1,705,562	-	-	17,853,490
Claims on banks	-	68,292,201	-	20,538,490	-	-	1,803,816	55,519	-	90,690,026
Claims on financial institutions	-	-	-	48,471,712	-	-	27,576,757	-	-	76,048,469
Claims on corporates	-	86,838,999	-	5,126,066	-	-	500,120,414	-	-	592,085,479
Retail claims	120,036,670	840,840	-	-	32,918,053	128,453,041	106,980,581	-	-	389,229,185
Claims secured by residential property	-	-	49,264,495	-	-	-	11,792,737	-	-	61,057,232
Non-performing assets	-	-	-	1,488,137	-	-	37,610,834	9,432,472	-	48,531,443
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Cash items and other assets	28,113,953	-	-	-	-	-	49,886,166	-	-	78,000,119
	810,947,677	188,473,567	49,264,495	91,772,333	32,918,053	128,453,041	737,476,867	9,487,991	-	2,048,794,024

TABLE - 5: OPERATIONAL RISK FOR THE PERIOD ENDED 31ST DECEMBER 2025 UNDER THE ALTERNATIVE STANDARDISED APPROACH

Business lines	BANK					GROUP				
	Capital charge factor	Fixed factor	Gross income/Average loans & advances			Capital charge factor	Fixed factor	Gross income/Average loans & advances		
			1st Year Rs 000	2nd Year Rs 000	3rd Year Rs 000			1st Year Rs 000	2nd Year Rs 000	3rd Year Rs 000
The Alternative Standardised Approach										
Corporate finance	18%		7,724,681	3,183,052	4,819,651	18%		7,724,681	3,183,052	4,819,651
Trading and sales	18%		27,705,645	26,060,330	21,337,314	18%		32,185,842	32,699,774	29,722,180
Payment and settlement	18%		38,934	161,870	215,183	18%		38,934	161,870	215,183
Agency services	15%		-	-	458,303	15%		-	-	458,303
Asset management	12%		-	-	-	12%		-	-	-
Retail brokerage	12%		-	-	-	12%		-	-	-
Retail banking	12%	3.50%	438,340,412	457,399,170	538,983,704	12%	3.50%	438,340,412	457,399,170	538,983,704
Commercial banking	15%	3.50%	445,392,331	465,023,989	553,702,336	15%	3.50%	439,307,403	460,073,132	549,237,499
Total Capital Charge for Operational Risk (Rs 000)	10,068,535					11,211,679				
Risk Weighted Amount (Rs 000)	74,581,741					83,049,476				

TABLE - 6: MARKET RISK AS AT 31ST DECEMBER 2025 UNDER STANDARDISED MEASUREMENT METHOD

Item	BANK	GROUP
	Rs 000	Rs 000
(a) Capital Charge for Interest Rate Risk	2,597	2,597
General interest rate risk	2,597	2,597
Specific interest rate risk	-	-
(b) Capital Charge for Equity	-	-
General equity risk	-	-
Specific equity risk	-	-
(c) Capital Charge for Foreign Exchange & Gold	264,588	264,588
(d) Total Capital Charge for Market Risk (a) + (b) + (c)	267,185	267,185
Risk Weighted Amount (d) * 100/13.5	1,979,148	1,979,148

SUMMARY DISCUSSION ON ADEQUACY/ MEETING CURRENT AND FUTURE CAPITAL REQUIREMENTS

Overview

Recognising that effective capital management is fundamental to the long-term stability of the business, Sampath Bank has consistently maintained Capital Adequacy Ratios (CARs) above the minimum regulatory requirements.

As at 31st December 2025, the Bank is positioned with strong capital buffers, well-prepared to seize opportunities as the economy regains momentum.

Importantly, the Central Bank of Sri Lanka (CBSL), through Directive No. 01 of 2025, designated Sampath Bank as a Domestic Systemically Important Bank (D-SIB), effective 17th April 2025. This designation imposes an additional capital surcharge of 1% across all tiers of regulatory capital, reinforcing the Bank's role in safeguarding systemic stability.

Capital Allocation

The Bank's capital serves as the primary safeguard against market, credit, liquidity, operational, and reputational risks. Determining the optimum capital structure remains a key risk management objective.

This involves:

- Evaluating the risk contribution of each business unit to the overall risk profile.
- Allocating capital charges accordingly, thereby incentivising business units to generate returns commensurate with the risks undertaken.

This disciplined approach ensures that capital is deployed efficiently while maintaining resilience against potential shocks.

Capital Management Process

The Bank adopts a forward-looking capital management framework, aligned with Basel III requirements and international best practices:

- Strategic Planning: A rolling three-year strategic plan and budget, updated annually, incorporates forecasts for key capital ratios linked to anticipated asset growth and business volumes.
- Tolerance Limits: Capital ratio thresholds are established, with proactive measures embedded in the budget to maintain buffers above these limits.
- Capital Raising: Tier I and Tier II capital are raised in advance, as required, to support growth ambitions.
- Monitoring & ICAAP: A robust monitoring mechanism and dynamic ICAAP process enable early identification of potential shortfalls, including qualitative risks such as reputational and strategic exposures.
- Dividend Policy: Dividend decisions, including the mix between cash and scrip are preceded by detailed capital impact assessments, to ensure that adequate resources are retained to fund future growth.
- Stress Testing: Scenario analysis and stress testing are conducted regularly, with oversight from the Board of Directors, to ensure preparedness for unforeseen challenges.

Moving Forward

With the D-SIB designation and the associated 1% capital surcharge, the Bank acknowledges the heightened responsibility of maintaining stronger capital buffers. While this requirement constrains the growth in risk-weighted asset (RWA), it also reinforces the Bank's resilience and credibility within the financial system.

To support sustainable balance sheet growth and optimise capital utilisation, the Bank has announced plans to issue Basel III-compliant Tier II Green and/ or Sustainability Bonds/ Debentures amounting to Rs 20 Bn, with an initial tranche of Rs 10 Bn offering maturities of 5 and 7 year. This strategic issuance is designed to leverage the prevailing low-interest rate environment, strengthen the Bank's capital base, and position it to capitalise on emerging opportunities in the market. By reinforcing its capital structure through sustainable financing instruments, the Bank will further consolidate its competitive advantage and reaffirm its leadership within the Sri Lankan banking sector.

TABLE - 7: LIQUIDITY COVERAGE RATIO - ALL CURRENCY

As at 31st December	2025		2024	
	Total Un-weighted Value Rs 000	Total Weighted Value Rs 000	Total Un-weighted Value Rs 000	Total Weighted Value Rs 000
Total Stock of High-Quality Liquid Assets (HQLA)	646,408,013	643,209,567	757,963,346	755,845,414
Level 1 assets	625,085,039	625,085,039	743,843,796	743,843,796
Level 2A assets	21,322,974	18,124,528	14,119,550	12,001,618
Level 2B assets	-	-	-	-
Total Cash Outflows	2,070,485,458	420,835,581	1,833,902,367	372,147,502
Deposits	1,647,343,489	309,504,006	1,469,221,867	268,961,235
Unsecured wholesale funding	4,410,847	4,410,847	9,912,063	9,912,063
Secured funding transactions	30,459,409	-	26,610,320	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	296,193,493	14,842,508	247,333,393	12,449,480
Additional requirements	92,078,220	92,078,220	80,824,724	80,824,724
Total Cash Inflows	201,269,070	152,594,223	154,302,841	126,230,667
Maturing secured lending transactions backed by collateral	40,010,168	38,936,884	26,910,052	24,935,833
Committed facilities	-	-	-	-
Other inflows by counterparty which are maturing within 30 days	41,235,947	24,264,370	39,417,085	26,029,760
Operational deposits	30,629,986	-	12,710,630	-
Other cash inflows	89,392,969	89,392,969	75,265,074	75,265,074
Total Net Cash Outflows	1,869,216,388	268,241,358	1,679,599,526	245,916,835
Liquidity Coverage Ratio (%) (Stock of High- Quality Liquid Assets/ Total Net Cash Outflows) * 100		239.79		307.36

TABLE - 8: LEVERAGE RATIO

As at 31st December	BANK		GROUP	
	2025 Rs 000	2024 Rs 000	2025 Rs 000	2024 Rs 000
Total Tier I Capital	145,012,150	131,766,084	158,535,476	142,561,898
Total Exposure	2,033,601,933	1,818,842,083	2,122,533,105	1,880,355,677
On-balance sheet exposure (excluding derivatives, securities financing transactions and asset amount adjusted in Basel III Tier I capital)	1,960,418,547	1,762,871,894	2,042,659,011	1,819,279,950
Derivative exposure	5,240,942	1,421,244	5,240,942	1,421,244
Securities financing transaction exposure	5,795,946	3,746,911	12,669,160	9,342,754
Other off-balance sheet exposure	62,146,498	50,802,034	61,963,992	50,311,729
Basel III Leverage Ratio (%) (Total Tier I Capital /Total Exposure)*100	7.13	7.24	7.47	7.58

TABLE - 9: NET STABLE FUNDING RATIO

As at 31st December	BANK	
	2025 Rs 000	2024 Rs 000
Total Available Stable Funding	1,508,810,932	1,330,718,383
Total Required Stable Funding	872,133,283	669,845,047
Required stable funding – on balance sheet assets	862,439,465	662,156,329
Required stable funding – off balance sheet items	9,693,818	7,688,718
Net Stable Funding Ratio (%) (Total Available Stable Funding /Total Required Stable Funding)*100	173.00	198.66

TABLE - 10: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS AS AT 31ST DECEMBER 2025

Description of the capital instrument	Capital instruments issued by the Bank		
	2021-2028 Basel III compliant Tier II Listed Rated Unsecured Subordinated Redeemable Debentures	2023-2028 Basel III compliant Tier II Listed Rated Unsecured Subordinated Redeemable Debentures	2025- 2030 Basel III compliant Tier II Listed Rated Unsecured Subordinated Redeemable Debentures
Issuer	Sampath Bank PLC	Sampath Bank PLC	Sampath Bank PLC
Unique identifier	D0510-LK0090D24743	D0541 - LK0090D25070 D0542 - LK0090D25062	D0591 - LK0090D25633
Governing law(s) of the instrument	Companies Act No. 07 of 2007/CSE Listing Rules/Banking Act No. 30 of 1988 and subsequent amendments/Securities Exchange Commission Act		
Original date of issuance	12th April 2021	09th February 2023	26th March 2025
Par value of instrument (per debenture)	Rs 100/-	Rs 100/-	Rs 100/-
Perpetual or dated	Dated	Dated	Dated
Original maturity date, if applicable	12th April 2028	09th February 2028	26th March 2030
Amount recognised in regulatory capital (Rs 000)	3,000,000	4,500,000	8,500,000
Accounting classification (Equity/Liability)	Liability	Liability	Liability
Issuer call subject to prior supervisory approval			
Optional call date, contingent call dates and redemption amount (Rs 000)	n/a	n/a	n/a
Subsequent call dates, if applicable	n/a	n/a	n/a
Coupon/Dividend			
Fixed or floating dividend/coupon	D0510-Fixed Rate	D0541 - Fixed Rate D0542 - Floating Rate	D0591 - Fixed Rate
Coupon rate and any related index	D0510-9.00% p.a.	D0541 - 28.00% p.a. D0542 - 1 Year T.Bill rate + 1.5% p.a., Subject to a floor of 20% and a cap of 31%	D0591 - 11.75% p.a.
Non-cumulative or cumulative	Cumulative	Cumulative	Cumulative
Convertible or Non-convertible	Convertible	Convertible	Convertible
If convertible, conversion trigger (s)	*	*	*
If convertible, fully or partially	*	*	*
If convertible, mandatory or optional	*	*	*
If convertible, conversion rate	**	**	**

* In the event of an occurrence of a trigger event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of debentures to ordinary voting shares by the company without any requirement of approval by the debenture holders, in compliance with Basel III requirements. Upon the occurrence of a trigger event, the outstanding balance of the debentures including the total par value of the debentures and debenture interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the conversion price.

** The conversion rate will be based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the trigger event.

n/a - not applicable

TABLE - 11 BANK: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES AS AT 31ST DECEMBER 2025

Item	Carrying values as reported in published financial statements Rs 000	Carrying values under scope of regulatory reporting Rs 000	Subject to credit risk framework Rs 000	Subject to market risk framework Rs 000	Not subject to capital requirements or subject to deduction from capital Rs 000
Assets					
Cash & cash equivalents	62,018,008	62,018,008	62,029,232	-	-
Balances with Central Bank of Sri Lanka	21,835,192	21,835,192	21,835,192	-	-
Placements with banks	39,223,825	39,223,825	39,236,182	-	-
Reverse repurchase agreements	44,282	44,282	44,282	-	-
Derivative financial instruments	2,468,488	2,468,488	2,468,488	-	-
Financial assets recognised through profit or loss - measured at fair value	403,260	403,260	-	403,260	-
Financial assets at amortised cost					
- loans & advances	1,127,776,792	1,127,776,792	1,152,918,547	-	-
- debt & other instruments	523,176,568	523,176,568	523,179,943	-	-
Financial assets - fair value through other comprehensive income	148,256,497	148,256,497	148,256,497	-	-
Investment in subsidiaries	4,226,113	4,226,113	2,601,346	-	1,624,767
Property, plant & equipment	15,187,778	15,187,778	15,187,778	-	-
Intangible assets	1,040,433	1,040,433	-	-	1,040,433
Right-of-use assets	7,190,091	7,190,091	7,190,091	-	-
Deferred tax assets	10,597,476	10,597,476	-	-	10,597,476
Other assets	14,807,760	14,807,760	14,807,760	-	-
Total Assets	1,978,252,563	1,978,252,563	1,989,755,338	403,260	13,262,676
Liabilities					
Due to banks	24,687,100	24,687,100	-	-	-
Derivative financial instruments	805,063	805,063	-	-	-
Securities sold under repurchase agreements	32,785,653	32,785,653	-	-	-
Financial liabilities at amortised cost					
- due to depositors	1,627,060,300	1,627,060,300	-	-	-
- due to other borrowers	8,357,756	8,357,756	-	-	-
- due to debt securities holders	29,795,272	29,795,272	-	-	-
Retirement benefit obligation	7,490,860	7,490,860	-	-	-
Dividend payable	405,100	405,100	-	-	-
Current tax liabilities	16,762,008	16,762,008	-	-	-
Other liabilities	51,229,076	51,229,076	-	-	-
Total Liabilities	1,799,378,188	1,799,378,188	-	-	-
Total Gross Off-balance Sheet Liabilities					
Guarantees	44,878,865	44,878,865	44,878,865	-	-
Documentary credit	51,106,834	51,106,834	51,106,834	-	-
Acceptance	22,816,986	22,816,986	22,816,986	-	-
Other contingent items	191,712,067	191,712,067	191,712,067	-	-
Commitment for unutilised facilities	315,904,022	315,904,022	315,904,022	-	-
Other commitments	1,118,343	1,118,343	1,118,343	-	-
Total Gross Off-balance Sheet Liabilities	627,537,117	627,537,117	627,537,117	-	-
Shareholders' Equity					
Stated capital	48,741,119	48,741,119	-	-	-
of which amount eligible for CET I	48,741,119	48,741,119	-	-	-
of which amount eligible for AT I	-	-	-	-	-
Retained earnings	15,248,331	15,248,331	-	-	-
Accumulated other comprehensive income	3,678,415	3,678,415	-	-	-
Special reserve	1,879,931	1,879,931	-	-	-
Other reserves	109,326,579	109,326,579	-	-	-
Total Shareholders' Equity	178,874,375	178,874,375	-	-	-

BASEL III DISCLOSURE REQUIREMENTS

TABLE - 12 GROUP: ASSESSMENT OF DOMESTIC SYSTEMICALLY IMPORTANT BANKS (D-SIBS) AS AT 31ST DECEMBER 2025

	Rs 000
Size Indicator	
Indicator 1 - Total exposure	
Total exposure measure	2,122,533,105
Interconnectedness Indicators	
Indicator 2 - Intra-financial System Assets	
a. Funds deposited with or lent to other financial institutions	
(i) Funds deposited	77,097,755
(ii) Lending	91,724,752
b. Holdings of securities issued by other financial institutions	6,082,056
c. Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	2,890,908
d. Over the counter (OTC) derivatives with other financial institutions that have a net positive mark to market value	533,552
Intra-financial system assets	178,329,023
Indicator 3 - Intra-Financial System Liabilities	
a. Funds deposited by or borrowed from other financial institutions	
(i) Funds deposited	31,245,158
(ii) Borrowings	28,490,579
b. Net negative current exposure of securities financing transactions (SFTs) with other financial institutions	408,178
c. Over the counter derivatives (OTC) with other financial institutions that have a net negative mark to market value	1,286,770
Intra-financial system liabilities	61,430,685
Indicator 4 - Securities Outstanding	
Securities outstanding	41,883,516
Substitutability/Financial Institution Infrastructure Indicators	
Indicator 5 - Payments made in the Reporting Year (excluding intra-group payments)	
Payments activity	11,964,405,888
Indicator 6 - Gross Loans and Receivables to Non- Bank Customers (excluding Government)	
Gross Loans	1,278,041,514
Indicator 7 - Deposits of Non-bank Customers (excluding Government)	
Deposits	1,662,952,864
Complexity Indicators	
Indicator 8 - Notional Amount of Over-the-Counter (OTC) Derivatives	
OTC derivatives	191,712,067
Indicator 9 - Cross-Jurisdictional claims (excluding derivatives and intragroup claims)	
Cross jurisdictional claims	133,934,608
Indicator 10 - Cross-Jurisdictional liabilities (excluding derivatives and intragroup liabilities)	
Cross jurisdictional liabilities	32,829,819
Indicator 11 - Financial assets recognised through profit or loss - measured at fair value & financial assets fair value through other comprehensive income	
a. Debt instruments	146,863,731
b. Equity instruments	1,796,082
c. Derivatives	2,468,488

GRI CONTENT INDEX

Statement of use	Sampath Bank PLC has reported in accordance with the GRI Standards for the period of 1st January 2025 to 31st December 2025
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure		Location	Omission		
				Requirement (S) Omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organisational details	10,11,70,IBC	-	-	-
	2-2	Entities included in the organisation's sustainability reporting	4,70	-	-	-
	2-3	Reporting period, frequency and contact point	5,8	-	-	-
	2-4	Restatements of information	5	-	-	-
	2-5	External assurance	7,561-562	-	-	-
	2-6	Activities, value chain and other business relationships	5,10,11,13-15,16-17,26-32,50-51,71-73, 77,84,87,89,112-117,118-123,124-130, 131-141,142-168,169-190,195	-	-	-
	2-7	Employees	134	-	-	-
	2-8	Workers who are not employees	134	-	-	-
	2-9	Governance structure and composition	42,49,77,219,224,232-233,234-237, 245-246,250,253,261,271,276,279,282, 288, 291,295,299,303,306,311	-	-	-
	2-10	Nomination and selection of the highest governance body	245,248,250,252-253	-	-	-
	2-11	Chair of the highest governance body	234-237	-	-	-
	2-12	Role of the highest governance body in overseeing the management of impacts	42,78,82,219,221,248,250,258-260,272-277,280-281,286,289,292-293,296-297,299-302,304-305,308-310,312-315	-	-	-
	2-13	Delegation of responsibility for managing impacts	42,78,80,82,222,224-225,226,232-233,245-246,248,250,280,300,310,313-314	-	-	-
	2-14	Role of the highest governance body in sustainability reporting	8,78,220,285-290,296	-	-	-
	2-15	Conflicts of interest	219,220,222-223,226,230,251-252,254,263,267-268,270,279,281-284	-	-	-
	2-16	Communication of critical concerns	44-45,219,220,258,260 Refer GRI Note 1	-	-	-
	2-17	Collective knowledge of the highest governance body	78,255	-	-	-
	2-18	Evaluation of the performance of the highest governance body	80,99,219,220,221,234-237,251,254-255,265,267,269-270,273,280	-	-	-
	2-19	Remuneration policies	80,99,229,264-266,286	-	-	-
	2-20	Process to determine remuneration	80,99,264-270,274	-	-	-
	2-21	Annual total compensation ratio	*	-	-	-
	2-22	Statement on sustainable development strategy	22-25	-	-	-
	2-23	Policy commitments	43,79,81-82,132,268,273-274,276,280-281,286,289,293,296,300-301,304,309,312	-	-	-
	2-24	Embedding policy commitments	43,79,81-82,132,232-233,245,256,264,271, 279,285,291,295,299,303, 306,311,316,317-347	-	-	-
General Disclosures						
	2-25	Processes to remediate negative impacts	45,58-64,150	-	-	-
	2-26	Mechanisms for seeking advice and raising concerns	79,141,150	-	-	-
	2-27	Compliance with laws and regulations	223	-	-	-
	2-28	Membership associations	65	-	-	-
	2-29	Approach to stakeholder engagement	58-64	-	-	-
	2-30	Collective bargaining agreements	138	-	-	-
Material Topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	6,54-57	-	-	-
	3-2	List of material topics	57	-	-	
Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	112-117	-	-	-
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	12,539	-	-	-
	201-2	Financial implications and other risks and opportunities due to climate change	86,88,91	-	-	-
	201-3	Defined benefit plan obligations and other retirement plans	381,402-403		-	-
	201-4	Financial assistance received from government	Refer GRI Note 2	-	-	-

* Information cannot be disclosed due to confidentiality constraints.

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure		Location	Omission		
				Requirement (S) Omitted	Reason	Explanation
Market Presence						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Refer GRI Note 3	-	-	-
	202-2	Proportion of senior management hired from the local community	Refer GRI Note 4	-	-	-
Indirect Economic Impacts						
GRI 3: Material Topics 2021	3-3	Management of material topics	142-167	-	-	-
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	151-166	-	-	-
	203-2	Significant indirect economic impacts	151-166	-	-	-
Anti-corruption						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Refer GRI Note 5	-	-	-
	205-2	Communication and training about anti-corruption policies and procedures	Refer GRI Note 6	-	-	-
	205-3	Confirmed incidents of corruption and actions taken	Refer GRI Note 7	-	-	-
Tax				-	-	-
GRI 3: Material Topics 2021	3-3	Management of material topics	112-117	-	-	-
GRI 207: Tax 2019	207-1	Approach to tax	115,354,381,406	-	-	-
	207-2	Tax governance, control and risk management	354,381,406	-	-	-
	207-3	Stakeholder engagement and management of concerns related to tax	354,381,406	-	-	-
	207-4	Country-by-country reporting	370-520	-	-	-
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	121,122,123, 174-175	-	-	-
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	174-175 Refer GRI Note 8	-	-	-
	302-2	Energy consumption outside of the organisation		-	-	-
	302-3	Energy intensity	174	-	-	-
	302-4	Reduction of energy consumption	175	-	-	-
	302-5	Reductions in energy requirements of products and services	Refer GRI Note 9	-	-	-
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics	98-100	-	-	-
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	48,98-99,175,176	-	-	-
	305-2	Energy indirect (Scope 2) GHG emissions	48,98-99,175,176	-	-	-
	305-3	Other indirect (Scope 3) GHG emissions	76,98,175	-	-	-
	305-4	GHG emissions intensity	48,175,176	-	-	-
	305-5	Reduction of GHG emissions	175	-	-	-
	305-6	Emissions of ozone-depleting substances (ODS)	Refer GRI Note 10	-	-	-
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Refer GRI Note 11	-	-	-
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics	176	-	-	-
GRI 308: Supplier Environmental Assessment 2016	308-1	New Suppliers that were screened using environmental criteria	167,176-177	-	-	-
	308-2	Negative environmental impacts in the supply chain and actions	167,176-177	-	-	-
Employment						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	135	-	-	-
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	136	-	-	-
	401-3	Parental leave	140	-	-	-
Labour/Management Relations						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-

GRI Standard/ Other Source	Disclosure		Location	Omission		
				Requirement (S) Omitted	Reason	Explanation
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Refer GRI Note 12	-	-	-
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141 Refer GRI Note 13	-	-	-
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system		-	-	-
	403-2	Hazard identification, risk assessment and incident investigation		-	-	-
	403-3	Occupational health services		-	-	-
	403-4	Worker participation, consultation and communication on occupational health and safety		-	-	-
	403-5	Worker training on occupational health and safety		-	-	-
	403-6	Promotion of worker health		-	-	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		-	-	-
	403-8	Workers covered by an occupational health and safety management system		-	-	-
	403-9	Work-related injuries	139	-	-	-
	403-10	Work-related ill health	139	-	-	-
Training and Education						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	137	-	-	-
	404-2	Programs for upgrading employee skills and transition assistance programmes	137	-	-	-
	404-3	Percentage of employees receiving regular performance and career development reviews	136	-	-	-
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	49,133,134	-	-	-
	405-2	Ratio of basic salary and remuneration of women to men	49,140	-	-	-
Non-Discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	131-141	-	-	-
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	140	-	-	-
Local Communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	142-167	-	-	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programmes	48-49,150-166,179-190	-	-	-
	413-2	Operations with significant actual and potential negative impacts on local communities	150	-	-	-
Supplier Social Assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics	176			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	167,176-177			
	414-2	Negative social impacts in the supply chain and actions taken	167,176-177			
Customer Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	291-294,316,317-347	-	-	-
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Refer GRI Note 14	-	-	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Refer GRI Note 15	-	-	-
Marketing and Labelling						
GRI 3: Material Topics 2021	3-3	Management of material topics	127-128,149	-	-	-

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure		Location	Omission		
				Requirement (S) Omitted	Reason	Explanation
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	127-128,129,149 Refer GRI Note 16	-	-	-
	417-2	Incidents of non-compliance concerning product and service information and labelling	Refer GRI Note 17	-	-	-
	417-3	Incidents of non-compliance concerning marketing communications	Refer GRI Note 18	-	-	-
Customer Privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics	121,129-130	-	-	-
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	150 Refer GRI Note 19	-	-	-

GRI Notes

GRI Note Number	Remarks
1	During the year 2025, three (03) concerns were reported through Whistleblowing. The reported cases were addressed in accordance with the 'Policy on Whistleblowing' and the 'Procedure on Whistlebloiwng'. Audit investigations were carried out as required, and the findings and recommendations were reported to the Board Audit Committee and, where appropriate, to the Board of Directors. Investigation reports were forwarded to the Disciplinary Committee for necessary action. Recommendations related to process improvements and the rectification of internal control gaps/deviations were shared with management.
2	As we are a private sector organisation, there is no direct or indirect financial assistance (grants) received from the government.
3	Entry level wage refers to remuneration paid to new entrants joining the Bank as a Trainee Staff Assistant/Junior Executive I. The Bank does not distinguish based on gender and both males and females in these positions are entitled to a same entry level wage. There is no entry level wage rate imposed on the banking sector. However, Sampath Bank's entry level wage is higher than the national minimum wage rate.
4	At Sampath Bank, Senior Management refers to a designated authority in charge of a key business unit/function. All senior managers of the Bank are locally hired.
5	The Bank implements appropriate internal controls across its all operations to ensure transparency and prevent unethical influence.
6	94% of employees and 92% of Senior Management have received training on anti-corruption.
7	No fines were imposed by the regulators on the Bank pertaining to incidents of corruption in 2025.
8	Energy consumption only includes electricity consumption at the Head Office premises during the year under review.
9	Energy reduction cannot be accurately calculated or measured in relation to a specific product or service of the Bank. However, the Bank's solar migration project has seen rooftop solar installations at twenty six branches which has resulted in an overall reduction in the volume of grid electricity consumed by the respective branches in providing banking services to customers.
10	Emissions of Ozone Depleting Substances (ODS) are insignificant, considering the nature of our business.
11	Not applicable, due to the nature of the operations of the Bank.
12	No collective agreement is in force, operational changes are informed in advance depending on the requirement.
13	The Bank does not maintain a formal standalone Occupational Health and Safety Management System, as its operations are primarily service-oriented and do not involve industrial or high-risk environments. Nevertheless, employee health, safety, and well-being are managed through appropriate internal arrangements. The Bank provides access to an in-house medical practitioner, maintains sick room, and ensures support for any sudden medical conditions. Workplace hygiene, ergonomic office practices, and general health awareness are also promoted to maintain a safe and healthy working environment. These measures ensure that health and safety risks are effectively managed in line with the nature of the Bank's operations, while supporting employee well-being and productivity.
14	As a service organisation, health and safety impacts of our products and service categories cannot be assessed.
15	No incidents of non-compliance concerning the health and safety impacts of products and services reported during the period.
16	Products and services information are published on the Bank's corporate website (www.sampath.lk). Advertising and other marketing communication materials are developed in all three languages (Sinhala/Tamil/English).
17	Zero incidents of non-compliance concerning product and service information and labelling were reported during the period.
18	Zero incidents of non-compliance concerning marketing communications were reported during the period.
19	A total of 44 customer privacy complaints were received in 2025. Of these 43 were successfully resolved during the course of the year, while the other 1 remain under audit investigation as of 31st December 2025.

SLFRS S1 AND S2 TAXONOMY

Code	Element to Report	Type	Reference Standard	Page Reference
GOVERNANCE				
S2-G1	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about: how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s)	Text block	SLFRS S2.6(a)(i)	78
S2-G2	How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate- related risks and opportunities	Text block	SLFRS S2.6(a)(ii)	78
S2-G3	How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities	Text block	SLFRS S2.6(a)(iii)	79,80
S2-G4	How the body(s) or individual(s) takes into account climate- related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities	Text block	SLFRS S2.6(a)(iv)	79
S2-G5	How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies	Text block	SLFRS S2.6(a)(v)	80
S2-G6	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee	True or False	SLFRS S2.6(b)(i)	80
S2-G7	Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions	True or False	SLFRS S2.6(b)(ii)	81
STRATEGY				
S2-S1	Specifically, an entity shall disclose information to enable users of general purpose financial reports to understand: the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Text block	SLFRS S2.9(a)	83
S2-S2	The current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain	Text block	SLFRS S2.9(b)	84,87,89
S2-S3	The effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan	Text block	SLFRS S2.9(c)	85,88,90
S2-S4	The effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning	Text block	SLFRS S2.9(d)	86,88,91
S2-S5	The climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities	Text block	SLFRS S2.9(e)	85,88,90
S2-S6	An entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall: describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Text block	SLFRS S2.10(a)	84,87,89
S2-S7	Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk	Text block	SLFRS S2.10(b)	84,87,89
S2-S8	Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons (short, medium or long term), the effects of each climate-related risk and opportunity could reasonably be expected to occur	Text block	SLFRS S2.10(c)	84,87,89
S2-S9	Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making	Text block	SLFRS S2.10(d)	75
S2-S10	A description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	Text block	SLFRS S2.13(a)	84,87,89
S2-S11	A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets)	Text block	SLFRS S2.13(b)	85,88,90

SLFRS S1 AND S2 TAXONOMY

Code	Element to Report	Type	Reference Standard	Page Reference
S2-S12	Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about: current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities	Text block	SLFRS S2.14(a)(i)	85,88,90
S2-S13	Current and anticipated direct mitigation and adaptation efforts	Text block	SLFRS S2.14(a)(ii)	85,88,90
S2-S14	Current and anticipated indirect mitigation and adaptation efforts	Text block	SLFRS S2.14(a)(iii)	-
S2-S15	Any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies	Text block	SLFRS S2.14(a)(iv)	-
S2-S16	How the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets	Text block	SLFRS S2.14(a)(v)	100
S2-S17	Information about how the entity is resourcing, and plans to resource, the activities	Text block	SLFRS S2.14(b)	85,88,90
S2-S18	Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods	Text block	SLFRS S2.14(c)	-
S2-S19	An entity shall disclose information that enables users of general purpose financial reports to understand: the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects)	Text block	SLFRS S2.15(a)	86,88,91
S2-S20	The anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects)	Text block	SLFRS S2.15(b)	-
S2-S21	Specifically, an entity shall disclose quantitative and qualitative information about: how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period	Text block	SLFRS S2.16(a)	86,88,91
S2-S22	The climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements	Text block	SLFRS S2.16(b)	86,88,91
S2-S23	How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to	Text block	SLFRS S2.16(c)(i)	-
S2-S24	Its planned sources of funding to implement its strategy	Text block	SLFRS S2.16(c)(ii)	-
S2-S25	How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation)	Text block	SLFRS S2.16(d)	-
S2-S26	Climate resilience		SLFRS S2.22 - 23	85,88,90
RISK MANAGEMENT				
S2-R1	To achieve this objective, an entity shall disclose information about: the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes)	Text block	SLFRS S2.25(a)(i)	92,95,97
S2-R2	Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks	Text block	SLFRS S2.25(a)(ii)	92,95,97
S2-R3	How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria)	Text block	SLFRS S2.25(a)(iii)	93,95,97
S2-R4	whether and how the entity prioritises climate-related risks relative to other types of risk	True or False	SLFRS S2.25(a)(iv)	93,96,98
S2-R5	How the entity monitors climate-related risks	Text block	SLFRS S2.25(a)(v)	93,96,98
S2-R6	Whether and how the entity has changed the processes it uses compared with the previous reporting period	True or False	SLFRS S2.25(a)(vi)	94,96,98

Code	Element to Report	Type	Reference Standard	Page Reference
S2-R6	The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	Text block	SLFRS S2.25(b)	93,95,97
S2-R7	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process	Text block	SLFRS S2.25(c)	94,96,98
METRICS AND TARGETS				
S2-M1	To achieve this objective, an entity shall disclose: information relevant to the cross-industry metric categories	Text block	SLFRS S2.28(a)	98-99
S2-M2	Industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry	Text block	SLFRS S2.28(b)	100
S2-M3	Targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets	Text block	SLFRS S2.28(c)	100
S2-M4	An entity shall disclose information relevant to the cross-industry metric categories of: greenhouse gases, the entity shall: (i) disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO_2 equivalent, classified as: (1) Scope 1 greenhouse gas emissions; (2) Scope 2 greenhouse gas emissions; and (3) Scope 3 greenhouse gas emissions;	Text block	SLFRS S2.29(a)(i)	98-99
S2-M5	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions	Text block	SLFRS S2.29(a)(ii)	98
S2-M6	Disclose the approach it uses to measure its greenhouse gas emissions	Text block	SLFRS S2.29(a)(iii)	98
S2-M7	For Scope 1 and Scope 2 greenhouse gas emissions disclosed in the consolidated accounting group other investees	Text block	SLFRS S2.29(a)(iv)	98
S2-M8	For Scope 2 greenhouse gas emissions	Text block	SLFRS S2.29(a)(v)	98
S2-M9	For Scope 3 greenhouse gas emissions disclosed the categories included within the entity's measure of Scope 3 greenhouse gas emissions additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments	Text block	SLFRS S2.29(a)(vi)	98-99
S2-M10	Climate-related transition risks	Text block	SLFRS S2.29(b)	99
S2-M11	Climate-related physical risks	Text block	SLFRS S2.29(c)	99
S2-M12	Climate-related opportunities	Text block	SLFRS S2.29(d)	99
S2-M13	Capital deployment	Text block	SLFRS S2.29(e)	99
S2-M14	Internal carbon prices	Text block	SLFRS S2.29(f)	99
S2-M15	Remuneration	Text block	SLFRS S2.29(g)	99
S2-M16	An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets	Text block	SLFRS S2.33 - 34	100

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

Commercial Banks Sustainability Accounting Standard (Version 2023-12), Sustainability Disclosure Topics & Metrics

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Page Reference
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CB-230a.1	51,150
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CB-230a.2	38,49,121,129-130, 144,322,342-344
Financial Inclusion and Capacity Building	1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240a.1	49,196
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240a.2	335
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240a.3	Not applicable to Sri Lankan context
	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	Quantitative	Number	FN-CB-240a.4	156-161
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2	44-45,48, 50-51,82,94, 172,289,346-347
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tons (t) CO_2-e	FN-CB-410b.1	48,76-77, 88,176
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-CB-410b.2	
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-CB-410b.3	
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-CB-410b.4	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Presentation currency	FN-CB-510a.1	344
	Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-CB-510a.2	219-220,258-259, 260,245 GRI Note 1
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basis points (bps)	FN-CB-550a.1	304,316,318, 327 Sampath Bank PLC, though not a G-SIB, has been recognised as a D-SIB under Banking Act Direction No. 01 of 2025 dated 17th April 2025.
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	n/a	FN-CB-550a.2	85,93, 326-327

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Page Reference
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Presentation currency	FN-CB-000.A	100,199
1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, Presentation currency	FN-CB-000.B	100,196, 206-207

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SAMPATH BANK PLC ON THE INTEGRATED ANNUAL REPORT 2025

EY
Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

SCOPE

We have been engaged by Sampath Bank PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Sampath Bank PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Sampath Bank PLC's (the "Entity's") Integrated Annual Report for the year ended 31 December 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY SAMPATH BANK PLC

In preparing the Subject Matter, Sampath Bank PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

SAMPATH BANK PLC'S RESPONSIBILITIES

Sampath Bank PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Sampath Bank PLC on 16 December 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SAMPATH BANK PLC ON THE INTEGRATED ANNUAL REPORT 2025

- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

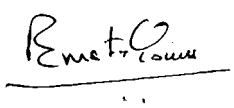
EMPHASIS OF MATTER

Economic, Environment, Social and Intellectual capital management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Sampath Bank PLC for the year ended 31 December 2025, in order for it to be in accordance with the Criteria.



19 February 2026

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SAMPATH BANK PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2025

EY
Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

SCOPE

We have been engaged by Sampath Bank PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Sampath Bank PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Sampath Bank PLC's (the "Entity's") Integrated Annual Report for the year ended 31 December 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY SAMPATH BANK PLC

In preparing the Subject Matter, Sampath Bank PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at **https://www.globalreporting.org**

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

SAMPATH BANK PLC'S RESPONSIBILITIES

Sampath Bank PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Sampath Bank PLC on 16 December 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SAMPATH BANK PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2025

- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

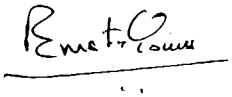
EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Sampath Bank PLC for the year ended 31 December 2025, in order for it to be in accordance with the Criteria.



19 February 2026

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

GLOSSARY OF FINANCIAL AND BANKING TERMS

A ACCEPTANCES

The signature on a Bill of Exchange indicates that the person on whom it is drawn accepts the conditions of the Bill. In other words a Bill of Exchange that has been accepted.

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

ACTUARIAL ASSUMPTIONS

An entity's unbiased and mutually compatible best estimates of the demographic and financial variable that will determine the ultimate cost of providing post-employment benefits.

ADDITIONAL TIER I (AT I) CAPITAL

It is a supplementary form of Tier I capital.

AT I includes capital instruments other than the instruments included in CET I capital.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AMORTISED COST

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

ASSET AND LIABILITY COMMITTEE (ALCO)

An Asset and Liability Committee is a group within a financial institution responsible for overseeing the management of assets and liabilities to ensure a balance between risk and profitability. Its primary role is to monitor and control the risks associated with mismatches between the maturity, interest rates, and currency composition of assets and liabilities. The committee aims to optimise the institution's financial performance while safeguarding against potential risks, such as interest rate risk and liquidity risk.

ASSOCIATE COMPANY

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

AVERAGE WEIGHTED DEPOSIT RATE (AWDR)

AWDR is calculated by the Central Bank monthly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

AVERAGE WEIGHTED PRIME LENDING RATE (AWPLR)

AWPLR is calculated by the Central Bank weekly based on commercial banks' lending rates offered to their prime customers during the week.

B BASEL III

The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity.

BILLS SENT FOR COLLECTION

A bill of exchange drawn by an exporter usually at a term, on an importer overseas and brought by the exporter to his bank with a request to collect the proceeds.

BRANCH BENCH STRENGTH (BBS)

The competence and number of employees ready to fill vacant leadership and other positions.

C CAPITAL ADEQUACY RATIO

The percentage of risk-weighted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlement (BIS) and as modified to suit local requirements by the Central Bank of Sri Lanka.

CAPITAL CONSERVATION BUFFER (CCB)

It is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred.

CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CASH FLOWS

Cash flows are inflows and outflows of cash and cash equivalents.

CLIMATE RELATED RISKS AND OPPORTUNITIES (CRRO)

Climate-related risks and opportunities are those arising from climate change that could reasonably be expected to affect an entity's cash flows, access to finance, or cost of capital over the short, medium, or long term.

COLLECTIVELY ASSESSED LOAN IMPAIRMENT PROVISIONS

Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date. Typically assets within the consumer banking business (housing, personal, vehicle loans, credit cards etc) are assessed on a portfolio basis.

COMMERCIAL PAPER (CP)

An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. The debt is usually issued at a discount, reflecting prevailing market interest rates.

COMMITMENTS

Credit facilities approved but not yet utilised by the clients as at the reporting date.

COMMON EQUITY TIER I (CET I) CAPITAL

Consists of stated capital, other capital and revenue reserves. CET I is the element of capital which has the highest quality and the most effective in absorbing losses.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

CONTINGENCIES

A condition or situation, the ultimate outcome of which (gain or loss) will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CONTRACT

An agreement between two or more parties that creates enforceable rights and obligations.

CONTROL

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

CORRESPONDENT BANK

A bank in a foreign country that offers banking facilities to the customers of a bank in another country.

COST METHOD

A method of accounting whereby the investment is recorded at cost. The Income Statement reflects income from the investment only to the extent that the investor receives distributions from accumulated net profits of the investee arising subsequent to the date of acquisition.

COST TO INCOME RATIO

Operating expenses excluding impairment charge for loans and other losses as a percentage of total operating income.

COUNTRY RISK

The risk that a foreign government will not fulfil its obligations or obstructs the remittance of funds by debtors, either for financial reasons (transfer risk) or for other reasons (political risk).

CREDIT RATING

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to customers and other banks and investment in debt securities.

CREDIT RISK MITIGATION

A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantee and credit protection.

GLOSSARY OF FINANCIAL AND BANKING TERMS

CURRENCY RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

CURRENCY SWAPS
The simultaneous purchase of an amount of a currency for spot settlement and the sale of the same amount of the same currency for forward settlement.

CUSTOMER DEPOSITS
Money deposited by account holders. Such funds are recorded as liabilities.

D DEFERRED TAX
Sum set aside in the financial statements for taxation that may become payable/receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

DELINQUENCY
A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as 'Arrears'.

DEPRECIATION
The systematic allocation of the depreciable amount of an asset over its useful life.

DERECOGNITION
Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

DERIVATIVES
A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

DISCOUNT RATE
A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

DIVIDEND COVER
Profit after tax divided by gross dividend. This ratio measures the number of times dividend is covered by the current year's distributable profits.

DIVIDEND YIELD
Dividend earned per share as a percentage of its market value.

DOCUMENTARY LETTERS OF CREDIT (LCS)
Written undertakings by a bank on behalf of its customers, authorising a third party to draw on the Bank up to a stipulated amount under specific terms and conditions. Such undertakings are established for the purpose of facilitating international trade.

DOMESTIC SYSTEMICALLY IMPORTANT BANKS (D-SIBS)
Domestic Systemically Important Banks are considered vital to the stability of the financial system, often described as "Too Big To Fail." They play a critical role in ensuring the continuous provision of essential banking services to the real economy, even during periods of stress. In Sri Lanka, D SIBs are identified in accordance with the Banking Act Direction No. 02 of 2025 – Domestic Systemically Important Banks.

DOUBLE MATERIALITY
Sustainability matters are assessed from two perspectives: impact materiality and financial materiality. Impact materiality considers how the Bank's activities create significant actual or potential impacts on the environment and people. Financial materiality focuses on how sustainability-related risks and opportunities could reasonably affect the Bank's financial prospects. These matters may be either quantitative or qualitative in nature.

E EARNINGS PER SHARE (EPS)
The profit attributable to each ordinary share in the Bank, based on the profit for the period after tax and after deducting minority interest and preference share Dividend.

ECONOMIC VALUE ADDED (EVA)
A measure of productivity which takes into consideration cost of total invested equity.

EFFECTIVE INTEREST RATE (EIR)
Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

EFFECTIVE TAX RATE (ETR)
Provision for taxation excluding deferred tax divided by the profit before taxation.

EQUITY INSTRUMENT
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

EQUITY METHOD
The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

ESOP (EMPLOYEE SHARE OWNERSHIP PLAN)
A method of giving employees shares in the business for which they work.

EVENTS AFTER THE REPORTING PERIOD
Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

EXPECTED CREDIT LOSSES (ECLS)
ECLs are probability-weighted estimate of the present value of cash shortfalls (i.e. the weighted average credit losses, with respective risks of defaults occurring in a given time period used as the weights). ECL measurements are unbiased (i.e. neutral, not conservative and not biased towards optimism or pessimism) and are determined by evaluating a range of possible outcomes.

EXPOSURE
A claim, contingent claim or position which carries a risk of financial loss.

EXPOSURE AT DEFAULT (EAD)
This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal & interest and expected drawdowns of committed facilities.

EXTREME WEATHER EVENTS
Extreme weather events refer to short-term, event-driven occurrences that pose acute physical risks to entities. These include natural phenomena such as hurricanes, floods, wildfires, heatwaves, droughts, and storms. Such events can disrupt operations, damage assets, interrupt supply chains, and significantly affect financial performance.

F FAIR VALUE
Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCE LEASE
A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

FINANCIAL GUARANTEE CONTRACT
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

FINANCIAL INSTRUMENT
Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FIRM COMMITMENT
A firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

FOREIGN EXCHANGE INCOME
The realised gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan Rupees on the reporting date at prevailing rates which differ from those rates in force at inception or on the previous reporting date. Foreign exchange income also arises from trading in foreign currencies.

FORWARD EXCHANGE CONTRACT
Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

G GLOBAL REPORTING INITIATIVE (GRI)
GRI is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

GOING CONCERN
The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

GREEN FINANCE
Financial activities that support environmentally sustainable projects, such as renewable energy or energy efficiency.

GROSS DIVIDEND
The portion of profits distributed to the shareholders including the tax withheld.

GROUP
A group is a parent and its subsidiaries.

GUARANTEES
A promise made by a third party (guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfil the contractual obligations.

H HEDGING
A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (interest rate, foreign exchange rate, commodity prices, etc)

HIGH LOSS ABSORBENCY (HLA) REQUIREMENT
The additional capital buffer requirement for D-SIBs.

HIGH QUALITY LIQUID ASSETS (HQLA)
HQLA are assets that can be easily and immediately converted into cash at little or no loss of value, that can be readily sold or used as collateral to obtain funds in a range of stress scenarios and are unencumbered, i.e., without legal, regulatory or operational impediments.

I IMPAIRED LOANS
Impaired loans are loans where the Group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

IMPAIRMENT
This occurs when recoverable amount of an asset is less than its carrying amount.

IMPAIRMENT PROVISIONS
Impairment provisions are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss.

INDIVIDUALLY SIGNIFICANT LOAN IMPAIRMENT PROVISION (SPECIFIC IMPAIRMENT PROVISION)
Impairment is measured individually for assets that are individually significant to the Group.

INTANGIBLE ASSET
An intangible asset is an identifiable non-monetary asset without physical substance.

INTEREST COVER
A ratio showing the number of times interest charges is covered by earnings before interest and tax.

INTEREST RATE RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

INTEREST RATE SWAP
An agreement between two parties where one stream of future interest payments is exchanged for another stream of future interest payments based on a specified principal amount.

INTEREST SPREAD
This represents the difference between the average interest rate earned and the average interest rate paid on funds.

INVESTMENT PROPERTIES
Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative services; or sale in the ordinary course of business.

K KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

L LEVERAGE RATIO
The Leverage Ratio is a transparent, simple, non-risk-based ratio and is calculated by dividing Total Tier I capital from the Bank's total exposures of all assets and off balance sheet items.

LIFETIME EXPECTED CREDIT LOSSES
The expected credit losses that result from all possible default events over the expected life of a financial instrument.

LIQUIDITY COVERAGE RATIO (LCR)
Banks are required to maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet their liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. LCR is computed by dividing the stock of HQLA by the total net cash outflows over the next 30 calendar days.

LIQUIDITY RISK
The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

LOSS GIVEN DEFAULT (LGD)
LGD is the percentage of an exposure that a lender expects to lose in the event of obligor defaults. It is based on the difference between the contractual cash flows due and those that the lender would receive including any collateral.

M MARKET CAPITALISATION
The value of a company obtained by multiplying the number of ordinary shares in issue by its market value as at a date.

MARKET RISK
Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments.

MATERIALITY
The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

N NET ASSET VALUE PER SHARE
Shareholders' funds divided by the number of ordinary shares in issue.

NET-INTEREST INCOME (NII)
The difference between what a bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

NET INTEREST MARGIN (NIM)
Net interest income expressed as a percentage of the average of total assets.

NET OPEN POSITION (NOP)
Net Open Position refers to the difference between a Bank's foreign currency assets and liabilities, representing its exposure to fluctuations in exchange rates. It reflects the extent to which the institution is vulnerable to foreign exchange risk and is typically monitored against regulatory limits to ensure prudent risk management.

NET STABLE FUNDING RATIO (NSFR)
NSFR is defined as the amount of Available Stable Funding (ASF) relative to the amount of Required Stable Funding (RSF).

NOSTRO ACCOUNT
A bank account held in foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to facilitate the settlement of foreign exchange trade transactions.

NON-CONTROLLING INTEREST
Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly to a parent.

O OFF-BALANCE SHEET TRANSACTIONS
Transactions that are not recognised as assets or liabilities in the statement of financial position, but which give rise to contingencies and commitments.

OPERATIONAL RISK
Operational risk refers to the losses arising from fraud, negligence, oversight, human error, process errors, system failures, external events, etc.

P PARENT
A parent is an entity that controls one or more entities.

POWER
The Power is the existing rights that give the current ability to direct the relevant activities.

PRICE EARNINGS RATIO (P/E RATIO)
The current market price of the share is divided by the earnings per share of the Bank.

GLOSSARY OF FINANCIAL AND BANKING TERMS

PROBABILITY OF DEFAULT (PD)
PD is an estimate of likelihood of default over a given time horizon.

PROJECTED UNIT CREDIT METHOD (PUC)
An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. (sometimes known as the accrued benefit method pro-rated on service or as the benefit/ years of service method).

PRUDENCE
Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

R

REPURCHASE AGREEMENT
This is a contract to sell and subsequently repurchase government securities at a given price on a specified future date.

RETURN ON AVERAGE ASSETS (ROA)
Profit after tax expressed as a percentage of average total assets, used along with ROE, as a measure of profitability and as a basis of intra-industry performance comparison.

RETURN ON AVERAGE EQUITY (ROE)
Profit after tax less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

REVENUE RESERVES
Reserves set aside for future distribution and investment.

REVERSE REPURCHASE AGREEMENT
Transaction involving the purchase of government securities by a bank or dealer and resale back to the seller at a given price on a specific future date.

RIGHTS ISSUE
Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

RIGHT-OF-USE ASSET (ROU)
ROU asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

RISK-WEIGHTED ASSETS
Used in the calculation of risk-based capital ratios. The face amount of assets is discounted using risk weighting factors in order to reflect a comparable risk per rupee among all types of assets. The risk inherent in commitment & contingencies is also recognised, first by adjusting notional values to Statement of Financial Position (or credit) equivalents and then by applying appropriate risk weighting factors.

S

SEGMENTAL ANALYSIS
Analysis of financial information by segments of an enterprise specifically, the different industries and the different geographical areas in which it operates.

SHAREHOLDERS' FUNDS
Total of issued and fully paid share capital and capital and revenue reserves.

STATUTORY RESERVE FUND
A capital reserve created as per the provisions of the Banking Act No. 30 of 1988.

SUBSIDIARY
A Subsidiary is an entity that is controlled by another entity.

SUBSTANCE OVER FORM
The consideration that the accounting treatment and the presentation in financial statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

SUSTAINABILITY RELATED FINANCIAL DISCLOSURES
A particular form of general purpose financial reports that provide information about the reporting entity's sustainability- related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets.

SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES (SRRO)
SRROs encompass Environmental, Social, and Governance (ESG) risks and opportunities that influence an entity's long-term viability, stakeholder relationships, and financial performance. These include climate change, resource scarcity, human rights, labour practices, and governance structures.

SUSTAINABLE FINANCE
Sustainable finance refers to financial services that integrate environmental, social, and governance (ESG) factors to support sustainable economic growth and manage climate-related risks and opportunities.

T

TIER I CAPITAL - ADDITIONAL TIER I (AT I)
Additional Tier I capital (AT I) is a component of tier I capital, distinct from common equity tier I (CET I) capital. It comprises capital instruments that are not included in CET I. These AT I instruments are subordinated to most other types of debt and have characteristics such as no fixed maturity and the flexibility for the issuing bank to cancel dividends at any time without triggering a default. AT I plays a supplementary role in a bank's overall capital structure, providing additional financial resilience and capacity to absorb losses.

TIER I CAPITAL - COMMON EQUITY TIER I (CET I)
Consists of stated capital, other capital, and revenue reserves. CET I is the element of capital that has the highest quality and is the most effective in absorbing losses.

TIER II CAPITAL
Consists of supplementary capital that absorbs losses in the event of the Bank's failure. It includes revaluation reserves, general provisions, subordinated debt and other qualifying instruments with a minimum original maturity of five years, which rank below depositors and senior creditors.

TOTAL CAPITAL (CAPITAL BASE)
Capital base is summation of the core capital (Tier I) and the supplementary capital (Tier II).

TOTAL TIER I CAPITAL
Total Tier I Capital consists of Common Equity Tier I Capital (CET I) and Additional Tier I Capital (AT I).

TWELVE MONTH EXPECTED CREDIT LOSSES
The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

U

UNIT TRUST
An undertaking formed to invest in securities under the terms of a trust deed.

USEFUL LIFE
Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

VALUE ADDED
Wealth created by providing banking and other services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

VALUE AT RISK (VAR)
A statistical measure used to estimate the potential loss in value of a portfolio or investment over a defined period for a given confidence level.

VOSTRO ACCOUNT
A local currency account maintained by a local bank for a foreign (correspondent) bank. For the foreign bank, it is a Nostro account. The domestic bank acts as custodian or manages the account of a foreign counterpart.

Y

YIELD TO MATURITY
Discount rate at which the present value of future payments would equal the security's current price.

ACRONYMS AND ABBREVIATIONS

&	And
°C	Celsius
12mECL	12 Months Expected Credit Loss
24/7-365	At any time, all year round
2H	Second Half
ABC	Anti-Bribery and Corruption
AC	Air Conditioner
ADB	Asian Development Bank
AED	United Arab Emirates Dirham
AGM	Annual General Meeting/Assistant General Manager (as appropriate)
AI	Artificial Intelligence
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
AML	Anti-Money Laundering
API	Application Programming Interface
ASA	Alternative Standardised Approach
ASEAN	Association of Southeast Asian Nations
ASOCIO	Asian Oceanian Computing Industry Organisation
ASPI	All Share Price Index
AT 1	Additional Tier 1
ATM	Automated Teller Machine
AUD	Australian Dollar
AWD	Alternate Wetting and Drying
AWDR	Average Weighted Deposit Rate
AWFDR	Average Weighted Fixed Deposit Rate
AWPLR	Average Weighted Prime Lending Rate
AWSR	Average Weighted SME Loan Rate
BAC	Board Audit Committee
BBS	Branch Bench Strength
BCBS	Basel Committee on Banking Supervision
BCC	Board Credit Committee
BCP	Business Continuity Plan/Planning (as appropriate)
BHRRC	Board Human Resources and Remuneration Committee
BIRMC	Board Integrated Risk Management Committee
BIS	Bank for International Settlement
BITC	Board Information Technology Committee
BMC	Board Marketing Committee
BMICH	Bandaranaike Memorial International Conference Hall
BMS	Building Management System
Bn	Billion
BNGC	Board Nominations and Governance Committee
BNO	Bank Notes Operation
BOD	Board of Directors
BPO	Business Promotion Officer/Business Process Outsourcing (as applicable)
bps	Basis Points
BRPTRC	Board Related Party Transactions Review Committee
BRU	Business Revival Unit
BSC	Board Sustainability Committee
BSI	Banking Soundness Index
BSL	Biodiversity Sri Lanka
BSPC	Board Strategic Planning Committee
BSRC	Board Shareholder Relations Committee
BSS	Baseline Security Standards
BTC	Board Treasury Committee
CA Sri Lanka/ ICASL	Institute of Chartered Accountants of Sri Lanka
CAD	Canadian Dollar/Credit Administration Department (as applicable)
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CAR	Capital Adequacy Ratio
CAS	Common ATM Switch
CASA	Current Accounts and Savings Accounts
CBAM	Carbon Border Adjustment Mechanism
CBOU	Central Branch Operations Unit
CBSL	Central Bank of Sri Lanka
CCATL	Climate Change and Agriculture in Tropical Latitudes
CCB	Capital Conservation Buffer
CCC	Customer Care Centre
CCD	Central Cash Department
CCDU	Central Credit Documentation Unit
CCF	Credit Conversion Factor
CCO	Chief Compliance Officer
CCPI	Colombo Consumer Price Index
CCPU	Central Credit Processing Unit
CCyB	Countercyclical Capital Buffer
CDM	Cash Deposit Machine
CEA	Central Environmental Authority
CEB	Ceylon Electricity Board
CEC	Ceylon Entrepreneurs' Club
CEFT	Common Electronic Fund Transfer
CEO	Chief Executive Officer
CET I	Common Equity Tier I
CFM	Close Family Members
CFO	Chief Financial Officer
CFT	Countering the Financing of Terrorism
CGU	Career Guidance Unit
CHF	Swiss Franc
CHRO	Chief Human Resource Officer
CIA	Chief Internal Auditor
CIBF	Colombo International Book Fair
CIO	Chief Information Officer
CIRR	Customer's Internal Risk Rating
CISO	Chief Information Security Officer
CIT	Cheque Imaging & Truncating
CLDU	Central Loan Disbursement Unit
CMS	Cash Management Solutions
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent, is a standard unit for measuring carbon footprints
COYLE	Chamber of Young Lankan Entrepreneurs
CPCEC	Colombo Port City Economic Commission
CPR & PRC	Credit Policy, Risk & Portfolio Review Committee
CRM	Cash Recycling Machine/Customer Relationship Management /Credit Risk Mitigation (as applicable)
CRO	Chief Risk Officer
CRRO	Climate Related Risks and Opportunities
CSD	Corporate Sustainability Department
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
DA	Document against Acceptance
DBU	Domestic Banking Unit
DC	Documentary Credit
DDC	Data Dissemination Committee
DDO/DDR	Domestic Debt Optimisation/Domestic Debt Restructuring
DGM	Deputy General Manager
DLP	Data Leakage/Loss Prevention
DP	Document against Payment
DPD	Days Past Due
DPO	Data Protection Officer
DR	Disaster Recovery
DRP	Disaster Recovery Procedure/Plan (as applicable)
D-SIB	Domestic Systemically Important Bank
DWC	Department of Wildlife Conservation
EAD	Exposure at Default
ECG	Effective Career Guidance
ECL	Expected Credit Loss
ED	Executive Director
EFA	Economic Factor Adjustment
EFF	Extended Fund Facility
EIA	Environmental Impact Assessment
EIR	Effective Interest Rate
EMS	Environmental Management System
EPF	Employees' Provident Fund
EPS	Earnings per Share
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Risk Management System
ESOP	Employee Share Ownership/Option Plan
ESOS	Employee Share Option Scheme
ESPS	Employee Share Purchase Scheme
ETF	Employees' Trust Fund
ETR	Effective Tax Rate
EU	European Union
EUR	Euro
EvolveX	Strategic Transformation Process of the Bank
EVP	Employee Value Proposition
EWS	Early Warning Signal
FATF	Financial Action Task Force
FCBU	Foreign Currency Banking Unit
FCY	Foreign Currency
FD	Fixed Deposit
Fed Rate	Federal Funds Rate
FinCSIRT	Sri Lanka Financial Sector Computer Security Incident Response Team
FIU	Financial Intelligence Unit of Sri Lanka
FRMC	Fraud Risk Management Committee
FSVAT	Value Added Tax on Financial Services
FTP	Fund Transfer Pricing
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
FX/FOREX	Foreign Exchange
FY	Financial Year
GBP	British Pound Sterling
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFDRR	Global Facility for Disaster Reduction and Recovery
GHG	Greenhouse Gas
GJ	Gigajoule
GoSL	Government of Sri Lanka
GRI	Global Reporting Initiative
GSSB	Global Sustainability Standards Board
HHI	Herfindahl-Hirschman Index
HKD	Hong Kong Dollar
HLA	Higher Loss Absorbency
HNI/HNF	High Net Worth Individuals/High Net Worth Families
HQLA	High Quality Liquid Assets
HR	Human Resources
HVAC	Heating, Ventilation and Air Conditioning
i.e.	That is
IAD	Internal Audit Department
IBC	Inner Back Cover
ICAAP	Internal Capital Adequacy Assessment Process
ICCES	International Conference of the Centre for Environmental Sustainability
ICMA	International Capital Market Association
ICOFR	Internal Control Over Financial Reporting
ICT	Information and Communication Technologies
IDB	Industrial Development Board
IEA	International Energy Agency
IEE	Initial Environmental Examination
IEPSL	Institute of Environmental Professionals Sri Lanka
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ILEDR	Internal Loss Event Data Reporting
ILO	International Labour Organisation
IMF	International Monetary Fund
IMF-EFF	International Monetary Fund-Extended Fund Facility
IND	Independent Director
INR	Indian Rupee
IPCC	International Panel on Climate Change
IPG	Internet Payment Gateway
IPO	Initial Public Offering
IR	Integrated Reporting
IRM	Integrated Risk Management
IRR	Interest Rate Risk
IRRI	International Rice Research Institute
ISC	Information Security Committee
ISL	Individually Significant Loan

ACRONYMS AND ABBREVIATIONS

ISO	International Organisation for Standardisation
ISSB	International Sustainability Standards Board
IT	Information Technology
ITSM	Information Technology Service Management
IUCN	International Union for Conservation of Nature
JE I/JE II	Junior Executive I/Junior Executive II
JPY	Japanese Yen
Kg	Kilograms
Km	Kilometres
KMP	Key Management Personnel
KPI	Key Performance Indicators
KRI	Key Risk Indicators
kWh	Kilowatt-hour
KYC	Know-Your-Customer
L&D	Learning and Development
LC	Letter of Credit
LCB	Licensed Commercial Bank
LCP	Liquidity Contingency Plan
LCR	Liquidity Coverage Ratio
LDU	Loan Disbursement Unit
LED	Light-Emitting Diode
LGD	Loss Given Default
LKR	Sri Lankan Rupee
LMS	Learning Management System
LRS	Loan Review Summaries
LSB	Licensed Specialised Bank
LTECL	Lifetime Expected Credit Loss
LTV	Loan-to-value
MAL	Maturity of Assets and Liabilities
MBFWSL	Mercedes Benz Fashion Week
MD	Managing Director
MDM	Master Data Management
MEPA	Marine Environment Protection Authority
MIS	Management Information System
ML	Money Laundering
Mn	Million
MNC	Multinational Corporation
MoM	Month-on-Month
MOU	Memorandum of Understanding
MRMU	Market Risk Management Unit
MSME	Micro, Small and Medium Enterprises
MTM	Mark to Market
MW	Megawatt
NBFI	Non-Bank Financial Institutions
NBQSA	National Best Quality Software Awards
NBRO	National Building Research Organisation
NBV	Net Book Value
NCD	Non-Communicable Diseases
NCE	National Chamber of Exporters
NCPC	National Cleaner Production Centre
NCRE	Non-Conventional Renewable Energy
NDA	Non-Disclosure Agreement
NDC	Nationally Determined Contributions
NED	Non-Executive Director
NEDA	National Enterprise Development Authority
NFCI	Net Fee and Commission Income
NGFS	Network for Greening the Financial System
NGO	Non-Governmental Organisation
NID	Non-Independent Director
NII	Net Interest Income
NIM	Net Interest Margin
NOP	Net Open Position
NPA/NPL	Non-Performing Advances/Non-Performing Loans
NPME	National Project Management Excellence
NSC	Network Services Centre
NSFR	Net Stable Funding Ratio
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
OD	Overdraft
OPEX	Operating Expenditure
ORM	Operational Relationship Manager
ORMC	Operational Risk Management Committee
OTP	One-Time-Password
p.a.	Per Annum
p.m.	Per Month
PAM	Privileged Access Management
pari passu	on equal footing/treated equally
PAT	Profit After Tax
PBBS	Performance Based Bonus Scheme
PBT	Profit Before Tax
PC	Procurement Committee
PCAF	Partnership for Carbon Accounting Financials
PCI DSS	Payment Card Industry Data Security Standard
PD	Probability of Default
PDI	Past Due Interest
PDPA	Personal Data Protection Act
PDU	Primary Dealer Unit
PEP	Project Evaluation Process
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFCA	Personal Foreign Currency Account
PIA	Privacy Impact Assessments
PII	Personally Identifiable information
PIN	Personal Identification Number
PLC	Public Limited Company
PMEP	Project Management and Evaluation Process
PMI	Project Management Institute
PMS	Performance Management System
PPE	Property, Plant and Equipment
PUC	Projected Unit Credit
PVBP	Present Value of a Basis Point
Q1/Q2/Q3/Q4	Quarter 1/Quarter 2/Quarter 3/Quarter 4
QMS	Quality Management System
QoQ	Quarter-on-Quarter
QR Code	Quick Response Code
R&D	Research and Development
RAROC	Risk Adjusted Return on Capital
RBA	Risk Based Approach
RBP	Risk Based Pricing
RCC	Risk and Compliance Committee
RCGC	Royal Colombo Golf Club
RCP	Recovery Policy/Plan/Planning (as appropriate)
RCSA	Risk and Control Self-Assessment
Ref.	Reference
RHS	Right Hand Side
RMU	Risk Management Unit
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
RPA	Robotic Process Automation
RPO	Recovery point objectives
RPT	Related Party Transactions
Rs	Sri Lankan Rupees
RSA	Rate Sensitive Assets
RSL	Rate Sensitive Liabilities
RTO	Recovery Time Objectives
RWA	Risk Weighted Assets
RWN	Rating Watch Negative
SAL	Sensitivity of Assets and Liabilities
SASB	Sustainability Accounting Standards Board
SASC	Sustainable Asset Selection Committee
SBEA	Sampath Bank Employees' Association
SDAS	Sampath Document Approval System
SDFR	Standing Deposit Facility Rate
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission of Sri Lanka
SGD	Singapore Dollar
SID	Senior Independent Director
SIEM	Security Information and Event Management
SITS	Sampath Information Technology Solutions Limited
SLA	Service Level Agreement/Sampath Learning Academy (as appropriate)
SLAR	Statutory Liquid Assets Ratio
SLBA	Sri Lanka Banks' Association
SLDB	Sri Lanka Development Bond
SLDF	Sri Lanka Design Festival
SLFR	Standing Lending Facility Rate
SLFRS/LKAS	Sri Lanka Accounting Standards
SLID	Sri Lanka Institute of Directors
SLIM	Sri Lanka Institute of Marketing
SLISB	Sri Lanka International Sovereign Bond
SLRCS	Sri Lanka Red Cross Society
SLRSPS	Sri Lanka Related Services Practice Statement
SLSAE	Sri Lanka Standard on Assurance Engagements
SLSIRT	Sri Lanka National Computer Security Incident Response Team
SME	Small and Medium-sized Enterprises
SMS	Short Message/Messaging Service
SOC	Security Operation Centre
SOE	State-Owned Enterprises
SOFP	Statement of Financial Position
SPPI	Solely Payments of Principal and Interest
sq. ft.	Square Feet
SRR	Statutory Reserve Ratio
SRRO	Sustainability Related Risks and Opportunities
SRS	System Requirements Specification
SSCL	Social Security Contribution Levy
SVC	Sampath Vishwa Corporate
SWIFT	Society for Worldwide Interbank Financial Telecommunications
SWOT	Strengths, Weaknesses, Opportunities and Threats
SYR	Synthesis Report
t.oz	A troy ounce
T-Bill	Treasury Bill
T-Bill/T-Bond	Treasury Bill/Treasury Bond
TBO	Treasury Back Office
T-Bond	Treasury Bond
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2-e	Tonnes of Carbon Dioxide Equivalent
TCW	Touchless Cash Withdrawals
TF	Terrorist Financing
TFO	Treasury Front Office
TFSCP	Trade Finance Supply Chain Programme
TIIKM	The International Institute of Knowledge Management
Tn	Trillion
TOR	Terms of Reference
TRM	Transactional Relationship Manager
TT	Telegraphic Transfer
UI	User Interface
UK	United Kingdom
UN	United Nations
UNGC	United Nations Global Compact
UOP	University of Peradeniya
UPI	UnionPay International
US	United States
USA	United States of America
USD/US$	United States Dollar
USJ	University of Sri Jayewardenepura
UX	User Experience
VAPT	Vulnerability Assessment and Penetration Testing
VaR	Value at Risk
VAT	Value Added Tax
Vis-à-vis	In relation to, counterpart
VTM	Virtual Teller Machine
VWAP	Volume Weighted Average Price
w.e.f	With Effect From
WB	World Bank
WHO	World Health Organisation
WHT	Withholding Tax
YoY	Year-on-Year

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of Sampath Bank PLC (the Company) will be held at "Balmoral", The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01, on 30th March 2026 at 9.30 a.m. and at any adjournment thereof for the following purposes:

GENERAL RESOLUTIONS

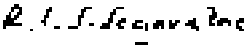
1. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company.
2. To receive and consider the Statement of Audited Accounts for the year ended 31st December 2025 with the Report of the Auditors thereon.
3. To approve the cash dividend of Rs 10.30 per share recommended by the Board of Directors as the First and Final dividend for the financial year 2025.
4. To re-elect Mr Dilip de S Wijeyeratne who retires by rotation at the Annual General Meeting as a Director in terms of Article No. 87 of the Articles of Association of the Company.
5. To re-elect Mr Vinod Hirdaramani who retires by rotation at the Annual General Meeting as a Director in terms of Article No. 87 of the Articles of Association of the Company.
6. To re-elect Mr Hiran Cabraal who retires by rotation at the Annual General Meeting as a Director in terms of Article No. 87 of the Articles of Association of the Company.
7. To grant approval to the Board of Directors to make any donations, contributions or subscriptions as it may consider appropriate during the financial year 2026 and up to the date of the next Annual General Meeting.
8. To appoint Messrs KPMG, Chartered Accountants, as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.

SPECIAL RESOLUTION

To consider and if thought fit to pass the following resolution as a Special Resolution, pertaining to the approval of the proposed issuances of Basel III Compliant - Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures (hereinafter referred to as the "Debentures") and/or Basel III Compliant - Tier 2 Listed Rated Unsecured Subordinated Redeemable Green Bonds (hereinafter referred to as the "Green Bonds") and/or Basel III Compliant - Tier 2 Listed Rated Unsecured Subordinated Redeemable Sustainability Bonds (hereinafter referred to as the "Sustainability Bonds") in terms of rule 2.2.1 (p) of the Listing Rules of the Colombo Stock Exchange ("CSE");

1. That the Directors be and are hereby authorised to issue a maximum of Two Hundred Million (200,000,000) Debentures and/or Green Bonds and/or Sustainability Bonds with a Non-Viability Conversion feature (the said 'Debentures', 'Green Bonds' and 'Sustainability Bonds' shall hereinafter be collectively referred to as the 'Bonds'), at such interest rates as may be determined by the Board at the time of issue at a par value of Rs 100/- each, for tenures ranging from five (05) years to ten (10) years and complying with the requirements for such Bonds to be to be recognised as Tier 2 Capital of the Bank under Basel III as detailed in the Banking Act Directions No. 1 of 2016 (as may be amended from time to time) issued by the CBSL, in one or multiple issuances, the timing of which within two (02) year time frame from the date of obtaining shareholders' approval for the issuance of Bonds, and also to issue and allot Ordinary Voting Shares of the Bank to the holders of the said Bonds through a Non-Viability Conversion option of the Bonds and issuance of new Ordinary Voting Shares to cover the total outstanding under the Bonds including the total par value of the Bonds plus accrued and unpaid Bond Interest (if any), in the event the Governing Board of the Central Bank of Sri Lanka ("CBSL") considers that a 'Trigger Event' has occurred.
2. The consequent conversion of the Bonds to Ordinary Voting Shares and issuance of new Ordinary Voting Shares to cover the total outstanding under the Bonds including the total par value of the Bonds plus accrued and unpaid Bond Interest (if any) is required under the Banking Act Directions No. 1 of 2016 dated 29th December 2016 (as may be amended from time to time), and the issue price for such conversion to Ordinary Voting Shares shall be the simple average of the daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share of the Bank as published by the CSE, during the three (03) months period, immediately preceding the date of the Trigger Event on which the CBSL has determined as aforesaid.
3. That such shares be offered to the holders of the Bonds on the aforesaid basis in lieu of the amounts due and payable on the Bonds (i.e. capital sum paid on Bonds plus outstanding interest) without such shares being, in the first instance, offered to the then existing Ordinary Shareholders of the Bank with voting rights pari passu to their shareholding and in compliance with Section 99 of the Companies Act No. 07 of 2007 (as amended), subject to regulatory approvals from, namely, CBSL and CSE.
4. That the pre-emptive rights of the existing Ordinary Voting Shareholders are hereby waived in respect of the relevant number of Ordinary Voting Shares to be issued by the Bank to the holders of the Bonds as set out above.

By order of the Board,



LASANTHA SENARATNE
Company Secretary

19th February 2026
Colombo, Sri Lanka

NOTES:

1. A member is entitled to appoint a Proxy to participate and vote on his/her/its behalf and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. **The completed Form of Proxy should be deposited at the Registered Office (Secretariat Department) of the Company at No. 110, Sir James Peiris Mawatha, Colombo 02, Sri Lanka, on or before 5.00 p.m. on 27th March 2026 for administrative purposes,** and no registration of Proxies will be accommodated at the venue on the date of the Annual General Meeting.
2. The proposed Basel III–compliant Debenture/Bond Issue will be placed before the Shareholders for approval as a Special Resolution at the Annual General Meeting. A Circular containing the full details of the proposal will be circulated separately to Shareholders.

NOTES

STAKEHOLDER FEEDBACK FORM

Sampath Bank greatly values your feedback about this Annual Report as it will help us to further improve the quality of our future publications. As such, we encourage you to complete and return this feedback form to,

COMPANY SECRETARY

Sampath Bank PLC
No. 110, Sir James Peiris Mawatha,
Colombo 02, Sri Lanka
E-mail: company_secretary@sampath.lk
Tel: +94 11 4730652/420/548
Fax: +94 11 2300924

WHICH STAKEHOLDER GROUP(S) DO YOU BELONG TO? (YOU MAY TICK MORE THAN ONE)

Shareholder		Investor		Customer	
Employee		Supplier		Service Provider	
Community		Public Authority		Regulatory Body	
Student		Journalist		Analyst	
Special Interest Group		NGO		Other	

RATE YOUR OVERALL IMPRESSION OF THIS REPORT IN TERMS OF:

Indicator	Excellent	Good	Fair	Poor
Content and Scope				
Comments:				
Informative				
Comments:				
Transparency				
Comments:				
Trustworthy				
Comments:				
Comprehensive				
Comments:				
User-Friendly				
Comments:				
Design and Layout				
Comments:				
Clarity of Language				
Comments:				

STAKEHOLDER FEEDBACK FORM

COMMENTS/QUERIES/SUGGESTIONS

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Please ✓ the appropriate box	Yes	No
Would you like to receive Details/News of our Products/Services via E-mail mentioned below?		
Would you like to receive news and press releases of Sampath Bank via E-mail?		

YOUR DETAILS

Name : .....

Address : .....

.....

.....

Telephone (Residence) : .....

Telephone (Office) : .....

Mobile : .....

Fax : .....

E-mail : .....

FORM OF PROXY

FORTIETH ANNUAL GENERAL MEETING

Sampath Bank PLC
No. 110, Sir James Peiris Mawatha,
Colombo 02, Sri Lanka.

I/ We, ...

bearing NIC No./Passport No./Company Reg. No. ..... of .....

.....

being a member/members of Sampath Bank PLC (the Company) hereby appoint Mr/Mrs/Miss/Ven/Rev .....

.....

bearing NIC No./Passport No. ..... of .....

..... whom failing:

1	Mr Harsha Amarasekera	failing him	7	Mr Vinod Hirdaramani	failing him
2	Mr Rushanka Silva	failing him	8	Mr Hiran Cabraal	failing him
3	Mr Dilip de S Wijeyeratne	failing him	9	Mr Keith Modder	failing him
4	Ms Aroshi Nanayakkara	failing her	10	Mr Sanjaya Gunawardana	failing him
5	Mr Vajira Kulatilaka	failing him	11	Mr Ajantha de Vas Gunasekara	
6	Mrs Keshini Jayawardena	failing her			

as my/our proxy to participate and vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at "Balmoral", The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01, on 30th March 2026 at 9.30 a.m. and at any adjournment thereof.

Please mark your preference with "X"

General Resolutions	FOR	AGAINST
1. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company.		
2. To receive and consider the Statement of Audited Accounts for the year ended 31st December 2025 with the Report of the Auditors thereon.		
3. To approve the cash dividend of Rs 10.30 per share recommended by the Board of Directors as the First and Final dividend for the financial year 2025.		
4. To re-elect Mr Dilip de S Wijeyeratne who retires by rotation at the Annual General Meeting as a Director in terms of Article No. 87 of the Articles of Association of the Company.		
5. To re-elect Mr Vinod Hirdaramani who retires by rotation at the Annual General Meeting as a Director in terms of Article No. 87 of the Articles of Association of the Company.		
6. To re-elect Mr Hiran Cabraal who retires by rotation at the Annual General Meeting as a Director in terms of Article No. 87 of the Articles of Association of the Company.		
7. To grant approval to the Board of Directors to make any donations, contributions or subscriptions as it may consider appropriate during the financial year 2026 and up to the date of the next Annual General Meeting.		
8. To appoint Messrs KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.		
Special Resolution		
1. To consider and if thought fit to pass the special resolution for the issue of Basel III compliant – Tier 2 listed rated unsecured subordinated redeemable debentures and/ or Basel III compliant - Tier 2 listed rated unsecured subordinated redeemable green bonds and/ or Basel III compliant - Tier 2 listed rated unsecured subordinated redeemable sustainability bonds with a non-viability conversion feature to ordinary voting shares solely, if instructed by the governing board of the Central Bank of Sri Lanka, as set out in the Notice convening the meeting.		

Signed on this ..... day of 2026

Signature/s .....

NIC/Passport/Company Reg. No. of Shareholder/s .....

Note: 1. Proxy need not be a member of the Company.

2. Instructions as to completion of the Form of Proxy are given below.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy, after filling in legibly your full name and address and by signing in the space provided.
2. **The completed Form of Proxy should be deposited at the Registered Office (Secretariat Department) of the Company at No. 110, Sir James Peiris Mawatha, Colombo 02, Sri Lanka, on or before 5.00 p.m. on 27th March 2026 for administrative purposes,** and no registration of Proxies will be accommodated at the venue on the date of the Annual General Meeting.
3. If you wish to appoint a person other than Chairman, Deputy Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided before the names of the Board of Directors on the Form of Proxy.
4. Article No. 73 of the Articles of Association of the Company provides that: "Any corporation which is a member of the Company may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company".
5. Please mark your preference with an "X" in the space provided as to how your proxy may vote on each resolution. If no indication is given, the proxy, at his/her discretion, will vote as he/she thinks fit.
6. Article No. 63 of the Articles of Association of the Company provides that: "In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative shall be accepted to the exclusion of the votes of the other joint-holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding".
7. In the case of a Company/Corporation, the Proxy must be under its **Common Seal**, which should be affixed and/or attested in the manner prescribed by its Articles of Association.
8. When a proxy is signed by an attorney, the legally executed power of attorney in accordance with the relevant regulatory provisions must be deposited at the company's registered office for registration.

Name of Shareholder : .....

NIC No./Passport No./Company Reg. No. of Shareholder : .....

Membership No./Share Certificate No. : .....

CDS Account No. [if applicable] : .....

No. of Shares : .....

Name of Proxyholder : .....

NIC No./Passport No. of Proxyholder : .....

CORPORATE INFORMATION

GENERAL

NAME OF THE COMPANY
Sampath Bank PLC

LEGAL FORM
A Public Limited Liability Company incorporated in Sri Lanka on 10th March 1986 under the Companies Act No. 17 of 1982 and listed on the Colombo Stock Exchange, re-registered on 28th April 2008 under the Companies Act No. 07 of 2007. A Licensed Commercial Bank under the Banking Act No. 30 of 1988.

COMPANY REGISTRATION NUMBER
PQ 144

HEAD OFFICE & REGISTERED OFFICE
No. 110, Sir James Peiris Mawatha, Colombo 02, Sri Lanka.

TELEPHONE
1332 - (Short code of Hotline - Local)

+94112303050 - (Hotline - both local and international)

+94112300604 - (Card related inquiries)

+94112300600 - (Merchant related inquiries)

+94112314814 - (Premium card inquiries)

FAX
+940112303085

PRIVATE BANKING
+94114730630 - (PBU Head Office)

+94112000777 - (PBU Head Office)

privatebanking@sampath.lk

SWIFT CODE
BSAMLKLX

E-MAIL
mgr@oper.sampath.lk

info@sampath.lk

ACCOUNTING YEAR END
31st December 2025

VAT REGISTRATION NUMBER
134001194-7000

TAXPAYER IDENTIFICATION NUMBER (TIN)
134001194

CREDIT RATING
Fitch Ratings Lanka Limited has assigned National Long-Term Rating of 'AA-(lka) Stable' to Sampath Bank PLC.

The subordinated debentures have been assigned a rating of 'A(lka)'.

AUDITORS
Messrs Ernst & Young
Chartered Accountants

LAWYERS
Messrs Nithya Partners
Attorneys-at-Law

Messrs Heritage Partners
Attorneys-at-Law

COMPANY SECRETARY
Mr Lasantha Senaratne
Attorney-at-Law

ASSISTANT COMPANY SECRETARY
Mr Muditha Walpola
Attorney-at-Law

CHIEF COMPLIANCE OFFICER
Mr Sudharshana Jayasekera

FOR INVESTOR RELATIONS, PLEASE CONTACT
Mr Thilina Costa
Chief Manager - Investor Relations

Sampath Bank PLC,
No. 110, Sir James Peiris Mawatha,
Colombo 02, Sri Lanka.

thilina@credit.sampath.lk

+94115406963
+94765261069

FOR CLARIFICATIONS ON THE REPORT, PLEASE CONTACT
Company Secretary

Sampath Bank PLC,
No. 110, Sir James Peiris Mawatha,
Colombo 02, Sri Lanka.

company_secretary@sampath.lk

+94114730652
+94114730420
+94114730548



www.sampath.lk

https://www.facebook.com/Sampathbankplc

https://www.instagram.com/sampathbankplc/

https://x.com/SampathBankPLC

https://www.youtube.com/channel/UCxNY_milDsSKGkrL5sFU9vg

BOARD OF DIRECTORS

Mr Harsha Amarasekera
Chairman/
Non-Independent,
Non-Executive Director

Mr Rushanka Silva
Deputy Chairman/
Non-Independent,
Non-Executive Director

Mr Dilip de S Wijeyeratne
Senior Independent Director, Non-Executive Director

Ms Aroshi Nanayakkara
Independent,
Non-Executive Director

Mr Vajira Kulatilaka
Independent,
Non-Executive Director

Mrs Keshini Jayawardena
Independent,
Non-Executive Director

Mr Vinod Hirdaramani
Independent,
Non-Executive Director

Mr Hiran Cabraal
Independent,
Non-Executive Director

Mr Keith Modder
Independent,
Non-Executive Director

Mr Sanjaya Gunawardana
Managing Director/
Chief Executive Officer

Mr Ajantha de Vas Gunasekara
Executive Director/
Chief Financial Officer

SUBSIDIARIES

Company	Holding %	Nature of Business
Sampath Centre Ltd	100	Renting of Commercial Property
Sampath Securities (Pvt) Ltd	100	Stock Broking
Siyapatha Finance PLC	100	Financial Services
Sampath Information Technology Solutions Ltd	100	IT Services

Sampath Wealth Management Ltd, a new subsidiary of the Bank, was incorporated on 6th January 2026.

STOCK EXCHANGE LISTINGS

- 1,172,700,760 Ordinary Shares
- 60,000,000 Basel III Compliant – Tier II Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion of Rs 100/- each – 2021/2028
- 100,000,000 Basel III Compliant – Tier II Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion of Rs 100/- each – 2023/2028
- 100,000,000 Basel III Compliant – Tier II Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion of Rs 100/- each – 2025/2030

Designed & produced by
emagewise
Printed by Softwave Printing & Packaging (Pvt) Ltd
Photography by Wildlight (Pvt) Ltd

Sampath Bank

WE PRESENT YOUR FUTURE

www.sampath.lk