SMART SOLUTIONS STRONG RESULTS

SEYLAN

SEYLAN BANK PLC

Annual Report 2025

SMART SOLUTIONS STRONG RESULTS

In a rapidly changing financial landscape, progress is defined not just by innovation, but by the ability to make smart, timely, and purposeful decisions. At Seylan Bank, our success this year has been built on solutions designed with clarity, intelligence, and a deep understanding of the needs of our customers. Every initiative, whether in strengthening our financial performance, refining our service models, or enhancing operational efficiency, has been shaped by thoughtful planning and deliberate action.

Through disciplined execution and a focus on long-term value, we strengthened our foundation, broadened our portfolio, and delivered sustainable results across every area of the Bank. Our teams worked with precision and collaboration, ensuring that each improvement translated into meaningful impact.

This year demonstrated that smart thinking creates strong outcomes. Guided by insight and strengthened by the trust of our stakeholders, Seylan Bank continues to move forward with purpose, ready to turn today's decisions into tomorrow's achievements.

Smart Solutions. Strong Results.

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About This Report



This integrated report can be accessed through the Bank's website https://www.seylan.lk/about-us/investor-relation

We are pleased to present Seylan Bank PLC's 13th Integrated Annual Report and Financial Statements for the financial year ended 31 December 2025

This report provides a comprehensive and balanced overview of the Bank's financial and non-financial performance, outlining how we navigated a dynamic economic environment whilst delivering on our strategic objectives.

Our reporting is guided by the International Integrated Reporting (IR) Framework, enabling a holistic view of our value creation process, corporate governance practices, and risk management approach. The report has been designed to serve the information needs of a diverse range of stakeholders, including shareholders, investors, customers, regulators and the wider community. It offers a transparent account of the Bank's financial position, performance, and prospects, while highlighting our role in supporting inclusive and sustainable national economic growth.

Reporting Boundaries

This report covers the operations of Seylan Bank PLC. The Financial Statements are provided for both the Bank and the Group. Non-financial, disclosures relating to Corporate Governance and Risk Management pertains to Seylan Bank PLC unless stated otherwise. The report also includes an analysis of the evolving risk landscape and market opportunities encountered during the year, together with a detailed account of outcomes generated for each stakeholder group. Please note, the activities of the Bank's Subsidiary, Seylan Developments PLC, are note included in this report as it produces its own separate Annual Report.

Our Integrated Annual Reporting Boundary Covers Opportunities, Risks and Outcomes Arising From:

Stakeholder Engagement
Pages 20 to 23

Strategic Progress and Outlook
Pages 29 to 35

Business Unit Performances
Pages 39 to 44

Material Topics for Better Engagement
Pages 24 to 28

Operating Environment
Pages 36 to 38

Governance and Risk Management
Pages 145 to 199

About This Report

Reporting Frameworks and Assurance

Category	Applicable Standards and Regulations
Financial Statements	• Companies Act No. 07 of 2007 and amendments thereon • Sri Lanka Accounting Standards and other guidelines issued by CA Sri Lanka (SLFRSs & LKASs) • Banking Act No. 30 of 1988 with amendments and Banking Act No. 24 of 2024 • Relevant directions/circulars issued on reporting formats by the Central Bank of Sri Lanka • Listing Rules of the Colombo Stock Exchange/Securities Exchange Commission (SEC) Regulations
Narrative Report	• Integrated Reporting Framework • Guidelines for the presentation of Annual Reports issued by CA Sri Lanka
Sustainability Reporting	• SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2) issued by CA Sri Lanka. • GRI Standards (2021) of the Global Reporting Initiatives • United Nations Sustainability Development Goals (SDGs) • Sustainability Accounting Standards Board (SASB) • Non-Financial Guidelines issued by CA Sri Lanka • Gender Parity Reporting Framework issued by CA Sri Lanka
Corporate Governance Report	• Companies Act No. 07 of 2007 and amendments thereon • Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023) • Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka • Listing Rules of the Colombo Stock Exchange/SEC Regulations • Banking Act No. 30 of 1988 with amendments and Banking Act No. 24 of 2024

Intended Audience

This report is designed to serve the information needs of Bank's diverse stakeholder ecosystem, including shareholders, investors, customers, regulators, and the wider public. It acts as a primary tool for transparency and accountability, providing clear insights into the Bank's performance, strategy, and value creation journey. By aligning our disclosures with globally recognised frameworks, including Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2, we demonstrate how our activities translate into sustainable value and long-term trust, reinforcing the Bank's commitment to accountability to all stakeholders.

Stakeholder	Disclosure Focus	Value Objective
Shareholders and Investors	Financial Performance, Return on Investment and S1/S2 Sustainability Risks	To demonstrate capital appreciation and long-term stability
Customers	Digital Innovation, Service Accessibility, and Security	To reinforce trust
Regulators	Compliance, Governance and Transparency	To showcase systemic stability and ethical conduct
The Public and Society	Community Development and Inclusive	To highlight our contribution to national development

Combined Assurance

Internal Assurance of the Directors' Statement on Internal Control, and an external Independent Auditor's Report of our financial statements, we have also obtained an Independent External Limited Assurance of our Sustainability Reporting by Messrs KPMG. In addition, we obtained an Independent External Reasonable Level of Assurance of our Greenhouse Gas (GHG) Emissions from Sri Lanka Climate Fund (SLCF).

Materiality

Our commitment to value creation is guided by the Principle of Materiality, ensuring that this report focuses on the issues, opportunities, and risks most critical to the Bank's long-term resilience. In 2025, we further refined our materiality assessment by applying a Double Materiality lens, evaluating both the Bank's impact on the external environment and the financial effects of external factors on the Bank.

By integrating insights from business units, external trends, and extensive stakeholder engagement, we identify the matters that shape our strategic priorities and inform our risk management framework. These material matters, detailed on pages 24 to 28, directly influence our business model and guide our efforts to create, protect, and sustain value over the short, medium, and long term.

Integrated Thinking

Our reporting approach is anchored in Integrated Thinking, which connects financial performance with the Bank's Environmental, Social, and Governance (ESG) impacts.

By integrating robust financial analysis with the SLFRS S1 and S2 frameworks and the GRI Standards, we present a holistic view of how the Bank creates value.

This approach ensures that sustainability considerations are not treated as standalone measures, but are embedded within our strategy, risk management, and internal control systems. Such connectivity enables stakeholders to clearly understand how our ESG stewardship strengthens financial resilience and supports long-term strategic agility.

Forward-Looking Statements

This report contains forward-looking statements relating to the Bank's future performance, strategic objectives, and economic outlook. These statements are based on management's current expectations, informed assumptions, and prevailing market intelligence. However, they are inherently subject to risks and uncertainties beyond the Bank's control, including macroeconomic developments and changes in the regulatory environment.

While such statements are intended to assist stakeholders in assessing the Bank's value creation potential over the short to medium term, actual results may differ materially. Accordingly, the Bank, its Board of Directors, and the preparers of this report disclaim any obligation or liability arising from reliance on these forward-looking statements, and readers are advised to exercise due care when considering them.

Statement of Responsibility

The Board of Directors of the Bank assumes ultimate responsibility for the integrity and accuracy of this Integrated Annual Report. The Board collectively confirms that the 2025 Integrated Annual Report addresses all material matters through a double materiality perspective and presents a fair, balanced, and comprehensive representation of the Group's integrated performance.

The Board further affirms that this report has been prepared in accordance with the International Integrated Reporting Framework and the applicable SLFRS Sustainability Disclosure Standards.

Accordingly, the Board hereby approves and authorises the publication of this Integrated Annual Report.

We welcome your suggestions and comments on further improving the readability and relevance of our Report. Kindly direct your feedback to :

Mr Shanuka Jayarathna
Chief Financial Officer
Seylan Bank PLC
Tel: +94 0112456350

Navigating the Report

The Capitals

- Financial Capital
- Manufactured Capital
- Human Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

Our Stakeholders

- Investors
- Customers
- Employees
- Business Partners
- Government Institutions and Regulators
- Society and Environment

Strategic Pillars

- Low Cost Funding CASA
- Loan Growth
- Augment Fee Income
- Recoveries Drive
- Evolve Digital Banking
- Rationalisation of Costs
- Automation and AI
- Harnessing of Human Capital

About Us

SEYLAN

Founded in 1987, Seylan Bank PLC is one of Sri Lanka's leading licensed Commercial banks and a publicly listed company on the Colombo Stock Exchange. Headquartered in Colombo, Seylan operates a wide branch network across the country offering a comprehensive range of financial products and services to serve retail customers, Small and Medium sized Enterprises (SMEs) and corporate clients.



VISION

To be Sri Lanka's leading financial services provider - as recognised by all our stakeholders.

MISSION

We provide our customers with financial services that meets their needs in terms of value, pricing, delivery and service.

We will do so through a team of Seylan Bankers who are recognised and rewarded for results orientation.

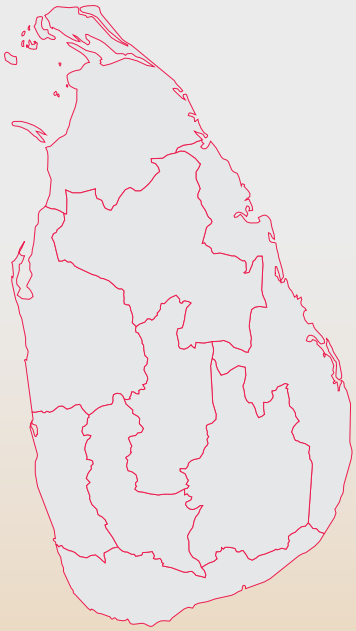
We will ensure that our efforts translate to meeting the expectations of our shareholders, whilst always acting as responsible corporate citizens.

Our Island wide reach

Banking Centres
172

ATMs
203

CDMs
68

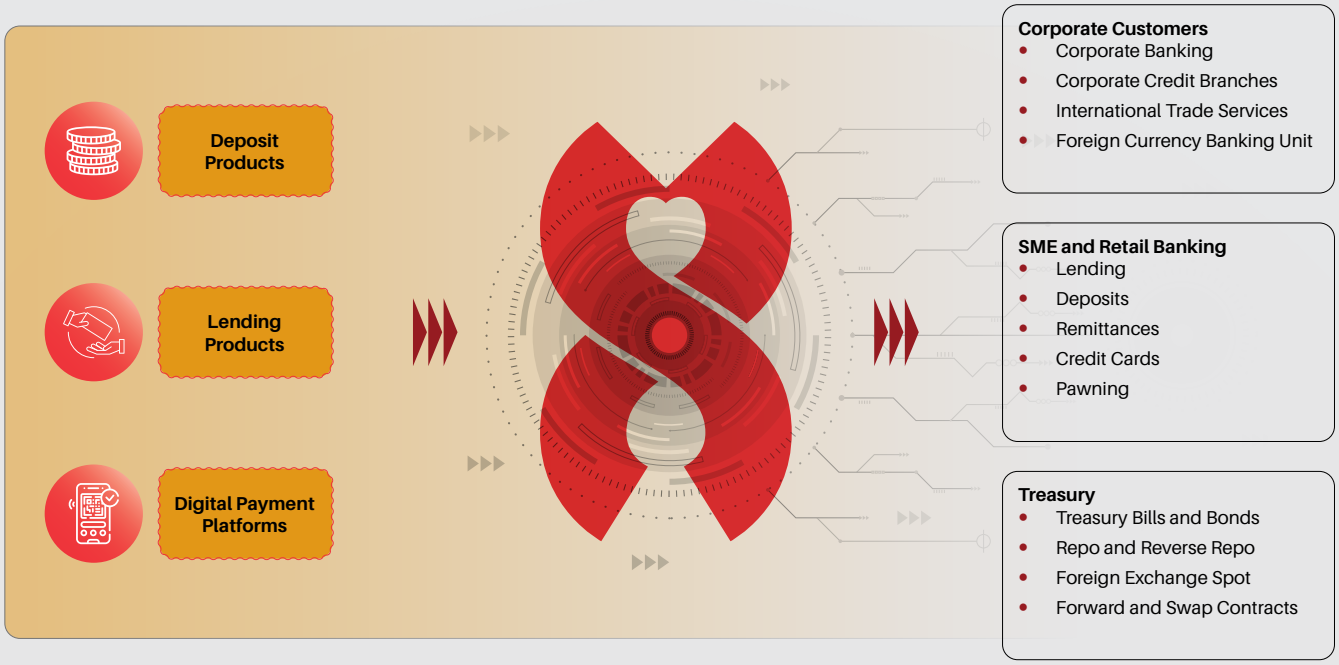


CDKs
104

CRMs
128

Mobile Banking | Soft Token | SeylanPay | SeylanPay Merchant | Pay Direct | API Banking | Merchant Portal

Banking Segments and Products



LKR 921 Bn
Total Assets
(2024 - LKR 779 Bn)

LKR 12 Bn
Profitability
(2024 - LKR 10 Bn)

LKR 664 Bn
Gross Loans
(2024 - LKR 528 Bn)

LKR 19.05
Earning Per Share
(2024 - LKR 15.81)

15.89%
Return on Equity
(2024 - 15.35%)

Financial Highlights

	Bank			Group		
	2025 LKR '000	2024 LKR '000	Change %	2025 LKR '000	2024 LKR '000	Change %
For the Year						
Gross Income	**93,779,434**	91,346,608	2.66	**93,854,227**	91,394,364	2.69
Profit before Income Tax	**19,623,192**	16,043,413	22.31	**19,837,245**	16,235,034	22.19
Income Tax Expense	**7,514,895**	5,992,136	25.41	**7,610,310**	6,082,296	25.12
Profit Attributable to Equity Holders of the Bank	**12,108,297**	10,051,277	20.47	**12,167,860**	10,113,406	20.31
Other Comprehensive Income for the Year, net of Tax	**1,541,932**	684,540	125.25	**1,577,025**	793,610	98.72
Total Comprehensive Income Attributable to Equity Holders of the Bank	**13,650,229**	10,735,817	27.15	**13,736,003**	10,879,411	26.26
Revenue to Government	**13,845,648**	11,371,138	21.76	**13,941,063**	11,461,298	21.64
Gross Dividend *	**2,542,589**	2,224,766	14.29	**2,542,589**	2,224,766	14.29
At the Year End						
Total Equity Attributable to Equity Holders of the Bank	**81,913,935**	70,488,472	16.21	**84,116,155**	72,604,918	15.85
Retained Earnings	**51,237,691**	41,525,916	23.39	**52,132,637**	42,360,589	23.07
Customer Deposits	**732,960,379**	646,817,333	13.32	**732,960,379**	646,817,333	13.32
Customer Loans and Advances	**599,801,944**	462,950,751	29.56	**599,801,944**	462,950,751	29.56
Total Assets	**921,003,173**	779,689,839	18.12	**920,910,080**	780,067,177	18.06
Information per Ordinary Share						
Basic/Diluted Earnings per Share (LKR)	**19.05**	15.81	20.47	**19.14**	15.91	20.31
Dividend per Share (LKR) *	**4.00**	3.50	14.29	**4.00**	3.50	14.29
Net Assets Value per Share (LKR)	**128.87**	110.89	16.21	**132.33**	114.22	15.86
Market Value (LKR) - As at End of the Year						
Voting Shares	**105.00**	77.90	34.79			
Non - Voting Shares	**75.60**	57.00	32.63			
Regulatory Capital Adequacy (LKR Mn.)						
Common Equity Tier 1 Capital	**73,126**	66,565	9.86	**74,904**	67,793	10.49
Total Tier 1	**73,126**	66,565	9.86	**74,904**	67,793	10.49
Total Capital	**105,578**	86,837	21.58	**107,356**	88,064	21.91
Regulatory Capital Ratios (%)						
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement - 7.00%)	**12.39**	14.25	(13.05)	**12.69**	14.50	(12.48)
Total Tier 1 Capital Ratio (%) (Minimum Requirement - 8.50%)	**12.39**	14.25	(13.05)	**12.69**	14.50	(12.48)
Total Capital Ratio (%) (Minimum Requirement - 12.50%)	**17.89**	18.59	(3.77)	**18.18**	18.84	(3.50)
Basel III Leverage Ratio (Minimum Requirement : 3%)	**7.47**	8.16	(8.46)	**7.65**	8.30	(7.83)
Regulatory Liquidity Requirement						
Liquidity Coverage Ratio (%) (Minimum Requirement - (100%)						
- Rupee	**227.99**	415.75	(45.16)			
- All Currency	**229.92**	491.37	(53.21)			
Net Stable Funding Ratio (Minimum Requirement - (100%)	**127.25**	144.76	(12.10)			
Assets Quality						
Impaired Loans (Stage 3) to Total Loans, Ratio (%)	**1.03**	2.10	(50.95)			
Impaired (Stage 3) to Stage 3 Loans, Ratio (%)	**86.33**	81.79	5.55			
Income & Profitability						
Net Interest Margin	**4.50**	4.90	(8.16)			
Return on Assets(before Tax) (%)	**2.31**	2.14	7.94			
Return on Equity (%)	**15.89**	15.35	3.52			
Cost to Income Ratio (%)	**44.52**	46.36	(3.97)			
Other Ratios						
Price Earnings Ratio - Voting (Times)	**5.51**	4.93				
- Non-Voting (Times)	**3.97**	3.61				
Dividend Cover (Times) *	**4.76**	4.52				
Memorandum Information						
Credit Rating - Fitch	**A+ (lka)**	A+ (lka)				
Number of Employees	**3,243**	3,211				
Number of Banking Centres	**172**	170				

** Dividend are accounted for as per the Sri Lanka Accounting Standard - LKAS 10.*



SMART SOLUTIONS STRONG PROGRESS

We create shared value and progress across our stakeholder ecosystem by aligning with stakeholder expectations. Through transparency, compliance, and prudent risk management, we deliver inclusive growth, resilient returns, environmental responsibility, and long-term sustainable progress for all.

Key Historical Milestones

2015

- The Bank's deposit base exceeded LKR 200 Bn
- Opened 25 Seylan "Pahasara Libraries" across the country to reach a total count of 80
- Achieved the 20th Position in the Best 25 Corporate Entities in Sri Lanka (Overall Bank) Business Today Magazine
- The Global Banking and Finance Review 2015 – Awards of "Best SME Bank in Sri Lanka" and "Best Retail Bank in Sri Lanka"
- Bronze Award (Banking Sector) - CA Sri Lanka Annual Report awards 2014
- Future of Digital Payment Forum 2015 - Award for Pioneering in Innovation for Seylan Pre-paid Multi-Currency Travel Card

2016

- Bank surpassed its LKR 4 Bn PAT milestone
- Bank's asset base reached LKR 356 Bn
- Added 8 new branches to the network across the island
- 7 branches were converted to 365-day banking centres
- Total number of ATMs surpassed 200
- Innovative Launch Campaign of the Year (Seylan Website Launch) (Gold Award) and Best Use of Social Media in Marketing (Seylan Social Media) (Gold Award) - Global Marketing Excellence Awards
- Upgraded ATMs in line with global standards (the first Bank to have a fully EMV compliant ATM network in Sri Lanka)
- Ranked 17th among 30 Best Performing Corporates - Business Today Magazine

2017

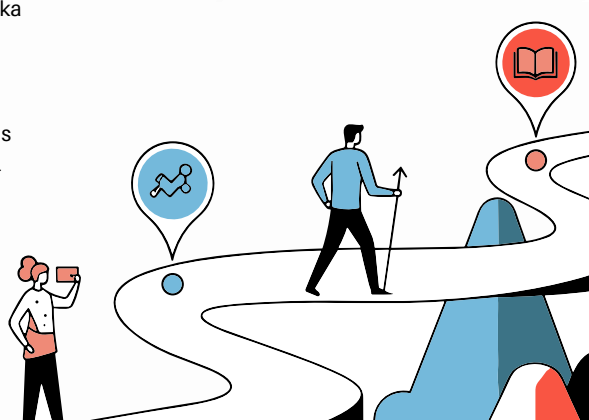
- Opened 3 SME Hubs to expand SME lending
- Total assets surpassed the LKR 400 Bn milestone and total deposit base crossed LKR 300 Bn
- Successfully raised a long-term funding facility of USD 75 Mn from five globally recognised Development Finance Institutions (DFIs)
- "Pahasara Library" project surpassed the 150 milestone
- Ranked 20th among 30 Best Performing Corporates - Business Today Magazine
- Bronze award (Banking Sector) - CA Sri Lanka Annual Report Awards 2016
- Bank of the Year Excellence in Customer Convenience – Category B (Gold Award), Best Bank for Seamless Backend Operations (Gold Award), Bank of the Year for Financial Inclusivity Category B (Gold Award) and Overall Winner for Excellence in Interbank Transactions (Silver Award) - Lanka Clear Techno Vision Awards 2017

2018

- 30 years of service
- SME HUBs were increased to 12 covering different regions
- Implemented the Environmental and Social Management System (ESMS) policy and procedures
- Ranked as 11th among 30 Best Performing Corporates - Business Today Magazine
- Excellence in Branding and Marketing (Winner), Best Campaign Innovation (Winner), Campaign of the Year (Winner), Excellence in Digital Marketing (Winner) and Excellence in Cards and E-Payments (Winner) - Golden Globe Tigers Awards

2019

- Bank's asset base reached LKR 500 Bn
- Bank raised equity capital through a rights issue of LKR 4.3 Bn
- "Pahasara Libraries" reached 200 covering all districts
- 1st Place - Customer Service Excellence by LMD
- 17th among the Top 30 companies in Sri Lanka by "Business Today"
- Best digital campaign in the Banking (Gold Award), Finance and Insurance category (Gold Award) - SLIM Digis 2018



2020

- Launch of Seylan RED – Priority Banking Proposition
- The Bank's continuous focus on technology advancement and digitalisation strategy enabled us to overcome the many challenges posed by COVID-19
- Launch of Palmtop Banking across 50 branches
- Ranked No. 01 in Customer Service by LMD for the second consecutive year in 2020
- Ranked 2nd among public listed companies for transparency, in corporate reporting by Transparency Global
- The Bank's Islamic Banking was able to secure the joint Gold Award for Deal of the Year 2019 at subsequently concluded Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards 2019 and Bronze for the same deal at the regional Islamic Finance Forum of South Asia (IFFSA) Awards 2020



2021

- Bank's equity base surpassed LKR 50 Bn
- Considered as the No.1 in Customer Service Excellence in the Banking sector for the third consecutive year by LMD
- National Sales Congress (NASCO) - 8 NASCO Awards
- Focus on digital solutions so that staff Work from Home (WFH) is smooth and also facilitates providing our valued customers with good service remotely
- Enabled online and mobile app utility bill payment options
- Introduced Seylan Pay mobile application to facilitate card-less, touch-less QR based payments

2022

- The Bank's deposit base surpassed LKR 500 Bn and the asset base reached LKR 673 Bn
- Automation of the customer onboarding process using robotic process automation (RPA)
- Emerged as the only Sri Lankan bank to receive the Silver award at the Dragon Asia Awards under the category of social responsibility for its '#ResponsibleMe' campaign which was carried out during the COVID-19 outbreak since March 2020
- Considered as the No.1 in Customer Service Excellence in the Banking sector for the fourth consecutive year by LMD
- Awarded Bronze at SLIM DIGIS 2.2 (2022) for National Day Initiative took place in 2021, awarded Silver at SLIM DIGIS 2.2 (2022) for '#ResponsibleMe' in the Best Digital Marketing Campaign in the CSR category and awarded Bronze at SLIM DIGIS 2.2 (2022) for '#ResponsibleMe' in the category of Best Use of Branded Content

2023

- Marked the Bank's 35th Anniversary
- Seylan Bank recorded a strong Performance despite a challenging environment with Profit before Income Tax of LKR 10.080 Bn with 52.06% growth and Profit after Income Tax of LKR 6.256 Bn with 33% growth
- Branch Banking recorded highest ever profitability
- The Bank's asset base surpassed LKR 700 Bn, and the deposit base reached LKR 590 Bn
- The Bank has been recognised by World Economic Magazine as the best customer care bank in Sri Lanka for 2023
- The Bank won the Digis and Dragons awards during the year, demonstrating supreme customer service
- Seven wins were awarded at the SLIM National Sales Awards
- Seylan Bank introduced Sri Lanka's first 'Signfluencer' with the aim of advocating recognition for sign language and supporting the user community by creating opportunities to unlock their potential on social media platforms
- 1 million followers on FB, creating yet another benchmark in Sri Lanka's financial sector as the first bank to achieve this milestone
- "Seylan Pahasara" – 225th library by the end of 2023

2024

- Seylan Bank recorded a strong Performance despite a challenging environment with Profit after Income Tax of LKR 10.05 Bn with 61% growth.
- Addition of 99 new CRMs to the digital network.
- The Bank won following awards during the year;
  - "Best performance asset quality –Sri Lanka" organised by Indian Chamber of commerce.
  - Silver and Bronze awards from Digis awards
  - "Elite Quality" recognition award by J.P Morgan Chase for being "Best class in processing" of cross boarder remittances.
- The Bank launched Trilingual Mobile Banking Application.
- "Seylan Pahasara" – 265th library by the end of 2024.

Chairman's Message



Dear Stakeholders,

With great pride, I present the Annual Report and audited Financial Statements of Seylan Bank PLC for the year ended 31 December 2025. This financial year, the Bank has achieved a significant milestone by recording its highest after-tax profits ever. The resurgence of the economy, even though modest, created a favourable growth environment for the banking sector. It is particularly gratifying to share that in January 2025, Fitch Ratings elevated Seylan Bank's National Long-Term Rating to 'A+(lka)' from 'A-(lka)', with a stable outlook. This two-notch upgrade is a testament to the Bank's enhanced creditworthiness, fortified competitive position, and the positive recalibration following the sovereign rating upgrade.

Context to Performance

During the period under review, the Sri Lankan banking sector exhibited a commendable recovery. This resurgence was primarily fuelled by monetary easing, which lowered funding costs and encouraged borrowing, alongside the country's economic rebound, which stimulated both corporate and consumer credit demand. The recovery was further bolstered by improved physical and external conditions which enhanced confidence, as well as regulatory support and sectoral recoveries in Tourism, Manufacturing, and Trade. Despite moderate GDP growth, the year under review saw significant revivals in key sectors such as Manufacturing, Services, and Exports, accompanied by stable inflation. These factors collectively led to heightened credit demand and improved borrowers' repayment capacity, thereby strengthening asset quality. Against this backdrop, the prevailing economic environment proved conducive to growth, portfolio quality, and deeper customer engagement.

Good Governance and Practices

Seylan Bank continues to uphold a strong corporate governance framework underpinned by comprehensive governance policies, and the year under review was no exception. During the year, the Bank further strengthened its governance structure through the revision of existing governance related policies and the introduction of new policies, including the Anti-Corruption Policy, aligned with the requirements of the newly enacted anti-corruption legislation.

"In 2025, the Bank further strengthened its digital banking prowess, bringing the theme of "Smart Solutions" to life through the adoption of advanced technologies."

At Seylan Bank, good governance is not merely a regulatory obligation it is the foundation upon which sustainable success is built. During the year under review, we continued to strengthen our governance framework, refining key policies and introducing a comprehensive Anti-Corruption Policy and framework, aligned with newly enacted legislation. These enhancements reflect our proactive approach to anticipating regulatory developments and reinforcing institutional integrity.

The Board remains committed to cultivating a governance culture that goes beyond compliance one that promotes ethical leadership, accountability, and responsible decision-making at every level of the organisation. With strong oversight, defined roles, and effective Board Committees, our governance stays robust and prepared for the future.

We uphold a firm zero-tolerance stance on bribery and corruption. By enhancing preventive controls, expanding employee awareness initiatives, and reinforcing secure whistleblowing mechanisms, we continue to embed integrity into our everyday operations.

We continue to develop and strengthen a robust Corporate Governance Framework that aligns with evolving regulatory requirements, international best practices, and expectations of our stakeholders. This framework underpins the Bank's culture of integrity and responsible leadership.

As we look ahead, we remain focused on building a values-driven institution grounded in transparency, trust, and ethical conduct—ensuring that Seylan Bank continues to deliver sustainable value to our shareholders, customers, employees, and the broader community.

As a licensed commercial bank, Seylan Bank recognises the growing relevance of sustainability and climate-related considerations to embed into long-term resilience and value creation. Our first-year adoption of SLFRS S1 and S2 (General disclosures on Sustainability and Climate related Risks and Opportunities) reflects a measured and responsible approach aligned with industry best practices. The Board has strengthened governance herein through its committees to ensure appropriate oversight, accountability, and a well governed implementation journey.

Strengthening Capital for Sustainable Growth

The capital augmentation strategy was carefully reviewed to ensure alignment with the Bank's future capital requirements and growth trajectory. We ensured compliance with regulatory standards, including BASEL III requirements. As planned, the Bank's Debenture issue aimed at raising up to LKR 15 Bn, was successfully completed in mid-2025 and was oversubscribed; reflecting strong investor confidence. The proceeds from the issue significantly strengthened the Bank's capital base, thereby supporting anticipated business growth, particularly in the medium term.

Refreshing the Strategy; Towards Smarter Solutions

In 2025, Seylan Bank PLC further strengthened its digital banking prowess, bringing the theme of "Smart Solutions" to life through the adoption of advanced technologies. Enhancements to the Bank's Internet and Mobile banking platforms, enabled customers across the Retail, SME, and Corporate segments to access a comprehensive suit of services including account management, payments, fund transfers, bill settlements, and card related services, with greater ease and reliability.

The Bank has prioritised digital transformation with notable improvements in SeylanPay, which now offers faster QR payments, integrated merchant services, and heightened security, fostering a shift towards cashless transactions. In the same token the Bank has embarked on paperless onboarding of customers via its eKYC service. The digital banking ecosystem was further enriched with upgraded platforms offering smoother navigation and real-time notifications, allowing customers to experience quicker service delivery and reduced turnaround times.

Seylan Bank's innovative digital commerce platforms, streamlined digital account onboarding, and robust cybersecurity measures underscore its commitment to secure, efficient, and customer-centric banking. These advancements not only enhance customer convenience and security but also align with Seylan Bank's strategic vision of delivering technology-driven banking solutions, reinforcing trust and engagement in digital transactions.

Chairman's Message

2026 and Beyond

As we progress into 2026, our corporate strategy will play a critical role in shaping banking operations that are agile, resilient and closely aligned with the evolving needs of our customers. Digitalisation will remain at the heart of our growth agenda, reinforcing Seylan Bank's commitment to a truly customer-centric approach while actively supporting the advancement of the broader banking ecosystem. We will remain focused on the key drivers of value creation, drawing on the strategic foundations that have served us well over recent years. Through disciplined execution and innovation, we aim to consistently meet and exceed the expectations of our stakeholders, ensuring long-term growth, trust and shared prosperity.

A Note of Appreciation

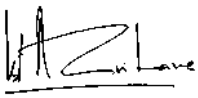
I take this opportunity to express my sincere gratitude to the entire Seylan Bank team for their unwavering dedication and commitment, which have played a pivotal role in enabling us to surpass our performance expectations. A special word of appreciation is extended to our esteemed Director and Chief Executive Officer, Mr Ramesh Jayasekara, together with the management team, whose tireless efforts, leadership and steadfast commitment have driven the Bank's notable achievements over the past year. My heartfelt thanks also go out to every member of the Seylan staff. Their relentless hard work, professionalism and determination, have been instrumental in the Bank's continued success and without their collective efforts, these accomplishments would not have been possible.

Furthermore, I wish to convey my sincere appreciation to my colleagues on the Board for their unwavering support, wise counsel, and strategic insight. I am also profoundly grateful to Ms Sandya Salgado and Ms Sunjeevani Kotakadeniya who relinquished their positions last year, for their valuable contributions and dedicated service as Directors of the Bank.

I further extend my sincere appreciation to the Governor of the Central Bank of Sri Lanka, and to the Director of Bank Supervision and their officials, for their continued guidance and support which we deeply value.

Finally, I wish to thank our shareholders, valued customers, and all other stakeholders for their enduring trust and confidence in Seylan Bank.

As we look ahead, Seylan Bank remains optimistic about the future and committed to pursuing a sustainable growth journey that aligns with the aspirations and expectations of all our stakeholders.



Justice Buwaneka Aluwihare PC
Chairman

26 February 2026

Chief Executive Officer's Review



Dear Stakeholder,

It is my pleasure to share with you Seylan Bank's strongest performance to date, marking a continuation of the robust growth momentum established in the previous year. This excellent achievement is particularly noteworthy as it reflects broad-based progress across all core banking areas, driven not by isolated successes but by the collective contribution of every key business operation.

Performance

The Bank achieved a 20.47% growth in Profit after Tax (PAT) supported by a conducive operating environment, achieving its highest PAT of LKR 12.1 Bn in its 37 year history. Net Interest Income amounted to LKR 38.25 Bn compared to LKR 36.7 Bn in 2024. Net Fee and Commission Income grew by 16.34% in 2025.

Loans and Advances expanded by 29.56% to LKR 599.80 Bn as at end 2025, whilst the Deposit base grew by 13.32% to LKR 732.96 Bn. The CASA segment continued to be the key contributor increasing to LKR 219.54 Bn representing a growth of 17.91% over last year.

Liquidity remained strong, with the Liquidity Coverage Ratio standing at 229.92% and 227.99% (All-Currency and Rupee, respectively), reflecting the Bank's continued focus on strengthening and optimising liquidity. The Net Stable Funding Ratio stood at 127.25%, well above the regulatory requirement. Shareholders' equity increased by 16.21%, while capitalisation levels remained healthy, with Tier I and Total Capital Adequacy Ratios of 12.39% and 17.89%, respectively, as at 31 December 2025.

During the year, the Bank successfully issued a LKR 15 Bn Basel III-compliant Tier II listed Debenture, which received an exceptionally strong market response and was oversubscribed on the opening day. This reflects the confidence placed by the market in the Bank and will further strengthen our capital base, enabling the expansion of lending—particularly to empower SMEs and support agriculture and export-oriented growth.

Translating Strategy into Tangible Results

A key contributor to CASA growth during the year was the expansion of Internet Payment Gateway services (IPG), deployment of Point of Sale (POS) terminals and the strengthening of our physical network, through two new branches and additional Cash Recycle Machines (CRMs). These initiatives enhanced convenience and efficiency for both customers and merchants.

Chief Executive Officer's Review

"The Bank achieved a 20.47% growth in Profit after Tax (PAT) supported by a conducive operating environment, achieving its highest PAT of LKR 12.1 Bn in its 37 year history."

Against the backdrop of a low-interest-rate environment and narrowing margins, the Bank prioritised the growth of Fee Income. In line with our strategic imperatives, the Bank grew its Gross Fee Income by 18.52% to LKR 9.86 Bn well supported by digital initiatives and diversified revenue streams. Growth in trade activities, lending and leasing volumes, remittances, card related incomes and new customer acquisitions collectively contributed to this strong performance.

Loan book growth across the Retail, SME and Corporate segments was supported by improved economic activity and complemented by a strategic focus on offshore lending. Leasing growth was driven by a new proposition and the introduction of a FastTrack Leasing process.

The Bank also launched a pilot initiative offering 72-hour credit decisions for SME facilities of up to LKR 25 Mn streamlining documentation and leveraging enhanced credit assessment tools. The initiative is expected to improve access to timely financing for growth-oriented SMEs while reinforcing the Bank's positioning as a responsive and trusted financial partner.

Digital transformation continued to be a key driver of sustainable growth. Digital penetration increased significantly, with users of internet banking and mobile applications reaching 45% of the customer base, compared to 33% in 2024 and 22% in 2023.

Key digital strides during the year included the expansion of the CRM network with 25 new machines and the rollout of the CRM Suite, which enables customers to perform a wide range of transactions, including cardless transactions, fund transfers, staging withdrawals via mobile phone, and selecting preferred bill denominations when withdrawing cash. Enhancements were also made to the mobile app to further expand transaction capabilities for customers.

Trade finance remained a strategic priority during the year, supported by heightened national trade activity and the removal of vehicle import restrictions, which contributed to higher trade volumes. Building on the success of the Bank's first Trade Hub at Head Office, a second Trade Hub was launched in Pettah during 2025, providing walk-in customers with dedicated facilities and extended banking hours.

Improving portfolio quality remained a key focus. The Bank achieved excellent results, reducing its Net Stage III loan ratio to 1.03%, well below the industry average. This was achieved through a concerted effort across Business Units, involving enhanced credit evaluation processes, early-warning systems, sector-specific risk frameworks, and the restructuring of selected large scale corporate facilities.

The adoption of artificial intelligence is now essential to the sustainability of modern financial institutions. Recognising this imperative, the Bank accelerated its transformation journey by establishing a dedicated AI and Transformation Team. The Team is focused on identifying and implementing process improvements that enhance productivity, decision-making, and service delivery. The team is also tasked with the structured adoption of AI across functions to improve decision making, and accuracy and speed of execution.

The Bank's premium proposition, Seylan Private Banking, was further strengthened during the year with the launch of a metal credit card, offering enhanced benefits to high-value customers.

Sustainability and Climate-related risks and opportunities are increasingly relevant to how Seylan Bank prudently plans, operates, and manages risk with adequate due diligence. In our first year of reporting on SLFRS S1 and S2, Management has focused on establishing a foundation supported by governance and integrated risk management practices. Strategies are being developed to gradually embed climate and sustainability considerations into business planning, product development, and portfolio management, supported by the Sustainability Steering and Working Committees. A phased approach will be adopted, with relevant targets and metrics progressively developed to monitor progress.

Accolades

We are heartened by the external recognition received through several local and international accolades during the year. These honors affirm our strengths and achievements in strategically important areas, endorsing the Bank's commitment to excellence, innovation, and customer centricity.

Seylan became the first bank in Sri Lanka to be recognised as "Best Bank for Customer Experience" by Euromoney in 2025, following a independent evaluation process.

At the 7th LankaPay Technnovation Awards, the Bank received multiple accolades, including recognition as Acquiring Bank for the Best Mobile Application for Retail Payments via JustPay (FinTech Category). The bank also won a Gold award as the Best Common ATM Enabler of the Year (Category B).

The Bank's Islamic Banking Unit won the "Islamic Finance Deal of the Year" at the SLIBFI Awards 2025 for its sole financing of a 10 MW solar power project in the Eastern Province through a Diminishing Musharaka facility.

In addition, the Bank's young sales team achieved outstanding success at the SLIM National Sales Awards, securing one Gold, one Silver and three Bronze Awards.

Redefining and Reaffirming our Brand Identity

During the year, the Bank launched a branding campaign to reaffirm and redefine its identity as a "Bank with a Heart," emphasising values of courage, empathy, and integrity. The campaign featured a television commercial that brought this evolved brand

promise to life and was complemented by branch refurbishments to ensure a consistent and engaging customer experience across all touchpoints. We expect to re-brand the entire branch network over the next 3 years.

Our People

The Bank's outstanding performance this year is especially meaningful because it is the result of the collective effort, dedication, and resilience of our teams across the Bank.

Strengthening the talent pipeline remained a key priority in our Human Capital agenda. New recruitment strategies, enhanced employee branding, and robust succession planning initiatives were prioritised to ensure the Bank continues to attract, develop, and retain the right talent to support its long-term growth and sustainability.

Employee engagement also continued to be a central focus, with a wide range of formal and informal initiatives implemented across our 172 Banking Centres to foster inclusion, motivation, and retention.

With an average employee tenure of over 14 years, Seylan continues to benefit from a highly experienced and committed workforce. This longevity is a testament to strong employee satisfaction, loyalty, and the Bank's sustainable approach to human capital management. In turn, the Bank remains focused on enabling our people to realise their full potential and continually expand their capabilities.

Social and Environmental Sustainability

'Seylan Pahasara', the Bank's flagship social sustainability initiative, progressed steadily during the year with the opening of its 289th fully equipped school library, advancing to the target of 300 libraries by 2026. Beyond strengthening access to learning resources and promoting literacy, the programme broadened its impact through scholarships, internship pathways within the Bank for students of 'Seylan Pahasara' schools. The Bank aims to enhance literacy levels and promote learning as a foundation for building a more informed and enlightened nation.

During the year, the Bank also introduced Seylan Eco Solar Loans, combining its commitment to SME growth with its environmental objectives of reducing the carbon footprint. This initiative expands the Bank's range of flexible and affordable financing solutions to support renewable energy adoption among SMEs.

Further strengthening its environmental sustainability efforts, the Bank participated in funding many Green energy power projects. The Bank will continue to actively pursue project financing opportunities that support renewable energy development, in alignment with national priorities and its own environmental sustainability objectives.

Looking Ahead

We expect Sri Lanka's economic growth to continue at 4%–5% in the year ahead, with the impact from Cyclone Ditwah unlikely to be significant. Thus, the Bank anticipates another favourable year for credit growth and underscores the importance of consistent and stable economic and fiscal policies to sustain investor confidence and encourage foreign direct investment (FDI).

The Bank will focus on increasing the contribution of foreign currency banking to overall profitability, with particular emphasis on expanding the offshore lending portfolio while maintaining prudent risk management standards. To achieve this, we will explore opportunities in new markets in partnership with international banks that have an established presence, strengthening our global capabilities.

The SME sector remains a vital engine of Sri Lanka's economic growth and accounts for a significant portion of the Bank's value creation. Staying true to our founding principles, Seylan is committed to supporting and empowering SMEs, not only through financial solutions but also by sharing knowledge and facilitating market linkages. This sector will continue to be a key driver of growth, fostering a win-win model for sustainable economic development.

Strengthening cross-selling initiatives across Strategic Business Units (SBUs) will be a key focus, aimed at deepening relationships with existing customers, improving sales performance, enhancing profitability, growing CASA balances, and boosting customer loyalty. We will also actively promote Seylan IPG and Payroll solutions and expand the deployment of POS devices to drive CASA growth and improve customer convenience.

The AI and Transformation journey, deliberately accelerated last year, is expected to deliver tangible benefits in the year ahead. By harnessing technology, the Bank will drive operational efficiencies, enhance service convenience and value for customers, and improve resource utilisation, supporting sustainable growth and operational resilience across all business functions.

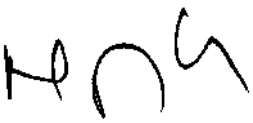
Appreciation

As we reflect on year of outstanding progress and achievement and look at the year ahead with added vigour, I would like to express my sincere appreciation to two members of the Board who retired in 2025. Ms Sandya Salgado, who appointed to the Board as Independent Director in 2013 and served as Senior Independent Director since 2016, and Ms Sunjeevani Kotakadeniya, who served as a Non-Executive Director since 2022, have both made invaluable contributions to the Bank's strategic direction and the strengthening of its governance framework.

I extend my heartfelt gratitude to our Chairman and my colleagues on the Board for their unwavering guidance and support, which have been pivotal in translating our vision into tangible, outstanding performance.

I would also like to convey my sincere appreciation to the Governor and officials of the Central Bank of Sri Lanka for their continued support and the invaluable role they play as the Regulator.

Finally, I wish to express my deepest appreciation to our customers and all stakeholders for their continued trust and confidence. Your belief in us inspires our pursuit of excellence, enabling us to deliver smart solutions that drive strong results and create lasting value for all.



Ramesh Jayasekara
Director/Chief Executive Officer

26 February 2026

Value Creation

Inputs

Financial Capital

Total Equity: **LKR 81.9 Bn**

Deposits: **LKR 733 Bn**

Borrowings: **LKR 69 Bn (from Banks, debentures and Repos)**

Formation of Sustainability Impact Adjusted Financial Capital Structure — S1

Manufactured Capital

Banking Centres: **172**

CRMs **128**, CDMs **68**, CDKs **104**
ATMs **203**

Leveraging Sustainability into Strategy & Resource Allocation — S1

Human Capital

Employees **3,243**

26% Females in leadership roles

Employee composition Female and Male: **49%** and **51%** respectively

Sustainability centric Good Governance & Strategy — S1

Social and Relationship Capital

Compliance with applicable standards and practices

Governance and resource allocation on community projects

Educating & Due Diligence on Stakeholder-related Sustainability Risks & Opportunities — S1

Intellectual Capital

Strong Brand Loyalty

Innovative thinking and readiness for change

Automation & Digitalisation

Integrating Sustainability into Risk Management — S1

Natural Capital

Electricity consumed (MWh): **8,140**

Packs of A4's used: **11,224 pkts** (500 sheets per pack)

Water Usage: **86 ML**

Climate-related Risks and Opportunities at core — S2

Value Transformation

Corporate Strategy Propelling Resilience

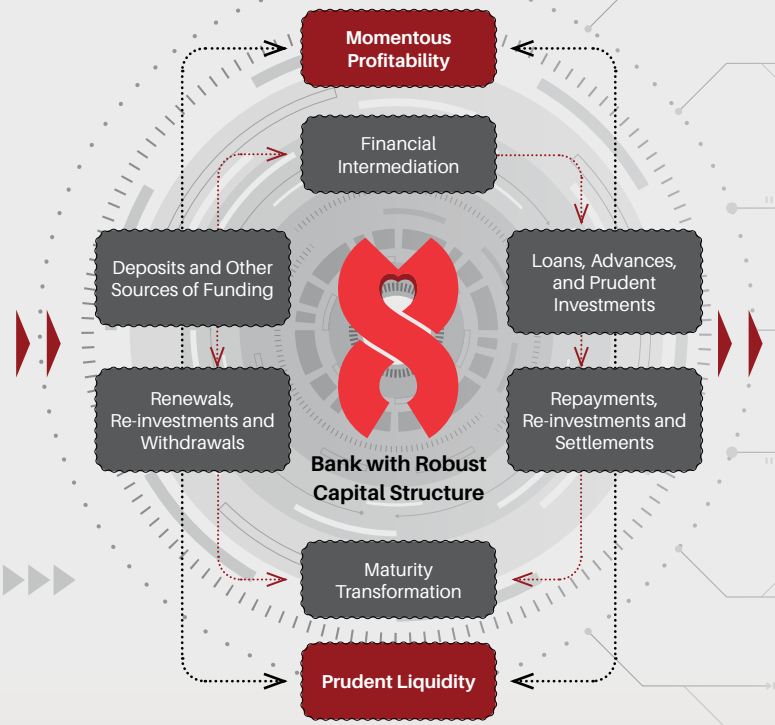
Sustainable Profit

Sustainable Funding Determinants

Growth of Core Books and Augmentation

Relationship Management

Futuristic and Transformative Business Model



Readiness for unprecedented change and volatile overall environmental dynamics

ESG Centric Business Ideology

Digital and Fin-Tech Transformation

Ardent Human Capital

Inclusive and Equitable Business Model

Sustainability Strategy Nurturing Continuity

Output	Stakeholders Value Delivered	Outcomes
Financial Outputs Net Loans: **LKR 600 Bn** Deposits: **LKR 733 Bn** Interest Paid: **LKR 36.2 Bn** Sustainability centred Financial Performance Impacts **S1**	**Investors**	**Financial Capital** PAT **12 Bn** ROA & ROE **1.42%, 15.89%** LCR Ratio **229.92%** **Short-term** Sustainability Reporting & Disclosures **S1**
	Customers	**Manufactured Capital** **26.9 Mn** Digital Transactions Improved systems and processes **Medium-term** Climate Resilience & Opportunities **S2**
	Employees	**Human Capital** **92,172** Training hours and **302** programs **426** New Recruitments **230** Promotions **Long-term** Climate centric Long-term Value Creation in Sustainability **S1** **S2**
Sustainability Outputs Green Finance Emissions Reduction Pathways Climate specific Opportunities & Metrics **S2**	**Business Partners**	**Social and Relationship Capital** Customer satisfaction index **84%** LKR **40 Mn** invested on educational and community initiatives
	Government Institutions and Regulators	**Intellectual Capital** Net promoter score (NPS) increased to **61** Improved digital infrastructure Digital Penetration **45.12%**
Stakeholder Outputs Inclusion Employment Community Investment Lasting Positive Impacts in Sustainability on Stakeholders **S1**	**Society & Environment**	**Natural Capital** Reducing **14.6 Mn** of 32 column computer paper **58.93 GWh** Renewable energy produced

Legend on ESG and SLFRS: **S1** Sustainability **S2** Climate **S1** **S2** Sustainability and Climate

Stakeholder Engagement – Driving Inclusive and Sustainable Value Creation

At Seylan Bank, stakeholder engagement is embedded as a strategic enabler of inclusive, resilient and sustainable value creation, forming a vital link between the Bank's purpose, business model and long-term performance. Aligned with the overarching theme, "Smart Solutions, Strong Results", the Bank adopts a structured, continuous and outcome oriented engagement approach that recognises stakeholders not merely as participants, but as co-contributors to the value creation journey in a collaborative and mutually reinforcing partnership.

Our stakeholder engagement framework is designed to support smart solutions and strong progress for all our stakeholders, ensuring that diverse expectations are systematically identified, prioritised and integrated into strategic planning, risk management, product innovation and operational decision-making. Through proactive and structured dialogue with customers, employees, investors, regulators, business partners, communities and the wider environment, the Bank strengthens trust, transparency and accountability while responding effectively to emerging economic, social and environmental challenges.

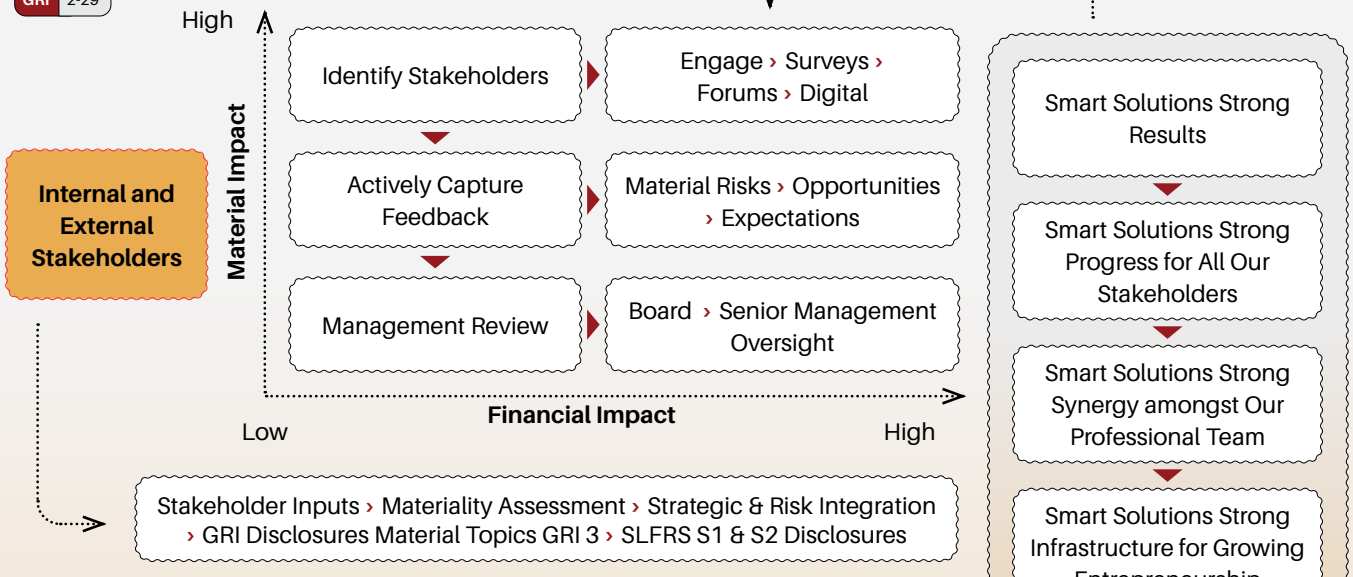
Engagement is conducted through multiple channels tailored to stakeholder needs and material impacts, including structured surveys, formal consultations, digital platforms, grievance mechanisms, town hall meetings, investor briefings, regulatory interactions and community outreach initiatives. These engagements generate actionable insights that are assessed through the Bank's materiality assessment process and integrated into business strategy, policies and performance metrics accordingly. This disciplined approach enables smart solutions and strong synergy amongst our professional team, reinforcing integrated thinking across the business of banking.

Stakeholder feedback directly informs the Bank's inclusive banking propositions, SME and entrepreneurship-focused financing, digital transformation initiatives, employee development programmes and sustainability strategy. In doing so, Seylan Bank supports smart solutions, strong ideas to support the future entrepreneurship, while expanding access to responsible finance and strengthening economic participation across the value chain. Key concerns relating to affordability, accessibility, service quality, data security, climate risk, ethical conduct and regulatory compliance are addressed through targeted actions embedded within the Bank's governance, risk and control frameworks as relevant prudently.

In line with smart solutions, infrastructure for growing stakeholder expectations also shape investments in digital banking, branch and self-service infrastructure, cyber resilience and operational efficiency, enabling the Bank to

Stakeholder Engagement Process

GRI 2-29



Legend on Standards and Best Practice viewpoint

Relevance	Covered in
GRI 2-29	Stakeholder ecosystem + engagement flow
GRI 3-1 / 3-2	Double materiality & prioritisation
SLFRS S1	Risk identification, governance linkage
SLFRS S2	Climate topics plotted in materiality
Best Practice	Continuous feedback loop

deliver consistent value at scale. Importantly, climate and sustainability related stakeholder inputs are progressively integrated into our risk assessment processes, portfolio steering and disclosure practices, aligned with the GRI Standards, Sustainability Accounting Standards Board recommendations, and the emerging requirements of SLFRS S1(General Disclosures on Sustainability related Risks and Opportunities) and SLFRS S2 (General Disclosures on Climate related Risks and Opportunities).

Through this holistic and integrated approach, stakeholder engagement serves as a cornerstone of Seylan Bank's sustainable business equation, supporting informed decision making, prudent risk management and long-term value creation for all stakeholders, while reinforcing the Bank's commitment to responsible growth and national development priorities, to secure a better tomorrow for every stakeholder.

Grounded in trust and accountability, this structured and multi directional engagement approach supports informed decisions and balanced value creation over the short, medium and long term.

As illustrated above, our stakeholder engagement integrates structured dialogues across key groups, enabling the Bank to identify and prioritise sustainability issues through a double materiality lens assessing both external impact and internal financial relevance. The outcomes of this process determine what is reported under GRI and SLFRS S1/S2 standards (Refer to pages 112 to 124 for details), ensuring transparent disclosures that meet global best practices and investor information needs.

Stakeholder Group	Matters Concerning Each Stakeholder	Seylan Bank's Response in Catering to Those Needs and Wants	Key Engagement Channels	How Feedback is Integrated into Business Decisions	GRI Standards (2021)	SASB Com. Banks	Relevance	
							SLFRS S1	SLFRS S2
Customers  *(Social and Relationship Capital - pages 73 to 87)*	• Affordable and responsible access to finance • Product transparency and fair conduct • Digital convenience and service continuity • Data privacy and cyber security • Effective Grievance Redressal	• Inclusive Finance products across retail, SME and priority segments • Clear disclosures and adherence to Customer Charter and regulatory conduct standards • Expansion of digital banking, self-service infrastructure and trilingual platforms • Strengthened cyber security and data protection controls • Dedicated grievance handling units with defined escalation mechanisms	• Branch interactions • Digital platforms • Customer surveys • Feedback channels • Complaint mechanisms	• Product design • Digital banking enhancements • Customer experience improvements • Conduct risk controls	GRI 2-26, 3, 205, 413, 417, 418	FN-CB-410, FN-CB-230	• Customer related risks • Service Resilience (Direct)	• Climate impacts on Customer affordability (Indirect)

Stakeholder Engagement – Driving Inclusive and Sustainable Value Creation

Stakeholder Group	Matters Concerning Each Stakeholder	Seylan Bank's Response in Catering to Those Needs and Wants	Key Engagement Channels	How Feedback is Integrated into Business Decisions	GRI Standards (2021)	SASB Com. Banks	Relevance	
							SLFRS S1	SLFRS S2
Employees  *(Human Capital - pages 58 to 72)*	• Fair Remuneration and equal opportunity • Learning, career progression and future ready skills • Health, safety and wellbeing • Employee voice and engagement • Ethical and inclusive workplace culture	• Structured performance management and equitable HR practices • Continuous learning, leadership development and ESG capacity building • Health and wellbeing initiatives and safe working environments • Regular town halls, surveys and two-way communication • Strong Ethics, Diversity and Grievance Handling Frameworks	• Town hall meetings • Training programmes • Surveys • Performance reviews • Internal Communications	• Human capital strategy • Learning & development • Diversity, Equity & Inclusion initiatives • Performance management	GRI 202, 401, 402, 403, 404, 405, 406, 407	FN-CB-330	• Human Capital Risks • Opportunities (Direct)	• Transition skills for Climate Readiness (Indirect)
Investors & Shareholders  *(Financial Capital - pages 46 to 53 and Financial Reports - pages 225 to 366)*	• Sustainable profitability and capital strength • Transparent disclosures and governance • Risk management, including emerging ESG and climate risks • Long-term value creation	• Prudent capital and liquidity management aligned with Basel requirements • Integrated reporting aligned to GRI, SASB and SLFRS S1 & S2 • Strengthened governance and risk oversight • Strategic focus on resilient and diversified growth	• Annual General Meetings • Investor briefings • Awareness Meetings, disclosures, corporate website	• Capital allocation • Strategy setting • Enhanced disclosures	GRI 2, 201, 202, 203, 205	FN-CB-550	• Enterprise value • Governance and Resilience (Direct)	• Climate related Financial Risk Disclosure (Indirect)
Regulators & the Government  *Corporate Governance - pages 175 to 223)*	• Regulatory compliance and financial stability • Consumer protection • Alignment with National Sustainability and Climate Priorities	• Full compliance with CBSL, SEC and statutory requirements • Robust compliance and internal control frameworks • Alignment with Sustainable Finance Roadmap and National Climate Goals	• Regulatory submissions • Supervisory engagements • Various Consultations	• Policy updates • Governance strengthening • Risk Frameworks	GRI 2-27, 418	-	• Governance, Compliance and Risk Management (Direct)	• Climate Risk Supervision Expectations

Stakeholder Group	Matters Concerning Each Stakeholder	Seylan Bank's Response in Catering to Those Needs and Wants	Key Engagement Channels	How Feedback is Integrated into Business Decisions	GRI Standards (2021)	SASB Com. Banks	Relevance	
							SLFRS S1	SLFRS S2
Business Partners & Suppliers *(Social and Relationship Capital - pages 73 to 94)*	• Fair procurement practices • Timely payments and continuity of business • ESG expectations across the value chain • Access to Finance, Markets and Partnerships	• Transparent and competitive procurement processes • Supplier Due Diligence and ESG Screening • Engagement on Responsible Business Practices • Strategic Partnerships to support SMEs and Value Chain participants	• Supplier meetings • Tenders • Evaluations • Contractual engagements	• Supplier selection • ESG screening • Partnership models	GRI 204, 308, 412, 414	FN-CB-430	• Value Chain Risk and Resilience (Direct)	• Financed and Supply Chain Climate Risks (Direct)
Communities & Society *(Social and Relationship Capital - pages 84 to 94)*	• Financial inclusion and literacy • Community development and Social wellbeing • Support for Entrepreneurship and SMEs	• Inclusive Banking solutions for Underserved segments • Education focused initiatives such as 'Seylan Pahasara' • SME and Entrepreneurship Financing and Capacity Building	• Community Programmes • Outreach initiatives • Partnerships	• Inclusive finance • SME support • Community Investments	GRI 203, 204, 413	FN-CB-240	• Social License to Operate (Direct)	• Community Climate Resilience (Indirect)
Environment *(Natural Capital - pages 100 to 111)*	• Responsible resource use • Climate action and emissions reduction • Environmental Risk Management in Financing	• Digitalisation to reduce resource intensity • Monitoring and Disclosure of Emissions and Resource Consumption • Integration of Environmental and Climate considerations into Lending and Risk Assessments	• Environmental Assessments • Sustainability Monitoring	• Digitalisation • Energy Efficiency • Green Financing	GRI 201-2, 203, 301, 302, 305	FN-CB-120	• Environmental risks and opportunities (Direct)	• Physical and Transition Climate Risks (Direct)

Material Topics for Better Engagement

From Impact to Financial Resilience and Long-Term Value

Our approach to Materiality

Following the establishment of the Bank's sustainability and climate responsive risk context, a renewed materiality identification process was undertaken. This process considered the Bank's strategic priorities, operating environment, regulatory developments, national climate commitments, and emerging global sustainability trends relevant to the banking sector. In line with SLFRS S2, particular emphasis was placed on identifying climate related risks and opportunities arising from both transition risks (including policy, legal, market and technology changes associated with the transition to a low carbon economy) and physical risks (acute and chronic climate hazards). A comprehensive long list of potential material topics was developed across the Bank's value chain, covering upstream activities, own operations and downstream financing activities associated with the Bank's lending and investment portfolio. The list was developed as per the The Global Reporting Initiative (GRI) Standards, SLFRS S1 and SLFRS S2 disclosure requirements, the Sustainability Accounting Standards Board (SASB) Commercial Banks metrics and the Task Force on Climate-related Financial Disclosures (TCFD) pillars.

Material topics were then assessed through stakeholder engagement and internal management consultations. Inputs were obtained from key stakeholder groups including customers, employees, investors, regulators, suppliers, community representatives and industry bodies, using surveys, workshops, management interviews, customer feedback mechanisms and ongoing regulatory and investor engagements. These qualitative inputs were complemented by quantitative internal data on portfolio composition, sectoral exposures, credit risk indicators, operational performance and climate sensitive sectors, enabling the Bank to identify sustainability related and climate related risk drivers that could influence financial outcomes in the lens of performance, position and cash flows.

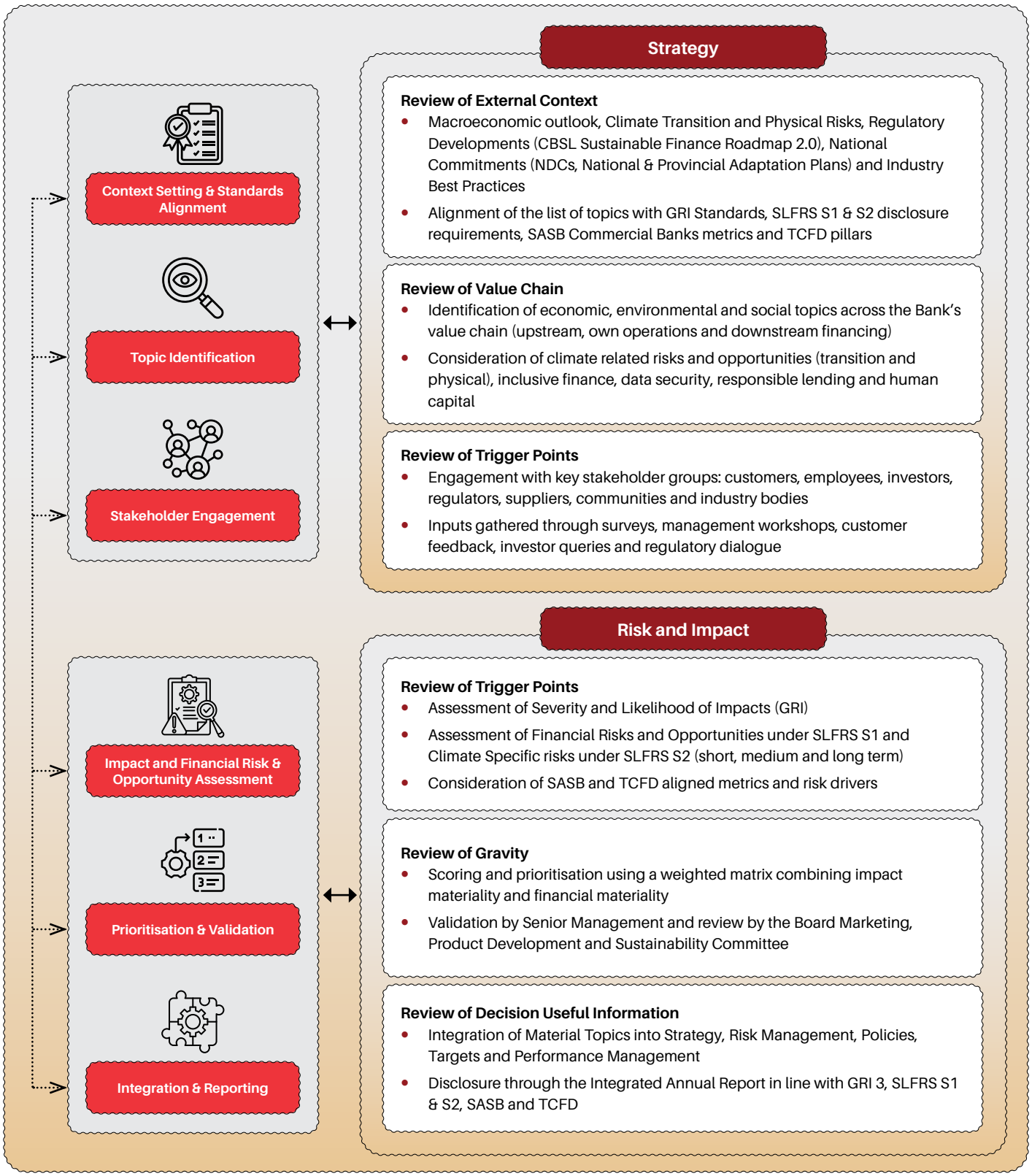
The prioritisation of material topics was undertaken using a double materiality assessment methodology. Impact materiality was evaluated based on the severity and likelihood of the Bank's actual and potential impacts on the economy, environment and society. Financial materiality was assessed by evaluating sustainability related and climate related risks and opportunities that could reasonably be expected to affect the Bank's financial performance, position and future prospects over the short, medium and long term, in accordance with SLFRS S1. Climate related risks and opportunities were assessed in line with SLFRS S2 and the TCFD recommendations, considering exposure to high emitting and climate vulnerable sectors, potential changes in asset quality, and the resilience of the Bank's strategy under different climate transition pathways qualitatively.

The outcomes of the assessment were consolidated into a materiality matrix that integrates both impact and financial considerations.

Material topics identified through this process are embedded into the Bank's strategy formulation, risk management frameworks, credit policies and performance monitoring processes. Climate related material topics, transition risk and physical risk, were identified of which are to be included progressively into the Bank's sustainable finance initiatives, portfolio steering and risk mitigation measures accordingly.

These material topics are disclosed in this Integrated Annual Report in accordance with GRI 3: Material Topics 2021, SLFRS S1 and SLFRS S2, with reference to SASB and TCFD, and are explicitly mapped to the Sustainable Development Goals, providing stakeholders and investors with transparent, decision useful and forward looking climate and sustainability related information as made available.

Materiality Assessment Process



Material Topics for Better Engagement

Governance and Oversight

The Board, through the Board Marketing, Product Development and Sustainability Committee, provides oversight of the materiality assessment, ensuring consistency with the Bank's strategic priorities and compliance with emerging sustainability disclosure requirements. The Steering Committee and the Working Committee bear responsibility for successful implementation, monitoring and integration of material topics into business planning and risk management.

Looking Ahead

The Bank will continue to refine its materiality assessment as sustainability standards evolve, with particular focus on enhancing climate scenario analysis, sector specific financed emissions and outcome based targets, reinforcing Seylan Bank's commitment to transparent, decision useful and investor focused sustainability disclosures as relevant and doable.

Mapping against SLFRS S1 & S2 & GRI

Material Topic	Material Boundary (Upstream/ Own Operations/ Downstream)	Stakeholder Groups	Link to Strategy and Value Creation	Management Approach / Key Policies	GRI Ref.	SLFRS S1 Relevance	SLFRS S2 (Climate) Relevance	SDG Target
Economic performance & long-term value creation	Own operations	Shareholders, investors, regulators	Sustains profitability, capital adequacy and long-term resilience	The Internal Capital Adequacy Assessment Process (ICAAP), Risk Management Framework	GRI 201	Sustainability related financial risks and opportunities affecting cash flows and capital	Indirect	8.1
Responsible lending and credit risk management	Downstream	Customers, regulators, investors	Supports prudent growth and asset quality	Credit Policy, Environmental and Social Risk Management Framework	GRI 203	Material sustainability related credit risks	Indirect	8.3
Financial inclusion and SME development	Downstream	SMEs, communities, customers	Expands access to finance and inclusive growth	Inclusive Finance Policy	GRI 203, 413	Revenue growth opportunities from underserved segments	Indirect	8.3, 10.2
Ethical conduct and compliance	Own operations	Regulators, investors, employees	Protects reputation and license to operate	Code of Ethics, Whistleblowing Policy	GRI 205, 206	Governance related sustainability risks	Indirect	16.5
Data privacy and cyber security	Own operations	Customers, regulators	Protects trust and operational continuity	Information Security Policy	GRI 418	Operational and legal sustainability risks	Indirect	16.6
Employee wellbeing and talent development	Own operations	Employees	Drives productivity and service excellence	HR Policy, Learning Framework	GRI 403, 404	Human capital related risks and opportunities	Indirect	8.5
Occupational health & safety	Own operations	Employees	Ensures safe and productive workplaces	OHS Policy	GRI 403	Workforce related sustainability risks	Indirect	8.8
Community investment and social impact	Downstream	Communities, NGOs	Strengthens social licence to operate	CSR Policy	GRI 413	Long-term reputational and market risks	Indirect	11.3

Material Topic	Material Boundary (Upstream/ Own Operations/ Downstream)	Stakeholder Groups	Link to Strategy and Value Creation	Management Approach / Key Policies	GRI Ref.	SLFRS S1 Relevance	SLFRS S2 (Climate) Relevance	SDG Target
Environmental footprint of operations	Own operations	Communities, regulators	Improves efficiency and reduces operating costs	Environmental Management Policy	GRI 301, 302, 305	Cost and efficiency related sustainability risks	Materials, Energy and Scope 1 & 2 emissions	12.2
Climate change mitigation and adaptation	Downstream / Own operations	Regulators, investors, customers	Aligns portfolio with low carbon transition	Climate Risk Management Framework	GRI 305	Transition and physical risks affecting financial position	Core SLFRS S2 topic	13.2
Financed emissions (Scope 3 - Category 15)	Downstream	Investors, regulators	Reflects climate exposure of lending portfolio	Sustainable Finance Framework	GRI 305	Material climate related financial risk driver	Core SLFRS S2 – financed emissions	13.2
Climate related stress testing and scenario analysis	Downstream	Regulators, investors	Enhances resilience under transition pathways	ICAAP, Climate Scenarios	GRI 3	Forward looking financial risk assessment	Core SLFRS S2 – scenario analysis	13.1
Supply chain sustainability	Upstream	Suppliers	Promotes responsible procurement	Supplier Code of Conduct	GRI 308, 414	Indirect sustainability risks	Supply chain sustainability	Upstream

Material Issues Impacting Stakeholders in Year 2025

Material issue	Significance of Impact to		Link to Risk and Opportunities	Section / Title	Page No	Relevant GRI
	Stakeholder	Bank				
Economic						
Economic performance	H	H		Financial Capital	46-53	201-1,3,4
Market presence	H	H		Our Branch Footprint	56	202-1,2
Indirect economic impact	H	M		Refinance and Subsidy Loan Schemes Facilitating Inclusive and Sustainable Financing	93	203-1,2
Social						
Employment	H	H		Human Capital	58-72	401-1,2,3
Labour/management relations	H	H		Human Capital	58-72	402-1
Occupational health and safety	H	H		Employee Health and Safety (OHS)	67	403-1
Training & Education	H	H		Training and Development	64	404-1,2
Diversity and equal opportunity	H	H		Diversity and Inclusion	65	405-1,2
Non-discrimination	H	H		Human Capital	58-72	406-1
Freedom of association & collective bargaining power	H	H		Collective Bargaining	67	407-1
Child labour	H	H		Anti-Corruption and Human Rights	67	408-1
Customer health and safety	H	H		Customer Safety	77	416-1
Marketing & labelling	H	H		Product Labelling and Marketing Communication	79	417-3

Material Topics for Better Engagement

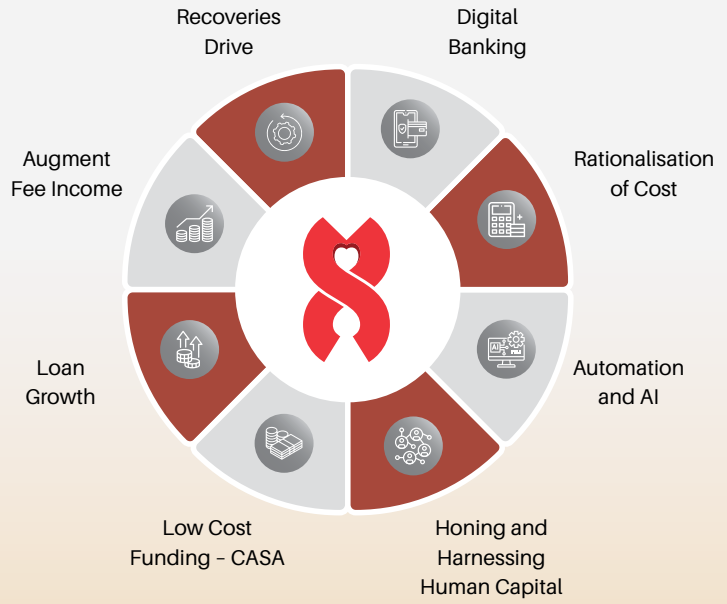
Material issue	Significance of Impact to		Link to Risk and Opportunities	Section / Title	Page No	Relevant GRI
	Stakeholder	Bank				
Customer privacy	H	H		Customer Data Security and Privacy	77	418-1
Anti-corruption	H	H		Anti-Corruption and Human Rights	67	205-1,2
Compliance with Laws and Regulations	H	H		The Bank's Robustness in Compliance	83	2-27
Local communities	H	M		Community Capital	88-94	413-1
Procurement practices	H	M		Supplier Evaluation and Procurement	86	204-1
Anti-competitive behaviour	H	M		The Bank's Robustness in Compliance	83	206-1
Forced or compulsory labour	M	M		Anti-Corruption and Human Rights	67	409-1
Security practices	M	M		Customer Safety	77	410-1
Human rights assessments	L	L		Anti-Corruption and Human Rights	67	2 - 23
***Supplier social assessment**	L	M		Supplier Evaluation and Procurement	86	414
Public policy	L	L		The Bank's Robustness in Compliance	83	415
Environmental						
Energy	H	M		Energy being an Enabler for the Business Case	109	302-1,4
Water	M	M		Water Management	109	303-1
Environmental compliance	M	M		Natural Capital	100-111	G2 - 27
***Effluent and waste**	M	M		Waste Management	110	306-2
Materials	M	L		Natural Capital	100-111	301
Bio-diversity	M	L		Natural Capital	100-111	304
Emissions	M	M		Bank's Journey of Low Carbon Footprint	107-109	305
***Supplier environment assessment**	M	M		Natural Capital	100-111	308

Following YoY changes were made to Bank's 'Materiality Mapping', triggering specified management response to onboard accordingly.

Triple bottom-line	Material Issue	Significance of Impact 2025		Significance of Impact 2024		Reason
		Stakeholder	Bank	Stakeholder	Bank	
Social	Rights of indigenous people	Removed		L	L	Irrelavant or insignificant due to nature of our business and connected value chain
	Supplier social assessment	L	M	L	L	Significance on value chain mapping on this evolves and Bank needs to leverage action in line with the SLFRS S1/S2
Environment	Effluents and waste	M	M	M	L	Our 'Scope 3' emission calculation was included into GHG inventory together with necesaary management considerations
	Supplier environmental assessment	M	M	M	L	Value chain mapping and identification of CRROs raises the bar to leverage management action herein

H **High** M **Medium** L **Low**

Strategic Progress and Outlook



The Bank's strategic direction, firmly anchored in its Vision and Mission, continues to be guided by eight core strategic imperatives carried forward from 2023. As the operating environment evolves, the Bank reviews its strategies whilst building on the objectives and initiatives that facilitate those strategies.

Guided by the Bank's Triple Bottom Line philosophy, these strategic priorities are expected to further accelerate value creation across all forms of capital. Beyond strengthening Financial Capital, the Bank is focused on generating long-term positive outcomes for Human, Social, Natural, Manufactured, and Intellectual Capital. The progress and impacts of these initiatives will be monitored closely and are summarised below, with detailed insights provided in the following Capitals Reports and Business Reviews.

Low Cost Funding - CASA

Achievement
29.94%
Ratio

Our Approach

Strengthening Core Customer Relationships
The Bank's long-term CASA strategy focuses on deepening engagement across Retail, SME and Corporate segments. By enhancing salary, operating, and transactional relationships, the Bank aims to increase account activity, improve balance stability, and foster multi-product usage, supporting sustainable CASA growth over the long term.

Embedding the Bank in Customers' Cash Flow Ecosystems
Transaction Banking will serve as a core strategic initiative in the Bank's future CASA journey. By integrating payments, collections, cash management and trade services into customers' daily operations, the Bank seeks to anchor operating balances and generate structurally sustainable CASA while enhancing non-interest income streams.

Digital-First and Platform-Led CASA Growth
The Bank envisions digital channels as a primary long-term engine of CASA acquisition, engagement and retention. Continuous investments in mobile and internet banking, digital onboarding and platform-based services will enable scalable growth, improve customer convenience and support a lower cost of funds over time.

Intelligence-Driven Customer Management
Advanced data analytics and CRM capabilities will be progressively leveraged to anticipate customer needs, optimise balance behaviour and improve CASA mix quality. This data-led approach will enhance personalised engagement, strengthen wallet share and mitigate balance volatility across customer segments.

Segment-Led Proposition Development
Future CASA growth will be driven through clearly differentiated segment-specific propositions, aligned to the evolving transaction and liquidity requirements of salaried individuals, SMEs, professionals and corporates. This targeted approach will support relevance, competitiveness and long-term balance accumulation.

Strategic Progress and Outlook

Loan Growth



Achievement
LKR 663.7 Bn
Gross Loans

Our Approach

Segment-Focused Lending
The Bank will continue to adopt a targeted, segment-led lending approach, prioritising Retail, SME, and Corporate segments where it can achieve sustainable growth and attractive risk-adjusted returns. Product offerings will be tailored to the unique requirements of each segment, including housing, personal, SME working capital solutions and structured corporate finance.

Diversification and Portfolio Quality
Growth will be pursued in a balanced and diversified manner, ensuring a strong mix across sectors, geographies, and product types. Emphasis will be placed on maintaining high credit quality, prudent exposure limits, and sectoral diversification to safeguard asset quality while supporting portfolio expansion.

Digital Lending and Alternative Channels
The Bank will leverage digital platforms and alternative delivery channels to increase reach, reduce turnaround times, and improve the customer experience. Technology-driven lending will enable faster approvals, wider accessibility, and lower operational costs, particularly in retail and SME segments.

Relationship-Driven Corporate and SME Lending
The Bank aims to strengthen relationship banking with corporates and SMEs by offering integrated financing solutions that complement their operational and growth needs. This approach will enhance customer stickiness, cross-sell opportunities, and long-term portfolio stability.

Sustainable and Responsible Lending
The Bank will embed ESG and responsible lending principles into its growth strategy, supporting environmentally and socially sustainable projects while mitigating credit and reputational risk. This ensures alignment with global best practices and regulatory expectations.

Augment Fee Income



Achievement
LKR 8.3 Bn
Net Fees

Our Approach

Transaction Banking as a Core Fee Engine
Expanding transaction-based products and services—including payments, collections, cash management, trade finance, and treasury solutions to generate stable, recurring fee income while deepening customer engagement.

Digital-First Fee Opportunities
Leveraging internet and mobile banking platforms to capture value-added fee income from instant payments, card services, e-wallet integration, and online trade solutions, enhancing revenue streams and cost efficiency.

Advisory and Value-Added Services
Offering finance advisory, investment services, wealth management solutions to strengthen client relationships and diversify non-interest income are few of focus areas.

Segment-Driven Fee Strategies
Tailoring fee structures and service bundles for retail, SME, and corporate segments to encourage transactional activity, multi-product usage, and long-term loyalty.

Data-Driven Cross-Selling
Using analytics and CRM tools to identify opportunities, optimise pricing, and personalise offerings, enhancing fee income from existing relationships and overall customer lifetime value.

Recoveries Drive



Achievement
1.03%
Stage III Ratio

Our Approach

Proactive Portfolio Management
Strengthening monitoring and early warning systems to identify stressed exposures early.

Specialised Recovery Teams
Deploying dedicated units for retail, SME, and corporate segments to maximise recoverable value.

Structured Recovery Strategies
Implementing tailored restructuring and settlement frameworks to improve recovery rates.

Enhanced Collection Analytics
Leveraging data analytics to optimise collection efforts and prioritise high-impact accounts.

Digital Banking



Achievement
45.12%
Digital Penetration Ratio

Our Approach

Seamless Customer Experience
Expanding digital onboarding, mobile, and internet banking for 24/7 accessibility. Enhance and facilitate convenient digital customer journeys with a focus on being Fast, Secure and Relevant.

Platform-Based Solutions
Integrating value-added services, including payments, e-wallets, and trade solutions.

Operational Efficiency
Using digital channels to reduce turnaround times and lower servicing costs.

Data-Driven Engagement
Leveraging analytics to personalise digital offerings and increase transaction frequency.

Strategic Progress and Outlook

Rationalisation of Cost



Achievement
44.52%
Cost to Income Ratio

Our Approach

Process Optimisation
Streamlining operations through automation and workflow redesign.

Branch Network Strategy
Rationalising the physical footprint while focusing on high-potential locations.

Expense Management
Targeted cost reduction initiatives that maintain service quality and operational effectiveness.

Digital Banking Culture
Inculcate a Digital Banking Culture and actively promote digital products among customers.

Automation and AI



Achievement
The bank-wide initial foundation

Our Approach

Process Automation
Implementing robotic process automation (RPA) in routine operations to reduce errors and enhance speed.

AI-Driven Credit & Risk Assessment
Using predictive analytics to improve credit decisions and risk monitoring.

Customer Experience Innovation
Applying AI for personalised product recommendations and faster query resolution.

Operational Intelligence
Harnessing data analytics for informed decision-making across business lines.

Honing and Harnessing Human Capital



Achievement
76% **Employee Satisfaction Index**

Our Approach

Talent Development
Investing in learning programmes, upskilling, and leadership development.

Succession Planning
Identifying and preparing high-potential employees for future leadership roles.

Employee Engagement & Retention
Creating a performance-driven and motivated workforce culture.

Innovation and Collaboration
Encouraging knowledge sharing and agile ways of working to drive business outcomes.

Strategic Context and Sustainability Ambition

Bank recognises that sustainability is no longer a parallel agenda, but a core driver of financial resilience, competitive positioning and long-term value creation. As Sri Lanka navigates structural economic transformation, climate vulnerability and evolving social expectations, the Bank's Sustainability and ESG Strategy is designed to support national priorities while safeguarding balance sheet strength and stakeholder confidence.

Building on the Sustainability Strategy outlined in the 2024 Annual Report, the 2025 disclosure reflects a more integrated and forward looking approach, aligned with SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate related Disclosures. Sustainability related risks and opportunities are therefore, assessed, managed and disclosed with the same discipline applied to traditional financial risks.

Governance and Accountability (SLFRS S1)

The Board of Directors retains ultimate accountability for sustainability and ESG matters, setting the tone at the top and approving the Bank's sustainability priorities, risk appetite and policy frameworks. Board level oversight is exercised through Board Marketing, Product Development and Sustainability Committee having held responsible for risk management, audit, ethics and sustainability.

At management level, sustainability steering and working committees ensure effective execution across business units. Clear roles, responsibilities and escalation mechanisms enable sustainability considerations to be embedded into strategy formulation, credit decision-making, capital planning and performance management.

Climate Related Risks, Opportunities and Resilience (SLFRS S2)

Climate change presents both financial risks and strategic opportunities for the Bank. Climate related risks are categorised into physical risks, arising from extreme weather events and chronic climate impacts, and transition risks associated with policy changes, technological shifts and evolving market expectations.

These risks are progressively integrated into the Bank's integrated risk management framework, credit appraisal processes and portfolio monitoring practices. Sector specific guidelines and exclusion criteria are applied to manage heightened exposures, supporting informed strategic and capital allocation decisions accordingly.

ESG in Practice - Translating Policy into Action

The Bank's ESG Policy provides the operational foundation for translating strategic commitments into consistent day-to-day practices. Environmental and social risk screening is embedded into lending processes, supported by borrower due diligence, monitoring and engagement. Internally, the Bank continues to strengthen resource efficiency, digitalisation and responsible procurement practices to reduce its operational footprint.

Social priorities are operationalised through inclusive finance, SME and microenterprise support, gender responsive financial solutions and community development initiatives. Robust governance, ethical conduct, whistleblowing mechanisms and staff training underpin the integrity and credibility of ESG implementation.

Financing Sustainable National Outcomes - SDG Alignment

Bank's Sustainability Strategy is firmly anchored in Sri Lanka's national development priorities and global sustainability commitments, recognising the catalytic role of the financial sector in translating policy ambition into measurable economic and social outcomes. Guided by the United Nations Sustainable Development Goals (SDGs), the Central Bank of Sri Lanka's Sustainable Finance Roadmap 2.0, the Financial Literacy Roadmap of Sri Lanka (2024–2028), and the Sri Lanka Banks' Association Sustainable Banking Initiative, the Bank positions finance as the connective force linking growth, resilience and inclusion.

The Bank's financing focus is closely aligned with SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 13 (Climate Action). Through targeted lending to MSMEs, women led enterprises, youth entrepreneurs, sustainable agriculture, renewable energy and climate resilient infrastructure, Seylan Bank supports inclusive economic participation while strengthening national productivity and employment generation.

In supporting Sri Lanka's Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and Provincial Adaptation Plans (PAPs), the Bank actively channels capital towards low carbon, adaptive and resilient investments such as renewable energy project financing. Climate considerations are embedded into financial decision-making to ensure that capital allocation supports long-term environmental sustainability alongside financial returns.

As a responsible financier, Bank connects global sustainability goals with local development realities, transforming policy frameworks into practical financial solutions. By aligning its balance sheet with national roadmaps, regulatory expectations and stakeholder priorities, the Bank reinforces its role as a trusted partner in Sri Lanka's sustainable development journey financing progress, strengthening resilience and creating shared value.

Sustainability of Planet, People and Profit

Inspired by our Sustainability vision "To be a Responsible and Transformative Corporate Citizen", the Bank adopts a prudent approach to Sustainability by identifying and prioritising key macro-level challenges that are both critical to business and areas where it can drive meaningful impact to stakeholders. The diagram below illustrates the process through which the Bank formulates, refines, and implements its sustainability strategy and integrates it with the Bank's corporate strategy as Environmental, Social and Governance policy sheds light therein.

Strategic Progress and Outlook

Formulating and Implementing Our Sustainability Strategy Y2022 - Y2027

Legend/Key

Achieved more than 100%	Achieved 100%	Achieved 75% - 100%	Achieved below 75%	In Progress
√	√	√	√	√

SDG No. and Depiction	Pillar of the Business Strategy	Business Units/ Support Services Linked	KPI(s) Set/Planned	Achievement/Actions taken as at 31 December 2025
	**Loan Growth**	Corporate Banking and Project Finance	Infrastructure development to connect with Foreign Funding Lines	√
	**Loan Growth**	Branch Credit	Refinance and Subsidy loan schemes to drive the way forward with a market identity	√
	**Loan Growth**	Retail Banking	Loans for Higher Education	√
	**Cost Rationalisation**	Human Resources	Building loyalty and productivity in a mutually beneficial way	√
	**Cost Rationalisation**	Premises Maintenance	Transitioning into solar energy	Solar Photovoltaic Panels fixed for five Branches
			Reduction of Electricity consumption at Branches	Analysis underway
		Services	Resource efficiency and conservation	√
			Recycling efforts	√
			Paper	√
		Retail Banking	Green, Sustainable and Inclusive Financing	√
			Solar Loans	√

SDG No. and Depiction	Pillar of the Business Strategy	Business Units/ Support Services Linked	KPI(s) Set/Planned	Achievement/Actions taken as at 31 December 2025
	**Digital Penetration** 	Digital Banking	Digital Channels as transformative way forward	√
	**Loan Growth** 	Retail Banking	Energy efficient commuting with less emissions	√
		Corporate Banking	Exploring the Business Case of Transition Finance	√
			Industrial Innovation	√
		Corporate Credit (Branches)	Renewable Energy Projects	√
			Emission reduction	√
	Loan & Deposit Growth 	Performance Management Unit (Sustainability)	Sustainable financing including renewable energy projects	√
			Developing infrastructure readiness for Sustainable Financing	√
	**Loan Growth** 	Corporate Banking and Project Finance	Connecting the dots with upstream funding agendas	√
	**Loan Growth** 	Performance Management Unit (Sustainability)	Partnerships for potential sparks	√

Operating Environment

Global Economy

The global economy is estimated to have grown by 3.3% in 2025 (according to the estimates of International Monetary Fund -IMF). The year was marked by fluidity and volatility, driven largely by a re-ordering of policy priorities in the United States and the corresponding adaptation of policies in other economies. Trade developments have dominated the headlines, with global economic prospects fluctuating in response. As highlighted in the April 2025 World Economic Outlook (WEO), a series of new US tariff measures raised tariff rates to levels not seen in a century. Countermeasures by US trading partners were limited, resulting in only minimal changes to the effective tariff rate on US exports.

Subsequent announcements, including trade agreements between the United States and several partners and the adjustment of higher tariff rates for countries without agreements, contributed to a partial reduction in US effective tariff rates from their April peaks, bringing most countries into a range of approximately 10–20% (WTO-IMF Tariff Tracker). Nonetheless, tariff levels remain far above their 2024 benchmarks. Trade policy uncertainty continues to be elevated in the absence of clear, transparent, and durable agreements among trading partners. Market attention is increasingly shifting from the eventual level of tariffs to their broader implications for prices, investment, and consumption.

Later in the year, a dispute between the United States and China over semiconductor and rare earth mineral exports was quickly followed by a truce, which reduced bilateral tariffs until November 2026 and introduced a pause on export controls. Additionally, the United States removed tariffs on certain agricultural products for all countries, partially offsetting previously announced higher tariffs in other sectors. As a result, the overall US effective tariff rate remained broadly in line with the assumptions in the October 2025 WEO, though impacts were significant for certain countries and sectors. These developments helped moderate the trade related pressure on growth in 2025, contributing to the resilience of the global economy despite elevated policy uncertainty.

In this backdrop, economic growth in the United States strengthened during the third quarter, supported by a pickup in technology-related investment. Increased spending in the technology sector helped to cushion the economy against the adverse effects of the federal government shutdown towards the end of the year. Overall, economic activity expanded at a moderate pace over the year, broadly in line with major forecasters' expectations.

In contrast, economic growth in China slowed during the third quarter, reflecting subdued domestic demand, particularly in the housing sector. This weakness was only partly offset by relatively resilient export performance, resulting in a moderation in overall economic momentum over the year.

In Europe, growth outcomes were mixed. France benefited from a boost in activity in the third quarter, supported in part by stronger aerospace exports, leading to modest expansion over the year. In Germany, however, declining exports continued to weigh on economic activity, with output showing little momentum over the course of the year.

Japan's economy weakened during the third quarter, reflecting softer private residential investment and exports. Nevertheless, private and government consumption provided some support, allowing the economy to record modest growth over the year as a whole.

There are also indications that technology-driven investment supported economic activity in Spain and the United Kingdom, although the scale of its impact in these economies was more modest compared with the United States.

Global Macroeconomic Outlook

Category	Key Points/Insights
Global Growth	• Projected at 3.3% in 2026 and 3.2% in 2027, similar to the estimated 3.3% in 2025. Small upward revision for 2026; unchanged for 2027 from Oct 2025 WEO
Drivers of Growth	• Surging technology investment, including AI, especially in North America and Asia • Fiscal and monetary support, accommodative financial conditions • Private sector adaptability
Headwinds	• Shifting trade policies • Potential productivity reassessment in AI affecting investment • Trade tensions, domestic political or geopolitical risks • High public debt/large fiscal deficits putting pressure on interest rates and financial conditions
Inflation	• Expected to decline from 4.1% in 2025 › 3.8% in 2026 › 3.4% in 2027 • Returns to target more gradually in the US than in other large economies
Downside Risks	• Reduced investment if AI productivity expectations decline • Abrupt financial market corrections, spreading from AI-linked firms • Intensified trade, political, or geopolitical tensions • Higher long-term interest rates due to fiscal pressures
Upside Potential	• Faster AI adoption › strong productivity gains, business dynamism • Sustained easing of trade tensions
Policy Recommendations	• Restore fiscal buffers • Preserve price and financial stability • Reduce uncertainty • Implement structural reforms promptly to support medium-term growth

Source :IMF, World Economic Outlook, January 2026

Sri Lankan Economy

Sri Lanka's economic recovery gained momentum in 2025, despite ongoing global uncertainties including geopolitical tensions and commodity price volatility. Economic growth accelerated steadily following the contraction in the previous year, reflecting a broad-based recovery across all major sectors. The Industry sector led the expansion, driven by manufacturing, construction,

and related activities, while Agriculture benefited from improved crop yields and farm production. The Services sector also grew, supported by tourism, transport, financial services, and other service-oriented activities. The recovery was reinforced by surpluses in trade and the current account, contributing to a balance of payments surplus. These developments strengthened overall economic stability and supported the expansion of credit in the banking sector.

While the International Monetary Fund (IMF) did confirm in early December 2025 that the sixth tranche of approximately US$ 350 Mn of Extended Fund Facility (EFF) was expected, it was subsequently delayed due to the need to assess the economic impact of Cyclone Ditwah, which struck in late November 2025. On 19 December 2025, the IMF Executive Board approved emergency financial assistance to Sri Lanka under the Rapid Financing Instrument (RFI) amounting to SDR 150.5 million, which is about US $206 million. This was intended to help meet urgent balance-of-payments and fiscal needs caused by Cyclone Ditwah.

The IMF supported reform programme under the EFF (which the Government entered into in March 2023) provided the necessary ground to bear fruit with robust economic recovery, price stability and progress in rebuilding foreign exchange reserves, whilst revenue-based fiscal consolidation and public financial management reforms have strengthened fiscal discipline and mitigated risks. In addition, Debt restructuring has delivered substantial relief and has placed public debt on a path to sustainability.

Ditwah Cyclonic floods which struck at the end of November 2025 caused number of deaths, displaced number of people, and affected millions more, while damaging homes, infrastructure, and livelihoods across the country. The government responded quickly with a comprehensive relief effort, providing direct assistance to affected households, restoring critical infrastructure, and implementing measures to support the most vulnerable.

According to the Central Bank, the leading economic indicators up to November 2025 suggested a continuation of the growth momentum. Credit to the private sector recorded a notable and broad-based expansion in 2025. This also reflects a recovery in economic activity as well as the realisation of pent-up demand for vehicle imports. This credit momentum is likely to continue in the period ahead. Imports have risen in recent months, contributing to a widening trade deficit. However, strong inflows from tourism and workers' remittances have cushioned the impact on the external current account. Gross Official Reserves were maintained above US Dollars 6 Bn as of November 2025, supported by net foreign exchange purchases by the Central Bank.

Inflation

- Headline inflation in December 2025 was 2.1% (Y-o-Y), Food inflation (Y-o-Y) was 3.0%, whereas Non-Food inflation (Y-o-Y) was 1.8% in December
- Sri Lankan inflation is historically sensitive to demand-supply shocks, especially natural disasters. Past examples:
  - 2016 floods › sharp temporary spike in food inflation
  - 2004 tsunami › limited inflationary impact
- Due to cyclone and floods disrupting the Maha season, food inflation is expected to rise faster
- Overall, headline inflation is projected to increase gradually, converging to the target by the second half of 2026. Core inflation is expected to rise modestly with strengthening domestic demand

Interest Rates

- The Central Bank maintains an accommodative stance since mid-2023.
- In May 2025, the overnight policy rate was reduced by 25 bps to 7.75%, with the SLFR (Standing Lending Facility Rate) at 8.25% and SDFR (Standing Deposit Facility Rate) at 7.25%
- Monetary easing measures lowered lending rates (AWLR)
- In 2025, interest rate policy in Sri Lanka remained accommodative, reflecting a balanced approach aimed at promoting economic recovery, containing inflationary pressures, and safeguarding the stability of the financial system following the post-crisis period

Exchange Rate

- The Sri Lankan Rupee depreciated marginally against the USD in 2025
- The Central Bank intervened in the FX market to build reserves and reduce volatility
- The BMatch Platform, launched with Bloomberg, enhanced transparency and efficiency in FX trading
- Increased imports for post-cyclone infrastructure rebuilding may put additional pressure on the exchange rate

(Source: Central Bank of Sri Lanka.)

Outlook

The Central Bank in its "Policy Agenda for 2026" projects Sri Lanka's GDP growth to be between 4 % and 5% in 2026, which is higher than the World Bank's estimate of 3.5% and the IMF's projection of 3.1% for the country. The Central Bank has also announced the introduction of a benchmark intra-day reference exchange rate in 2026 to enhance transparency and efficiency in the foreign exchange market. The absence of a reliable reference exchange rate has constrained the development of Sri Lanka's foreign exchange market and limited the trading of Rupee-denominated derivatives. According to the Central Bank, the introduction of a benchmark intra-day reference exchange rate will guide market participants, help reduce volatility, and promote competitive pricing within the trading day. This initiative is expected to support the development of more innovative foreign exchange products and deepen the market.

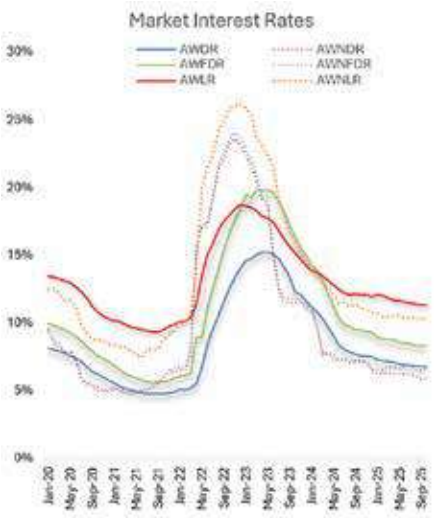
Sri Lanka's economic performance has historically shown strong resilience in the face of major natural disasters. Events such as the floods and droughts of 2016–2017, as well as the 2004 Tsunami, caused immediate disruptions to GDP growth, with noticeable contractions in the affected quarters. However, the economy consistently demonstrated a swift recovery, typically rebounding within the ensuing quarters. Based on these historical patterns, a similar recovery trajectory is expected into 2026.

As outlined in the Government's National Digital Strategy 2030, Sri Lanka aims to transform into a digitally empowered, competitive, and innovation-driven economy. The strategy targets unlocking an estimated USD 15 billion in digital economic value by 2030, increasing the digital economy's contribution from the current over 4% of GDP to over 12%, thereby positioning digitalisation as a key driver of sustainable economic growth, improved productivity, and enhanced national competitiveness.

Operating Environment

Banking Sector

Sri Lanka's Banking sector showed continued resilience and gradual strengthening in 2025, supported by improved macroeconomic stability, stronger policy credibility and recovering economic activity. Improved liquidity conditions, stronger capital adequacy and a more stable interest rate environment contributed positively to sector performance. Asset quality indicators stabilised, reflecting loan restructuring efforts, improved borrower cash flows and prudent risk management by banks.



Source : CBSL Monthly Report



Source : CBSL Monthly Report

Business sentiment remained positive throughout the year, with confidence indicators staying above neutral levels, reflecting improved expectations for economic recovery, investment and medium-term growth prospects. The downward trend in lending rates supported increased demand for credit from both corporate and household sectors. Credit expansion was broad-based and increasingly rupee-denominated, indicating improved confidence in domestic currency stability and reduced dollarisation risks. Non-performing loans gradually improved, though legacy stress and sector-specific vulnerabilities required continued monitoring. Banks maintained adequate provisioning buffers to safeguard balance sheet strength.

Profitability improved further in 2025, driven by economic recovery, better repayment capacity and expanding loan books. Net interest income remained the main earnings driver, despite some margin moderation in line with declining interest rates. Improved liquidity and stable funding supported margins, while non-interest income benefited from higher transaction volumes and trade-related activities. Lower impairment charges and contained operating expenses, supported by digitalisation and cost efficiency measures, also contributed to improved profitability and cost-to-income ratios across the sector.

During the first three quarters of 2025, domestic currency deposits recorded a stronger growth of approximately 15%, providing banks with greater capacity to expand loans and advances while improving system liquidity. This acceleration in deposit mobilisation reflects improved public confidence in the banking system, supported by macroeconomic stabilisation and easing inflationary pressures. Meanwhile, foreign currency deposits grew at a relatively moderate pace of 7% approximately in 2025, indicating steady inflows alongside a more stable external sector and exchange rate environment.

Strengthening capital adequacy has further enhanced the resilience of Sri Lanka's banking sector. Tier 1 capital and total regulatory capital improved notably in 2025, supported by higher profitability, retained earnings, and selective capital-raising initiatives. At the same time, risk-weighted assets grew at a moderate pace, reflecting prudent credit expansion and controlled risk-taking. These developments have reinforced the sector's ability to absorb shocks, support sustainable credit growth, and maintain financial stability amid a gradually recovering economic environment. According to the Central Bank of Sri Lanka's Financial Stability Report 2025, the average net interest margin (NIM) of the banking sector rose to approximately 4.5% in the first half of 2025, up from around 3.9% during the same period in 2024. This increase reflects wider interest rate spreads across the sector. The expansion in NIM supported enhanced profitability, with the sector recording higher Return on Equity (ROE) and Return on Assets (ROA) relative to the prior year.

Increased digital engagement and heightened Social Security Contribution Levy and SCCL (Social Security Contribution Levy) compliance requirements encouraged more SMEs to enter the formal banking system, thereby expanding the Bank's eligible borrower base.

Outlook

The banking sector is expected to grow cautiously, supported by macroeconomic stabilization and ongoing reforms under the guidance of CBSL and programmes with the IMF. Continued digitalisation will enhance operational efficiency and customer experience through advanced technology and data-driven solutions. Strengthened capital buffers will improve resilience against credit and market risks, while the expansion of green bonds and sustainable lending will support climate and energy transition objectives. At the same time, measured sector consolidation is likely to boost scale, competitiveness, and long-term stability, positioning Sri Lanka's banking industry for technology-driven, sustainable, and resilient growth in the medium term.

Business Unit Performance

Branch Banking

The Bank's Branch Banking comprises the Branch network, mid-sized corporates and SMEs

Highlights:

KPI Achievement -YoY Growth (%)

Year	Net Interest Income	Other Income	Profits	Deposits	Loans & Advances
2025	-5.09	17.13	-14.81	8.08	22.03
2024	-23.22	9.45	6.81	9.46	5.66



LKR 74 Bn

Growth in Gross Loans



LKR 45 Bn

Growth in Deposits

The Branch Banking Division continued to be a key unit in driving the Bank's SME and Business Banking growth. It delivered a commendable performance during the year, recording strong loan growth, improved asset quality, and resilient profitability, thereby reinforcing its pivotal role in supporting SME-led expansion and sustainable Balance Sheet growth.

Total loan growth remained robust, surpassing targets. Expanded lending to priority segments including women-led businesses, exporters, and the green economy, together with active promotion of sector-specific products and the rollout of a permanent SME Relationship Officer model, were key strategic initiatives which supported the division's expansion during the year.

Fee based income recorded a growth of 17.13%, driven primarily by focused expansion in trade finance, digital banking solutions, and cards reinforcing the Bank's strategic pivot toward diversified and sustainable income streams.

The use of cash flow-based credit models and early warning systems together with sector-specific risk frameworks helped to enhance portfolio quality. Overall unit demonstrated resilient profitability, disciplined balance-sheet growth, and strengthened asset quality.

The unit further strengthened its presence in the Western Province by opening two new branches in Rajagiriya and Thalawathugoda, improving accessibility and customer reach within high-growth urban locations.

Digital adoption was further facilitated through the deployment of an additional 25 Cash Recycling Machines (CRMs) across the branch network, during the year, ensuring that every branch now offers either a CRM or a Cash Depositing Machine (CDM). This initiative has significantly enhanced customer accessibility, improved transaction efficiency, and strengthened digital engagement across the Bank's branch network.

During the year, the SME division launched three new products aligned with the Bank's social and environmental objectives. These included "Dinana Aya" (meaning "The Winning Ones"), the Bank's first loan package dedicated to empower women-led SMEs, offering tailored financial solutions and targeted regional outreach. The Division also introduced a Bridging Finance Facility for exporters to support working capital requirements during VAT transition periods.

In addition, a solar loan scheme was launched to encourage SME investments in renewable energy, supporting the Bank's sustainability agenda.

Moreover, as part of its commitment to customer-centric innovation and continuous process improvement, the Bank launched a pilot initiative offering 72-hour credit decisions for SME facilities. This FastTrack model streamlines documentation, leverages AI-enhanced credit assessment tools, and is supported by a dedicated SME desk to deliver faster and more transparent credit outcomes. The initiative is expected to enhance access to timely financing for growth-oriented SMEs while strengthening the Bank's positioning as a responsive and trusted financial partner within the entrepreneurial ecosystem. In addition, enhancements to digital processes, including the simplification of the Credit Facility Request further improved operational efficiency and elevated the overall customer experience.

Business Unit Performance

Way Forward

- The banking industry is expected to undergo accelerated digital transformation, driven by growing customer demand for online services and supportive regulatory frameworks for financial technology. The Bank's branch network is well positioned to capitalise on these trends through ongoing digital enhancements, process automation, and continuous upgrades to its CRM platform
- Lending will anchored on the following key priorities:

1. Expanding Access to Credit: Introducing sector-specific and sustainability-linked products to support underserved segments, including women-led enterprises, exporters, and green economy participants
2. Enhancing Credit Structuring & Risk Management: Deploying cash flow-based lending models, milestone-linked disbursements, and integrated risk segmentation to ensure responsible growth and portfolio resilience
3. Leveraging Digital Platforms & Fintech Partnerships: Accelerating digital onboarding, AI-driven credit scoring, and workflow automation through strategic collaborations with fin-tech service providers
4. Strengthening Field Engagement & Capacity Building: Empowering SME Relationship Officers with training, tools, and performance-linked incentives to deepen client relationships and drive quality origination
5. Driving Formalisation & Compliance Support: Assisting SMEs in navigating evolving regulatory changes, including VAT/SSCL thresholds, through advisory services and tailored financial solutions

Retail Banking

The Retail Banking Division encompasses Housing, Pawning, Cards, Leasing, Personal Loans, Loans against property and Bancassurance.

Highlights:

KPI Achievement -YoY Growth (%)

Year	Personal Loans	Housing Loans	Pawning	Credit Cards	Leasing	Bancassurance
2025	15.64	8.89	35.58	12.56	50.52	38.65
2024	6.06	6.11	12.62	9.59	8.21	32.09



LKR 13 Bn
Growth in Pawning Advances



LKR 12 Bn
Growth in Leasing Advances

The Retail Banking Unit was one of the highest contributors to the Bank's profitability during the year, with the growth of more than 29% in the total retail portfolio due to the conducive market in the country.

Personal Loans

The Personal Loans segment delivered a strong performance during the year, surpassing the significant milestone of a LKR 15 Bn portfolio balance while simultaneously improving asset quality.

The segment successfully achieved its annual KPIs, driven by focused market penetration strategies, strengthened customer engagement and customer screening at point of sourcing, and close coordination with relevant distribution networks. In addition, cross-selling initiatives contributed positively, with a considerable number of new card customers and Accelerate accounts on-boarded during the year. The segment also attracted a considerable number of high-value salary customers.

Housing Loans

Housing Loans recorded steady growth during the year, improving from the subdued performance recorded in 2024 and surpassing the budgeted KPIs to achieve a total portfolio growth. Centralised and proactive management of the "Watch List" strengthened recovery efforts and credit evaluations contributed to outperforming targets for Stage III Loans, whilst competitive pricing supported turnover in the Housing segment. This performance was further underpinned by a low-interest rate environment, the easing of import restrictions on construction materials and a broad-based recovery in economic activity.

Pawning

The pawning product delivered an outstanding performance during the year, achieving the year-end portfolio target well ahead of schedule and recording portfolio growth in excess of LKR 13 Bn compared to last year. The product also made significant advancements on the technology front, with the successful migration of the branch system to a web-based platform. In addition, customer accessibility was enhanced through the introduction of pawning facilities on Online Banking, enabling customers to view their facilities and conveniently perform top-ups and part payments through the digital channel.

Credit Cards

Seylan Credit Cards (SCC) recorded the highest-ever profitability in the Bank's history. Revenue growth was driven by increased usage across the existing cardholder base, complemented by a range of strategic campaigns implemented to sustain portfolio growth and maintain momentum. These initiatives included offering annual and joining fee free cards to selected segments, launching "Staff Get Member" programmes, and rolling out "Member Get Member" campaigns to further expand the customer base. SCC also successfully increased registrations on the loyalty platform launched in 2023, surpassing 8,500 customers in 2025, with continued growth expected in the months ahead.

Continuing from 2023 and 2024, the card centre achieved all of its KPIs in 2025 as well. On the recoveries front, SCC adopted new strategies during the year, including early intervention for customers at risk of default and a reshuffling of outsourced recovery agencies whilst tightening eligibility criteria for new card holder customers. Furthermore, global trends in digital payments and e-commerce supported an increased demand for cards while highlighting the need to manage risks like online fraud.

The Bank also launched the VISA Infinite Credit Card, designed specifically for high-net-worth clients, and introduced its first-ever metal card. In addition, carried out the soft launch of the Corporate Credit Card, developed to support the financial and operational requirements of corporate clients.

Moreover, the Cards unit implemented targeted initiatives to drive higher POS usage among Debit cardholders, resulting in a measurable expansion of the POS-active Debit card base and a significant improvement in digital adoption across the portfolio.

Leasing

The Leasing segment delivered an exceptional performance in new disbursements to grow the total value of the Leasing portfolio to LKR 37 Bn. This growth reflects the upward momentum in customer acquisition and portfolio quality. The sector's performance was well supported by a conducive operating environment and the reopening of vehicle imports, following the lifting of the import ban whilst the Bank's Leasing Transformation Program focused on improving leasing operations, educating branch staff, encouraging the use of the fast-tracked leasing channel, and enhancing turnaround times and customer experience.

During the year, the Bank opened a Leasing Hub in Kalubowila, an area with a high concentration of vehicle dealers, thereby enhancing convenience for customers seeking vehicle purchases.

Way Forward

- Building on the achievements recorded during the year, the Retail Banking will continue to enhance its contribution to the Bank's funding base, fee income, and CASA. A key focus will be strengthening, cross-selling initiatives across Strategic Business Units (SBUs) to deepen relationships with existing customers, improve sales performance, profitability, CASA growth, and customer loyalty
- The Bank expects the growth momentum in housing loans to continue, supported by the prevailing low-interest rate environment, ongoing urban development initiatives, and new real estate projects particularly in emerging cities and Colombo suburbs. Growing customer preference for the stability of long tenured fixed-rate housing loans also augurs well for sustained growth
- The Bank aims to drive housing loan volumes through strategic partnerships with reputed developers, enhanced customer engagement, and targeted campaigns for first time homebuyers, young professionals, and salaried segments. Additionally, the shift toward faster, transparent, and technology driven mortgage lending presents significant growth opportunities for the housing loan portfolio
- To further enhance customer convenience and operational efficiency, the Bank will introduce end-to-end digital housing loan applications, reduce approval turnaround times, promote mobile-based document uploads, digital KYC, and automated loan status tracking, thereby accelerating growth in the housing loan segment
- For the Bank's Debit and Credit card segment, the ongoing digital drive presents opportunities to expand the card portfolio, enhance digital capabilities, and introduce innovative payment solutions, while maintaining a strong focus on managing key risks such as credit quality and online fraud
- The anticipated launch of Google Pay with "Tap and Go" functionality is expected to drive transaction volumes by offering greater convenience
- Growing adoption of AI will further enable data-driven marketing, allowing the Bank to deliver more personalised promotions to its existing and potential customer base
- The Leasing division will introduce competitive products aligned with the Bank's sustainability objectives, including leasing solutions for electric vehicles, sustainable technologies, and green energy initiatives. Strengthening dealer relationships through increased engagement, joint promotions, and competitive commissions will remain a key priority amid intense market competition and pricing pressures

Business Unit Performance

Corporate Banking

The Corporate Banking comprises Corporate Banking, Project Financing, Foreign Currency Banking and Transaction Banking.

Highlights:

KPI Achievement -YoY Growth (%)

Year	Net Interest Income	Other Income	Profits	Deposits	Loans & Advances
2025	37.82	28.35	147.24	39.80	26.26
2024	-34.71	-24.09	-150.76	11.94	4.16



LKR 42 Bn
Growth in Gross loans



LKR 17 Bn
Growth in Deposits

The Corporate Banking portfolio delivered a commendable performance during the year. This performance was underpinned by several strategic initiatives implemented by the Bank together with a more favourable operating environment characterised by stable fiscal and monetary policies, which supported predictability and moderate growth across the broader economy.

In a low-interest rate environment where margins on domestic lending remained compressed, the Bank's Foreign Currency Banking Unit (FCBU) emerged as a significant contributor to overall profitability. As credit growth gained momentum from the second quarter onwards, the asset books of the Bank expanded strongly, surpassing initial targets as well those revised upwards during the year.

To further strengthen transactional capabilities and support the growth of foreign currency deposits and CASA balances, the Bank established a dedicated Transaction Banking Unit during the year. This initiative also enabled the rollout of API-based banking solutions to corporate clients. Aligned with the Bank's strategic focus on expanding foreign currency lending and the resulting need to enhance foreign currency liquidity.

Corporate Banking also made substantial progress in improving asset quality during the year. Focused efforts were directed at re-scheduling non-performing loans of corporate clients affected by the economic crisis and the preceding pandemic. Through timely restructuring, partial and full recoveries, and the initiation of legal action where necessary, the Division enhanced the quality of its portfolio and ensured the maintenance of more than adequate impairment coverage.

Way Forward

- The banking industry is expected to experience steady growth in the next few years, supported by economic stabilisation, strengthening credit demand, and increased digital adoption. This environment is expected to provide a favorable environment for Corporate Banking to expand high-quality lending and fee-based solutions
- The Corporate Banking will seek to increase the contribution of FCBU to overall profitability with a particular focus on expanding the offshore lending portfolio. The Division plans to strengthen its presence in India while also exploring new selected offshore opportunities
- Enhancing foreign currency liquidity will remain a key priority, with Development Finance Institutions expected to be a major source of funding
- The Bank will continue to expand its API-based solutions, extending capabilities to meet evolving trade finance and transaction banking requirements of corporate clients
- In alignment with the Bank's strategic objectives, Corporate Banking will focus on deepening sector-specific growth strengthening risk management and portfolio quality, and enhancing wallet-based relationship management to deliver improved returns on assets.
- Loan recoveries will remain a high priority, with further improvements expected in the Stage III loan ratio
- Consistent with the Bank's sustainability agenda, the Division will place increased emphasis on green financing, ESG-integrated credit assessments, and supporting inclusive business ecosystems through responsible lending practices

International Trade

This includes International and Financial Services.

Highlights:

KPI Achievement - YOY growth (%)

Year	Trade Turnover	Non-fund based Income
2025	57.53	17.95
2024	21.35	-8.74



USD 816 Mn
Export / Import Trade Volume



LKR 1.4 Bn
Non Fund Based Income

The Bank's Trade business delivered an excellent performance during the year, with trade volumes more than doubling compared to the previous year, significantly outperforming the overall growth. The easing of restrictions on vehicle imports contributed to the increase in import trade activity. However, it is noteworthy that a substantial portion of the Bank's Trade volumes originated from non-vehicle imports, reflecting a well-diversified trade portfolio and supporting a more resilient and sustainable profile.

During the year, the Bank successfully re-established confirmation and Guarantee lines with several foreign correspondent banks, strengthening its international trade capabilities. In addition, the Bank was onboarded to the Trade Finance programme of Export Import Bank of India, further enhancing its ability to facilitate more Trade transactions with India. Proactive and continuous negotiations with Correspondent Banks for improved rebate structures also enabled the Trade Division to record a growth in rebate income.

Building on the success of the Bank's first "Trade Hub" established in the previous year, another Trade Hub was launched at the Pettah II branch in 2025. These Hubs provide dedicated facilities for walk-in customers requiring trade services and extended banking hours, and are supported by specialised marketing officers focused on generating new trade business. This initiative has strengthened client engagement and improved service accessibility for trade customers.

The Bank also continued to prioritise growth of exports and foreign currency inflows. Initiatives such as the "Export Expert" programme, together with focused efforts by branches to onboard new export clients, supported the expansion of the export trade portfolio during the year.

Following the withdrawal of import restrictions, and the resulting surge in demand for trade finance services, competition amongst banks intensified, leading to downward pressure on pricing and commissions. In response, the Bank adopted a volume-based pricing strategy, whereby customers committing to defined trade volumes over a specified period were offered preferential rates, enabling the Bank to remain competitive whilst safeguarding transaction volumes.

Way Forward

- The Bank will look to partner with the "Trade Finance Programmes (TFPs)" of international organisations and multilateral banks such as the Asian Development Bank (ADB) and the International Finance Corporation (IFC), which offer funded and non-funded credit lines at competitive pricing, enabling wider global reach and enhanced trade support
- The Bank will introduce a client-facing digital trade portal that will allow corporate and large SME clients to initiate trade transactions, track progress, and monitor balances remotely, improving convenience and operational efficiency
- The Bank looks to expand the trade portfolio by deepening relationships with existing clients while actively acquiring new-to-bank customers. Relationship Managers have been assigned specific trade business targets and are expected to play a key role in driving growth in the year ahead

Business Unit Performance

Treasury Operations

The Treasury manages liquidity, funding, and capital market activities, supporting Balance Sheet stability and sustainable growth.

Highlights:

KPI Achievement - YoY Growth (%)

Year	Net Interest Income	Forex Income	Capital Gain	Profits
2025	18.73	169.33	-68.89	0.34
2024	30.81	-57.56	45.83	76.63



19%

Growth in NII



169%

Growth in FOREX Income

The Treasury delivered a resilient performance during the year, by exchange income despite heightened volatility in the global foreign exchange market. The Treasury division continued to be a key contributor, for generating profits through active trading and prudent portfolio management. The Bank also secured cost-effective funding in both rupee and foreign currency markets, supporting lending growth, maintaining adequate liquidity buffers, and contributing to improve Net Interest Margins.

A sharp acceleration in private sector credit growth in the second half increased liquidity pressures and funding costs, while flat and decelerating Government securities yields curtailed trading and reinvestment returns. Given these market conditions, the Treasury's role at the Bank evolved during the year from a primarily income-focused function to a more strategic Balance Sheet support role. The Treasury concentrated on maintaining adequate liquidity amid rising credit demand; managing higher funding costs and deposit competition; mitigating reinvestment and interest rate risks and supporting Asset & Liability management to protect margins and stability.

This strategic shift ensured that, despite constrained income-generation opportunities, the Treasury effectively supported the Bank's financial stability, regulatory compliance, and sustainable growth objectives during a volatile and rapidly changing market environment.

During the year, the Bank ventured into Investment Banking activities within a Treasury for the first time, facilitating investments in asset-backed securities. These initiatives generated incremental interest and fee-based income, further enhancing overall profitability.

In addition, Treasury successfully spearheaded the Bank's largest-ever Basel III–compliant debenture issue amounting to LKR 15 Bn strengthening the Bank's capital base and supporting future Balance Sheet expansion.

Further underscoring the Bank's commitment to ethical trading practices and market conduct, Treasury staff obtained BIS Global Code certification during the year, making the Bank the first treasury in the country to achieve this milestone.

Way Forward

- The Treasury will focus on deploying scares resources to high yielding asset classes to optimise interest margins and related income, whilst providing strategic guidance on market developments, opportunities and emerging risks
- The Bank will also aim to expand its investment banking portfolio, leveraging treasury expertise to generate diversified income streams
- Adoption of new treasury technologies including AI-driven solutions, together with the effective use of digital and social media platforms, is expected to create new business opportunities, reduce operating costs, improve efficiencies and enhance overall profitability

Support Functions Overview

Refer pages 58 to 72 for Human Resources, pages 73 to 94 for Marketing, pages 54 to 57 for Operations, pages 176 to 199 for Risk Management, and pages 95 to 99 for Digital Banking and Information Technology related highlights and way forward. In addition, there are other support functions such as Legal, Recoveries, Credit Administration, Finance, Internal Audit and Compliance etc. to support the Business to improve growth efficiency.

The Bank's Subsidiary

The Bank held a 74.69% stake in its subsidiary, Seylan Developments PLC as at 31 December 2025. Seylan Developments PLC reported Profit after Tax of LKR 307 Mn for the year ended 31 December 2025 and total assets of LKR 6.8 Bn as at 31 December 2025. Refer notes 29 and 51 to the financials and sections 4 and 29 of "Report of the Board of Directors on the State of Affairs of the Company" of this Annual Report for more details.



SMART SOLUTIONS STRONG IDEAS

Purpose-driven initiatives that uplift communities, expand access to opportunity, and promote environmental stewardship, in turn, creating lasting social value and a stronger, more inclusive future for generations to come.



FINANCIAL CAPITAL

LKR 12.1 Bn
Profit after Tax

LKR 921 Bn
Total Asset

15.89%
Return on Equity

86.33%
Provision Cover

Other Capitals Impacted

- Manufactured Capital
- Human Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

Sustainable Development Goals (SDGs) Nurtured







Sustaining Financial Stability for Long-Term Investor Value

Seylan Bank continued its strong growth trajectory during 2025, underpinned by strategic initiatives to enhance business performance, strengthen capital, and create sustainable value for all stakeholders.

During 2025, the Bank maintained a strong and resilient financial capital base, supported by robust capital adequacy, effective liquidity management, and disciplined risk governance, ensuring the Bank's ability to pursue growth while safeguarding financial stability.

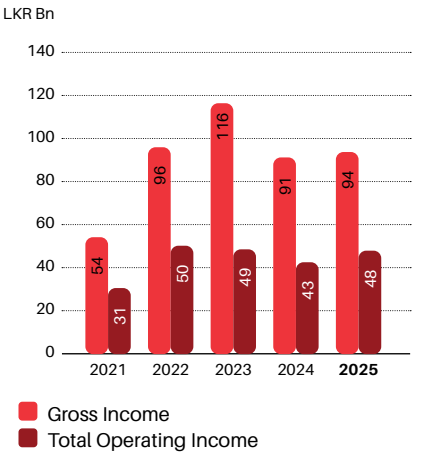
The financial and non-financial disclosures presented herein highlight the Bank's remarkable growth in 2025, supported by improved market and economic conditions. They also underscore our strategic focus on digital innovation and transformation, outlining initiatives designed to enhance operational efficiency, elevate customer experience, and drive sustainable value creation. These disclosures provide investors with the insight and transparency needed to make well-informed decisions with confidence.

Income Statement Analysis

Gross Income

Interest income, fee and commission income, and other operating income constitute the Bank's sources of gross income. During the year 2025, the Bank's gross income increased by 2.66% to LKR 94 Bn, compared to LKR 91 Bn in the previous year. Interest income declined by LKR 2 Bn during the year, primarily as a result of interest rate reductions experienced over the year.

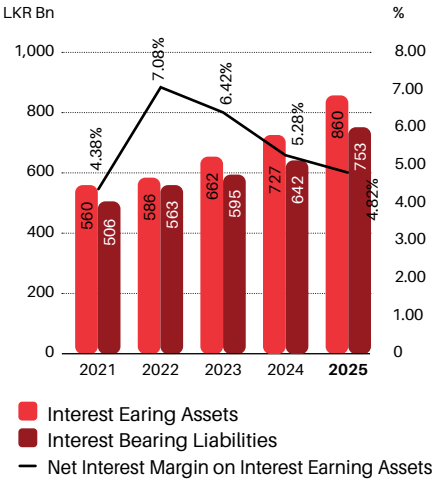
Gross Income and Total Operating Income



Net Interest Income and Net Interest Margin

The Net Interest Income increased to LKR 38 Bn in 2025, compared to LKR 37 Bn in 2024, reflecting a marginal growth of approximately 4% due to the backdrop of the prevailing interest rate environment in Sri Lanka during the year.

Interest Margin

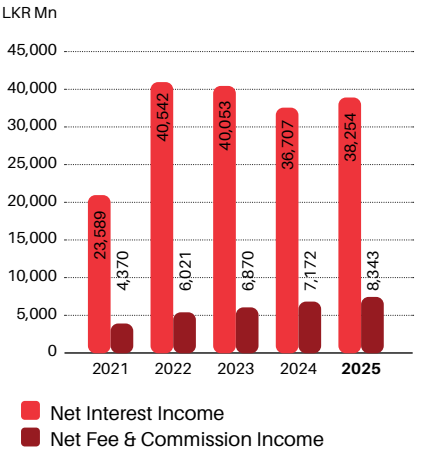


Net Fee and Commission Income

The Bank's net fee and commission income increased by 16% to LKR 8 Bn in 2025, compared to LKR 7 Bn in the previous year, demonstrating strong growth in non-interest revenue streams. This performance was primarily driven by the reopening and expansion of Sri Lanka's import market during 2025, following the relaxation of import restrictions imposed in prior years.

The revival of trade activity — particularly vehicle and other merchandise imports — alongside broader economic growth, contributed to increased credit demand. As a result, the Bank recorded higher fee income from Loans and Advances, Cards, Remittances, Trade Finance, and other financial services.

NII and Net Fee & Commission Income



Other Income and Total Operating Income

Net Gains from Trading

The Bank's net gains from trading amounted to LKR 0.25 Bn in 2025, reflecting a 46% decline compared to LKR 0.46 Bn recorded in the previous year, primarily due to changes in rates. Net mark-to-market gains on government securities decreased in 2025 compared to the gains reported in 2024.

Financial Capital

Net Gains / (Losses) from De-Recognition of Financial Assets

Net Gains/(Losses) from De-Recognition of Financial Assets measured at fair value through Other Comprehensive Income (FVOCI) amounted to LKR 0.2Bn in 2025 compared to 2.4Bn Loss reported in 2024. The 2024, figure included the impact of initial recognition of restructured bonds issued under the Debt Restructuring Plan. Net Gains/ (Losses) arising from Treasury Bills and Bonds amounted to LKR 0.20Bn in 2025, compared to LKR 0.27Bn in 2024.

Other Operating Income

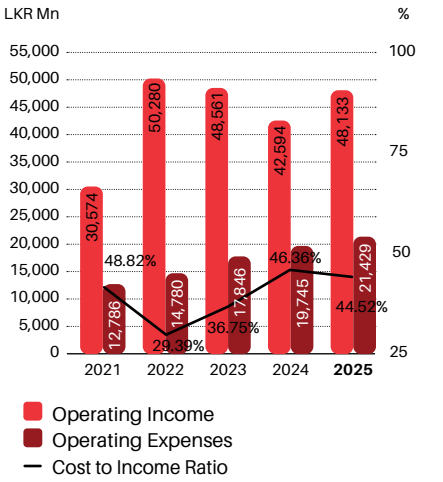
Other operating income of the Bank amounted to LKR 1.1 Bn in 2025, recording a growth of 55% compared to the previous year. The increase was mainly attributable to higher foreign exchange income, comprising both revaluation gains/losses on the Bank's net open position and realised exchange gains/ losses on foreign currency transactions.

Total Operating Income

The Bank's total operating income increased by 13% to LKR 48 billion in 2025, compared to LKR 43 billion in the previous year. This growth was primarily driven by higher net interest income, net fee and commission income, and foreign exchange income compared to the previous year.

In addition, the day-one loss of LKR 2.7 billion recognised in 2024 on restructured bonds issued under the restructuring of Sri Lanka International Sovereign Bonds also contributed to the year-on-year increase in 2025.

Operating Income/Operating Expenses/Cost to Income Ratio



Impairment Charges

The Bank recorded an impairment charge of LKR 750 Mn in 2025, compared to LKR 1.42 Bn in 2024, reflecting a 47% reduction year-on-year.

The impairment charge on Loans and Advances for 2025 amounted to LKR 0.60 Bn is significantly lower than LKR 6.29 Bn recorded in 2024.

Additionally, the impairment charge on Sri Lanka International Sovereign Bonds totaled LKR 0.15 Bn in 2025, compared to a reversal of LKR 4.86 Bn reported in 2024.

During the year under review, the credit quality of Individually Significant Loans was subjected to a detailed and rigorous evaluation, and specific impairment provisions were recognised where necessary.

In addition, adequate provisions were recorded under the collective impairment framework. The Bank's Expected Credit Loss (ECL) estimates were determined using key risk parameters, including Probability of Default (PD) and Loss Given Default (LGD) as at 31 December 2025. These estimates incorporated forward-looking information through Economic Factor Adjustments (EFA), derived from the latest available forecasts and macroeconomic projections.

Where required, the Bank also recognised additional provisions for customer exposures assessed on a collective basis, taking into account potential increases in credit risk. Furthermore, management overlays were applied to exposures impacted by the Ditwah Cyclone to cover potential future losses.

The stage-wise impairment charge on Loans and Advances comprised a charge of LKR 1.59 Bn under Stage 1 and LKR 0.05 Bn under Stage 2, while Stage 3 recorded a reversal of LKR 0.63 Bn during the year under review.

Personnel Expenses, Establishment & Other Expenses, Total Operating Expenses and Cost to Income Ratio

Personnel Expenses

The Bank's Personnel Expenses increased by 10% to LKR 11.3 Bn in 2025 mainly due to increase in the staff benefits based on the collective agreement and the bonus payment made to staff in order to recognise the contribution made for the enhanced performance.

Establishment and Other Expenses

Other operating expenses, including depreciation and amortisation, increased by 6.5% to LKR 10.2 Bn in 2025, compared to LKR 9.5 Bn reported in 2024, mainly due to higher prices of consumables and services during the period. The Bank continues to implement appropriate cost-control measures through ongoing cost reduction initiatives.

Total Operating Expenses and Cost to Income Ratio

The Bank's total operating expenses increased by 8.5% to LKR 21.4 Bn during the year under review, compared to LKR 19.7 Bn recorded in the previous year.

Further, the Bank's cost-to-income ratio, improved to 44.52% in 2025 from 46.36% in the previous financial year.

Taxation

All tax expenses increased in 2025 compared to 2024, primarily due to the increase in taxable income during the year.

The Bank's Value Added Tax on Financial Services rose by 18% to LKR 5.56 Bn in 2025, compared to LKR 4.72 Bn recorded in the previous year.

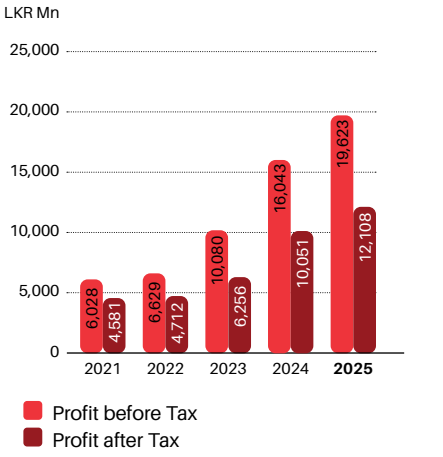
Further, the Social Security Contribution Levy (SSCL) increased by 18% to LKR 0.8 Bn, from LKR 0.7 Bn in 2024.

The Bank's income tax expense increased by 25% to LKR 7.51 Bn in 2025, compared to LKR 5.99 Bn reported in 2024. The Bank's effective income tax rate stood at 38% in 2025, compared to 37% in the previous year.

Profitability

The Bank's profit before tax (PBT) rose by 22% to LKR 19.62 Bn in 2025, while profit after tax (PAT) increased by 20% to LKR 12.11 Bn.

Profitability



Other Comprehensive Income (OCI)

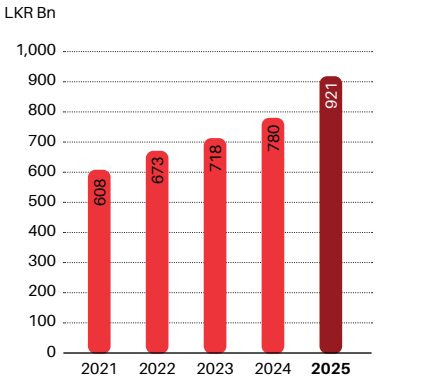
The Bank's Other Comprehensive Income (OCI) recorded a gain of LKR 1.5 Bn in 2025, compared to LKR 0.7 Bn in 2024. This increase was primarily driven by higher fair value gains from the equity portfolio measured at fair value through OCI. In addition, actuarial gains on the Defined Benefit Obligation rose by 152% to LKR 0.4 Bn, further contributing to the overall improvement in OCI during the year.

Statement of Financial Position

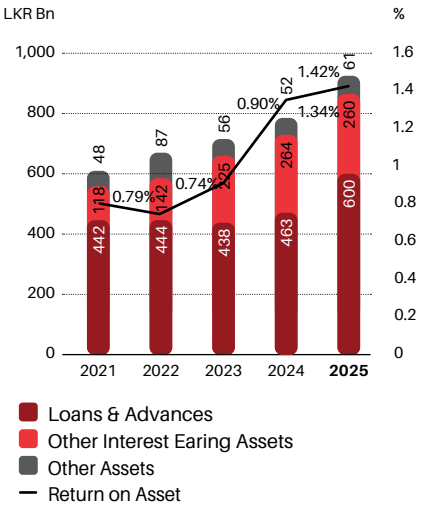
Total Assets

As at 31 December 2025, the Bank's total assets stood at LKR 921 Bn, representing an 18% increase over the LKR 780 Bn recorded in the previous year. The consistent growth in the asset base highlights the Bank's sustainable growth momentum, largely supported by the continued expansion of Loans and Advances.

Total Assets



Composition of Total Assets



Financial Capital

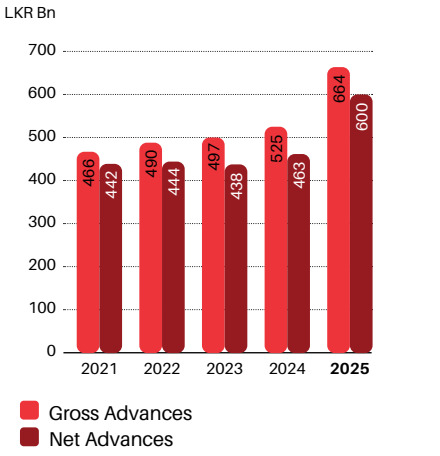
Loans and Advances

During the year, the Bank placed strong emphasis on both on-book and off-book growth, making concerted efforts to expand Loans and Advances in the open market, with particular focus on financing import-oriented transactions and supporting broader economic activity.

Net Loans and Advances stood at LKR 600 Bn as at 31 December 2025, reflecting robust growth of 29.56% compared to LKR 463 Bn in 2024. Gross Loans and Advances increased by LKR 135 Bn to LKR 664 Bn from LKR 528 Bn as at 31 December 2024. This growth was driven primarily by LKR Loans and Advances, which rose by LKR 118 Bn, while the LKR equivalent of Foreign Currency Loans and Advances increased by LKR 17 Bn.

The impairment allowance on Loans and Advances decreased slightly from LKR 65 Bn to LKR 64 Bn during the year, reflecting improved credit quality.

Advances



Asset Quality and Provision Cover

The Bank's asset quality ratios demonstrated significant improvement during the year. The Impaired Loan (Stage 3) Ratio Improved to 1.03%, down from 2.10% in 2024, while the Impairment (Stage 3) to Stage 3 Loans Ratio strengthened to 86.33% from 81.79% in the previous year. This progress reflects the effectiveness of the Bank's robust credit risk management framework, underpinned by timely and appropriate provisioning, enhanced monitoring of impaired exposures, and proactive recovery strategies implemented throughout the year.

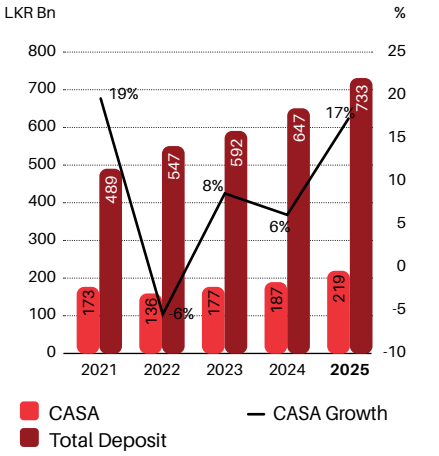
The recovery team played a pivotal role in this improvement by intensifying follow-up on delinquent accounts, establishing structured repayment arrangements with borrowers, enforcing collateral where necessary, and coordinating closely with legal and operational teams. These efforts, combined with regular portfolio reviews and early identification of stress signals, enabled the Bank to accelerate recoveries, reduce impaired balances, and strengthen overall asset quality during 2025.

Deposits and CASA

The Bank's total deposit base grew by 13% during 2025 to reach LKR 733 Bn, compared to LKR 647 Bn reported in the previous year. Both LKR deposits and Foreign Currency deposits (LKR equivalent) recorded healthy growth of 10% and 29%, respectively.

The CASA base increased from LKR 187 Bn in 2024 to LKR 219 Bn as at 31 December 2025, representing a strong growth of 18% year-on-year. This growth was driven by focused CASA acquisition campaigns, enhanced payroll and SME current account offerings, increased usage of digital banking platforms, and proactive engagement by branch and relationship management teams. Consequently, the CASA ratio improved to 29.94% in 2025 from 28.76% in the previous year, reinforcing the Bank's funding stability and cost efficiency.

Deposits



Financial Indicators and Ratios

Capital Adequacy Ratio

As at 31 December 2025, the Bank's capital adequacy ratios remained well above regulatory minimum requirements, with the Common Equity Tier 1 Capital Ratio and the Total Tier 1 Capital Ratio both at 12.39%, and the Total Capital Ratio at 17.89%. The ratios showed a marginal decline compared to the previous year. The Bank's capital base was further strengthened by the issuance of LKR 15 Bn in debentures during the year. However, this positive impact was offset by the rise in Risk Weighted Assets driven by overall business growth. Despite these changes, the Bank maintained a strong capital position, comfortably meeting regulatory requirements.

	CBSL Requirement	2025	2024
Total Risk Weighted Assets (LKR Mn)	N/A	590,019	467,186
Common Equity Tier I Capital Ratio (%)	7.00	12.39	14.25
Total Tier I Capital Ratio (%)	8.50	12.39	14.25
Total Capital Ratio (%)	12.50	17.89	18.59

Liquidity Coverage Ratio (LCR)

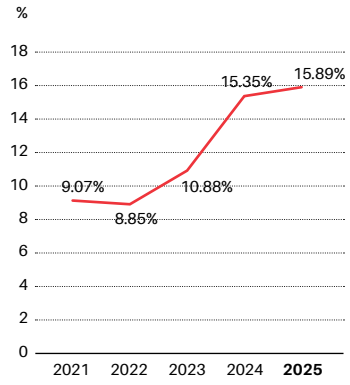
The Bank maintained the LCR above the statutory requirement and the All Currency LCR and the Rupee LCR were recorded as 229.92 % and 227.99% respectively.

	CBSL Requirement	2025	2024
Liquidity Coverage Ratio (LCR)			
All Currency (%)	100%	229.92	491.37
Rupee (%)	100%	227.99	415.75

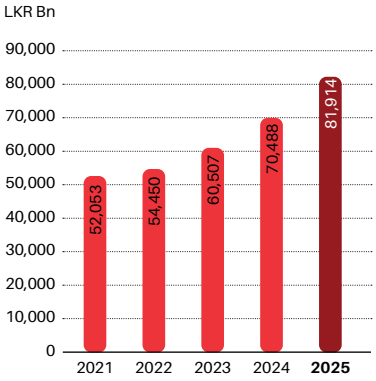
Return on Equity (ROE) and Return on Average Assets (ROAA)

The Return on Equity (ROE) improved to 15.89% for the year under review, compared to 15.35% in 2024, reflecting enhanced profitability and effective capital utilisation.

Return on Equity

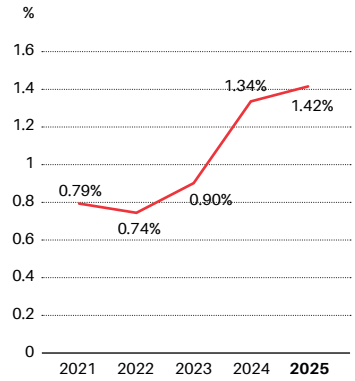


Total Equity - LKR Mn



The Return on Average Assets (after tax) also strengthened, rising to 1.42% for 2025 from 1.34% in 2024.

Return on Average Assets

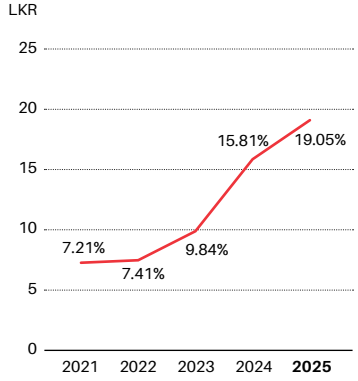


These improvements were underpinned by robust earnings performance, efficient asset utilisation, and strategic expansion of the loan and deposit portfolio, which together contributed to higher overall returns on the Bank's assets.

Earnings per Share (EPS) and Net Assets Value Per Share

The Bank's Earnings per Share (EPS) increased to LKR 19.05 as at the end of 2025, compared to LKR 15.81 in the previous year, reflecting strong profit growth and enhanced operational efficiency.

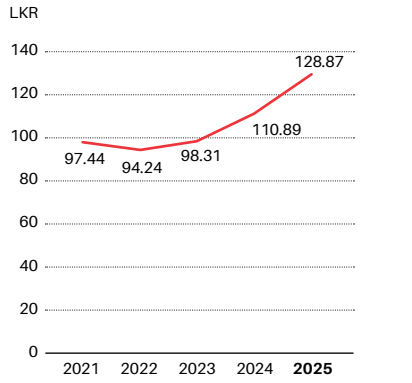
Earnings Per Share



Financial Capital

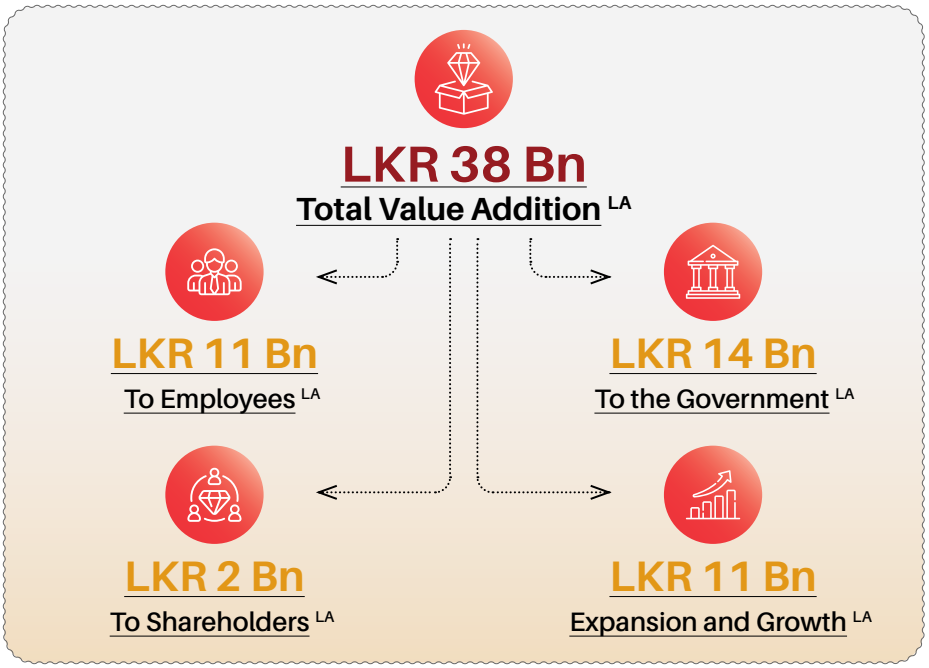
The Bank's Net Asset Value (NAV) per Share also improved significantly, standing at LKR 128.87 as at 31 December 2025 (Group: LKR 132.33), compared to LKR 110.89 in the previous year (Group: LKR 114.22). The growth in NAV per Share was supported by capital accumulation through retained earnings, reserve strengthening, and the overall growth in the Bank's asset base.

Net Assets Value per Share



Returns to Shareholders and Investors

The Bank is focused on sustainable business growth, consistently creating enduring value for all stakeholders, including shareholders and investors. Through enhanced performance over the year, the Bank remains committed to delivering meaningful returns and rewarding its investors while building long-term, sustainable value.



Distribution of Shareholding

Year	Classification	Description	No of Shares	%
2025	Type	Voting	305,236,937	48.02
		Non-Voting	330,410,398	51.98
	Geographic	Resident	620,274,104	97.58
		Non-resident	15,373,231	2.42
	Demographic	Institutional	542,109,694	85.28
		Individual	93,537,641	14.72
2024	Type	Voting	305,236,937	48.02
		Non-voting	330,410,398	51.98
	Geographic	Resident	618,030,034	97.23
		Non-resident	17,617,301	2.77
	Demographic	Institutional	525,075,208	82.60
		Individual	110,572,127	17.40

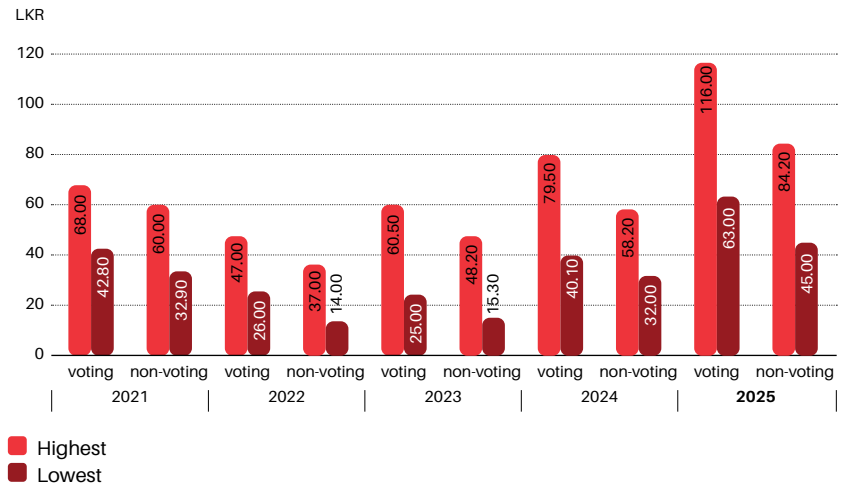
Value Creation for Our Shareholders

In	Description	2025	2024	2023	2022	2021
LKR Mn	Turnover	93,779	91,347	116,468	96,482	54,170
	Profit before Income Tax	19,623	16,043	10,080	6,629	6,028
	Profit After Income Tax	12,108	10,051	6,256	4,712	4,581
	Total Assets	921,003	779,690	717,985	672,806	607,577
LKR	Net Assets Value Per Share	128.87	110.89	98.31	94.24	97.44
	Earnings per share	19.05	15.81	9.84	7.41	7.21
	Dividend per Share	4.00	3.50	2.50	2.00	3.00

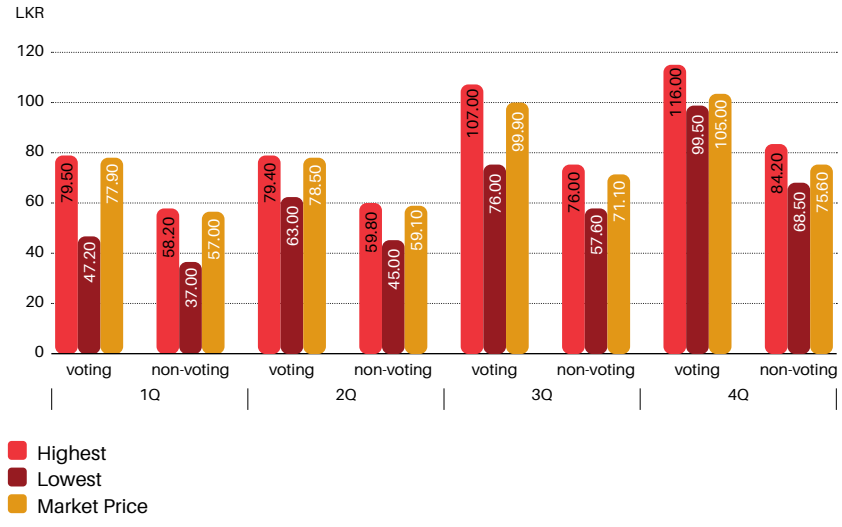
Dividend Payout

The Bank is committed to maximising shareholder value through a prudent Dividend Policy. In certain years, while balancing the need for profit retention, the Bank strategically focuses on building organic capital to strengthen its financial position. This approach not only supports long-term growth but also safeguards the interests of shareholders over the long term.

Share Price Movement for Last 5 Years



Share Price Movement Across Quarters - Financial Year 2025



Financial Reporting and Compliance

The Bank ensures that its stakeholders and the general public are well-informed of its performance and financial position through the timely publication of its Annual Report and Interim Financial Reports. These reports are prepared and released in compliance with the timelines stipulated by the Colombo Stock Exchange (CSE), facilitating informed investment decisions.

In line with this commitment, the Interim Financial Statements for 2025 were published within the prescribed regulatory timeframe.

For details on awards and recognitions received, please refer to the Capital sections of this report.

Way Forward

- The Bank will focus on prudent expansion of loan portfolios, diversification of revenue streams, and operational efficiency initiatives will underpin sustainable earnings growth and improved returns on capital
- CASA and deposit growth will remain a priority, supported by targeted acquisition campaigns, enhanced digital banking channels, and diversified funding sources to strengthen low-cost, stable funding and ensure operational resilience
- Ongoing timely and comprehensive disclosures will ensure stakeholders remain well-informed of the Bank's performance, strategic initiatives, and capital strategy, supporting informed investment decisions



MANUFACTURED CAPITAL

2
New Branches Opened

25
New CRMs Deployed Across Network

Other Capitals Impacted

- Financial Capital
- Social and Relationship Capital
- Human Capital
- Intellectual Capital

Sustainable Development Goals (SDGs) Nurtured

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Within a rapidly evolving market environment, Seylan Bank's Manufactured Capital encompassing its digital platforms, delivery channels, and process infrastructure plays a pivotal role in enabling sustainable, long-term value creation.

Bank's Manufactured Capital encompasses its nationwide network of branches and other physical locations; ATM, CDM, CRM and CDK infrastructure, IT hardware and data centres, secure banking infrastructure, digital banking platforms and supporting systems, call centre operations, and physical security and cash-handling facilities. With over 172 customer touchpoints strategically positioned across Sri Lanka, this extensive physical and digital footprint has enabled efficient service delivery, enhanced accessibility, brand presence and operational resilience. Over the past three decades, it has been a key enabler of the Bank's growth, supporting its evolution into one of the Top 10 banks in Sri Lanka and contributing to long-term value creation for stakeholders.

However, as the financial services landscape continues to rapidly evolve towards digital service delivery, reliance on physical branches for routine banking transactions has progressively declined. In response, the Bank's growth strategy is increasingly centred on the expansion and enhancement of its digital services and process transformation, aimed at improving customer convenience, growing fee income while optimising resource efficiency. Accordingly, investments in IT infrastructure and digital service delivery have continued to increase over the years, strengthening operational capabilities and reinforcing the foundation for sustainable, long-term value creation.

The total value of the Bank's Property, Plant and Equipment and intagibles which includes land, vehicles and computer equipment and software as at end 2025 amounted to LKR 17.6 Bn.

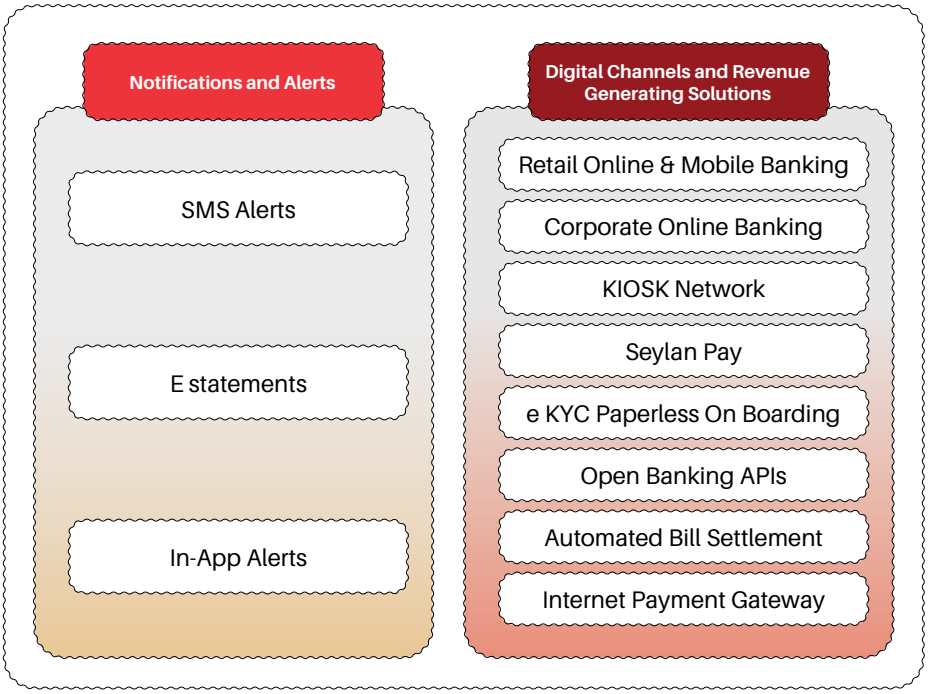
Additions to Property, Plant and Equipment in 2025

New Assets in 2025	Value of Additions LKR Mn
Computers	998
Computer Software	434
Furniture	192
Machinery and Equipment	68

Additions to Physical Customer Touch Points in 2025

- The Bank opened a Leasing Hub in Kalubowila, an area with a high concentration of vehicle dealers.
- Opened two new branches in Rajagiriya and Thalawathugoda.
- 25 offsite CRMs were added across the network

The Bank's overall digital banking ecosystem comprising multiple platforms that enable key strategic imperatives such as fee income and customer convenience:



Significant initiatives were undertaken during the year to strengthen the core digital banking infrastructure, enhance customer experience, and support the profitability of the Digital Banking portfolio. Key developments include the following:

Online and Mobile Platforms

- Loan on Fixed Deposit: Customers can now seamlessly obtain loans against their fixed deposits through digital channels, eliminating the need to visit a branch and significantly improving turnaround time and convenience.
- Corporate Online Banking – Rental Charging Automation: Rental charges, previously processed manually and prone to revenue leakage, have been fully automated, resulting in improved billing accuracy and enhanced fee income capture.

Manufactured Capital

- SeylanPay: Customer services were relaunched with strengthened KYC processes and mandatory mobile number verification to mitigate fraud risks. In addition, SeylanPay merchant acquiring was enhanced through integration with National Payments Corporation of India (NPCI) and Alipay acceptance. Bank currently ranks No. 1 in NPCI Acquirer Value and No. 2 in transaction volume, reflecting strong market positioning
- Automatic Bill Settlement (ABS) Services: Successfully completed and soft-launched, enabling customers to automatically settle recurring utility bill payments using Seylan credit cards or CASA accounts, with no manual intervention
- AI-Powered Salary Advance: An internally developed system that uses AI and machine learning to provide eligible customers with instant, pre-approved salary advances through digital channels.
- Seylan Open Application Programming Interface (API) Banking: Implemented for five to six aggregators and two large ecosystem partners. The Bank currently supports approximately 20 major organisations through API-based services integrated into their platforms, expanding reach and enabling embedded banking capabilities
- Enhancements to mobile and online banking channels that have enabled top of Gold Loans eliminating the need for Gold Loan customers to visit the Bank in order to manage their assets



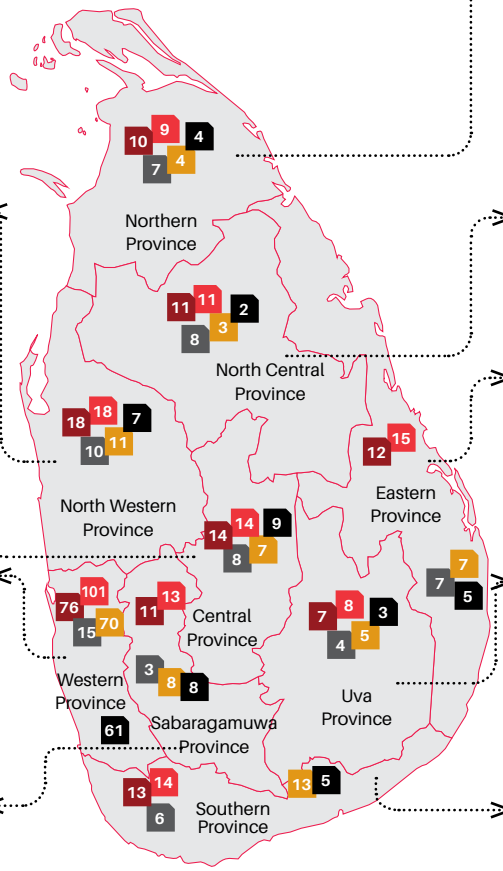
Rajagiriya branch opening



Thalawathugoda branch opening

Our Branch Footprint

Banking Centres	ATMs	CDMs	CRMs	CDKs
172	203	68	128	104



North Western Province

Kurunegala	11	12	7	5	3
Puttalam	7	6	3	6	4
Total	**18**	**18**	**10**	**11**	**7**

Central Province

Kandy	8	8	5	4	4
Matale	2	2	1	1	2
Nuwara Eliya	4	4	2	2	3
Total	**14**	**14**	**8**	**7**	**9**

Western Province

Colombo	44	56	8	41	37
Gampaha	21	31	3	22	17
Kalutara	11	14	4	7	7
Total	**76**	**101**	**15**	**70**	**61**

Sabaragamuwa Province

Kegalle	5	6	1	4	4
Ratnapura	6	7	2	4	4
Total	**11**	**13**	**3**	**8**	**8**

Northern Province

Jaffna	6	6	4	2	2
Kilinochchi	1		1	1	1
Mannar	1	1	1		
Mullativu	1	1	1		
Vavuniya	1	1		1	1
Total	**10**	**9**	**7**	**4**	**4**

North Central Province

Anuradhapura	7	7	5	2	2
Polonnaruwa	4	4	3	1	
Total	**11**	**11**	**8**	**3**	**2**

Eastern Province

Ampara	6	7	5	3	2
Batticaloa	4	5	1	3	2
Trincomalee	2	3	1	1	1
Total	**12**	**15**	**7**	**7**	**5**

Uva Province

Badulla	4	6	1	4	3
Monaragala	3	2	3	1	
Total	**7**	**8**	**4**	**5**	**3**

Southern Province

Galle	5	8	3	3	3
Hambantota	4	3		5	1
Matara	4	3	3	5	1
Total	**13**	**14**	**6**	**13**	**5**

Advancements to the ATM Network

Aligned with the Bank's strategic imperatives it made several advancements to its ATM network during the year. A structured plan was implemented to expand the off-site ATM network and reposition it as a profit-generating channel.

A dual-pronged strategy underpinned this initiative. First, ATMs and CRMs were deployed as branch extensions, functioning as mini-branches to support CASA growth by acquiring new-to-bank customers and retaining existing customers, particularly in locations where access to a full-service branch is limited.

Second, KIOSK locations were established in key tourist destinations to capture foreign transaction volumes, leveraging Dynamic Currency Conversion (DCC) and interchange income from international card usage, thereby enhancing returns on infrastructure investments.

In parallel, the Bank introduced new digital features to improve functionality and customer experience. The Bill Mix feature enables customers to select preferred currency denominations during ATM and CRM withdrawals, addressing a long-standing customer pain point. This functionality is available to customers of all banks, both local and foreign. Additionally, Cardless Transactions were introduced, allowing both Seylan customers and non-customers to access ATM services without a physical card through secure authentication and One-Time Passcode (OTP) verification.

Digital Onboarding Platform

During the year the Bank launched a digital onboarding platform that enables paperless customer onboarding at branches or remotely in the field. Using tablets, Bank representatives can onboard customers without requiring them to visit a branch or complete physical application forms. The eKYC solution supports real-time verification of NIC validity, CRIB profiles, addresses, and contact details, ensuring compliance with regulatory requirements. A built-in workflow allows back-office validation and branch-level approvals, enabling near-instant account opening. Customers are immediately notified, with debit/credit cards and digital banking credentials generated as part of the process. This solution significantly reduces waiting times and expands access to customers previously underserved due to mobility or location constraints.

Value Created from Increasing Manufactured Capital in 2025

The Bank's continued investments in manufactured capital during 2025 delivered tangible benefits across financial performance, market positioning, customer engagement, and organisational effectiveness. They include:

- Enhanced Fee Income: Fee-based income increased across all delivery channels, driven by higher transaction volumes, expanded acquiring capabilities, and increased customer adoption of digital services
- Strengthened Market Positioning: The Bank gained recognition as a stable and secure API banking provider, with the capability to design and deploy cost-effective, scalable solutions for diverse business ecosystems
- External Recognition: The Bank received both local and international awards for excellence in customer service and product innovation, reinforcing brand equity and stakeholder confidence
- CASA Growth and Customer Retention: Enhanced digital banking capabilities supported a one-stop-shop customer experience, improving customer convenience, deepening engagement, and strengthening ring-fencing, which contributed to CASA growth and improved customer stickiness
- Business Development Opportunities: Improved infrastructure and digital readiness enabled the Bank to attract new partnerships and business opportunities in the market
- Improved Employee Experience: Refurbishment of the Head Office building created a more modern, safe, and conducive working environment, supporting employee wellbeing, productivity, and collaboration

Way Forward

Customer adoption is expected to continue shifting towards digital platforms, driving a progressive transition from physical to phygital, and ultimately to fully digital service delivery models. In line with this evolution, the Bank's investment priorities are being realigned, a transition that has been underway over the past three years and accelerated in the post-COVID period. Concurrently, the Bank is migrating several legacy products and processes to automated, technology-enabled solutions, enhancing efficiency, scalability, and consistency in service delivery. Investments will focus on automation, digital transformation, and improving customer experience through technological advancements.

- Strategically, all back-office functions will adopt process automation via workflow solutions powered by AI and Machine Learning technology, reducing paper-based processes
- Solar power generation panels will be installed at 10 branches, and strategic Offsite KIOSK locations
- A few of the branches will be relocated to optimise the Bank's physical presence
- Some floors of the Bank's Head Office building will be refurbished to enhance the working environment
- Expansion of CRMs will continue with 25 new offsite CRMs to be installed in 2026
- Increase investments in Fixed Asset (CAPEX) and IT infrastructure to strengthen Bank's capital footprint



HUMAN CAPITAL

3,243
Workforce

76%
Employee Satisfaction Ratio

92,172
Training Hours

Male: 51% Female: 49%
Gender Equity

Other Capitals Impacted

- Financial Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

Sustainable Development Goals (SDGs) Nurtured



Our people are at the core of our Bank's success. We are committed to attracting, developing, and retaining a skilled and diverse workforce, while fostering a culture of engagement, inclusion, and continuous learning. Through strategic investment in talent development, employee well-being, and leadership capability, we strengthen organisational resilience and support sustainable long-term growth.

The Bank's journey, since its inception over 35 years ago has been shaped by the expertise, dedication, and passion of our people. Through changing market cycles and evolving customer expectations, our teams have been the cornerstone of the Bank's resilience, growth, and enduring success. The Bank, in turn is committed to nurturing a workplace where our people can thrive, innovate, and contribute meaningfully to its continued progress.

Our Human Capital strategy reflects this commitment by delivering a holistic value proposition that balances personal development with organisational ambition. It underpins the Bank's business priorities through diverse learning opportunities, clear and rewarding career pathways, and an inclusive culture where every individual feels valued, respected, and an integral part of our shared purpose.

Our Management Approach

Human Capital management is guided by a robust set of HR policies benchmarked against global best practices. All employees adhere to the Bank's Code of Conduct, which sets the professional and ethical standards for the workplace. Our policies are fully aligned with the International Labour Organisation (ILO) core labor standards and the International Finance Corporation (IFC) Performance Standards, ensuring the prohibition of child labor, respect for freedom of association, and equal pay for equal work. They also promote gender equality, a safe and supportive work environment, comprehensive insurance and compensation, compliance with minimum wage regulations, and ongoing performance management, learning, and career development opportunities.



Regulatory Compliance

- Shop and office Employee Act of 1954 and amendments thereon
- EPF Act
- ETF Act
- Gratuity Act



Non Discrimination

No reported incidents of discrimination in relation to recruitment, employment, training, promotion, remuneration, or termination.

Seylan Bank's HR Management Policies

- Staff promotion policy
- Staff recognition policy
- Staff retention policy
- Policy on performance management
- Remuneration policy
- Training & development policy
- Policy on succession planning
- HR planning, selection & retention
- Recruitment policy
- Management trainee policy
- Internship policy
- Staff rotation policy
- Secondment policy
- Grievance handling policy
- Discrimination & harassment policy
- Disciplinary code
- Employment manual
- Employee transfer policy
- Attendance & leave policy
- Work from home policy



Prevention of Child Labour

No incidents of discrimination or child labour were reported or identified.



Human Rights

The Bank upholds fundamental human rights across its workforce, including the right to fair and equitable treatment, freedom from discrimination and harassment, safe and healthy working conditions, and respect for dignity and diversity.

Human Capital

During the year the Bank revised some of the policies related to recruitment, training and development, performance management, promotions, recognition, and remuneration policies. These updates were designed to strengthen and sustain human capital by enhancing fairness, transparency, and opportunities for employee growth. All the policies go through periodic revisions ensuring timely updates in further strengthening them.

The Bank's Key strategic priorities in Driving Value and deriving value from its Human Capital

Throughout 2025, our HR initiatives were aligned with key strategic imperatives of the Bank, which were shaped by several critical environmental factors, as outlined in the Strategy section of this report. And in turn, the Bank's HR strategic imperatives were also influenced directly or indirectly, by key challenges and successes.

Key Strategic Imperatives in HR Management

Strategic Imperative	Key Drivers	Progress in 2025
Employee Retention and Sourcing	• New Recruitment Strategies • Employee branding • Strengthening Employee engagement • Enhancing employee loyalty and motivation	Recruitment of Management Trainees: Following the recruitment of the first batch of Management Trainees in 2024 who are now nearing the completion of their training, the Bank has initiated the recruitment process for the next batch of management trainees. Win-Win tripartite agreements: Agreements were initiated with two leading private universities offering IT degree programmes, enabling selected high-performing students to contribute their knowledge through a well-structured internship program while their degree programmes are funded by the Bank under a tri-partite agreement between the university, the student and the Bank. Several policies were revised to enhance equity and career progression opportunities within the Bank. For example, the additional probationary period after two years of employment, which had discouraged young recruits, was repealed, and policies were amended to allow interns more opportunity to undertake a broader spectrum of functions. Career guidance programmes were launched in collaboration with several leading schools in Colombo to establish early linkages, create awareness of employment opportunities, and strengthen brand recall. Tie ups with universities continued with career guidance sessions for undergraduates. Tiktok videos were created and shared to attract Gen Z talent, by reshaping perceptions of Banking showcasing Seylan Bank's dynamic and fun workplace culture. The Banking Associate Program continued to evolve as a strategic talent acquisition and development initiative. The Bank has adopted a dynamic approach by recruiting Interns and Fixed Term Contract (FTC) staff on a continuing basis, rather than directly onboarding Banking Associates/ Banking Trainees. Revised Designations : Following benchmarking exercise against peer banks, we identified opportunities to enhance the status and relevance of our existing designations and accordingly introduced new designations across selected staff grades.
Cost effective Staff Composition	• Natural attrition • Increase the proportion of contract based employment	An AI Transformation Team was launched to lead a comprehensive transformation of processes and procedures, drive digitisation and digitally led growth. One of its by-products would be workforce repurposing and redeployment. All interns who met performance criteria were given the opportunity to convert to contract employment.

Strategic Imperative	Key Drivers	Progress in 2025
Competency Driven Learning Culture	• Strengthening the Competency Index system • Driving certification based learning experience • Structured training for strategic goals	Refined and enhanced the Performance management system. Introduced a Scientific methodology for competency testing. A 360° Survey and Feedback initiative is designed to ensure a structured, measurable, and accelerated development path for future senior leadership positions of the Bank was rolled out. We believe that this initiative will be a critical step in future-proofing our leadership pipeline and ensuring sustainable growth and performance. A development centre together with a 360* survey was also conducted for the chief managers with a view to identify high performing individuals with potential to take greater responsibilities.
Automation and AI Transformation	• Knowledge upgrade for AI savviness • Inculcating an AI based working environment	A dedicated team was formed to drive AI adoption and transformation, complemented by knowledge-sharing sessions for all employees, utilising external expertise. Have initiated the process to migrate from the current Human Resource Information System (HRIS) to a more advanced and integrated platform to enhance operational efficiency, improve user experience, and enable data-driven decision-making across all HR functions
Employer Branding	• Expanding the leveraging of social media	Strengthen our presence in the arena of social media with updates on life at Seylan and carreer opportunities that could be offered to potential job seekers. Career guidance programs were launched in collaborations with several schools in Colombo, universities and professional institutions to establish early linkages, create awareness of employment opportunities, and strengthen brand recall.
Succession Planning and Leadership Development	• Strengthening succession arrangements for critical job roles • Development interventions to bridge competency gaps • Periodic assessment of development • Tailor made leadership programmes	Launched a targeted 360° Survey and Feedback Initiative focused on senior management to accelerate their readiness for senior leadership positions. Development interventions were crafted based on individuals and common development recruitments. Several senior management members were overseas leadership training.
Employee Engagement and Wellbeing	• HR Policies • New ways of engagement that incorporate employee wellbeing • A variety of formal and informal mechanisms	Engagement activities were expanded and enhanced to strengthen connections and to ensure equal opportunities for informal engagement across the widely dispersed branch network. Stress management sessions which were offered introduced in 2024 continued and participation was actively encouraged. Counselling services with qualified psychologists have been made available to all employees who require support, through selected partner hospitals, with the Bank funding the initial sessions.

Service Excellence at the Bank: a Strategic Focus and an applauded Strength

In the highly competitive environment of Sri Lanka's banking sector, the Bank firmly believes that the quality of its customer service, underpinned by the capabilities and commitment of its people, is a critical source of sustainable competitive advantage. Accordingly, the Bank's Human Resource management strategies place a strong emphasis on building a customer-centric culture and continuously enhancing service excellence across the organisation.

Human Capital

It is therefore, particularly heartening that this focus, together with the talent and dedication of our people, has been recognised during the year. The Bank was awarded the "Best Bank in Customer Experience" by Euromoney, becoming the only Sri Lankan bank to receive this prestigious accolade.

Recognising that a culture of service excellence is a continuous journey requiring ongoing monitoring, awareness and nurturing, the Bank invests in multiple staff development initiatives and extensive customer service knowledge-sharing platforms.

- Onsite training across branches, to all security officers, new recruits and front-office teams, focusing on customer care and communication skills
- Online training sessions for the low ranking 20 branches based on Mystery Shopper ratings
- A breakfast forum on customer care, conducted with an external facilitator for branch staff
- To promote active learning, the Bank also introduced activity-based learning modules, including two online quizzes and spot questions derived from six motivational videos

Furthermore, the Bank conducted the "Shared Commitment, Shared Victory" service campaign, reflecting the "Bank with a Heart" ethos by recognising and appreciating both customers and staff for their continued loyalty and contribution to its service culture.

Service excellence was further strengthened through ongoing staff recognition initiatives, including surprise gifts, thank-you cards, testimonial videos inspired by customer compliments, and annual cash rewards awarded to the top 20 branches in the Mystery Shopper evaluations.

Recognition for Seylan's Team for Sales and Marketing Excellence

We were heartened by the strong performance of one of our young sales teams at the National Sales Awards conducted by the Sri Lanka Institute of Marketing (SLIM) where they secured one Gold, one Silver, three Bronze, and a Merit award. Nominees are evaluated through a rigorous process by an independent panel of judges based on performance against targets, revenue growth, customer acquisition and retention, innovation, and overall contribution, with shortlisted candidates assessed through presentations and interviews. The contestants are also evaluated on their ability to sustain business continuity amid volatile market dynamics, leveraging innovative strategies to unlock potential and develop personality within the field.

GRI 401-1

Employee Recruitment, Retention and Sourcing

Our HR priorities have been shaped by several key dynamics in the banking industry's labor market. A major factor contributing to high employee turnover in Sri Lanka's banking sector is the significant emigration of banking professionals. This trend is driven by strong demand for skilled and qualified staff abroad, with many opting to settle permanently in those countries, further intensifying turnover pressures.

Retaining and sourcing skilled, talented individuals remains a critical challenge and continues to be a top priority for the Bank's long-term sustainability, reflecting a broader industry-wide concern.

To address this challenge, the Bank implemented several measures, including targeted recruitment strategies, adjustments to employee composition, and initiatives to enhance engagement and retention.

The Bank's recruitment approach prioritises the identification and progression of internal talent when filling vacancies, with external hiring undertaken only when suitable internal resources are not available. This approach supports career development, succession planning, and continuity across the organisation. Clear and well-defined recruitment policies further ensure a fair, transparent, and efficient process, while delivering a positive and consistent onboarding and candidate experience.

Recruitments by Gender LA

Male	Female	Total	Male %	Female %
206	220	426	48%	52%

Recruitments by Hierarchy and Gender LA

	Male	Female	Total
Corporate management	-	1	1
Middle Management	6	5	11
Operational Management	34	15	49
Other Grades	166	199	365
	206	**220**	**426**

** 100% of the senior management employees are hired from the local community.* LA

Recruitments by Gender and Age Group LA

	Male	Female	Total	Male %	Female %
20 or below	22	25	47	47%	53%
21-30	127	166	293	43%	57%
31-40	47	21	68	70%	30%
41-50	7	8	15	47%	53%
Above 50	3	0	3	100%	0%
	206	**220**	**426**	**48%**	**52%**

Recruitments by Gender and Province [LA]

Demography	Male	Female	Total	Male %	Female %
Central	3	5	8	38%	62%
Eastern	14	8	22	64%	36%
Northern	1	7	8	13%	87%
North central	4	3	7	57%	43%
North western	12	14	26	46%	54%
Sabaragamuwa	3	3	6	50%	50%
Southern	2	7	9	22%	78%
Uwa	2	3	5	40%	60%
western	165	170	335	49%	51%
Total	206	220	426	48%	52%

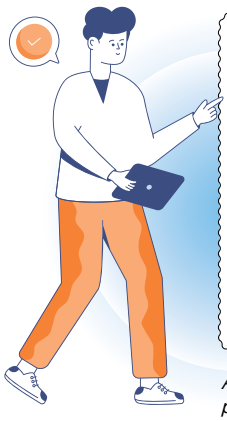
Turnover by Gender and Region [LA]

	Male	Female	Total	Male %	Female %
Central	5	3	8	62%	38%
Eastern	7	12	19	37%	63%
Northern	5	9	14	36%	64%
North central	3	5	8	38%	62%
North western	9	8	17	53%	47%
Sabaragamuwa	2	1	3	67%	33%
Southern	6	5	11	55%	45%
Uwa	3	2	5	60%	40%
Western	160	149	309	52%	48%
	200	**194**	**394**	**51%**	**49%**

Turnover by Gender and Age [LA]

	Male	Female	Total	Male %	Female %
20 or below	10	8	18	56%	44%
21-30	104	120	224	47%	53%
31-40	44	32	76	57%	43%
41-50	20	17	37	55%	45%
Above 50	22	17	39	55%	45%
	200	194	394	51%	49%

Performance Management



Employee benefits

- Monthly salary
- Performance based incentives and bonuses [LA]
- Annual performance bonuses [LA]
- Holiday pay incentive [LA]
- Sales and business development incentives
- Allowances [LA]
- Reimbursement of travelling and fuel expenses [LA]
- Mobiles and data
- Reimbursement of membership fees for professional bodies
- Welfare [LA]
- Medical insurance – coverage for the employee [LA] and the family members
- Staff loans at concessionary rates [LA]
- Staff training and development
- Retirement benefit plans-EPF 12%, ETF 3% and gratuity [LA]

All the above benefits are entitled to the full time employees who are in the permanent carder of the Bank.

The Bank has a comprehensive and fully automated Performance Management System designed to support an enlightened, goal-based approach to performance appraisal across both executive and non-executive grades. All employees, regardless of location, participate in a bi-annual, two-way appraisal process. Performance is evaluated against Key Performance Indicators (KPIs) agreed upon at the beginning of the year, which are directly derived from the Bank's strategic plans, ensuring strong alignment between individual objectives and organisational goals.

GRI 401-2

Rewards and Recognition

Annual salary increments for management staff are directly linked to individual performance, with increment rates determined by appraisal scores achieved at the annual performance review. While recognising and rewarding high performers is a critical component of performance management, the Bank also places equal emphasis on supporting underperformers by identifying the root causes of underperformance and implementing appropriate corrective and developmental measures, in line with the Bank's strategic imperatives.

The Bank's remuneration framework is firmly aligned with variable pay structures ensuring a strong linkage between individual performance, accountability, and the achievement of organisational objectives.

Recognition and appreciation play a vital role in sustaining employee motivation and engagement. To reinforce this culture, the Bank has designated the second working day of every month as "Seylan Thanking Day." On this day, exceptional performers from each department and region are publicly acknowledged and celebrated. These employees receive a personalised "Thank You" card presented by a member of the Senior Management Team from their respective division. In addition, their names and achievements are featured on the "Thanking Wall" on the Bank's intranet.

Human Capital

This culture of recognition and sincere appreciation not only celebrates outstanding contributions but also inspires continued excellence across the Seylan team, fostering a strong sense of achievement and motivating employees to consistently perform at their best.



Employee Promotions by Hierarchy [LA]

	Male	Female	Total
Corporate Management	1	1	2
Middle Management	26	11	37
Operational Management	65	72	137
Others	28	26	54
Total	**120**	**110**	**230**

Training and Development

In alignment with the Bank's Human Resource Strategy and its commitment to cultivating a future-ready workforce, a series of integrated initiatives were rolled out to strengthen talent identification, development, and retention across all levels of the Bank.

The Bank's training and development framework encompasses both continuous and need-based learning initiatives. Continuous training programmes are delivered on a regular basis to motivate employees, foster a strong and consistent culture, build leadership capabilities, and enhance professional knowledge and skills, while need-based training addresses specific competency gaps and evolving business requirements.

During the year, the Bank significantly increased its financial investment in training, aligned with its strategic focus on fostering a competency-based culture and developing a sustainable talent pipeline.

The Training programmes during the year encompassed a broad range of focus areas, including regulatory and compliance requirements such as KYC, AML, inmformation security, technical disciplines covering Credit, Treasury, and Risk, as well as soft skills development. In addition, targeted programs strengthened product knowledge and supported the Bank's ongoing digital transformation initiatives. Leadership and management development, together with customer service excellence, remained key priorities, ensuring that our people are well equipped to meet evolving business, regulatory, and customer expectations.

Notably, the Bank recorded improvements across all key training metrics, including an increase in the total number of training hours delivered, the number of training programmes conducted, and average training hours per employee, reflecting a strong commitment to continuous learning and capability development.

Training Programmes Conducted in 2025 [LA]

Internal / External - Local / Foreign	No. of Programmes	Total Hours	No. of Participants
Internal - Classroom	122	40,803	4,358
Internal - Online	20	5,428	1,357
External - Local	101	4,449	385
Foreign	20	872	30
E-Learning	39	40,620	8,486
Total	**302**	**92,172**	**14,616**

Details of certifications [LA]

	No of Exams	No of Certifications Completed in 2025
E-Certifications	16	4024

Training Programs by Type [LA]

	No. of Programmes	Total Hours	No. of Participants
General Banking Practice	133	25,478	3,301
Professional Development & Service Quality	24	11,487	560
Communication and Negotiation Skills	6	1,576	87
Marketing and Marketing Communication	5	424	64
HR Management, Staff/Personnel Development	12	744	143
Compliance and Specialised areas	54	8,110	1,118
Digital & AI	21	3,384	697
E-Learning	39	40,620	8,486
Environmental & Social Risk Management System	8	349	160
Total	**302**	**92,172**	**14,616**

Training Hours by Employment Category [LA]

	Training hours	Average Training Hour per Employee
Corporate management	482	18
Middle management	9,848	30
Operational management	36,819	27
Other	45,023	30
Total	**92,172**	**28**

Driving Automation and Artificial Intelligence

As Artificial Intelligence (AI) has become a necessity for most enterprises, its relevance is particularly acute within the financial services sector. Recognising this, the accelerated adoption of AI and the transformation of processes and procedures are a key strategic imperative for us. This transformation is being pursued both to complement AI adoption and as a direct outcome of AI-enabled capabilities, supporting the Bank's broader digitalisation and growth agenda.

Building on AI awareness initiatives commenced in the previous year, the Bank further strengthened its focus on AI literacy during the year under review by engaging a leading academic in the field to conduct knowledge-sharing sessions for employees across the organisation. These sessions were aimed at demystifying AI and demonstrating its practical applications within a banking environment, thereby fostering a culture of readiness and innovation.

During the year, the Bank also established a dedicated AI and Transformation Team. The team is mandated to drive the Bank's automation and transformation agenda. The immediate objectives targeted for 2026 include enhancing resource efficiency to achieve cost optimisation and delivering an improved and more seamless customer experience through digitally enabled processes.

GRI 405-1

Diversity and Inclusion

As an equal Opportunity Employer, our workforce represents ethnic, religious and gender diversity and the Bank does not discriminate against people on age, gender, marital status, religion or caste. Only considerations for employment are whether if they meet the described job criteria and satisfy the Bank's employment requirements.

The charts below reflects the diversity of our workforce.

Workforce by Employee Type [LA]

	2025		
	Male	Female	Total
Permanent	1,508	1,285	2,793
Contract	108	143	251
Trainees	50	149	199
Total	**1,666**	**1,577**	**3,243**

Workforce by Employee Category Gender and by Region [LA]

Province	2025						Total	
	Permanent		Contract		Trainees			
	Male	Female	Male	Female	Male	Female	Male	Female
Central	81	86	2	3	2	7	85	96
Eastern	64	40	1	1	5	9	70	50
Northern	40	32	0	3	4	8	44	43
North Central	58	32	2	3	2	7	62	42
North Western	92	60	2	4	3	10	97	74
Sabaragamuwa	59	36	2	3	1	8	62	47
Southern	84	70	2	4	4	5	90	79
Uva	50	23	0	4	1	5	51	32
Western	980	906	97	118	28	90	1105	1114
Total	**1,508**	**1,285**	**108**	**143**	**50**	**149**	**1,666**	**1,577**

⁎All the employees of the workforce are full time employees and there are no part time employees at the Bank. [LA]

Permanent Employees by Gender and by Region [LA]

Province	2025				
	Male	Female	Total	Male %	Female %
Central	81	86	167	49%	51%
Eastern	64	40	104	62%	38%
Northern	40	32	72	56%	44%
North Central	58	32	90	64%	36%
North Western	92	60	152	61%	39%
Sabaragamuwa	59	36	95	62%	38%
Southern	84	70	154	55%	45%
Uva	50	23	73	68%	32%
Western	980	906	1,886	52%	48%
Total	**1,508**	**1,285**	**2,793**	**54%**	**46%**

⁎ The Bank doesn't have temporary employees/guaranteed working hour employees or part time employees. [LA]

Human Capital

Workforce by Gender and Employment Category

	2025				
	Male	Female	Total	Male %	Female %
Corporate Management	20	7	27	74%	26%
Middle Management	217	106	323	67%	33%
Operational Management	754	621	1,375	55%	45%
Other Grades	675	843	1,518	44%	56%
Total	**1,666**	**1,577**	**3,243**	**51%**	**49%**

Employee Composition by Ethnicity and Gender

	2025		
Ethnicity	Male	Female	Total
Sinhala	1,457	1,371	2,828
Tamil	153	170	323
Muslim	24	16	40
Burger	12	13	25
Others	20	7	27
Total	**1,666**	**1,577**	**3,243**

Employee by Age and Gender

	2025		
	Male	Female	Total
Above 50	457	265	722
41-50	479	309	788
31-40	350	318	668
21-30	366	666	1032
20 or below	14	19	33
	1,666	**1,577**	**3,243**

GRI 405-2

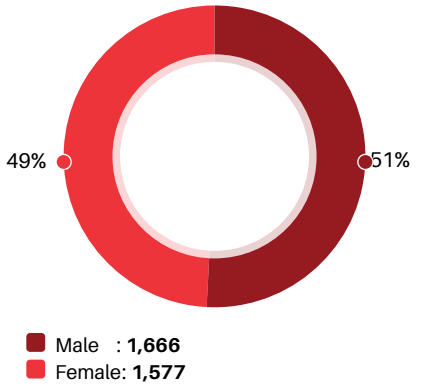
Gender Equity

We are firmly committed to promoting gender equity across all levels of the Bank. Recruitment, career progression, and advancement and remuneration are based solely on merit, performance, and capability, with gender playing no role in determining suitability for any position or remuneration.

The Bank is pleased to report a significant increase in the representation of women within its workforce during the year. Ongoing efforts to promote gender diversity and inclusion have resulted in a notable rise in female representation across multiple levels of the Bank.

Bank remains dedicated to fostering an inclusive workplace that champions gender equality, supports the development and progression of female talent, and inspires future generations of women leaders within the Bank and the wider industry.

Workforce by Gender LA



Employee remuneration with Gender and Hierarchy [LA]

	No. Staff		Salary Ratio	
	Male	Female	Male	Female
Corporate Management	20	7	1.42	1.00
Middle Management	217	106	1.00	1.00
Operational Management	754	621	1.03	1.00
Other	675	843	1.26	1.00
Total	**1,666**	**1577**		

Grievance Handling and Whistleblowing

The Bank has established a robust and effective grievance handling mechanism supported by a clearly defined escalation framework. Employees are encouraged to raise concerns through the secure "Log Your Concern" online portal available on the Bank's intranet. This platform enables employees to confidentially submit grievances directly to the designated officers responsible for investigating and resolving such matters. The Bank is committed to acknowledging and responding to all logged complaints within 48 hours of receipt.

In addition, skip-level meetings, which allow junior staff to engage directly with senior management by bypassing immediate supervisors, provide an open and transparent channel for employees to raise grievances, including concerns related to harassment or supervisory conduct.

Complementing this framework, the Bank maintains a comprehensive Whistleblowing Policy that enables employees and other stakeholders to report concerns anonymously. These may include instances of fraud, illegal or unethical conduct, breaches of the Bank's policies, violations of the Code of Conduct, or any other inappropriate behaviour. The Bank is firmly committed to a non-retaliation policy, ensuring that individuals who report concerns in good faith are fully protected.

GRI 2.30

Collective Bargaining

The Bank fully respects and supports employees' right to freedom of association. Unionised employees account for more than 73% of the Bank's total workforce. [LA] The Bank maintains cordial and constructive relationships with the unions representing the clerical, supervisory, and other staff grades, reflecting its commitment to open dialogue and mutual respect. Employees who are not covered under the collective agreement are also benefited from these salary increments. [LA]

Minimum Notice Period

To ensure business continuity and minimise operational disruptions, the Bank requires senior-level employees to provide a minimum notice period of three months upon resignation, while all other employees are required to give one month's notice. [LA] This policy supports effective succession planning, continuity of service to customers, and a smooth transition process.

Anti-Corruption and Human Rights

The Bank's Code of Conduct clearly outlines the standards of professional behaviour and ethical practices expected of all employees. It promotes a bribery- and corruption-free business environment and provides guidance on preventing, identifying, and reporting unethical practices, including money laundering. During the year under review, no incidents of corruption were identified. [LA]

The Bank's Human Rights Policy is embedded within the Code of Conduct and is communicated to all employees at the time of recruitment. This policy affirms the Bank's commitment to treating all individuals fairly, equitably, and with dignity, in line with universally recognised human rights principles. The Code of Conduct also serves as a guiding framework for employee behaviour when performing duties on behalf of the Bank and engaging with stakeholders.

Furthermore, the Bank's governance framework enforces a zero-tolerance approach to discrimination, sexual harassment, child labour, and forced labour. The Bank's Human Resource Management function ensures full compliance with all applicable employment and labour laws and regulations, reinforcing its commitment to ethical conduct, employee rights, and responsible business practices.

There were no incidents of discrimination or non-compliance with labour laws in 2025. [LA]

GRI 403-1

Employee Health and Safety (OHS)

In addition to fostering teamwork, engagement, and camaraderie, Bank places the highest priority on the health, safety, and well-being of its employees. The Bank's Occupational Health and Safety (OHS) policies, processes, and systems are fully integrated into its sustainability framework, ensuring adherence to high standards across all operations.

Key OHS measures include mandatory fire safety protocols, such as the installation and regular maintenance of fire-fighting equipment, the conduct of annual fire drills, and the implementation of preventive safety measures at all Bank locations with the participation of all the employees. Selected Bank employees are appointed as fire wardens and receive adequate training to manage fire and emergency situations within the premises. Oversight and maintenance of fire safety equipment are managed by the Bank's Internal Security Department to ensure continuous compliance and readiness.

Human Capital

Employees also have access, upon request, to the services of a Medical Officer and a Nurse at the Bank's Head Office premises, further supporting employee health and well-being. The Bank offers a Bank-sponsored annual medical health check for all employees over the age of fifty. This initiative reflects the Bank's commitment to proactive health management. There are no any work related injuries reported during the year. [LA]

GRI 401-3

Parental Leave

In compliance with Shop and Office Employees Act of 1954, all the female employees are entitled to 84 days paid maternity leave. [LA] To support working mothers returning from maternity leave, the Bank provides up to two hours of paid feeding time during the workingdays. By offering flexibility and recognising the needs of working parents, we aim to foster an inclusive and supportive workplace that encourages employee retention and long-term engagement.

Depiction	Female	Male
Number of employees entitled to parental leave [LA]	1,577	N/A
Number of employees took parental leave [LA]	41	N/A
Number of employees returned to work [LA]	29**	N/A

** Male employees are not entitled to the parental leaves [LA]*

*** As of the reporting date, 12 employees are currently on maternity leave*

Employee Engagement

Employee engagement remains a key strategic priority for the Bank, recognising its direct impact on performance, service quality, employee retention and long-term sustainability. Furthermore, with a network of 172 banking centres spread across the country, it is essential to create meaningful connections with employees at all locations and ensure equal opportunities for participation in informal engagement activities.

The Bank continued to implement a comprehensive range of formal and informal employee engagement initiatives aimed at enhancing motivation, strengthening employees' sense of belonging, and supporting higher levels of retention and productivity. These initiatives are designed to foster open communication, encourage collaboration, and build a positive and inclusive workplace culture. Key initiatives undertaken during the year are summarised below.

Formal Communication and Engagement Platforms

To strengthen two-way communication and foster greater collaboration across all levels of the Bank, several structured engagement platforms have been implemented.

Staff Satisfaction Surveys

The 2025 Staff Satisfaction Survey was administered through the HR System, ensuring complete confidentiality. Individual identities, responses, and feedback were not visible to HR or management, reinforcing trust and encouraging open and honest participation.

The survey achieved a strong participation rate of 81% among permanent and Fixed Term Contract employees, reflecting high levels of engagement across the organisation.

Town Hall Meetings

Town Hall meetings were launched to enhance direct communication between front-line and operational staff and the Bank's management. Held at regional locations, these sessions encourage active participation from employees across the Bank's widespread branch network. They provide a platform for open dialogue, enabling staff to gain insights into the Bank's goals and priorities while offering feedback and suggestions to leadership.

Cross-Functional Meetings

Cross-functional meetings bring together operational experts from various departments to address day-to-day operational challenges. These sessions focus on identifying service delivery roadblocks and brainstorming innovative solutions to improve efficiency. By engaging key process implementers, the meetings foster a sense of ownership, enhance inter-departmental collaboration, and generate practical insights that drive meaningful improvements. Each session is moderated by a senior management representative to ensure alignment and productive outcomes.

Skip-Level Meetings

Skip-level meetings were introduced to strengthen bottom-up communication, allowing junior staff to engage directly with senior management, bypassing their immediate supervisors. These sessions provide employees with an opportunity to discuss work-related or personal challenges and share ideas freely. Skip-level meetings have proven highly effective in fostering understanding, improving collaboration, and reinforcing transparent communication throughout the Bank.





Employee Well-being

We recognise that our employees are our greatest asset, and their wellbeing is central to the Bank's long-term success and sustainability. A happy, healthy, and engaged workforce drives higher productivity, stronger collaboration, and greater job satisfaction. In line with our "Bank with a Heart" philosophy, we are committed to nurturing an environment where employees feel valued, supported, and inspired to perform at their best.

The Bank implements a range of initiatives to promote the physical, mental, and emotional wellbeing of its employees. This includes maintaining a safe and secure workplace, offering programs that support work-life balance, and facilitating personal and professional development opportunities. Special initiatives, such as the annual medical health checks, awareness sessions on health matters like breast cancer, and wellness programs for employees, reflect our proactive approach to holistic wellbeing.

- Breast Cancer Awareness [LA]: In line with Breast Cancer Awareness month in October, the Bank conducted awareness sessions to educate staff on breast cancer, including its signs, symptoms, early detection, and treatment options. These sessions were led by renowned oncologists, reflecting the Bank's commitment to employee health and proactive wellness initiatives
- Stress Management sessions [LA]: These sessions are conducted by a well-known management expert/researcher and the sessions are highly received by the participating staff members. It is accepted that managing stress contribute to happier and healthier life and will help to effectively reduce absenteeism, sicknesses, burnout and achieve higher productivity

Informal Engagements that Foster Camaraderie and a Vibrant Culture

The Bank's employee engagement initiatives are designed to ensure that while physical distances may exist between the branch network and Head Office, our people remain closely connected in spirit, shared values, and purpose fostering a sense of belonging and unity across the Bank.

- **The Ultimate Sports Quiz 2025:** Organised by the Bank Sports Club, brought colleagues from across branches and departments together in a lively online competition, fostering teamwork and friendly rivalry. Over 120 teams participating, the event showcased the Bank's strong sense of camaraderie. The Kalubowila Branch emerged as the winner

  Ten other teams were recognised with consolation prizes, and the awards were presented by the Director/CEO at the Head Office, celebrating participation, team spirit, and shared moments beyond the workplace
- **Annual Remembrance Ceremony and Support to our Extended Families:** During the year, to maintain connections with the families of deceased staff, the Bank continued its unique annual remembrance ceremony. At this event, the children of deceased staff are invited to participate. These children under the age of 18 receive monthly educational support and gifts as part of the initiative. Senior management, including the CEO, actively participate in the ceremony, reflecting the Bank's ongoing commitment to its extended employee family and its culture of care and support
- **Long Service Awards**, Held on 28 February 2025. It celebrated over 340 employees who have completed 25 years of service. A total of 1,066 long-serving employees have been recognised to date, for their unwavering loyalty and resilience



Breast cancer awareness session held during Octomber 2025



Ultimate Sports Quiz - The winning team-from the Kalubowila branch



Long service awards held on February 2025



Educational assistance for deceased staff members' children

Human Capital

Some of the Other Regular Informal Engagements, which Fostered a Spirit of Camaraderie, Motivation, and Togetherness:

"Seylan Night,": The Bank's flagship social event, is the highlight of its annual social calendar and eagerly anticipated by employees across all locations. Held each year in January to make a upbeat start to the year, this gala evening brings together the entire Seylan team. In line with the Bank's spirit of appreciation, the event is fully hosted by the Bank, with no financial contribution requested from employees. This year, Seylan Night was held on 4th January at the Monarch Imperial Hotel, with the participation of over 2,000 employees from across the Bank's network, fostering camaraderie, team spirit, and a sense of belonging among all attendees.

Christmas Carols are performed every December. This year's was hosted at the Bishop's College auditorium and it also featured the participation of a choir from our branches in the Eastern Province, bringing employees together in a joyful celebration of the season.

Vesak Celebrations in 2025 included a series of religious and community-focused activities that reinforced its commitment to cultural preservation and community engagement.

Seylan Bethi Gee was held at Seylan Tower during May 2025, bringing together participants for an evening of devotional music, celebrating the spiritual significance of Vesak. Also the Bank extended this initiative to the wider public by presenting a special Bethi Gee performance at the Gangarama "Buddharashmi" Vesak Kalapaya, allowing the community to experience traditional Vesak songs performed by Bank staff.

Continuing a long-standing tradition, the Ice Cream Dansela was conducted at Seylan Tower for the 9th consecutive year. This event distributed complimentary ice cream, fostering goodwill and bringing joy to community members, while reinforcing the Bank's role as a socially responsible corporate citizen.

Iftar Ceremony was held during the month of Ramadan at the Ramada by Wyndham Colombo, with the participation of over 300 in spirit of community and reflection.

The Bank celebrated Thaipongal on 15 January with traditional celebrations at the Head Office. Celebrations were also held in Jaffna, bringing together over 220 people, including customers and their families and staff from the Northern region.

The Ex-Seylan Alumni Gathering was held on 25 May 2025, bringing together around 350 former employees in a spirit of connection and celebration. With over 9,000 ex-employees forming part of the wider Seylan alumni community, the Bank continues to value and nurture long-standing relationships with those who have contributed to its journey and success.

In recognition of this enduring bond, the Bank has created a special customer category for Ex-Seylan alumni, offering preferential interest rates and exclusive benefits. The Bank also extended generous sponsorship support for this year's gathering, reaffirming its commitment to engaging meaningfully with its alumni network.



Thaipongal celebration at the Seylan Head Office



Seylan Night 2025 held on January 2025 at the Monarch Imperial Hotel





Seylan Bakthi Geetha held on May 2025 at the Seylan Head office





Christmas Carols held on December 2025 at the Bishop's College Auditorium

Sports Achievements by Our People

The Bank actively encourages participation, reflecting the belief that sports is vital for physical and mental wellbeing of an individual; and in keeping with its "heart" to nurture staff passions beyond the workplace to foster camaraderie, team spirit, and a culture where excellence and personal growth thrive. The year saw numerous notable achievements across a range of sports, highlighting the talent and dedication of our people.

Sport	Tournament	Achievement
Basketball - Women	33rd Mercantile Services Basketball League Tournament 2025	'A' Division Championship
Hockey	Mercantile Association Hockey League Tournament	'A' Division Runners up
Netball	Mercantile League Netball Tournament	Runners up
Netball	Mercantile Knockout Netball Tournament	2nd Runners up
Badminton	Yonex All-England Senior Badminton Championship 2025	Championship
Badminton	41st Mercantile Individual Novices Badminton Championships 2025 - Women's Singles - Runner-up - Women's Doubles - Runner-up	Championship
Badminton	41st Mercantile Inter-Firm Badminton Team Championships 2025	Women's over 35 - Championship
		Womens's "C" division - Runner-up
		Mixed "C" division - Runner-up
		Women's "A" division - 2nd Runner-up
		Women's "B" division - 2nd Runner-upo
		Men's "H" division - 2nd Runner-up
		Masters over 50 - 2nd Runner-up
Table Tennis	66th Mercantile Knockout Table Tennis Championships 2025 - Champions "A" Division	'A' Division Championship
Table Tennis	71st Mercantile Open Table Tennis Championships 2025	Open Men's Singles - Championship
		Open Masters Singles - Championship
		Open Men's Doubles - Championship
Table Tennis	CBSL Governors Trophy Sports Extravaganza 2025 (Inter-Bank Table Tennis Championship 2025) - Champions	Championship
Rugby	Bowl Champions – Mercantile Rugby 7s	Championship
Swimming	Mercantile Swimming Championship	Championship
Table Tennis	72nd Mercantile Open Table Tennis Championships 2025 - Open Masters Singles - Champion - Open Men's Doubles - Champion	Open Masters Singles - Championship
		Open Men's Doubles - Championship
Athletics	40th Mercantile Athletics Championships	Seylan Athletics Team secured 11th place among 44 companies











Human Capital

Way Forward

- To Strengthen Talent Attraction & Employer Branding, the Bank will:
  - Position itself as an employer of choice through targeted talent-branding campaigns, university partnerships, and participation in national career fairs
  - Introduce structured internship and graduate-trainee pipelines to attract high-potential young talent aligned with digital banking requirements
- In order to accelerate digital and data-driven HR transformation, it will:
  - Implement next-generation HR technologies including AI-enabled recruitment tools, automated HR workflows, and predictive analytics to support strategic decision-making
  - Expand the HRIS platform to deliver seamless employee self-service, mobile HR access, and real-time workforce dashboards
- To Build Future-Ready Skills, it will:
  - Roll out a comprehensive future skills academy focused on digital literacy, data analytics, cyber hygiene, risk management, and customer-centric service excellence
  - Promote continuous learning through micro-learning modules, online certifications, and blended development programs.
- Leadership development and succession planning will prompt the Bank to:
  - Introduce enhanced leadership development frameworks targeting emerging, mid-level, and senior leaders
  - Strengthen succession pipelines for critical roles through competency mapping, leadership assessments, and personalised development plans
- To drive a high-performance culture, the Bank will:
  - Refine the performance management system to emphasise goal alignment, real-time feedback, and performance-related rewards
  - Expand performance analytics to identify capability gaps and recognise high performers more consistently
- For advancing Diversity, Equity & Inclusion (DEI), the Bank will:
  - Strengthen policies and programmes promoting gender balance, equal opportunities, and inclusive leadership
  - Encourage diverse hiring practices and expand career development opportunities for under-represented groups
- In order to streamline workforce planning & productivity, the Bank will:
  - Deploy strategic workforce planning models to anticipate future talent requirements and optimise staffing across the branch network and central functions.
  - Enhance productivity through role re-design, automation of routine tasks, and multi-skilling initiatives
- To reinforce risk, governance & compliance, the Bank will:
  - Intensify HR's role in regulatory compliance, operational risk management, and governance frameworks to support the Bank's overall risk posture
  - Strengthen mandatory compliance training on KYC, AML, information security, and ethical conduct
- For employee recognition & reward modernisation the Bank will:
  - Take measures to modernise remuneration structures to reflect market competitiveness, performance behaviours, and evolving job demands



SOCIAL AND RELATIONSHIP CAPITAL

Best Bank in customer experience by Euro Money Awards

Multiple Recognition in Lankapay Technovation Awards

289 'Seylan Pahasara' Libraries

Other Capitals Impacted

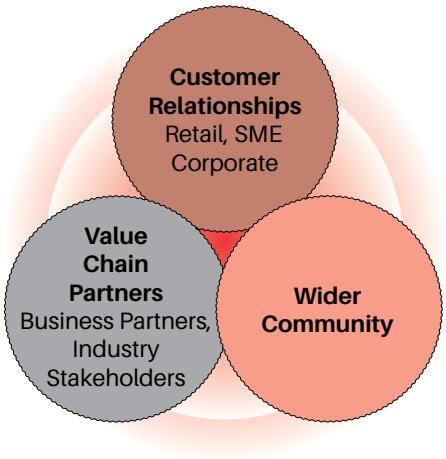
- Human Capital
- Natural Capital
- Intellectual Capital

Sustainable Development Goals (SDGs) Nurtured



Social and Relationship Capital

The Bank builds lasting Social Capital by promoting financial inclusion, empowering SMEs and women entrepreneurs, and strengthening community trust through responsible banking. The Bank's initiatives contribute directly to sustainable and inclusive economic growth across Sri Lanka.



CUSTOMERS

Customers are at the heart of Seylan Bank's purpose and value creation. Serving a diverse customer base across retail, SME, corporate, youth, and senior segments through an extensive branch network and digital channels, the Bank is committed to delivering responsible, inclusive, and customer-centric financial solutions. Guided by its ethos as the 'Bank with a Heart'. Seylan Bank focuses on building trusted relationships, enhancing service quality, safeguarding customer interests, and continuously improving products and experiences to meet evolving customer needs.

Enhancing Value Creation for Our Customers:

- During the year, Seylan launched the VISA Infinite Credit Card, with a proposition specifically designed for private banking customers, and introduced the bank's first-ever metal card
- A Leasing Hub was opened in Kalubowila, an area with a high concentration of vehicle dealers, thereby enhancing convenience for customers seeking vehicle purchases
- The Leasing Transformation initiative enhanced overall customer experience and introduced a Fast-track channel for Leasing, which significantly improved turnaround times (TAT) for Lease approvals, reducing it to six hours
- The Bank enabled access to Gold Loan facilities through Internet Banking, improving access by enabling customers to view their facilities and conveniently perform top-ups and part payments through the digital channel

Digital Strides that enhanced customer experience in 2025

- Added 25 new CRMs across the country, bringing the total to 128
- Introduced card-less withdrawals
- Enabled customised bill mix in ATM withdrawals
- Enabled Loans against Fixed Deposits

- Expanded digital onboarding of new clients via the eKYC to Savings, Current, Joint, and Fixed Deposits
- For Corporate clients, the Bank established a dedicated Transaction Banking Unit during the year. This initiative also enabled the rollout of API-based banking solutions to corporate clients
- The Branch Credit introduced a Bridging Finance Facility for Exporters to support working capital requirements during VAT transition periods
- As part of our commitment to customer-centric innovation and continuous process improvement, the Bank launched a pilot initiative offering 72-hour credit decisions for SME facilities of up to LKR 25 Mn. This FastTrack model streamlines documentation, leverages AI-enhanced credit assessment tools, and is supported by a dedicated SME desk to deliver faster and more transparent credit outcomes
- Enhancements to digital processes, including the simplification of the Credit Facility Request (CFR) format for smaller facilities below LKR 50 Mn., further improved operational efficiency and elevated the overall customer experience



CRM opening at "Sri Dalada Maligawa" Kandy



ATM opening at "Lotus Tower" Colombo



"Swipes & Surprises" Campaign, Rewarding Cardholders with "iPhone 17 Pro"

- Bank introduced a new leasing proposition designed to simplify access to vehicle ownership for professionals and entrepreneurs. The pre-approved Seylan Lease offers competitive rates, support for import duties through Letters of Credit, discounted insurance, and fast-tracked express processing. With doorstep service and a dedicated advisor, the solution reinforces the Bank with a Heart's commitment to personalised, convenient, and customer-centric service
- The Bank introduced Seylan Student File Service, enabling students to manage finances with ease and increased accessibility. Available at all Seylan branches nationwide, the service offers nearly unparalleled benefits and competitive remittance solutions for students. With affordably low fees, it offers those pursuing an education overseas with a means of simplifying university payments while offering competitive remittance fees, and faster transactions
- The Bank entered into an agreement with Home Lands, Sri Lanka's premier property developer, enabling customers to obtain home or apartment loans of up to 90% of the property value, enhancing access to home ownership
- The Bank successfully re-established confirmation and Guarantee lines with several foreign correspondent banks, strengthening its international trade capabilities. In addition, the Bank was on-boarded to the Trade Finance programme of Export Import Bank of India, further enhancing its ability to support cross-border transactions.



The Bank became the first bank in Sri Lanka to be recognised as the "Best Bank in Customer Experience" by Euromoney, in 2025. This award follows a rigorous and independent evaluation process an endorsement of the Bank's commitment to customer-centricity.



Seylan Wins Islamic Finance Deal of the Year

The Bank was awarded the Islamic Finance Deal of the Year at the SLIBFI Awards 2025, recognising its innovative financing of a landmark renewable energy project in Sri Lanka's Eastern Province. The award honours Islamic Banking Unit's sole financing of a Diminishing Musharaka facility an Special Purpose Vehicle (SPV) established to develop a 10 MW ground-mounted solar power plant in Vavunathivu, Batticaloa District. Awarded under the Sooryabala Sangramaya Scheme, the project supports Sri Lanka's renewable energy goals for 2030 and beyond.



Recognition at the LankaPay Technnovation Awards 2025

Seylan Bank was honoured with multiple accolades at the 7th LankaPay Technnovation Awards 2025, held on 26 March 2025 at the Shangri-La Colombo, recognising the Bank's leadership in digital payments and financial innovation.

The Bank received the award for Acquiring Bank for the Best Mobile Application for Retail Payments via JustPay, awarded to Helapay of Bhasha Lanka (Pvt) Ltd, reflecting Seylan's strong collaboration with fintech partners through API banking services. In addition, Seylan Bank was recognised as the Gold Winner for Best Common ATM Enabler of the Year (Category B) and received Merit Awards for Excellence in Customer Convenience and Financial Institution of the Year for Financial Inclusivity in the same category.

These awards reinforce Seylan Bank's commitment to advancing accessible, secure, and customer-centric digital financial solutions, while supporting Sri Lanka's transition towards a digitally inclusive economy in line with national digital payment initiatives.





Social and Relationship Capital

Strengthening Customer Relationships

During 2025, Seylan Bank continued to strengthen long-term relationships with its diverse customer base including individual customers, SMEs, corporates, youth, and senior segments, by enhancing service quality, expanding digital capabilities, and fostering a culture of continuous engagement.

- A key milestone during the year was the rollout of the Omni-Channel and CRM Suite, integrated with chatbots with an automated response rate of 22% on Webchat & 33% on WhatsApp to streamline and automate customer interactions across social media platforms. This initiative enabled customers to access information and support more efficiently, while ensuring greater consistency and accuracy in service delivery. Complementing this effort, the Bank introduced an Online Reputation Management platform, allowing teams to monitor and respond promptly to Google reviews, take timely action on customer feedback, and further reinforce trust in the Seylan brand
- Internal communication at branch and departmental levels was significantly enhanced through the implementation of a centralised digital communication platform displayed on in-branch screens. This platform delivered real-time updates on rates and tariffs, mandatory notices, and product information, while also hosting quizzes, training sessions, and live broadcasts to keep employees informed, aligned, and engaged
- Customer appreciation remained a cornerstone of the Bank's service philosophy. During Customer Service Week, Branch Managers, Regional Managers, and Senior Management personally engaged with customers by visiting branches and presenting "Thank You" cards, reaffirming the Bank's commitment to personal relationships and customer loyalty. In October, the Bank conducted the "Shared Commitment, Shared Victory" service campaign to recognise and appreciate both customers and employees for their continued loyalty and contributions to the Bank's service culture
- Customer insights continued to play a vital role in driving service enhancements. A comprehensive Customer Satisfaction Survey, conducted through an independent external research firm, provided an objective assessment of service quality and helped identify key areas for continuous improvement

Continuous Monitoring and Engagement

A range of ongoing initiatives ensured the consistent delivery of customer experience standards across the Bank's network.

The External Mystery Shopper Survey, conducted for the 14th consecutive year with Seylan Bank rated at 80.13% (2024-77.43%) and the Net Promoter Score (NPS) at 34 (2024-39) , both being the highest among the rest of the tested three competitors. Mystery Caller survey saw an improvement at 85.5% over the previous year's rating of 81%, while the same research saw the True Caller Survey improve from 86% in 2024 to 90% in 2025.

These external studies provided valuable gap analysis insights that informed targeted training programmes and service quality enhancements. In parallel, internal customer satisfaction and customer retention surveys were conducted monthly for newly on boarded customers with an opening balance exceeding LKR100,000/- and /or retail loan customers , enabling early identification and resolution of issues and ensuring smooth service transitions.

Customer feedback mechanisms remained actively engaged across multiple touchpoints, including Branches, the Contact Centre, and the Customer Experience Management (CEM) team, providing customers with channels to share complaints, compliments, suggestions, and information requests. The Bank's 24/7 Contact Centre, operating inbound, outbound, and live chat services, ensured continuous access to assistance and timely information.

	Volume	KPI (as an average)
Customer Experience Management Unit (CEM)	Total No of complaints = 7,608	Resolution TAT (Excluding weekends) = 2.01 days.
24x7 Contact Centre-Inbound	Total No of calls handled = 511,999	Service Level = 89.9% Abandoned rate = 1.7% Social media response time = 23 minutes & 58 seconds CSAT ratio =92%
24x7 Contact Centre-Outbound	Total calls taken = 86,424 Including projects such as Easy Payment Plan, Debit and Credit card POS activation, Mobile number updating, CASA CSAT surveys (internal), Cancelled credit card Retention and Regaining.	(w/w)Easy Payment Plan calls = 18,441; transactions totaling LKR 2,886 Mn

Customer Satisfaction

Listening to customers is a core element of the Bank's business strategy, enabling a deeper understanding of customer needs, anticipation of emerging expectations, and continuous improvement of products and service delivery. Seylan Bank leverages multiple feedback mechanisms to capture customer insights, ensuring responsiveness to customer preferences, concerns, and service experiences. Feedback is gathered through structured surveys, social media interactions, customer support channels, and email communications, enabling the Bank to drive data-informed enhancements across its operations.

Key channels used to Assess Customer Satisfaction and Experience Include:

- During the year, the Bank replaced customer surveys as a measurement tool for customer satisfaction with the monitoring of the Call Centre's score in meeting the KPI's presented in table above
- **Annual Mystery Shopper Survey:** Conducted for the 14th consecutive year across the branch network, the survey provides independent insights into service quality and process adherence. The Bank partnered with Nextwave Consultancy for the third consecutive year. In 2025, the Bank achieved a score of 80.13%, with top-performing branches recognised and rewarded for service excellence
- **Mystery Caller and True caller Satisfaction Survey:** Also administered by Nextwave Consultancy, this survey evaluates the performance and service consistency of the Bank's 24/7 Contact Centre, ensuring customer expectations are met across inbound, outbound, and digital touchpoints
- The CSAT Satisfaction score achieved was 92%
- **Branch Visits:** Impromptu/ pre-arranged branch visits/ training were conducted over the ongoing service excellence monitoring/ mentoring efforts, enabling real-time assessment of customer experience and adherence to service standards. As a part of the 2025 Customer Service campaign initiative, our senior management joined hands with Regional Managers to visit branch staff and customers with a specially designed 'Thank you' card to appreciate their contribution and loyalty through the years

By systematically collecting, analysing, and acting on customer feedback, the Bank continues to enhance service quality, strengthen customer relationships, and ensure that its products and services evolve in line with customer expectations.

GRI 416 Customer Safety Impacts of Products & Services

Strengthening Customer Protection Amid Rising Digital Security Risks

Amidst the rapidly evolving threats affecting the safety and integrity of digital financial transactions, the Bank continued to strengthen system security through robust internal controls while placing strong emphasis on keeping customers informed and vigilant against emerging risks. Ongoing preventive measures and damage mitigation initiatives included the following:

- Regular cybersecurity awareness messages were shared across official digital channels to educate customers on best practices and safe usage habits. In addition, cautionary SMS notifications and social media alerts were issued quarterly—and on an as-needed basis to ensure timely awareness of potential threats. The Bank also amplified alerts and educational videos issued by the Central Bank of Sri Lanka, providing customers with reliable and up-to-date guidance on emerging fraud and cyber risks
- On the operational front, the Bank's 24/7 Contact Centre was equipped with enhanced capabilities to respond promptly to incidents reported by affected customers, ensuring swift guidance and support. At branch level, stringent Customer Due Diligence (CDD) procedures were consistently applied to minimise the risk of fraudulent transactions being processed through customer accounts.
- In addition, mandatory advisory notices were continuously displayed on in-branch digital screens and reinforced through Contact Centre IVR messages, further strengthening customer awareness and promoting safe banking practices

GRI 416 & 418 Customer Privacy

Customer Data Security and Privacy

- During the year the Bank also obtained the ISO 22301:2019 certification for Business Continuity Management Systems, reinforcing its ability to ensure uninterrupted service delivery, protect customer interests, and safeguard assets under all circumstances. This achievement was further strengthened by the concurrent attainment of ISO/IEC 27001:2022 certification for Information Security Management Systems, reaffirming the Bank's commitment to robust information security, cyber risk mitigation, and alignment with global best practices
- Further underscoring the Bank's commitment to ethical trading practices and market conduct, Treasury Front Office staff obtained BIS Global Code certification during the year, becoming the first treasury in the country to achieve this milestone

GRI 416-1

Customer Safety

All armed and unarmed security guards engaged by Seylan Bank PLC are outsourced and receive mandatory training through the relevant service provider on the banks human rights related procedures. This includes guidance on maintaining friendly and respectful greetings and professional conduct to safeguard the corporate image of Seylan Bank PLC, in addition to structured training on fire fighting and the safe use of weapons. During the year, 21 programs on Seylan Bank's human rights related procedures, one firefighting training programme, and 21 safe use of weapons training programmes were conducted.

GRI 418

Customer Grievance Handling

The Bank has a comprehensive Customer Grievance Handling Policy in place, which clearly defines the processes and responsibilities for managing customer complaints from the point of receipt through escalation across relevant authority levels, until an amicable resolution is achieved. This structured approach ensures fairness, transparency, and timely resolution of

Social and Relationship Capital

grievances. Six (06) policies including the Grievance Handling and Redress Mechanism are in place keeping in line with the requirements as per the Financial Consumer Protection Regulations. (FCPR). The Financial Consumer Protection Unit is overseen by a Key Management Personnel.

Multiple channels are available for customers to lodge complaints. These include in-person visits to branches, where Feedback and Lead Management portals are accessible in branch lobbies and ATM kiosks. The portals are available in all three languages, enabling customers to submit information in their preferred language.

Customers may also raise complaints via telephone, including through branches, the Customer Experience Management (CEM) Unit, or the 24x7 Call Centre, which is supported by outsourced staff. In addition, complaints can be submitted through email communication, including via the Bank's website, as well as through the mobile and internet banking applications. Details on how to submit grievances are published on the Bank's website and prominently displayed at all branches in all three languages to ensure ease of access.

In addition, customers have the option of directly contacting the Bank's Financial Ombudsman. The Ombudsman's contact details are made available at all customer touchpoints, reinforcing the Bank's commitment to independent review mechanisms and fair resolution of disputes.

Round-the-Clock Support with Privacy Safeguards

In today's dynamic business environment and fast-paced lifestyles, customers require uninterrupted access to banking services and timely resolution of queries, without compromising the security and privacy of their personal information. Seylan Bank therefore, provides 24/7 customer support through secure and monitored service channels.

Seylan Bank was a pioneer in introducing holiday banking to maintain round-the-clock service availability to respond to customer requests. The Bank's 24/7 Contact Centre and digital platforms operate under strict data protection protocols, ensuring that customer information accessed or processed during interactions remains secure and confidential.

Marketing Communication

Purpose Driven Brand Communication

Building on its marketing communications that go beyond traditional branding to convey values, Seylan Bank continued this year to leverage its campaigns to promote and reinforce core principles. A notable example is the recent TV campaign, which tells the story of an author overcoming challenges with support illustrating how the Bank's communications not only reflect its brand, but also actively encourage and embody the values it stands for reinforce core principles.

The Brand in Action: Empowering Potential through Purpose

The new commercial is more than a brand film—it is a vivid expression of Bank's purpose and strategy in action. Rooted in our enduring identity as the "Bank with a Heart," the campaign brings to life our commitment to unlocking the potential of both customers and employees, illustrating what becomes possible when empathy, support, and ambition converge.

The story follows an elderly writer whose physical limitations prevent her from completing the story she longs to tell. A devoted reader steps in, becoming her hand to bring her words to life. This narrative mirrors the Bank's role as a financial partner: while challenges may restrict capability, potential can be realised when the right support is provided.

From a business perspective, the campaign strengthens emotional engagement and reinforces trust by reflecting the Bank's role in real human experiences. It demonstrates that our services extend beyond transactions, connecting purpose with performance, and highlighting our culture of resilience, ambition, and opportunity—values that guide both how we serve our customers and nurture our people.

The success of the campaign lies not only in its emotional resonance but also in its alignment with Seylan Bank's strategic objectives: deepening relationships and unlocking potential at every touchpoint. By showcasing our values in action, the commercial differentiates the Bank in a competitive market and reinforces our positioning as "The Bank with a Heart," a trusted partner that inspires ambition, opens doors to opportunity, and empowers individuals to realise their full potential.

Seylan Harasara is a targeted value-creation offering tailored specifically for senior citizens.

Seylan Harasara: Creating Value for Senior Citizens

Seylan Harasara, the Bank's dedicated financial solution for senior citizens, reflects Seylan Bank's commitment to inclusive banking by addressing the financial, health, and lifestyle needs of its elder customers. Through strategic debit card partnerships with Asiri Hospitals, Vision Care, and Vijitha Yapa Bookshops, Harasara offers meaningful benefits across healthcare, wellbeing, and leisure, complemented by medical reimbursements, milestone rewards, and access to pension loans. By recognising and supporting senior citizens at every stage of life, Seylan Harasara exemplifies the Bank's purpose-led approach to customer value creation and reinforces its identity as the "Bank with a Heart."

Mega Rewards stands as the one and only loyalty scheme in the industry that offers cash grants to mark the most significant milestones in a customer's life. These include weddings and wedding anniversaries; childbirth; children's educational achievements such as the Grade 5 Scholarship Examination, O/L's and A/L's; attainment of professional qualifications; retirement; milestone birthdays; and reimbursement of medical expenses for surgeries, including cataract surgery.

Launched in the early 2000s, Seylan Mega Rewards remains the longest continuously running loyalty scheme in the banking industry. To qualify for any of these defined grants, an account holder is required to maintain the stipulated minimum balance for a continuous period of 12 months prior to the date of the qualifying event.

In 2025, 2,937 grants with an aggregate value of LKR 19.7 Mn were awarded to loyal Seylan Bank personal account holders.

Harnessing and Growing our Digital Media Presence

In alignment with its strategic objectives and evolving operating environment, Seylan Bank has increasingly focused its marketing communications and engagement initiatives on the youth demographic. This strategic shift has led to a stronger presence on social media platforms such as Facebook, Instagram, YouTube, LinkedIn and TikTok, enabling the Bank to connect effectively with younger audiences and strengthen its digital footprint.

By leveraging these platforms, the Bank engages youth in ways that resonate with their interests and communication preferences. As a result, Seylan Bank's social media channels have emerged as some of the most visited and viewed, reflecting the success of these efforts, as supported by recent market research findings.

	Our Social Media Presence		
	Ranking on No. of Followers	Follower Base	Growth %
Facebook	02	1,053,645	0.53%
Instagram	05	28,100	5.04%
LinkedIn	07	78,500	19.1%
YouTube	05	20,900	10.6%
Tik Tok	Likes - 05 Followers - 08	Followers - 26,400 Likes - 421,900	-2.21% 2.53%

GRI 417: Product Labelling & Marketing

Product Labelling and Marketing Communication

The Bank maintains robust governance mechanisms to ensure responsible marketing communication in line with regulatory requirements and ethical standards. Oversight responsibility rests with the Product Development Committee, which reviews product design, features, disclosures, and compliance considerations, and grants recommendations to the Board of Directors, for the introduction of new products or material modifications to existing offerings.

All customer communications written and verbal are provided in Sinhala, Tamil, and English to ensure accessibility and clear understanding across the Bank's diverse customer base. Marketing and promotional communications, including advertisements, are governed by the Bank's business ethics and fair-trade policies, ensuring that all information is accurate, transparent, and not misleading, ambiguous, or deceptive.

Sale of Banned or Disputed Products

The Bank does not engage in the sale or promotion of banned or disputed products. Stringent internal controls are in place to ensure that all products and services comply with applicable laws and regulatory guidelines, including the Central Bank of Sri Lanka's Customer Charter, which sets out principles for fair treatment, transparency, and customer protection.

Products and related communications are subject to rigorous review to ensure compliance with regulatory requirements and ethical conduct. Accuracy of information is a key priority, and all products are duly approved and registered where applicable, with disclosures that are clear and free from misrepresentation. Through these practices, the Bank upholds responsible marketing standards and reinforces customer trust.

Strategic Engagements driving brand presence and sustainable impact in 2025

- During the year, the Bank continued to conduct a series of activations for one of its flagship brands, **Seylan Tikiri**, its Minor Savings Account for children. In collaboration with the Child Protection Force, Ada Derana, and Capital TV, the Bank organised a **Child Protection Awareness programme** during World Children's Month. A range of initiatives were also conducted to empower children with **financial literacy**, covering topics such as expense and savings management, prevention of unethical financial practices, and the importance of cultivating savings habits from an early age
- Moreover, Seylan Tikiri extended its partnership with the **Universal Concept of Mental Arithmetic System** (**UCMAS**) for the second consecutive year as the Official Banking Partner. The initiative promotes mathematical excellence among children aged 4–13, aligning with the Bank's mission to empower the next generation through education, skill development, and financial literacy

Social and Relationship Capital



Drawings smiles with 'Tikiri'



Rewarding future minds to win life with numbers



Title partner for Kedalla Construction Expo 2025



Adding colours to 'Wedding Show'



Affiliation with 'Colombo Motor Show'

- The brand also awarded **cash prizes to 14 Grand Champions** at the competition, celebrating their achievements and reinforcing Seylan Tikiri's commitment to nurturing talent, skills, and financial awareness among young learners
- The Bank partnered with Sri Lanka's oldest environmental organisation, the **Wildlife & Nature Protection Society (WNPS)**, through their 'Wild Kids' program to educate children on the importance of nature conservation and protecting the country's biodiversity. The initiative associated with the Bank's Tikiri brand included turtle conservation awareness, a tree-planting campaign at Diyakotha in Kandy, and student engagement activities at Diyasaru Park, fostering environmental stewardship among the next generation
- In addition, the Bank sponsored a range of schools' events, including **Commerce Day and Maths Day**, to promote Teens Accounts, encourage Debit Card usage, and enhance financial literacy among students
- Bank participated in INFOTEL, Sri Lanka's premier ICT exhibition, showcasing its digital capabilities including IPG, Seylan Merchant Portal (SMP), Pay Direct, and Mobile Banking. The engagement strengthened B2B and B2C relationships, created opportunities to onboard new merchants and customers, and enhanced brand visibility among SMEs, corporates, startups, and the wider tech audience through live demos and interactive sessions
- The Bank served as the Title Sponsor and Official Banking Partner of the Kedella Construction Expo for the 13th consecutive year and the Kedella Art of Living Exhibition for the 19th year. By associating with these two premier properties in the construction and home improvement sector, the Bank has gained consistent visibility for Seylan Home Loans
- The Bank was also able to provide on-site evaluations and tailored solutions for home financing needs, while showcasing the services of its Home Loan Specialists, who act as a single point of contact from application to loan disbursement, offering expert advice throughout the process
- It was also the Official Banking Partner at the Wedding Show 2025 in February. The Bank hosted a stall where visitors could meet officers to discuss their financial needs. Given the wedding-focused audience, the Bank promoted Mega Rewards, Personal Loans, and Credit Cards, aligning its offerings with the interests of attendees
- Bank once again partnered the Colombo Motor Show, marking its 18th consecutive year as the Official Banking and Leasing Partner at the 19th edition of the event. This year's exhibition generated significant interest from both industry stakeholders and the public, as it was the first motor show held following the relaxation of vehicle import restrictions that had been in place for several years

  Over 200 trade stalls showcased the latest vehicles, accessories, spare parts, and vehicle-related services. As the Official Banking and Leasing Partner, Seylan Bank offered a comprehensive range of vehicle financing solutions, including on-site lease evaluations, providing visitors with immediate and convenient access to tailored financing options

Value Addition to a Key Value-Creator: Empowering SMEs

Sri Lanka's SME sector represents one of Bank's largest customer segments and plays a pivotal role in the country's economic value creation. The Bank remains committed to actively engaging and empowering this sector—not only through financial support but also by providing knowledge, market linkages, and capacity-building initiatives. The following programs reflect our ongoing efforts to deliver comprehensive solutions that support SME growth and sustainability.

- Bank's Atha Hitha Loan Scheme, funded by the Government, serves as a catalyst for the MSME sector, unlocking potential and enabling enterprises to reach new levels of growth. Priority sectors include manufacturing, tourism, agriculture, apparel, and export-oriented industries. The scheme offers flexible financing to support entrepreneurs who drive innovation, job creation, and community development, while faster disbursement timelines are intended to accelerate growth for both MSMEs and the national economy.



Under this scheme, businesses can access loans of up to LKR 25 Mn, with a maximum tenure of ten years and an attractive interest rate of 7%, providing tailored solutions to meet the diverse needs of MSMEs.

Through the National Credit Guarantee (NCGIL) programme, up to 67% of qualifying loans are secured by the guarantee scheme, while borrowers pay a nominal 1% annual guarantee fee based on their risk profile. This structure ensures both accessibility and risk mitigation, supporting sustainable growth for MSMEs.

During the year, NCGIL increased its coverage for women led businesses - to 80% and reduced the premium to 0.50%-1.25%

- In commemoration of International SME Day, Bank launched its first AI-powered video to highlight the Bank's unwavering commitment to supporting SMEs across Sri Lanka

  The video showcases the vital role SMEs play in driving national growth, innovation, and economic development, while reinforcing Seylan Bank's position as a trusted partner dedicated to empowering this key value-creator segment. A page of the digital outcome and the number of viewers and responses to it is given below.

Post Date	Profile	Post	Reach	Impression	Post Engagement	Video Plays
5-May-25	Seylan Bank	Corporate Campaign 2025	5,973,129	24,904,984	6,710,327	3,569,986

Collaborative Efforts to Empower SMEs

- The Bank continued to support women entrepreneurs through the Dinana Aya programme by conducting financial management workshop in the Western Province. Delivered in collaboration with Deloitte, the programme equipped participants with essential knowledge and practical skills in budgeting, financial planning, record keeping, and informed decision-making, empowering women to manage their business finances with greater confidence and effectiveness
- A Women Entrepreneur Development Program aimed at empowering women entrepreneurs through training mentorship and resources, was held with the collaboration of Rotary International; in Kandy, Galle and Kurunegala

  This Program aimed at empowering women entrepreneurs through training, mentorship, and resources for business growth

Bank continues to facilitate programs designed to equip SME clients with the insights, tools, and expertise needed to navigate challenges, access new markets, and enhance their competitiveness. A summary of the key SME programs and initiatives conducted in 2025, in partnership with various organisations is provided below:

- Partnering the Business Investment Summit for entrepreneurs
- During the year, the Bank served as the official banking partner (Silver category) of the Business Investment Summit organised by Lanka Business TV, a platform renowned for its in-depth business and economic analysis in the Sinhala language and with a strong following both locally and internationally through its social media channels

  The summit, held in Ratnapura, featured a distinguished panel of experts from the financial sector, including representatives from the Central Bank of Sri Lanka, leading banks, finance companies, business leaders, innovators, technocrats, and successful entrepreneurs from the gig economy. The event provided a platform for thought leadership, knowledge sharing, and engagement with key stakeholders in Sri Lanka's evolving business landscape

- Bank served as the banking partner for the Sri Lankan Entrepreneur of the Year (SLEOTY) Awards, organised by the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL), which represents a membership base of over 40,000 business entities across more than 65 chambers. The awards programme spans all provinces of the country, recognising entrepreneurial excellence and innovation nationwide
- Bank served as "Official Banking Partner" of the Sri Lanka Export Development Board organised marine summit *"Voyage Sri Lanka"*, held at the Kingsbury Hotel, Colombo, under the theme *"Unveiling the Blue Economy Potential of Sri Lanka."* The summit brought together key local and international stakeholders from the shipbuilding, boat-building, offshore energy, logistics, marine engineering, and related support services sectors.

  The primary objective of Voyage Sri Lanka 2025 was to position Sri Lanka as a competitive marine and offshore services hub in the Indian Ocean region. The Bank partnering with this landmark initiative provided a valuable opportunity to support the development of the country's emerging blue economy and reinforce its commitment to sustainable economic growth

Social and Relationship Capital



- The Bank served as the **Silver Sponsor** for the second consecutive year at the *Industry Expo 2025*, organised by the Industrial Development Board. Held at the BMICH, the Expo brought together local and international stakeholders representing 21 industry sectors, with over 1,000 exhibitors showcasing a diverse range of products and innovations. Seylan Bank also produced a dedicated product brochure to help participants better understand its full suite of offerings and to reinforce brand recall
- In addition, as a strategic partner of the National Chamber of Exporters (NCE), the Bank was the **Platinum Event Partner** for the NCE Exporter Awards for the fourth consecutive year, reaffirming its continued commitment to recognising and supporting excellence in Sri Lanka's export sector
- The Bank participated in financial literacy programmes conducted by the Central Bank of Sri Lanka through its regional offices, covering areas such as Matale, Anuradhapura, and Kilinochchi, with the objective of enhancing financial awareness and inclusion



Partnering with National Chamber of Exporters

The Ceylon Chamber of Commerce organised the Scale Up Sri Lanka Programme, a flagship event designed to connect Sri Lankan startups and SMEs with robust value chains and high-impact growth opportunities. The event served as a dynamic platform for building strategic partnerships and accelerating the growth of Sri Lanka's entrepreneurial ecosystem.

The primary objective of ScaleUp Sri Lanka is to guide small and medium enterprises in scaling their businesses to the next level. Seylan Bank was proud to participate as a Silver Sponsor, gaining a valuable opportunity to engage directly with a highly relevant target audience at an efficient cost, while also enabling strong cross-selling prospects.

- The Head of Digital Banking at Seylan Bank participated in *ScaleUp Sri Lanka,* organised by the Ceylon Chamber of Commerce, sharing key insights on digital innovation and transformation for SMEs. The programme aims to guide small and medium enterprises in scaling to the next level while connecting them with robust value chains, fostering growth and competitiveness in the Sri Lankan SME sector
- For the fifth consecutive year, the Bank continued to celebrate and empower local entrepreneurs through its television programme *"Oba Pa Nagena Maga Apa Inne."* The initiative featured the journeys of over 60 entrepreneurs—each a valued SME customer of the Bank—highlighting their challenges, resilience, and achievements, while inspiring others within the SME community

Recognising SMEs as a vital segment of the Bank's portfolio, the programme was designed as a dedicated platform to deepen engagement with the SME sector and showcase entrepreneurial success stories. Conducted in partnership with Ada Derana, Sri Lanka's 24-hour news platform, the programme benefited from professional scripting and production, with content broadcast across the Derana network

The stories were further amplified through the Bank's digital channels, including YouTube and Facebook, extending reach and engagement across diverse audiences. Through this initiative, Seylan Bank continues to motivate aspiring entrepreneurs, highlight the innovation and determination of its SME customers, and reaffirm its commitment to supporting the sustainable growth of the SME sector

- Established partnerships with Trade Associations in Gampaha, Kalagedihena and Kurunegala to support and strengthen local business activities

Respecting and Caring Orphans

On 29 December 2025 in Colombo, Seylan Bank's Islamic Banking Unit contributed LKR 1 million from its charity fund to OrphanCare Trust to support orphaned youth transitioning from institutional care to independent life. This initiative reflects the Bank's continued commitment to sustainable empowerment, social inclusion, and creating long-term impact within underprivileged communities across Sri Lanka.



Cheque being handed over by the Director/CEO

Other SME Workshops Across the Country	
Beneficiary Areas	**Knowledge Sharing Programmes to Empower SME's**
Maradagahamulla	Local SME development initiative
Polonnaruwa & Kaduruwela	Workshops on Tax Management & Financial Literacy
Southern Region	Export process seminar on export procedures, regulations, documentation, and available support services
NCE's SVAT seminar:	Educated exporters on the Simplified VAT (SVAT) scheme, covering compliance requirements, benefits, and procedural updates.

GRI 205

The bank upholds a zero-tolerance policy on bribery and corruption, ensuring that we maintain the highest standards of integrity and security in all our operations.

The Bank's Robustness in Compliance	
Compliance	**Level/status of Compliance and Action Taken**
Percentage and the total number of business units analysed for risk concerning corruption and the Percentage of employees trained in the Bank's anti corruption policies & procedures	Training and development needs are identified through audit trails to address any prevailing gaps. The bank offers training programs that promote and reinforce good corporate governance internally. All employees sign the code of conduct, acknowledging and taking responsibility for upholding its principles.
Actions taken in response to incidents of corruption	Stringent internal controls and protocols, audit procedures and staff disciplinary codes enforced across every operation and stakeholder engagement activity. LA
Participation in public policy development	At the invitation of the Government, the bank actively presents proposals and participates in formulating new policies for consideration and inclusion in the Government's budget and tax laws. This includes contributing to the Sustainable Banking Initiative of the Sri Lanka Banks' Association (SLBA), the development of the Sustainable Financing Roadmap by the Central Bank of Sri Lanka (CBSL), and the implementation of new accounting standards.
The total value of financial and in-kind contributions to political parties and politicians	The Bank made no contributions to political parties or politicians. LA All business is conducted at arm's length, ensuring impartiality. Additionally, the Bank has a clear policy regarding politically exposed persons (PEPs) and strictly adheres to it.
Number of legal action taken on anti-competitive behaviours	The Bank consistently adheres to the country's laws and regulations in all its marketing campaigns. We prioritise truth and transparency in advertising, whether through banners, sales campaigns, roadshows, or the use of public address systems. Throughout the year, no legal action was taken against the bank for anti-competitive behavior. LA
The monetary value of fines and the total number of non-monetary sanctions for non-compliance with laws & regulations	LKR 4.68 Mn

Way Forward:

- Building on the branding initiatives launched during the year, the Bank will continue to strengthen its renewed brand identity and the values that define us as a "Bank with a Heart"
- Our customer strategy remains anchored in service excellence, combining personalised engagement with responsive delivery to create meaningful and lasting customer relationships
- The expansion of digital channels will remain a strategic priority, serving as the Bank's primary delivery platforms and key enablers of customer convenience and value creation
- The Bank will continue to harness social media as a core customer communication channel, strengthening engagement and brand visibility
- Aligned with the Bank's strategy to grow its CASA base and the Seylan Red high-net-worth proposition, communications in the year ahead will place increased emphasis on these target segments and the associated product brands

In our SME segment, strengthening Field Engagement & Capacity Building such empowering SME Relationship Officers with training, tools, and performance-linked incentives to deepen client relationships and drive quality origination will be a key priority.

Social and Relationship Capital

Deposit Products		Description	Value Delivered	Markets Served
	Seylan Mega Rewards	Offers definite benefits for personal savings, current accounts, personal foreign currency savings and foreign currency fixed deposits	Interest and reward benefits	Individuals aged above 18 years
	Seylan Tikiri	Accounts for children	Interest, rewards, and bonus interest benefits	Children below 15 years of age
	Seylan Harasara	Financial solutions for senior citizens	Interest, reward, benefits, merchant discounts and pension loans	Senior citizens aged above 55 years
	Money Market Savings Account	Short-term savings account with higher interest rate	Interest benefits	Corporate, individual clients and collection accounts of institutions
	Millennium 30	30-day fixed deposit	Interest benefits	Corporate, SME, retail and individual clients
	Seylan Flexi Deposit	Allows depositor to select the time period of the fixed deposit	Interest benefits, flexibility	Corporate, SME, retail and individual clients
	Seylan Shakthi	4-year fixed deposit	Interest and reward benefits (in addition to interest, eligible for utility payment vouchers)	Retail clients
	Seylan 5 Star	5-year fixed deposit	Interest and reward benefits (in addition to interest, customers are eligible for utility payment vouchers)	Retail clients
	Seylfie	Youth account	Rupee interest, digital interest and reward benefits	Youth aged between 18-26 years
	Seylan myplan	Savings account with monthly fixed saving commitment	Interest benefits	SMEs, business clients and individuals
	Seylan RED	Priority Banking Membership	A dedicated Relationship Manager along with concierge service and an array of dynamic benefits	High net worth individuals
	Seylan Accelerate	Savings account for monthly regular income earners	Interest and reward benefits	Individuals who earn a regular monthly income
	Seylan Teens	Savings account with ATM card	Interest and offers	Teens aged 13 to 17

Lending Products		Description	Value Delivered	Markets Served
	Seylan Home Loans	Home loans up to LKR 100 Mn to purchase a bare land, purchase, construct or renovate a house or to purchase a condominium apartment	Fixed interest rates, documentation support and advisory with doorstep service	Primarily salaried individuals, professionals and businessmen
	Seylan Loan Against Property	Loans made available against your residential property to upgrade your lifestyle, grow your business or for investments	Fixed interest rates and doorstep service	Salaried Individuals drawing a monthly fixed income over LKR 50,000 with residential property under their name
	Seylan Leasing	Finance leases for vehicles, motorcycles, machinery, plant and equipment	Fixed interest rates with a flexible repayment structure and approval within a day	Corporate, SME, retail and individual clients
	Seylan Personal Loans	Personal loan for any related purpose	Fixed interest rates, doorstep service	Salaried individuals employed at reputed companies, professionals, government servants and armed forces

Lending Products		Description	Value Delivered	Markets Served
	Seylan SME	Specialised loan scheme for SME sector	Interest benefits	SME clients
	Scholar Loans	Unique higher education loan scheme	Fixed interest with a longer repayment tenure	Individual clients
	Seylan Credit Cards	Visa, Master credit cards	Interest benefits, rewards and merchant discounts	Individual clients
	Trade Finance	Imports and exports	Commission and interest benefits	Corporate, SME, retail and individual clients
	Seylan Factoring	Provides working capital requirements against trade receivables	Generates working capital	Corporate, SME, retail and individual clients
	Seylan Gold Loans	Instant short-term loan facility against gold articles	Interest benefits	Proprietors of business concerns and individuals
	Seylan Solar Loans	Loans to purchase a roof top Solar	2 day approval, Fixed interest rates, Discounts and offers from reputed solar vendors	Salaried individuals employed at reputed companies, professionals, government servants and armed forces
	Seylan Dinana Aya	Empowers women entrepreneurs with financial solutions.	Interest benefits Discounted fees	SME Women entrepreneurs

Other Offerings		Description	Value Delivered	Markets Served
	Seylan Internet & Mobile Banking	Able to carry out a variety of banking functions at their convenience by the click of a button	Low charges and 24x7x365 accessibility	Corporate, SME, retail and individual clients and credit cardholders
	SEY Cash	Bank's remittances platform	Commission benefits	Commission benefits
	SMS Banking	Opportunity to carry out selected banking functions via SMS	Free up to a number of SMSs and convenience	Corporate, SME, retail and individual clients and credit cardholders
	Overdrafts	Overdraft facilities for personal and corporate current account holders	Interest benefits	Corporate, SME, retail and individual clients
	SeylanPay	SeylanPay is a mobile application that offers customers a seamless and secure transactional experience	All your Accounts and Cards in one place, Instant and Contactless	Customers, merchants
	Pay Direct	Seylan Pay Direct enables organisations to complete their financial transactions	Ease and convenience through an efficient, hassle-free manner without stepping into a Bank	Corporates
	Loan Scheme for Pensioners	Specialised banking service for pensioners up to a maximum loan amount of LKR 2.5 Mn	Fixed interest rates	Government pensioners
	Safety Lockers	Allows customers to keep their valuable assets safely	Safety of assets	Corporate, SME, retail and individual clients
	Merchant portal	Seylan payment portal is an all in one and multipurpose payment portal that brings you all your online payment acceptance needs to your doorstep	Facilitates on line transactions	Merchants without a website or shopping cart
	Internet Payment Gateway (IPG)	A payment gateway is a technology merchants use to accept card payments (debit or credit) to collect funds from customers online	Dedicated On line payment 24x7x365	Merchants

Social and Relationship Capital

Value Chain Partners

Our partners are a crucial part of our value chain, serving as key connectors in our operations and supporting the success of our sustainability strategy. The Bank is committed to fostering long-term, mutually beneficial relationships with them.

Our Suppliers

The Bank's diverse supplier base includes critical partners, such as IT equipment and software providers, as well as indirect suppliers supporting operations, stationery, maintenance, drinking water, and janitorial services. Each plays a vital role in maintaining operational efficiency and resilience.

Sourced Item/ Service	2025 LKR Mn	2024 LKR Mn
Tea & Coffee	94.7	59.7
Subsidised lunch for staff	70.3	43.1
Suppliers of foliage/ maintenance of fish tanks	2.4	2.4
Janitorial and Courier Services	183.1	115.9
Repair & Maintenance	99.1	56.9
Drinking Water	9.5	10.0
Newspapers	1.9	1.7
Security	838.3	445.6
Total	**1,299.3**	**735.3**

Supplier Evaluation and Procurement

Our procurement processes are designed to create lasting value for partners while aligning with sustainability goals, including environmental and social considerations. Regular reviews, clear communication, and collaborative engagement strengthen relationships, enhance supply chain resilience, and ensure mutual benefit. No incidents reported on health and safety concerns herein.

Uplifting Local Economies

To support Sri Lanka's SME sector and reduce regional economic disparities, the Bank prioritises sourcing from local suppliers where feasible. This approach promotes regional development and strengthens the local business ecosystem.

Global Partners

In an increasingly interconnected world, our international partners are key to Seylan Bank's value creation and growth. With inward remittances and export trade being strategic priorities for Sri Lanka, our network of global partner banks plays a critical role in driving economic development. During the year, the Bank expanded its overseas network by re-establishing confirmation and guarantee lines with several foreign correspondent banks, enhancing trade capabilities. Additionally, Seylan Bank was on-boarded to the Trade Finance programme of Exim Bank of India, further strengthening international partnerships.

Membership in Associations and Other Relationships [LA]

The Bank holds memberships and other relationships in a wide number of industry associations to harness strength and partner for the mutual benefit of the industry as mentioned below.

Professional Bodies

- The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Chartered Institute of Management Accountants (CIMA)
- Association of Chartered Certified Accountants (ACCA)
- Certified Management Accountants (CMA)
- The Institute of Bankers of Sri Lanka (IBSL)
- Chartered Institute of Taxation of Sri Lanka
- Association of Banking Sector Risk Professionals

Business Collaborations and Other

- The Ceylon Chamber of Commerce
- The National Chamber of Commerce Sri Lanka
- Lanka SWIFT User Group (LSUG)
- LankaPay (Pvt) Ltd
- Trade Finance Association of Bankers
- International Chamber of Commerce
- National Chamber of Exporters
- Association of Professional Banks Sri Lanka (APBSL)
- Lanka Financial Services Bureau Ltd

Industry Associations

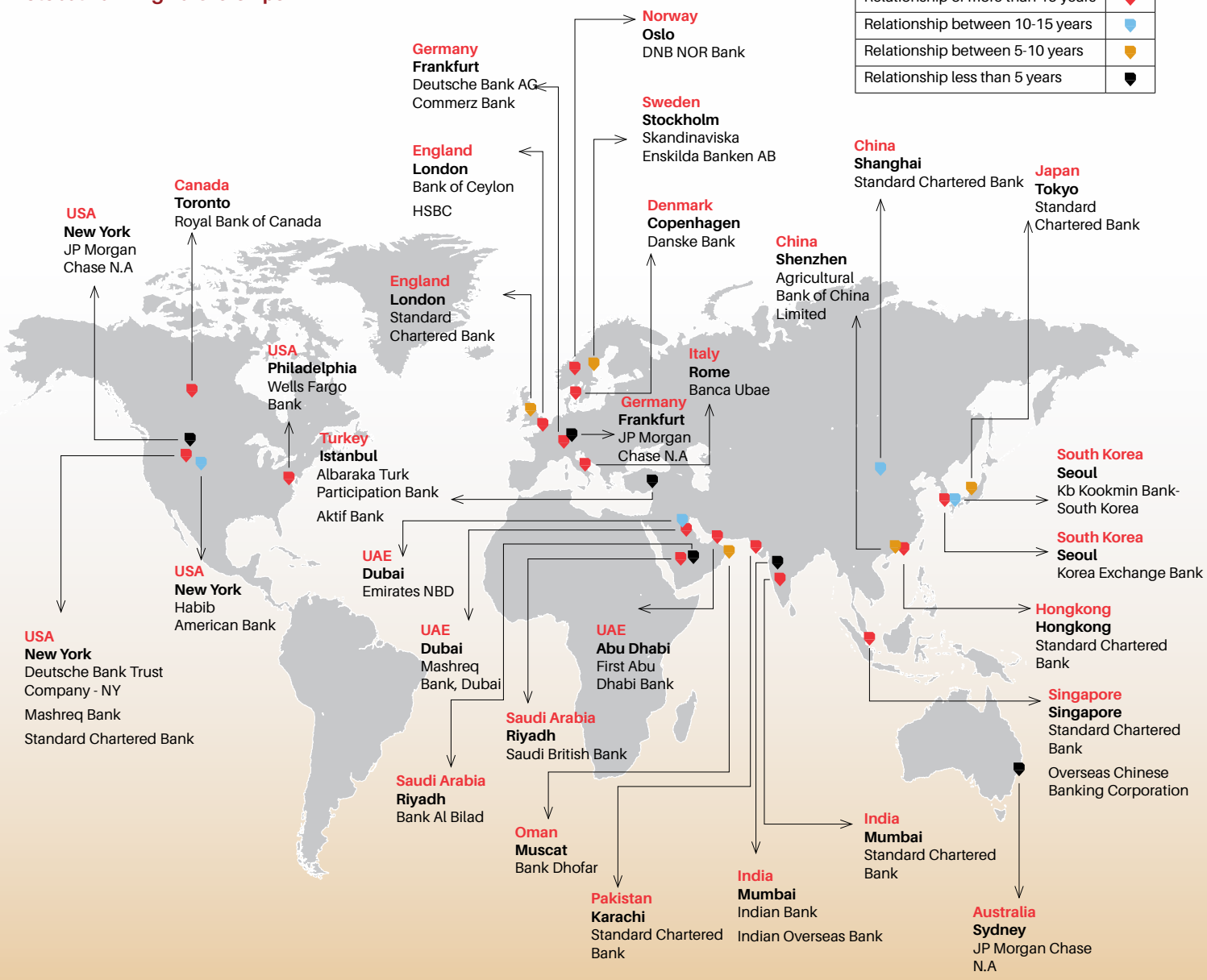
- Financial Ombudsman Sri Lanka (Guarantee) Limited
- Association of Compliance Officers of Banks, Sri Lanka
- Sri Lanka Forex Association
- The Sri Lanka Banks' Association (Guarantee) Limited
- Credit Information Bureau (CRIB)
- The Clearing Association of Bankers
- The Employers' Federation of Ceylon

Environmental Conservation Institutes

- Biodiversity Sri Lanka
- Global Sustainable Finance Network

Global Banking Partnerships

Relationship of more than 15 years	
Relationship between 10-15 years	
Relationship between 5-10 years	
Relationship less than 5 years	



Social and Relationship Capital

Community Capital

Enabling Inclusive Growth and Shared Prosperity

Community Capital at the Bank reflects our belief that communities are living ecosystems of interconnected social circles within which present and future stakeholders are nurtured.

With a widespread branch network and a diverse range of financial products and services, Bank maintains continuous engagement with communities. The Bank recognises that its long-term success is intrinsically linked to the social and economic well-being of the communities in which it operates. These communities include customers, employees, SMEs, entrepreneurs, schools, suppliers, senior citizens, youth, women-led enterprises, and the broader society connected to the Bank's operations and value chain in diverse forms.

Future driven SLFRS S1 and S2 alignment guided by prudent and responsible banking principles, including the Equator Principles via Environmental and Social Management System (ESMS), our approach to Community Capital integrates governance, risk management and strategic decision making to address sustainability related risks and opportunities arising from social and community contexts. We continuously seek to understand the dynamics of changing internal and external environments and remain adaptive in managing unprecedented change, ensuring the Bank is future-ready amid evolving buyer behaviours and societal dynamism.

As a responsible, inclusive and sustainable corporate citizen, Bank focuses on strengthening family units and grassroots enterprises through targeted SME financing, while empowering women and youth accordingly. Structured capacity-building programmes that address gaps in knowledge and awareness, enabling communities to achieve meaningful and lasting outcomes, complement our financing solutions provided to every stakeholder remains to be sustainable.

We engage communities through diverse platforms, including sustainability projects, education-centric initiatives enhancing access to education and financial literacy, empowering livelihoods, and strengthening local economies, the Bank seeks to create positive and sustainable impacts while minimising any adverse effects on the communities it serves. While fostering connection, dialogue and collective participation. In a value-chain lens of our stakeholder groups, we encourage synergy across the ecosystem, ensuring that inclusive and sustainable finance acts as a catalyst for shared prosperity and long-term socio-economic resilience.

GRI 203-1, 413-1

Seylan Pahasara - Investing in Education to Build Future Ready Communities

Overview

Seylan Bank's flagship and pioneering social sustainability initiative, Seylan Pahasara, continued into its 13th year in 2025, reaffirming the Bank's long standing commitment to education led community development. [LA] Since its inception on 1 March 2013, coinciding with the Bank's 25th anniversary, Seylan Pahasara has evolved into a nationally recognised programme dedicated to revitalising school libraries in under resourced communities and strengthening the foundations of holistic education coupled with little steps to know about financial literacy in digital world, day by day, as a prelude to meeting our long-term goal of inclusive and sustainable financing tomorrow.

This initiative focuses on constructing, refurbishing, and modernising school libraries, while ensuring books donated are in alignment with national curricula and broader educational development goals. As portrayed below, every value created through "Seylan Pahasara" is not only for the students studying in those schools at present but also to many future students who are yet to join school. Proudly moving with numbers, the resources are more than adequately set in style to reach 300th landmark during the year 2026.

"Seylan Pahasara" Journey Since Inception (Y2013 to Y2025)

Date commenced	01 March 2013
No. of schools reached	289
No. of students we could equip	364,054
Total No. of books made available (Main Project and Re-visits)	56,981
No. of Computers geared with	384
No. of multimedia projectors	79
No. of Wide screens	62
No. of smart boards	02



We symbolise every "Seylan Pahasara" Library opening ceremony with a tree planting initiative while endorsing all students the importance of nurturing natural environment and envisage their progressive growth in knowledge, skills and positive attitudes becoming productive and responsible citizens with moral traits.

- Aspired to continue and make a remarkable contribution for students of our Mother Lanka
- Resources deployed to meet the 300th Landmark during year 2026
- 54 total Re-visits completed
- Scholarships and Employment Opportunity for Students of "Seylan Pahasara" Schools since year 2025
- Stronger and better engagement with students and teachers through 'Seylan Pahasara Week initiative'
- 03 Employment Opportunities to join the Bank
- 19 Scholarships for two years monthly for whom qualified to enter university
- LKR 21 Mn worth of investment for both new libraries and Re-visits done during year 2025
- LKR 123 Mn worth of investment on both new libraries and Re-visited ones from Y2013 to Y2025
- All infrastructure related work done by the local vendors of respective Branch in the vicinity

Social and Relationship Capital



The Director/CEO of Seylan Bank opening the 280th library



The Director/CEO of Seylan Bank donating a set of books



The CRO of Seylan Bank donating a Smart Board at the 285th library opening



Engagement through 'Seylan Pahasara Week'

Enhancing Educational Outcomes through a Holistic Design

As illustrated above, Bank goes beyond mere physical infrastructure and building upgrades and curriculum aligned book donations. Seylan Pahasara has been progressively enriched to support total quality education. Library resources are complemented with materials that promote personal grooming, leadership, sportsmanship, soft skills development and values based learning, enabling students to develop both academic and life skills.

Recognising the importance of digital literacy in shaping future employability, the Bank has embedded computer literacy and e learning capabilities into the programme. Based on the needs of each school, Seylan Pahasara libraries are equipped with computers, multimedia projectors, wide screens and smart boards, enabling students to access digital content, enhance ICT competencies and foster interactive learning environment.

Community Engagement Through "Seylan Pahasara Week"

Taking the initiative to the next level, Bank introduced "Seylan Pahasara Week" in the lead up to each library inauguration.

The week comprises sports events, creative competitions and outbound activities that nurtured teamwork, creativity and resilience. A tailor-made financial literacy programme is delivered to students and parents, reinforcing responsible money management, savings habits and early financial planning in little steps. These engagements reflect the Bank's commitment to capacity building and awareness creation, consistent with the social capital disclosures envisaged under SLFRS S1 and GRI Standards.

Pathways Beyond School – Employability and Scholarships

Extending the impact beyond schooling, Bank opened pathways for high performing Advanced Level students under Seylan Pahasara to access employment opportunities with the Bank, based on merits. In parallel, scholarships are awarded to students who excel at the Advanced Level examination and qualify for university admission, reinforcing education as a catalyst for social mobility and long term economic resilience. 19 Scholars are entitled during the year and receive their monetary deeds monthly throughout a period of two years.

These initiatives support the Bank's inclusive growth agenda and contribute to building a skilled future workforce, aligning with the principles of integrated thinking under the International Framework and global banking best practices on community investment.

Monitoring, Sustainability and Continuous Improvement

To ensure long term relevance and impact, Seylan Bank conducts structured assessment visits to Seylan Pahasara libraries three years after inauguration on rotational basis. These reviews evaluate requirements for book replenishment, additional educational resources and building maintenance, ensuring the sustainability and continued value creation of the programme.

Strategic Relevance and Future Vision of "Seylan Pahasara"

Seylan Pahasara remains a living example of Bank's role as a responsible, inclusive and sustainable corporate citizen. The initiative supports national education priorities, strengthens community capital and contributes to long term socio economic resilience by investing in future generations.

Looking ahead, the Bank will continue to enhance Seylan Pahasara through tailored technological solutions, updated learning resources and expanded capacity building programmes covering leadership, financial literacy, digital skills and personal development via "Seylan Pahasara Week" activations already piloted in schools during year 2025. In doing so, Seylan Bank reinforces its commitment to creating shared value, sustainable and inclusive way.

Seylan Bank Partners Make-A-Wish® Sri Lanka to Advance Social Sustainability and Community Well-being

Make-A-Wish® Sri Lanka was officially launched as a licensed Territory of Make[1] A-Wish International on World Wish Day, marking 45 years of the global wish-granting movement.

Administered by the Indira Cancer Trust, the initiative supports children battling critical illnesses by fulfilling wishes that foster hope, emotional resilience, and positive treatment outcomes.

During the year, Seylan Bank became the banking partner and the very first corporate partner of Make-A-Wish Sri Lanka, reinforcing the Bank's commitment to social sustainability and stakeholder value creation.

By integrating Make-A-Wish Sri Lanka within the Indira Cancer Trust, the initiative adopts a holistic care model that addresses medical, emotional, and psychological needs, strengthening families and communities while delivering meaningful social impact. The launch on 29th April at the Indira Cancer Trust brought together families, volunteers, and partners in a shared celebration of hope, highlighting the power of wishes and collective goodwill."



The Director/CEO addressing the gathering at the launch

Supporting Inclusive Learning and Equal Opportunity across Diverse Communities

No.	Initiative Description	Stakeholders Engaged	Social Capital Dimension	Risk/ Opportunity Addressed	Outcomes and Impact	Contribution to Long-Term Value Creation
1	Sponsorship of an IT Teacher at The Ceylon School for the Blind for a one-year period	Students with visual impairments, educators	Access to skills, inclusive human capital development	Risk of social exclusion and limited employability among differently-abled youth	Improved IT literacy enabling employment and self-employment opportunities in high-demand office environments	Builds inclusive talent pipelines and reinforces the Bank's commitment to equitable access to economic participation
2	MoU perfected with the Sri Lanka Council for Visually Impaired Graduates to deliver English and IT training (24 sessions)	Visually Impaired Graduates	Equal opportunity, social inclusion and workforce participation	Risk of marginalisation of graduates experiencing acquired disabilities	Strengthened language and digital competencies, supporting adaptability and reintegration into the potential workforce	Demonstrates the Bank's role in enabling dignified transitions and inclusive economic participation
3	Donation of a Smart Board to St. Joan of Arc College, Udubaddawa	Students, Principals, Teachers, Education authorities and Parents	Access to quality education and digital learning infrastructure	Inequality in educational resources across regions	Enhanced teaching effectiveness and student engagement through technology-enabled learning; formally recognised by education authorities	Supports long-term social resilience by reducing regional and resource-based education gaps

Seylan Bank recognises that social factors—including inclusive access to education, skills development and equal opportunity can materially influence long-term value creation. The Bank's targeted interventions for differently-abled individuals and underserved communities address social risks related to exclusion while unlocking opportunities for broader workforce participation and community resilience. These initiatives are integrated into the Bank's stakeholder engagement approach and reflect its commitment to responsible and inclusive growth.

Social and Relationship Capital



MoU perfected with the Sri Lanka Council for Visually Impaired Graduates



Donation of a Smart Board to St. Joan of Arc College, Udubaddawa

Seylan Harasara Health Camps Supporting Senior Citizens

Through Seylan Harasara, the Bank sponsored two senior citizen health camps in Wennappuwa and Kurunegala in 2025, providing free medical check-ups and spectacles to elders who have rendered invaluable service to the nation and laid strong foundations for future generations. This initiative reflects Bank's commitment under SLFRS S1 to strengthen social capital by promoting equitable access to essential healthcare, financial inclusion, and wellbeing-focused engagement with vulnerable and deserving segments of society.

GRI 203-1, 413-1

Philanthropies Driving Inclusivity and Sustainability

The table appended below outlines philanthropic contributions extended across social welfare, health and recreation; education and skills development; religious and cultural infrastructure; export promotion and entrepreneurship; and sports and outward bound activities. These interventions reflect the Bank's focus on delivering smart, purpose led solutions that strengthen social infrastructure, nurture future ready ideas and support every stakeholder.

Hands in 'Pro bono' and 'Commercial' Philanthropies

Description	Focus	Amount LKR(Mn)	Major Category	Probono/ Commercial
Deeds on social welfare, recreation, and health	Communal CSR for potential relationships and collective efforts	4.24	Community	P
Help grooming students in total quality education	Commitment to foster responsible citizens with positive attitudes	4.94	Education	P
Infrastructural assistance on religious and cultural observations	Peace and prosperity	1.52	Community	P
Programmes to promote exports and entrepreneurship	Nurturing common mandates of entrepreneurship and exploring potential export opportunities	2.54	Community	P C
Sports and outbound activities in schools and working professionals	Collaboration with professional, academia and other potential entities	5.62	Education	P C
	Total	18.87		

P - Pro bono C - Commercial

4.8 Bn
MSME Financing availed

GRI 201-1, 203-2

Refinance and Subsidy Loan Schemes Facilitating Inclusive and Sustainable Financing

Advancing Inclusive Finance and Sustainable Economic Participation through Refinance and Subsidy Loan Schemes for SMEs and Smallholders, Reflecting the Bank's Broader Sustainability Focus in Alignment with SLFRS S1, as per the table appended below;

Refinance Loan Schemes

Refinance Scheme	Donor	Eligible Sectors	Loans Granted				Linkage to SASB & SLFRS S1/S2
			2025		2024		
			No.	Amount LKR Mn	No.	Amount LKR Mn	
Asian Development Bank SME Line of Credit	Asian Development Bank	Small and Medium Entrepreneurs	78	1,011.10	110	1,655.05	Supports financial inclusion and SME access to credit while managing sustainability related opportunities in core lending activities.
ADB Credit Line for COVID-19 Emergency Response WC Scheme	Asian Development Bank	Businesses affected by COVID-19	–	–	79	625.10	Enhances resilience of vulnerable enterprises, aligned with Financial Inclusion metrics and short-term sustainability related risks.
Environment Friendly Solution (Revolving Fund) II	Japan Bank for International Cooperation	Pollution / waste reduction across industries	3	25.60	4	83.01	Directly linked to environmental risk mitigation, aligning with Environmental, Social, and Governance (ESG) Risk Management and environment related opportunities, including climate.
Kapruka Refinance Loans	Coconut Cultivation Board	Coconut cultivation	8	7.04	7	11.06	Promotes sustainable agriculture and rural livelihoods, supporting value chain resilience and inclusive finance.
ADB Tea Loan	Asian Development Bank	Tea smallholders	26	71.51	9	7.83	Advances financial inclusion of smallholders and sector sustainability, aligned with inclusion indicators and risk management.
ADB Rooftop Solar Power Generation Project	Asian Development Bank	Solar power generation	–	–	1	10.00	Supports renewable energy transition, aligned with climate risk considerations and sustainability related opportunities.
SAUBAGYA Loan Scheme	Government of Sri Lanka	Small and Medium Entrepreneurs	–	–	–	–	Designed to promote inclusive economic participation, consistent with Financial Inclusion objectives and sustainability strategy.
SMILE III Revolving Fund	Japan Bank for International Cooperation	Small and Medium Entrepreneurs	25	219.66	16	196.87	Strengthens SME growth and access to finance, aligned with inclusion metrics and opportunity led lending.
MSME Re-energise Scheme	Government of Sri Lanka	Small and Medium Entrepreneurs	153	1,232.80	65	668.21	Enhances MSME resilience and inclusive growth while managing social and economic sustainability risks.

Social and Relationship Capital

Subsidy Loan Schemes

Interest Subsidy Scheme	Donor	Eligible Sectors / Scope	Loans Granted				Linkage to SASB & SLFRS S1/ S2
			2025		2024		
			Number	Amount LKR Mn	Number	Amount LKR Mn	
New Comprehensive Rural Credit Scheme	Government of Sri Lanka	Agriculture / cultivation	3,470	1,155.35	4,822	1,590.41	Promotes rural financial inclusion aligned with sustainability risks and opportunities.
Paddy Purchase Loan Scheme	Government of Sri Lanka	Paddy millers	69	1,093.40	33	1,081.90	Supports stability of agricultural value chains, aligned with sector specific sustainability risks.

The uptake for refinance and the interest subsidy schemes during 2025 reflects the Bank's Sustainability Strategy, which prioritises inclusive economic participation, climate-responsive financing, and resilience across key sectors of the economy. Year 2024 and 2025 variations in disbursement indicates a strategic rebalancing towards SME, MSME, agricultural, and environmentally aligned lending sectors, while lower volumes in certain schemes reflect the normalisation of post-crisis support programmes and evolving sector-specific credit demand. These financing outcomes are aligned with internationally recognised sustainability frameworks, including SLFRS S1, SASB and related ESG principles, supporting the Bank's enterprise-wide approach to managing sustainability-related risks and opportunities.

Way Forward:

- Strategic relationship-building initiatives: The Bank will pursue structured engagement opportunities to strengthen and sustain relationships with key stakeholders, supporting long-term collaboration and shared value creation
- Explore more potential opportunity for SME sector financing including women and youth being key stakeholders
- External validation on compliance levels on Consumer Protection: The Bank aims to obtain confirmation on its high levels of compliance with the requirements of the Financial Consumer Protection Act, through an external audit review
- Expansion of 'Seylan Pahasara' Library Project: The Bank aims to reach its highest milestone of 300 Seylan Pahasara libraries across the island, reinforcing equitable access to education and knowledge resources
- Purpose-driven re-engagement with existing libraries: The Bank will revisit established Seylan Pahasara libraries with clearly defined objectives to assess impact, strengthen outcomes and enhance long-term social value creation
- Deeper engagement with social ecosystems: Increased focus will be placed on the social circles within which the Bank operates to identify meaningful affiliations and opportunities for sustainable investments and financing



INTELLECTUAL CAPITAL

Intellectual Capital enables sustainable value creation by combining brand strength, human expertise, digital capability, and partnerships

Other Capitals Impacted

Financial Capital

Social and Relationship Capital

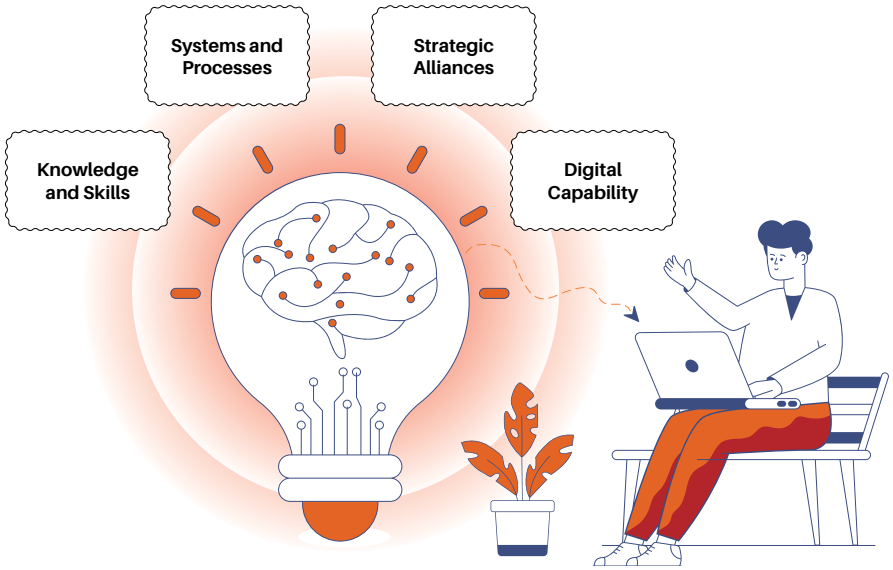
Sustainable Development Goals (SDGs) Nurtured





Intellectual Capital

Intellectual Capital is at the heart of value creation and the foundation of the Bank's long-term sustainability. While every organisation's IC is uniquely shaped, success lies in identifying the right mix and aligning it seamlessly with customer needs. This philosophy underpins Seylan Bank's approach to creating enduring value.



As the operating landscape continues to evolve at a rapid pace, intangible assets have become central to sustaining competitiveness and long-term value creation across industries. In the banking sector, particularly within an increasingly technology-driven environment, Intellectual Capital (IC) has emerged as a decisive factor in driving differentiation, resilience, and sustainable growth. For the Bank, IC is far more than a strategic resource; it is a catalyst for innovation, customer trust, and enduring stakeholder value.

Bank's Intellectual Capital is built upon five interrelated pillars: our Brand Equity, the collective knowledge and capabilities of our people, robust processes and systems, the digital capability, and the strategic alliances and partnerships we have cultivated over time. Through continuous investment in and enhancement of these elements, we strengthen our ability to anticipate evolving customer needs and deliver relevant, innovative solutions. This sustained focus on nurturing our Intellectual Capital reinforces stakeholder confidence, deepens customer relationships, and underpins our long-term sustainability.

Brand Equity

The Seylan brand is a home-grown one, which, within three decades of its inception has risen to become a trusted household name. From the outset, however, Bank has been shaped by its identity as a "challenger" brand. And furthermore, its brand ethos remains firmly rooted in its founder's Vision : to create a Bank that would be more efficient and progressive than state-run banks, while being more inclusive and accessible than the private banks operating at the time. Central to this vision was the belief in unlocking the potential of Sri Lankans through superior differentiated customer service and simplified financial solutions.

Over the past three decades, Seylan Bank has remained true to these founding principles. The Bank has become synonymous with being the "Bank with a heart," a concept that was thoughtfully reinterpreted in 2023/2024. Traditionally, "heart" has been associated with empathy, kindness, and customer service. However, we sought to expand this meaning to include qualities such as courage and innovation, which also require 'heart'— elements that truly reflect our challenger mentality. The Bank's definition of courage also emphasises the "courage to do things differently" and take bold decisions and continuously challenge conventions. These defining brand attributes are consistently brought to life through the Bank's initiatives, projects, and brand communication campaigns, reinforcing Seylan Bank's distinct identity and its enduring commitment to progressive, inclusive banking.

During the year, the Bank aired an uplifting and heartwarming new film, which brings to life our commitment to unlocking the potential of both customers and employees, illustrating what becomes possible when empathy, support, and ambition converge. With subtle branding, the story follows an elderly author whose physical limitations prevent her from completing the sequel to the story she had written. A devoted reader steps in, becoming her hand to bring her words to life. This narrative mirrors the Bank's role as a financial partner: while challenges may restrict capability, potential can be realised when the right support is provided.

Moreover, the Bank's ongoing initiatives to highlight the success stories of SME clients have further strengthened its position as a champion of community growth. Through the collaborative platform "Oba Pa Nagana Maga Apa Inne" with Ada Derana 24, the bank showcases the achievements of customers from various industries, emphasising the role Bank played in their success.

Another notable initiative is the "Dinana Aya"programme designed to support, educate and empower, women entrepreneurs and SME owners. From providing financial solutions, to offering digital channel guidance and insights on expanding into export markets, this progrmme has made a meaningful impact on the growth of numerous businesses over the past two years.

Furthermore, "Seylan Harasara", the Bank's dedicated financial solution for senior citizens, reflects Seylan Bank's commitment to inclusive banking by addressing the financial, health, and lifestyle needs of its elder customers. This customer offering exemplifies the Bank's purpose-led approach to customer value creation and reinforces its identity as the "Bank with a Heart."

Similarly, the "Tikiri" brand is a flagship product with strong brand equity amongst Sri Lankans over 40 years of age, recognised as one of the most active minor savings account in the country.

The Bank consistently maintains strong brand equity. And our communication platforms are engagement strategies designed with "edu-tainment" and value inculcation in mind. Beyond direct tactical messaging, we always incorporate thought-provoking ideas that resonate with customers and leave a lasting impression. Our digital platforms are highly engaging and proactive, often setting a benchmark even outside the banking sector.

Another in the series of edutainment included a video clip to mark International SME Day. Seylan Bank launched its first AI-powered video to highlight the Bank's unwavering commitment to supporting SMEs across Sri Lanka. The video showcases the vital role SMEs play in driving national growth, innovation, and economic development, while reinforcing Seylan Bank's position as a trusted partner dedicated to empowering this key value-creator segment.

Knowledge Base

Bank, with a legacy spanning 36 years, is supported by a dedicated workforce of 3,243 team members, including 845 employees who have served the Bank for more than 25 years. This depth of experience represents a significant source of Intellectual Capital, anchored in the tacit knowledge accumulated over decades.

Effectively leveraging Intellectual Capital (IC) requires a thoughtful alignment between our people and our approach to product development. Bank's customers have distinct characteristics and evolving expectations, which are best addressed through capabilities that are uniquely Seylan's.

In this context, a strong blend of experienced bankers and a new generation of digitally savvy, forward-thinking professionals is essential. This combination enables the Bank to draw on deep industry expertise and institutional knowledge, while also embracing contemporary digital perspectives and innovative thinking. Together, these complementary strengths help shape and accelerate Bank's future, enabling the delivery of more relevant, innovative, and value-driven solutions that meet customer needs and support sustainable growth.

The long-standing service of our people has enabled the development of deep expertise across banking products, financial services, regulatory frameworks, and evolving market dynamics. This collective knowledge and experience strengthen institutional memory, enhance decision-making, and support the consistent delivery of value to customers and stakeholders, reinforcing Bank's ability to navigate an increasingly complex and dynamic banking environment.

This depth of experience also plays a critical role in the design and refinement of the Bank's processes and procedures. During the year, it has been actively harnessed through the Bank's transformation initiatives, where long-standing process knowledge is being leveraged to re-engineer workflows that complement digitisation and the adoption of artificial intelligence, ultimately enhancing customer service and operational efficiency.

At the same time, the Bank has been able to build strong, enduring relationships that foster collaboration and effective knowledge transfer across teams. The balanced mix of experienced professionals and fresh perspectives continues to strengthen Seylan Bank's capacity to evolve and innovate, while remaining firmly grounded in its core values and purpose.

At Seylan, customer-centricity is deeply embedded in our culture. The soft skills, service mindset, and professional capabilities of our customer service staff collectively represent a vital component of the Bank's Intellectual Capital. This human-centreed strength enables Bank to consistently deliver meaningful, differentiated experiences that build trust, loyalty, and long-term value for customers.

This commitment to customer-centric excellence is further validated by external recognition. In 2025, Bank became the first bank in Sri Lanka to be internationally recognised by Euromoney as the "Best Bank in Customer Experience," following a rigorous and independent evaluation process. This prestigious accolade stands as a strong endorsement of the Bank's unwavering focus on placing customers at the heart of everything we do.

Systems and Processes

While the Bank's processes and procedures are effectively implemented through a balanced mix of experienced professionals and new talent, they are also designed to support innovation and remain agile in responding to rapidly evolving operating environments. Accordingly, Bank places strong emphasis on the continuous improvement of its systems and processes to ensure efficiency, scalability, and flexibility.

Digital Capability

Just as information technology, digital infrastructure, and artificial intelligence have become essential to the delivery of modern banking solutions, the ability to customise, select, and deploy these capabilities in a manner that supports value creation and sustainable growth for Bank depends fundamentally on the expertise and experience of our management teams. In this context, Bank's Intellectual Capital plays a critical role in effectively harnessing Digital and Technology Capital to meet evolving customer expectations.

Intellectual Capital

Our Intellectual Capital enables the Bank to deliver seamless, personalised banking experiences across all channels by ensuring that technology investments are aligned with customer needs and strategic objectives. It also underpins the responsiveness and agility of our information technology function, allowing the Bank to adapt swiftly to change while maintaining reliability and security.

To strengthen these capabilities, Bank continues to make significant investments in training programmes aimed at enhancing digital skills, financial technology proficiency, and cyber security awareness across the organisation. During the year, a series of sessions focused on artificial intelligence applications and awareness to familiarise employees with AI and promote its responsible and productive use.

A key milestone during the year was the rollout of the Omni-Channel and CRM (Customer Relationship Management) Suite, integrated with intelligent chatbots for Webchat and WhatsApp. This initiative streamlined customer interactions across social media platforms, enabling users to access information and support more efficiently while ensuring greater consistency and service accuracy. Complementing this effort, the Bank introduced an Online Reputation Management platform, allowing teams to monitor and respond promptly to Google reviews, take timely action on customer feedback, and further reinforce trust in the Seylan brand.

We were honored to be recognised for efforts during the year for our innovations and technological solutions. They include multiple accolades at the 7th LankaPay Technnovation Awards 2025, held on 26 March 2025, recognising the Bank's leadership in digital payments and financial innovation.



The awards at Lanka Pay included the Best Mobile Application for Retail Payments via JustPay, awarded to Helapay of Bhasha Lanka (Pvt) Ltd, reflecting Seylan's strong collaboration with fintech partners through API banking services.

The Gold Winner for Best Common ATM Enabler of the Year (Category B) and received Merit Awards for Excellence in Customer Convenience and Financial Institution of the Year for Financial Inclusivity in the same category.

These awards reinforce Bank's commitment to advancing accessible, secure, and customer-centric digital financial solutions, while supporting Sri Lanka's transition towards a digitally inclusive economy in line with national digital payment initiatives.

Digital penetration has been a key strategic priority for the Bank, underscoring the critical role of digital delivery in ensuring its future sustainability. As such digital services, in-house expertise, and the systems and processes we have developed, regulatory compliance and data driven insights to leverage digital capital are integral components of the Bank's core intellectual capital and its customer centric innovations.

Strengthening Digital Capabilities during the year

Under the Operational Excellence pillar, the Bank focused on ensuring the consistent availability and reliability of critical services, effectively keeping "the lights on" across the organisation. The rollout of iSync Zero Downtime replication significantly reduced daily channel interruptions, while the deployment of over 750 secure new workstations enhanced stability and performance across branch and Head Office operations. A major milestone during the year was the transition from a traditional distributed teller architecture to the centralised, web-based Finastra FB Teller platform. This transformation improved system accessibility, accelerated deployment, strengthened security, and enhanced long-term operational maintainability. In parallel, several additional enhancements were implemented across core banking applications to further strengthen performance and resilience.

The Security pillar advanced through the implementation of a multi-layered cyber protection framework. Key initiatives included the deployment of a Security Information and Event Management (SIEM) solution, F5 Cloud Web Application Firewall (WAF), a Self-Signed Certificate Authority, and the initiation of Network Access Control. Together, these measures enhanced threat detection capabilities and reinforced the Bank's cyber defense posture in an increasingly complex digital risk environment.

From a Compliance perspective, the Bank successfully delivered key regulatory initiatives, including global SWIFT ISO 20022 readiness for Trade and Treasury operations. Steady progress was also made toward ISO 20000-aligned service governance, strengthening auditability, transparency, and operational oversight. Collectively, these initiatives underscore Bank's commitment to building resilient, secure, and future-ready digital capabilities that support sustainable value creation.

Seylan Open API Banking represents a key component of the Bank's Digital and Technology Capital, enabling secure and seamless integration between Bank and third-party corporates, SMEs, and FinTech partners. Through its Open Application Programming Interface (API) solutions, the Bank allows external organisations to directly access selected banking services, supporting smarter, faster, and more scalable business growth.

During the year, significantly large digital ecosystems were successfully onboarded onto the Bank API platform, while five to six major aggregators adopted the Bank's payment acquisition solutions. These integrations reflect Bank's growing role as a trusted platform partner within the broader digital financial ecosystem.

Further strengthening channel capabilities, the Bank implemented Advanced Channel Manager software, enabling services such as Bill Mix, cardless cash transactions, and centralised management of ATMs and CRMs. These enhancements have delivered greater convenience, reliability, and control for customers while improving operational efficiency.

In addition, Bank expanded its physical-digital footprint through the deployment of over 20 off-site locations within a single year, reinforcing accessibility and supporting customer engagement across multiple touchpoints. Collectively, these initiatives demonstrate how Bank leverages its Intellectual Capital to build interoperable, future-ready digital capabilities that create value for customers and partners alike.

Strategic Alliances and Partnerships

The Bank has established strategic alliances with a variety of organisations. These include the National Chamber of Exporters, the Ceylon Chamber of Commerce, the Industrial Development Board, the Export Development Board, The Indira Cancer Trust, Rotary Club and other key industry bodies. These collaborations enable the bank to leverage valuable networks offering opportunities to add to our knowledge base and enabling professional networking.

The Bank's partnerships also include Regulatory and Compliance Partnerships which enable us to stay ahead of regulatory requirements. We have strengthened ties with financial regulators and compliance technology providers. This ensures that the Bank's digital services are compliant with evolving regulations, particularly in areas of data privacy, anti-money laundering and know-your-customer (KYC) processes. This year the Bank further expanded its commitments to strengthen data privacy and security and they include the following:

- ISO 22301:2019 certification for Business Continuity Management Systems, reinforcing its ability to ensure uninterrupted service delivery, protect customer interests, and safeguard assets under all circumstances
- This achievement was further strengthened by the concurrent attainment of ISO/IEC 27001:2022 certification for Information Security Management Systems, reaffirming the Bank's commitment to robust information security, cyber risk mitigation, and alignment with global best practices
- Further underscoring the Bank's commitment to ethical trading practices and market conduct, Treasury Front Office staff obtained BIS Global Code certification during the year, becoming the first treasury in the country to achieve this milestone

Way Forward:

- The Bank will continue with its redefined branding and brand communications that convey the attributes of being a Bank with a Heart, ensuring that these values are strongly associated with the brand and that the public is inspired by the role Bank plays in society
- Strategic alliances will be further expanded to enable win-win value creation
- In light of the growing importance of intellectual capital in an increasingly technology-driven industry, the Bank recognises that the components of intellectual capital are mutually reinforcing. Tacit experience and expertise, for instance, enable the Bank to select digital solutions that best suit its needs, while processes and systems must continuously evolve to meet changing market conditions. Accordingly, the Bank will place significant emphasis on retaining and expanding all elements of its Intellectual Capital



NATURAL CAPITAL

14.6Mn
32 Column Computer Papers Saved

58.93GWh
Total 'Renewable Energy' generated

160
Credit Staff Completed ESMS Training

Other Capitals Impacted

Financial Capital

Social and Relationship Capital

Sustainable Development Goals (SDGs) Nurtured

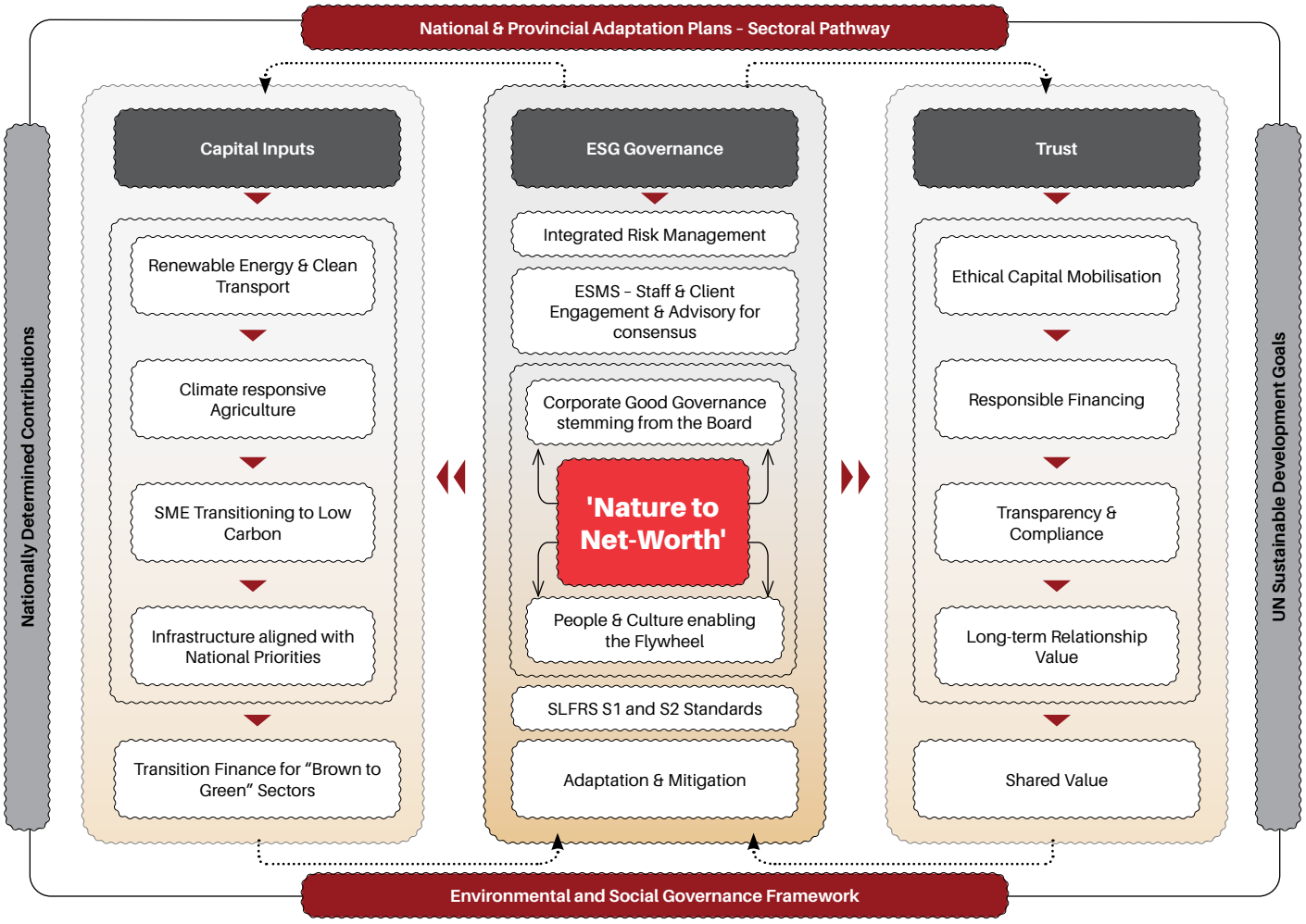






Management Approach

Seylan Bank's "Nature to Net-Worth" Value Architecture articulates how Natural Capital is systematically embedded across the Bank's value chain from capital mobilisation to financing outcomes ensuring that environmental stewardship, financial resilience, and sustainable value creation are mutually reinforced.



Embedding Natural Capital into Governance, People, and Partnerships

Natural Capital at the Bank is viewed as an enabler of financial resilience, portfolio stability, and sustainable value creation. While the Bank's direct environmental footprint is limited, its indirect dependencies and impacts arising from lending activities, collateral values, sectoral exposures, and operational continuity are financially material. Environmental degradation, climate variability, and resource constraints may affect borrower performance, asset values, and macroeconomic stability, and are therefore, integrated into strategic and risk decision-making. This approach aligns with SLFRS S1 and SLFRS S2 requirements to disclose sustainability and climate-related risks and opportunities with potential financial impacts. Refer pages 112 to 124 for further details.

GRI 102-18, 102-22, SLFRS S1 & S2 - Governance

Governance of Natural Capital

Ultimate oversight of Natural Capital related risks and opportunities rests with the Board of Directors, exercised through the Board Marketing, Product Development and Sustainability Committee (BMPDSC). The Committee reviews sustainability and climate-related matters in relation to strategy, portfolio resilience, regulatory expectations, and SLFRS S1 and S2 readiness, with material issues escalated to the Board. Management execution is coordinated through the Sustainability Steering Committee, chaired by the Director / Chief Executive Officer, ensuring the integration of Natural Capital considerations into operational and risk management processes.

GRI 101, 201-2, SLFRS S2 - Strategy

Strategic Integration and Business Model Alignment

Natural Capital considerations influence Bank's strategy primarily through environmental and climate-related physical and transition risks transmitted via its lending portfolio, collateral base, and operational footprint.

Sri Lanka's richness in biodiversity and ecological environment trigger vulnerability to floods, droughts, rainfall variability, and rising temperatures, amplifies the financial relevance of environmental dependencies. The Bank therefore, integrates Natural Capital into strategic planning, portfolio steering, and sustainable finance growth initiatives.

Natural Capital

Strategic priorities include managing exposure to climate-sensitive sectors, expanding renewable energy and green SME financing, and aligning capital allocation with national transition priorities and regulatory guidance.

Value Chain and Value Creation Standpoint (SLFRS S1 – Strategy & Business Model)

Natural Capital is embedded within the Bank's value creation model as a critical input, influencing risk-adjusted returns and long-term sustainability.

Upstream dependencies include funding sources, services, and infrastructure resilience. Core activities encompass lending, ESMS integration, and portfolio monitoring. Downstream impacts relate to borrower adaptation capacity with climate responsive business propositions, collateral realisation, and long-term customer relationships.

This linkage across diverse stakeholder domains and correlations therein reinforces how environmental stewardship supports strong financial outcomes as a pragmatic collective effort.

GRI 102-15 | SLFRS S2 – Risks & Opportunities

Environmental and Climate Related Risks and Opportunities

The Bank identifies climate related physical and transition risks that may materially affect financial performance and position.

In parallel, climate-related opportunities include renewable energy financing, green SME lending, and availing climate funding, supporting portfolio diversification and long-term growth.

GRI 302-1, 303, 305, 306-1

Managing the Bank's Operational Footprint

The Bank manages its operational footprint mainly through digitalisation initiatives, which enable energy and resource efficiency. These initiatives support emissions reduction, cost efficiency, and operational resilience while reinforcing the Bank's digital transformation strategy (Refer to page number 95 to 99 for details on Intellectual Capital).

GRI 302, 303, 305 | SLFRS S2 – Metrics & Targets

Metrics, Targets and Performance Monitoring

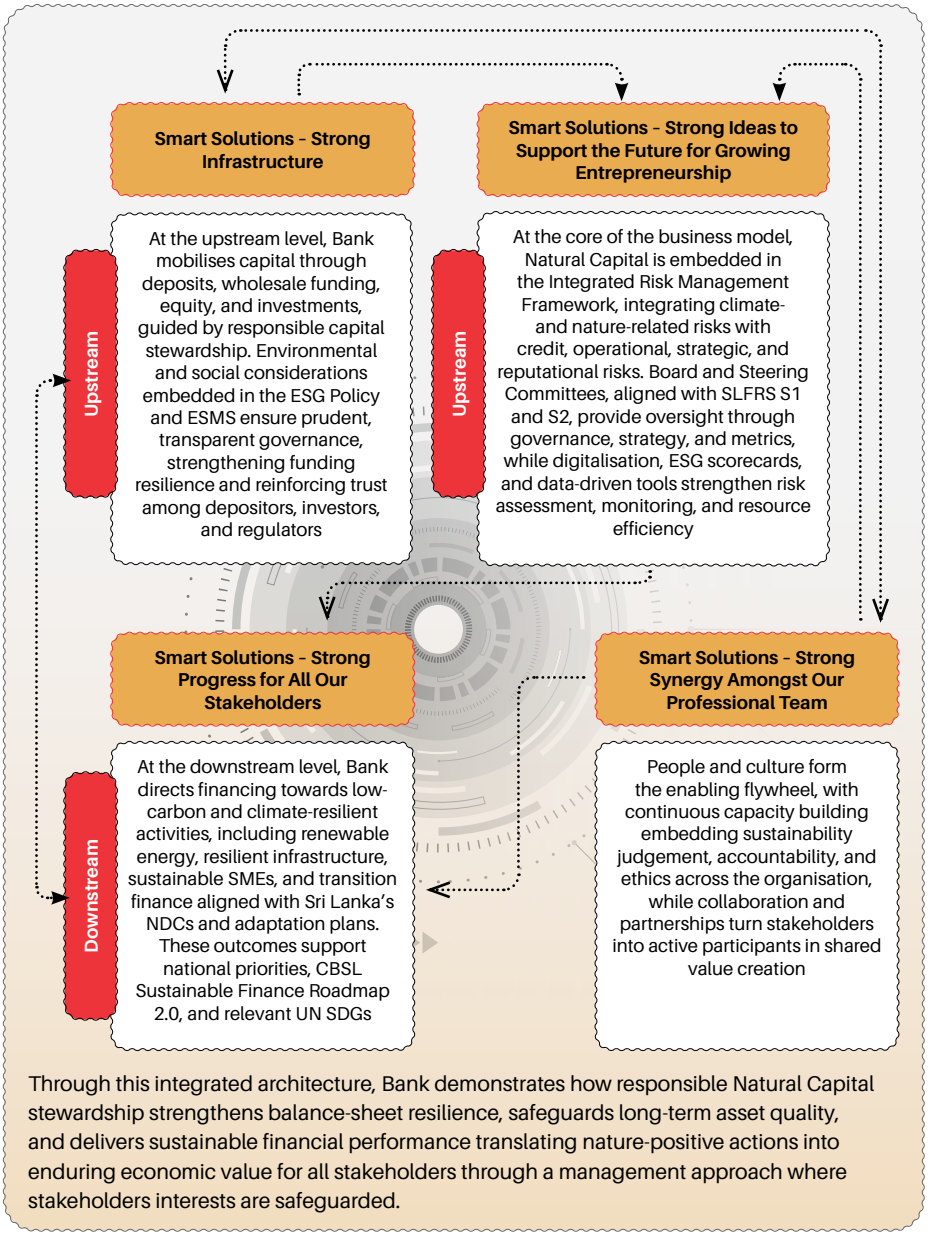
Performance with regard to Natural Capital is monitored using operational, portfolio-level, and forward-looking indicators.
Metrics and targets are progressively enhanced in line with data availability, methodological maturity, and regulatory guidance, consistent with proportionality principles. Please refer to pages from 125 to 126 for sustainability performance indicators.

GRI 404-2, 413-1

People, Capability and Partnerships

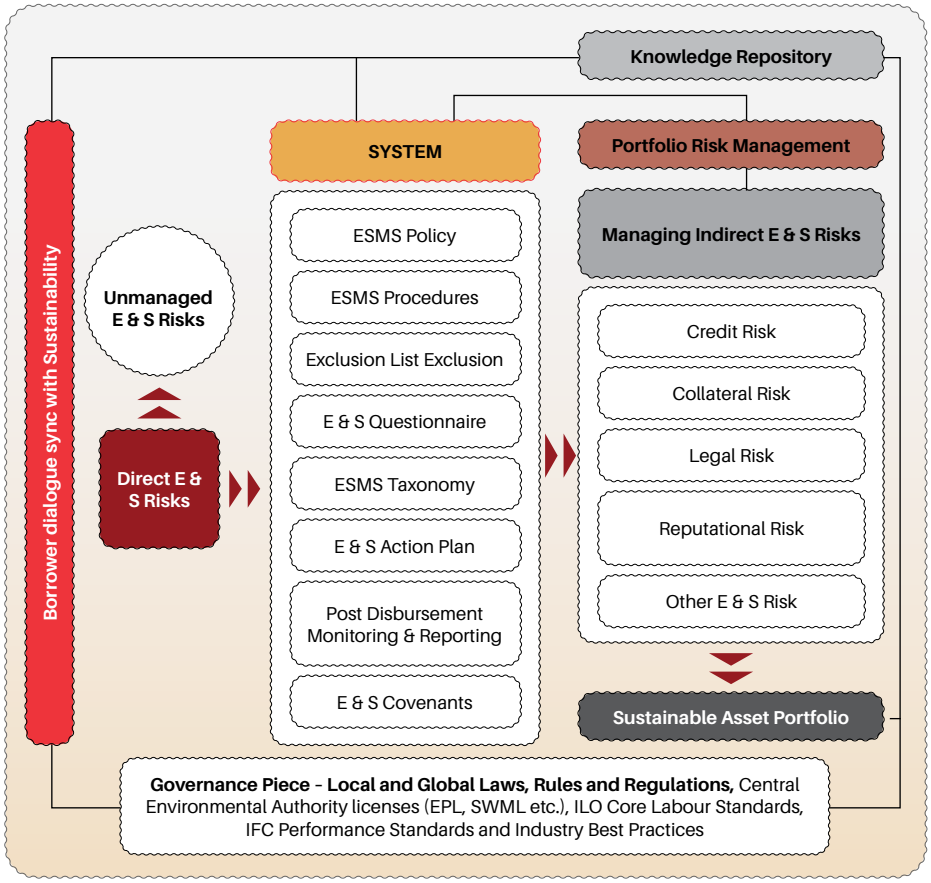
The Bank invests in capacity building, structured training, and collaboration with regulators, industry bodies, and sustainability platforms to strengthen system-wide impact as skilled people and strong partnerships enable effective Natural Capital management.

Environmental Stewardship for "Smart Solutions, Strong Results"



Through this integrated architecture, Bank demonstrates how responsible Natural Capital stewardship strengthens balance-sheet resilience, safeguards long-term asset quality, and delivers sustainable financial performance translating nature-positive actions into enduring economic value for all stakeholders through a management approach where stakeholders interests are safeguarded.

Environmental and Social Management System (ESMS)



Bank's Environmental and Social Management System (ESMS) provides a structured framework to identify, assess, manage, and monitor environmental and social risks and impacts across its lending and investment activities. The ESMS is embedded into credit appraisal and approval processes through Loan Originating System (LOS) ensuring that sustainability, climate considerations linked decision-making, risk mitigation measures, and ongoing portfolio monitoring, are in line with local and global laws, standards, regulatory requirements, and industry best practices.

Embedding Climate Strategy into Value Creation

Deployment of Financial Capital into hydro, wind, and solar power projects nurture natural capital, reduce financed emissions, and strengthen ecological resilience. These investments support Sri Lanka's low-carbon transition while generating employment, skills development, and regional economic activity, demonstrating how environmental and social governance, strategy, and risk management are translated into measurable environmental and socio-economic outcomes over the short, medium, and long term.

Renewable Energy Projects (REPs)

Type of REP	Amount granted Before Y25 (Mn)	Amount granted during Y25 (Mn)	O/S as at 31 Dec 25 (Mn)	Location of the Project	Production Capacity (MW)	Energy produced during 2025 (GWh)	No of Employment generated	Contribution made to the National Grid (GWh)
Hydro	USD 3 (*LKR 930)		USD 1.84 (*LKR 570.51)	Uganda	6.50	3.50	20	
	LKR 10		LKR 3.90	Aranayake	2.00	7.20	12	7.20
Rooftop Solar	LKR 229	LKR 575	LKR 633.41	Wellampitiya	0.50	0.49	--	0.49
				Nugegoda / Pannipitiya & Panadura	1.00	0.20	4	0.20
				DG substrates-Thambuttegama	0.30	0.38	1	0.38
				Tricomalee	0.13	0.62	1	0.62
				Kalpitiya	0.11	0.01	1	0.01
				Athurugiriya	0.45	0.71	7	0.71
				Athurugiriya	0.20	0.32	2	0.32
				Hokandara	0.75	0.80	3	0.80
				Kiwleyaya Madugama, Siyambalanduwa (Roof Top Solar Project)	3.00	0.10	No employment generation as both power plants are managed by existing staff members in the company	0.10

Natural Capital

Renewable Energy Projects (REPs)								
Type of REP	Amount granted Before Y25 (Mn)	Amount granted during Y25 (Mn)	O/S as at 31 Dec 25 (Mn)	Location of the Project	Production Capacity (MW)	Energy produced during 2025 (GWh)	No of Employment generated	Contribution made to the National Grid (GWh)
Wind	LKR 880	LKR 409	LKR 1,274.20	Mannar	20.00	**	50-100	**
Ground Mounted Solar	LKR 2,412	LKR 4,264	LKR 6,352.70	Kappalthurai, Trincomalee	20.00	**	50-100	**
				Vavunathivu	10.00	15.66	13	15.66
				Monaragala	1.00	1.48		1.48
				Walallawita in Kaluthara	2.00	3.06	6	3.06
				Akmeemana Galle	2.00	2.89	7	2.89
				Maho & Pannala	2.00	1.20	5	1.20
				Pallekale	5.00	**		**
				Palai	10.00	**		**
				Nagollagama	5.00	0.23	5	0.23
				Vavunathivu	10.00	9.04	13	9.04
				Habarana/ Kosgama 1/Kosgama 2/ Kurunegala/ Veyangoda	11.00	**	30	**
Total	**LKR 4,461**	**LKR 5,248**	**LKR 8,834.72**		**112.94**	**47.89**	**230-330**	**47.89**

USD/LKR: 310.06

***Not commissioned/construction in progress*

Key Project Highlight

During the year, the Bank became the sole financier of a 10 MW ground-mounted solar power project in Navatkadu, Batticaloa. This project is the second phase by the company, following the successful completion of a first phase which was also funded by the Bank. Bank offered a tailor-made project financing facility under an Islamic banking structure to cover both phases of the project. Once operational, the project is expected to contribute to Sri Lanka's renewable energy capacity, deliver measurable reductions in carbon emissions in the region and fossil fuel dependence, and support regional economic development; aligned with the Bank's environmental and social risk management framework and climate responsive banking strategy. Bank also secured an award for this project – the 'Islamic Finance Deal of the Year' at the Sri Lanka Islamic Banking & Financial Industry (SLIBFI) awards.



Empowering SMEs with Solar Energy

Bank availed Eco Solar Loans for SMEs, enabling enterprises to transition to renewable energy, reduce energy costs, enhance operational efficiency, and lower their carbon footprint. This product directly supports the operationalisation of SLFRS S2 through the Bank's financed emissions lens, translating climate commitments into tangible, portfolio-level climate impact.

In addition, the Bank has partnered with accredited solar solution providers to offer integrated financing and value-added incentives, including preferential pricing and system discounts, making renewable energy solutions more accessible and affordable. These collaborations help accelerate the adoption of clean energy technologies among SMEs and agribusinesses reinforcing the Bank's commitment to inclusive, climate-responsive finance that supports national development priorities while advancing a just and equitable energy transition.

Renewable Energy Projects Steered during the Year 2025

Type of REP	Project Location	Amount Granted during Y25 (LKR Mn)	O/S as at 31 Dec 25	Production Capacity (kW)	Energy produced during 2025 (GWh)
1	Nintavur	3.56	2.8	40	0.06
2	Batticaloa	4.1	3.5	40	0.06
3	Pettah	1.3	1.8	10.3	0.01
4	Anuradhapura	30	50	600	0.98
5	Dehiattakandiya	2.7	2.3	20	0.03
6	Dehiattakandiya	4.1	3.7	40	0.06
7	Dehiattakandiya	3.75	3.4	40	0.06
8	Dehiattakandiya	3.6	3.4	30	0.04
9	Dehiattakandiya	15	15	400	0.65
10	Dehiattakandiya	2.5	2.6	20	0.03
11	Minneriya	7.5	7.5	100	0.16
12	Ganthalawa, Kanthale	0.99	1.5	10	0.01
13	Sewanapitiya, Polnnaruwa	1.28	1.06	11.6	0.02
14	Sewanapitiya, Polonnaruwa	2.22	2.01	20.3	0.03
15	Puthukudijirrppu, Mullaitivu	40	39.4	480	0.78
16	Chunnakam	29	29	250	0.41
17	Kandawalai	19	19	160	0.26
18	Mankulam	30	28.9	400	0.65
19	Paramankirai, Poonagari	14	15	160	0.26
20	Puthukkudiyiruppu	54	52.8	400	0.65
21	Semmalai	49.9	48	400	0.65
22	Alampil	49	48.7	400	0.65
23	Puthukkudiyiruppu	39	40	400	0.65
24	Mirusuvil	54	49.8	400	0.65
25	Adampan, Mannar	39.5	39.5	250	0.41
26	Mallavi	40	40	400	0.65
27	Katkulam, Nedunkeni	15	15	230	0.37
28	Bowatta	2.55	1.8	25	0.04
29	Kegalle	10.75	9.5	90	0.14
30	Dambulla	15	*	123.31	0.2
31	Akuressa	1.59	1.38	10	0.01
32	Induruwa	3.75	4.33	36	0.05
33	Boralesgamuwa	7.5	6.7	102.5	0.17
34	Horana	28.5	25.86	300	0.49
35	Avissawella	12.5	12.5	80	0.13
36	Mawela, Balngoda	4.28	6.1	100	0.16
37	Siyabalanduwa	2.25	2.07	20	0.03
38	Ganemulla	4.6	3.7	40	0.06
39	Ganemulla	2	1.6	10	0.01
40	Weboda	3	2.6	27.28	0.04
41	Mirigama	14.5	12.5	129.8	0.21
42	Nadungamuwa	4.5	4.3	40	0.06
	Total	**672.27**	**660.61**	**6,846.09**	**11.04**

**Granted and fully recovered during Y2025*

Natural Capital

Our Leasing arm on Electric and Hybrid Vehicles

Type	New Facilities Granted		Outstanding Facilities as at 31 Dec 2025	
	No	Amount (LKR Bn)	No	Amount (LKR Bn)
Electric	114	1.10	110	0.96
Hybrid	1,033	6.08	2,189	8.09

Rooftop Solar facilities granted with easy payment plans through Credit Card are as follows.

New Facilities Granted		Outstanding Facilities as at 31 Dec 2025	
No.	Amount (LKR Mn)	No.	Amount (LKR Mn)
78	67.48	474	366.49

GRI 101-1,2,4,5,8

Biodiversity and Nature Conservation

Bank recognises biodiversity as an important element of Natural Capital that underpins resilient supply and value chains, sustains food systems and natural resource availability, and mitigates climate and nature related risks in line with Bank's commitment to SLFRS S1 and S2. During the year, the Bank advanced biodiversity conservation and awareness initiatives, with a strong focus on engaging students and youth as future business leaders, strengthening environmental literacy to influence the integration of nature-related considerations into future business strategy and decision-making. These efforts support the protection of ecosystems, communities, and operating environments, reinforcing long-term value creation through resilient businesses, stable ecosystems, and sustainable economic growth for future generations.

Building Environmental Stewardship through Partnerships

Partnership with the Nature & Wildlife Protection Society (NWPS)

As part of its commitment to nature positive outcomes, Bank has been a partner of Sri Lanka's oldest environmental protection organisation, the Nature & Wildlife Protection Society, to support targeted biodiversity conservation and awareness initiatives. These programmes are designed to strengthen ecosystem resilience, enhance environmental literacy, and support long-term sustainability across supply and value chains.

Turtle Conservation Programme

The Bank supported educational initiatives focused on Sri Lanka's critically endangered marine Turtle species, engaging school children with practical conservation knowledge. By empowering youth as future environmental stewards, the programme contributes to the protection of marine ecosystems that sustain fisheries, coastal livelihoods, and food systems; strengthening long-term ecological and economic resilience.

Tree Planting Campaign - Diyakotha Kanda

To support ecosystem restoration, the Bank contributed 100 trees to reforestation efforts in degraded rainforest areas at Diyakotha Kanda. Active participation by schoolchildren fostered community ownership of forest conservation, contributing to improved biodiversity, watershed protection, and climate resilience that underpin sustainable economic activity.



Engaging and educating school children



Staff leading school children to the mountain top

Student Engagement Activation at Diyasaru Park

Through interactive engagements with Tikiri account holders, the Bank raised awareness on biodiversity and environmental stewardship, encouraging young participants to take an active role in protecting natural surroundings. This initiative supports behavioural change and builds future capacity for integrating nature-related considerations into decision making by business and society, productively.



Building nature-loving future generations

Promoting Conservation Through Strategic Partnerships

The Impossible Shot - Wildlife Conservation Engagement

In partnership with Cinnamon Nature Trails and Cinnamon Hotels, Bank supported The Impossible Shot, an experience-based conservation event featuring world-renowned wildlife photographer and conservationist Paul Goldstein. The event used visual storytelling to highlight the value of biodiversity and the importance of safeguarding ecosystems through responsible tourism and conservation practices.

This collaboration reflects a shared commitment to promoting conservation awareness while supporting protocols that protect Sri Lanka's natural assets.

By fostering public engagement and appreciation for biodiversity, the initiative contributes to foster long-term ecosystem protection.

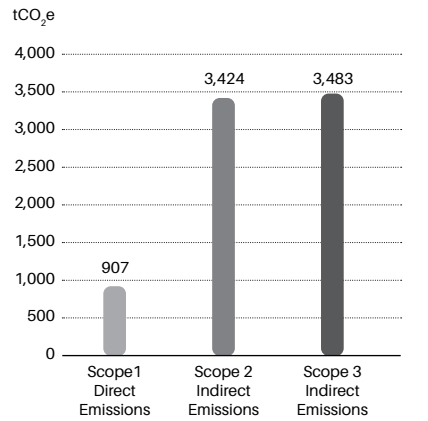
GRI 305-1, 2, 3, 4, 5

Bank's Journey of Low Carbon Footprint

GHG Emissions Quantification and Verification

The Bank obtained independent verification of its greenhouse gas (GHG) emissions from the Sri Lanka Climate Fund (SLCF), confirming that the GHG inventory has been prepared in accordance with ISO 14064-1:2018 and GHG protocol. This verification assures that emissions from relevant operational boundaries have been identified, quantified, and reported using recognised methodologies and robust data management processes. We managed to quantify and add emissions arising from employee commuting, capital goods, business air travel, waste disposal and upstream emissions from purchased fuel & electricity to the 2025 GHG inventory. Quantifying emissions arising from investments and financial activities are planned to be conducted starting from year 2026 as the bank has obtained membership with Partnership for Carbon Accounting Financials (PCAF). This step would be significant since the investment emissions and financed emissions are forming almost 99.86% of the total emissions of a financial institution.

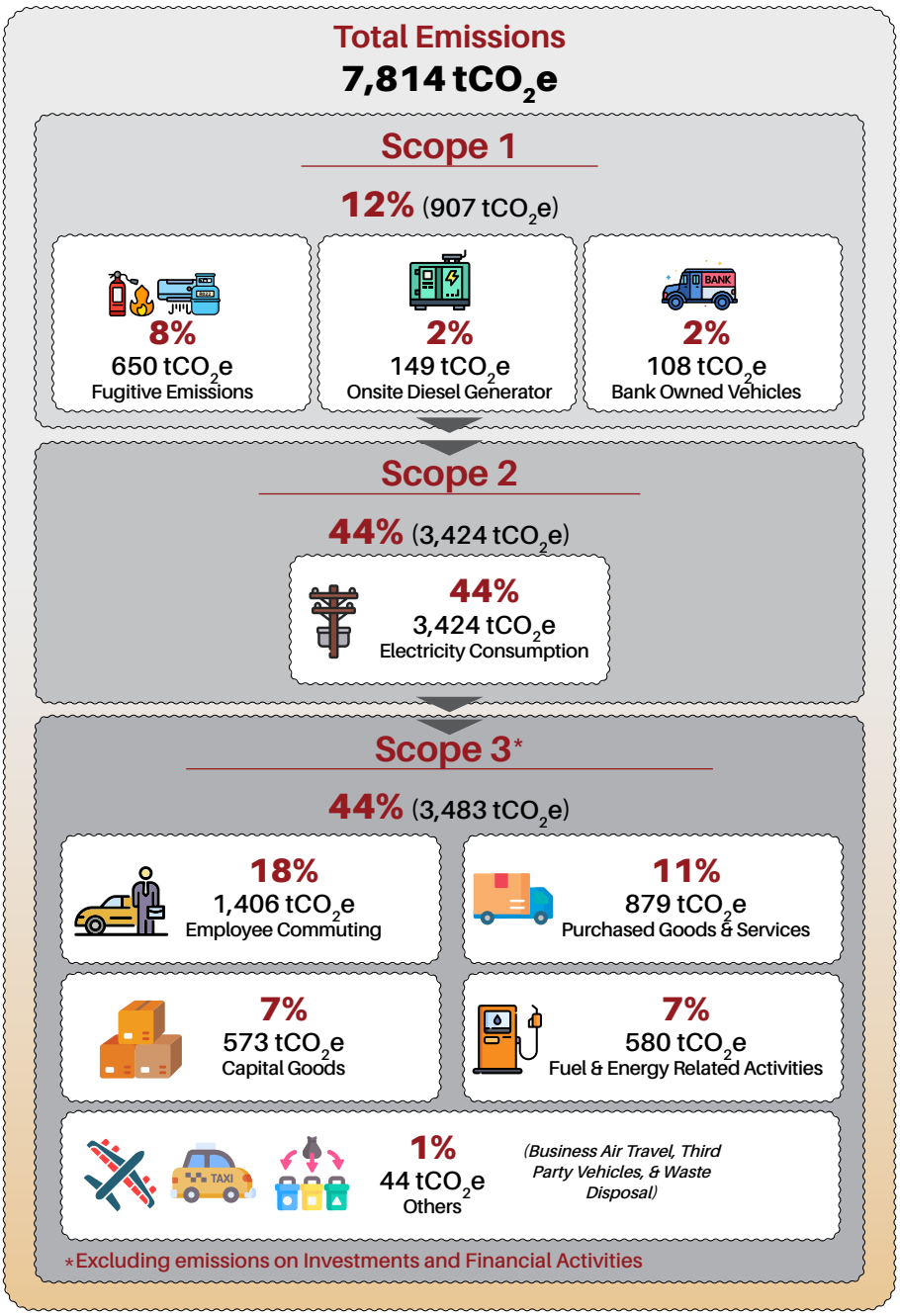
Emission Categories



Scope 1: Direct emissions are from sources the Bank own or control

Scope 2: Indirect emissions are from the generation of purchased electricity consumed by the bank

Scope 3: Other Indirect emission occur due to the activities of the bank, but from sources not owned or controlled by the bank



Carbon Footprint Calculation

Assessment Level	Organisation-level GHG Inventories
Standards Followed	ISO 14064-1:2018
Concepts & Principles Applied	GHG Protocol: A Corporate Accounting and Reporting Standard (WRI/WBCSD)
Conversion Factors Used	United Kingdom's Department for Business, Energy & Industrial Strategy, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Sixth Assessment Report (AR6) 2023
Reporting Period	1st Jan 2025 – 31st Dec 2025

Natural Capital

Carbon Footprint Calculation Presented According to ISO 14064-1:2018

Emission Source	Total Emission tCO_2e	CO_2 tCO_2e	CH_4 tCO_2e	N_2O tCO_2e	HFC tCO_2e
Total direct GHG emissions	**907**				
Category 1: Direct GHG emissions	**907**	**256**	**1**	**2**	**648**
1.1 Direct emission from stationary combustion	149	148	1	0	N/A
1.2. Direct emission from mobile combustion	108	105	1	2	N/A
1.4. Direct emissions from fugitive emissions	650	2	N/A	N/A	648
Total indirect GHG emissions	6,907	-	-	-	-
Category 2: Indirect GHG emissions from imported energy	**3,424**	**-**	**-**	**-**	**-**
Category 2.1: Indirect emissions from imported electricity	**3,424**				
Category 3: Indirect GHG emission from transportation	**1,449**	-	-	-	-
3.1. Emissions from employee commuting	1,406	-	-	-	-
3.2. Emissions from third party hired vehicles	18	-	-	-	-
3.3. Emissions from business air travels	25				
Category 4: Indirect GHG emissions from products and services used by the organisation	**1,454**	-	-	-	-
4.1. Emissions from purchased goods and services	868	-	-	-	-
4.2. Emissions from capital goods	573	-	-	-	-
4.3. Emissions from disposal of solid and liquid waste	1	-	-	-	-
4.4. Emissions from municipal water supply	12	-	-	-	-
Category 6: Indirect GHG emissions from other sources	**580**	-	-	-	-
6.1. Fuel and energy related activities	580				
Total GHG emissions (Direct emissions + Indirect emissions)	**7,814**				

Carbon Footprint Calculation Presented According to GHG Protocol

Emission Source	Total Emission tCO_2e	CO_2 tCO_2e	CH4 tCO_2e	N2O tCO_2e	HFC tCO_2e
Scope 01 Direct GHG emissions	907				
Direct GHG emissions	907	256	1	2	648
Direct emission from stationary combustion	149	148	1	0	N/A
Direct emission from mobile combustion	108	105	1	2	N/A
Direct emissions from fugitive emissions	650	2	N/A	N/A	648
Scope 02 Electricity indirect GHG emissions	3,424	-	-	-	-
Scope 03 Other indirect GHG emissions	3,483	-	-	-	-
Category 1 Purchased goods and services	879	-	-	-	-
Category 2 Capital goods	573	-	-	-	-
Category 3 Fuel and energy related activities	580	-	-	-	-
Category 5 Waste generated in operations	1	-	-	-	-
Category 6 Business travel	43	-	-	-	-
Category 7 Employee commuting	1406	-	-	-	-
Total emissions (Scope 1 + Scope 2 + Scope 3)	7,814				

Above two tables were prepared based on ISO 14064-1:2018 Standard & GHG Protocol respectively in compliance with SLFRS S2 - Verified and certified by Sri Lanka Climate Fund (SLCF) on 18.02.2026 - Figures were conservatively rounded up

GRI 302-1,4,5

Energy being an Enabler for the Business Case

Energy management is integral to the Bank's operational resilience and cost efficiency in line with our journey of compliance with SLFRS S1 and S2. During the year, rooftop solar systems were installed at five branches namely Embilipitiya, Awissawella, Gampola, Negombo and Kochchikade supported by longer lease tenures to enable future renewable investments, while replacing 06 number of identified energy intensive ATMs with energy-efficient Cash Recycling Machines to reduce power consumption and improve operational efficiency. These initiatives lower energy intensity and emissions, strengthening asset resilience and long-term value creation.

Total Energy Consumption [LA]

Source of Energy	2025	2024	2023
Electricity (MWh)	8,140	8,154	7,538
Diesel for Generators (L)	55,296	43,049	70,998
Petrol (L)	9,838	*12,120	10,536
Diesel (L)	30,884	34,767	27,865

Restated: Third-party consumption excluded

YoY increase in generator fuel was due to three days power outage taken place, following Ditwah cyclonic floods and heavy maintenance work carried out at the head office.

Table below shows the above diesel and petrol volumes converted to joules using respective net calorific values, as per *Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories (2006)*.

Energy (GJ)	2025	2024	2023
Grid Electricity [LA]	29,304	29,353	27,136
Diesel for Generators [LA]	1,997	155	2,564
Petrol [LA]	328	569	351
Diesel for Vehicles [LA]	1,116	1,256	2,564
Total [LA]	32,745	31,333	32,615
Energy Intensity (per Employee)	10.10	9.66	10.06

GRI 303-1,2,3,4,5

Water Management

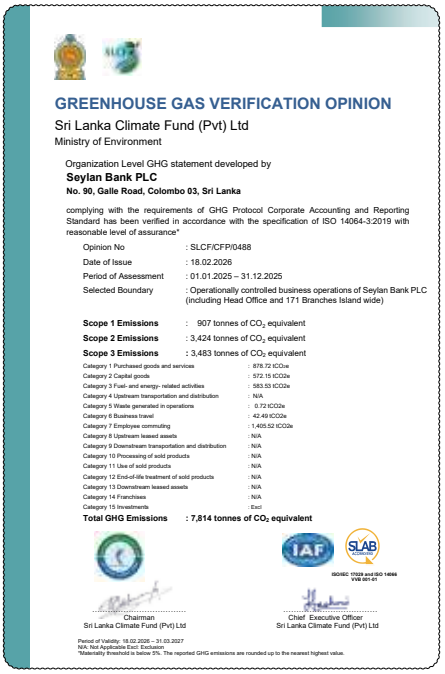
The Bank's water usage is primarily for purposes of personal hygiene and cleaning of business premises, vehicles and related equipment which has a minimal detrimental effect on the environment in terms of effluent discharge.

Source of Water (ML) [LA]	2025	2024
Municipal	78	75
Groundwater	*8	2
Total	**86**	**77**

Bank's water withdrawal and discharge are equal as no water consumption occurs due to the nature of the business. [LA]

*Groundwater withdrawal amount is estimated based on consumption patterns. However, steps have been initiated in the reporting year to measure groundwater withdrawal by fixing water meters.

Quantification of Water Footprint	2025	2024	2023
Municipal and Groundwater (ML)	86	77	66
Usage per Employee (m^3 per Employee)	27	24	21



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Seylan Bank PLC
No. 90, Galle Road, Colombo 03, Sri Lanka

complying with the requirements of GHG Protocol Corporate Accounting and Reporting Standard has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0488
Date of Issue : 18.02.2026
Period of Assessment : 01.01.2025 – 31.12.2025
Selected Boundary : Operationally controlled business operations of Seylan Bank PLC (including Head Office and 171 Branches Island wide)

Scope 1 Emissions : 907 tonnes of CO_2 equivalent
Scope 2 Emissions : 3,424 tonnes of CO_2 equivalent
Scope 3 Emissions : 3,483 tonnes of CO_2 equivalent

Category 1 Purchased goods and services : 876.72 tCO2e
Category 2 Capital goods : 572.15 tCO2e
Category 3 Fuel- and energy- related activities : 583.53 tCO2e
Category 4 Upstream transportation and distribution : N/A
Category 5 Waste generated in operations : 0.72 tCO2e
Category 6 Business travel : 42.49 tCO2e
Category 7 Employee commuting : 1,405.52 tCO2e
Category 8 Upstream leased assets : N/A
Category 9 Downstream transportation and distribution : N/A
Category 10 Processing of sold products : N/A
Category 11 Use of sold products : N/A
Category 12 End-of-life treatment of sold products : N/A
Category 13 Downstream leased assets : N/A
Category 14 Franchises : N/A
Category 15 Investments : Excl

Total GHG Emissions : 7,814 tonnes of CO_2 equivalent

ISO/IEC 17029 and ISO 14066 VVB 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 18.02.2026 – 31.03.2027
N/A: Not Applicable Excl: Exclusion
*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Seylan Bank PLC
No. 90, Galle Road, Colombo 03, 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/0488
Date of Issue : 18.02.2026
Period of Assessment : 01.01.2025 – 31.12.2025
Selected Boundary : Operationally controlled business operations of Seylan Bank PLC (including Head Office and 171 Branches Island wide)

Direct GHG Emissions : 907 tonnes of CO_2 equivalent
Indirect GHG Emissions : 6,907 tonnes of CO_2 equivalent
Total GHG Emissions : 7,814 tonnes of CO_2 equivalent

ISO/IEC 17029 and ISO 14066 VVB 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 18.02.2026 – 31.03.2027
Exclusions: GHG emissions from investments.
*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.

Above certificates portray the Independent verification of the Bank's Greenhouse Gas (GHG) emissions provided by the Sri Lanka Climate Fund (SLCF), reinforcing our commitment to transparency and climate accountability.

Natural Capital

Paper Usage

As part of Bank's digital transformation strategy, managing paper usage remains a key focus area in improving operational efficiency and environmental performance. During the year, the expansion of maker-checker processes eliminated the need to print end-of-day audit reports, reducing paper consumption by 14.6 Mn of '32 column' computer paper 2025. In parallel, the introduction of Electronic Know Your Customer (eKYC) for digital customer onboarding further reduced reliance on paper-based documentation, supporting the Bank's transition towards more efficient and environmentally responsible operations.

GRI 306-1, 3 and 4

Waste Management

The Bank's waste streams primarily consist of electronic waste (e-waste), solid waste, and other operational waste. We have implemented a comprehensive waste management strategy aligned with the principles of the International Basel Convention, with a strong focus on reducing, reusing, and recycling materials.

Our approach emphasises fostering a culture of waste reduction among employees, establishing effective recycling programmes, and collaborating with suppliers who demonstrate a shared commitment to sustainable practices. In addition, through customer education and the promotion of digital literacy, the Bank actively encourages the transition to paperless banking. This initiative has significantly reduced paper consumption and continues to gain widespread adoption across the population.

E-Waste Reduction

The Bank has adopted ongoing practices to minimise the generation and accumulation of e-waste, including:

- Reusing computers and other electronic equipment wherever feasible to extend their useful life
- Donating usable equipment to underserved schools and educational institutions, based on their IT literacy levels, infrastructure availability, and practical training needs. Discarded usable computers were collected during the year and has been carrying out the assembling work
- During the reporting year, 8,442 kg of e-waste was recycled resulting in saving 46,262 kgCO_2e of emissions, equivalent to:
  - Saving 3,745 number of trees
  - Saving 65,724 litre of gasoline
  - Reproducing 154,043 number of plastic bottles
- E-waste was responsibly handed over to a Central Environmental Authority (CEA) approved hazardous waste recycler

Solid and Other Waste

The Bank generates solid waste primarily from food waste, paper, and polythene, which is managed and disposed of in compliance with applicable Government regulations and the Basel Convention. Ongoing waste segregation, responsible disposal practices, and staff awareness initiatives are strengthened to minimise environmental impact and support sustainable operations.

During the reporting year, a survey was conducted at the head office for 5 working days. Based on the average daily waste generation and the assumption of 240 working days, annual waste generation at the head office was estimated. Results are as follow;

Waste type	Amount (t)
Food	22.4
Paper	5.4
Polythene	5.2

Digital Transformation and AI-Driven Sustainability

The Bank's automation, AI adoption, and digital transformation form a key part of its sustainability strategy, driving operational excellence while reducing environmental impact. During the year, the Bank advanced digital capabilities to enhance customer experience, streamline processes, and optimise energy and resource use. Process automation and paperless workflows have reduced manual interventions, lowered paper consumption, minimised physical storage, and decreased associated energy usage. Digital channels have also reduced customer travel, indirectly reducing carbon emissions. AI-enabled monitoring supports data-driven insights for continuous efficiency and environmental performance improvements.

Assessing Biodiversity Impact

None of the Bank's properties is located in close proximity to areas of high biodiversity value, and our direct business operations do not have any material impact on locations designated as high-biodiversity areas. As part of our broader commitment to biodiversity conservation, Seylan Tikiri collaborated with the Wildlife and Nature Protection authorities to raise awareness among children and young people on the importance of protecting biodiversity, with a specific focus on the conservation of turtles, as described earlier in this section.

Engaging and Empowering Our People for Environmental Goals

Managing the Bank's environmental footprint requires active employee engagement and individual accountability. The Bank fosters a culture of environmental responsibility through regular internal communication of its Natural Capital vision and mission, ensuring organisation-wide alignment. Volunteer employees are developed as sustainability wardens to promote awareness and encourage the adoption of sustainable practices, supported by clearly defined roles and responsibilities for implementing key policies, including the Environmental and Social Management System (ESMS) and broader ESG frameworks.

Employees are encouraged to practice water and energy conservation both at work and beyond, and are empowered as change agents through targeted awareness initiatives and comprehensive ESMS training programmes.

Affiliating for Environmental Sustainability

Partnerships for Environmental Sustainability (SDG 17)

The Bank recognises that effective environmental stewardship requires collaboration and collective action. Accordingly, it engages with industry bodies, regulators, academia, and civil society to advance environmental sustainability at national and global levels.

Biodiversity Sri Lanka

As a Patron, the Bank supports conservation-focused initiatives and participates in biodiversity-related workshops and capacity-building programmes, contributing to sector-wide dialogue on environmental sustainability.

Sri Lanka Banks' Association (SLBA) – Sustainable Banking Initiative (SBI)

The Bank actively participates in the SLBA SBI platform to support the development of consistent and sector-wide sustainable finance solutions.

2,076 number of Staff has completed all five modules in the e-learning platform provided there and sensitised with the 11 governing sustainable banking principles.

Central Bank of Sri Lanka (CBSL)

The Bank engages in policy dialogues and capacity-building programmes organised by the CBSL, contributing to regulatory initiatives that promote environmental responsibility within the financial sector.

Engagement with NGOs and Environmental Frameworks

The Bank collaborates with non-governmental organisations and engages with relevant environmental frameworks and treaties to support local and global sustainability objectives.

Global Sustainable Finance Network (GSFN)

Membership in the GSFN reinforces the Bank's commitment to integrating sustainability into financial systems and practices.

Partnership for Carbon Accounting Financials (PCAF)

During the reporting year, the Bank has obtained membership in PCAF, which would pave the way foreword for calculation of emissions arising from investments and financial activities and future decarbonisation of portfolio.



Joined in July 2025

External Stakeholder Engagement

The Bank extends environmental awareness to borrowers, undergraduates, and school students through targeted knowledge-sharing initiatives that promote sustainability and the responsible stewardship of natural capital.

Collaboration with Academia

The Bank supports academic research by contributing to data collection and fostering partnerships that advance understanding of natural capital and environmental issues.

Way Forward

- Explore and progressively develop transition and blended finance mechanisms while identifying and developing potential project pipelines
- Purpose drive workflow automation and enterprise resource planning system to be introduced to further reduce or fully eliminate paper except in specific types of transactions
- Closer and better environmental and social dialogues to be carried forward for operationalising SLFRS S1 and S2 effectively across the value chain of the bank

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

A. Basis of Preparation and Transition Reliefs

These Sustainability and Climate-related Financial Disclosures have been prepared in accordance with Sri Lanka Financial Reporting Standards; SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate related Disclosures). This represents the Bank's first year of adoption of SLFRS S1 and SLFRS S2. Accordingly, the Bank has applied applicable transition and proportionality reliefs permitted under these Standards, taking into account data and resources availability, methodological maturity, and the evolving nature of climate-related financial reporting.

In the initial year of implementation, certain disclosures particularly those relating to Scope 3 financed emissions, quantitative climate scenario analysis were omitted and detailed value chain metrics are based on qualitative assessments, proxy data, and emerging methodologies. Where relevant, assumptions and estimation techniques have been transparently disclosed. The Bank considers that these limitations do not impair the overall usefulness of the information so disclosed.

B. Reporting Boundary

The Sustainability-related and Climate-related Financial Disclosures have been prepared on a reporting boundary consistent with the financial reporting boundary of Seylan Bank PLC. Accordingly, these disclosures cover the Bank and all entities consolidated for financial reporting purposes in accordance with applicable Sri Lanka Financial Reporting Standards to ensure consistency between sustainability-related disclosures and financial reporting.

C. Reporting Period

These disclosures relate to the reporting period from 1 January 2025 to 31 December 2025, corresponding to the financial year of Seylan Bank PLC.

D. Sources of Guidance Used for Identification of SRROs and CRROs

In identifying Sustainability-related Risks and Opportunities (SRROs) and Climate-related Risks and Opportunities (CRROs), the Bank has considered multiple sources of guidance to ensure relevance, consistency, and alignment with regulatory and industry expectations.

Key sources of guidance include:

- SLFRS S1 and SLFRS S2 disclosure requirements and related implementation guidance
- Regulatory guidance and supervisory expectations issued by the Central Bank of Sri Lanka
- National climate priorities and sustainable finance initiatives applicable to licensed commercial banks
- Industry best practices and evolving international sustainability reporting frameworks
- Internal risk assessments, sectoral exposure reviews, Environmental and Social Management System (ESMS), and stakeholder engagement outcomes

These sources collectively informed the structured identification, assessment, and prioritisation of material SRROs and CRROs disclosed in this Annual Report.

E. Transition Reliefs Applied under SLFRS S1 and SLFRS S2

Disclosure Practice	SLFRS S1 or S2 Standard Reference	Type of Relief
Comparative information not disclosed in the first year of adoption	SLFRS S1 – Appendix E (relief from presenting comparative information); applies to SLFRS S2 through cross-reference	Transition
Certain metrics disclosed without historical baselines	SLFRS S1 – Appendix E; SLFRS S2 – Appendix E (relief from prior-period comparative metrics in first reporting year)	
Disclosure of information on only climate related risks and opportunities (climate only reporting in Year 1)	SLFRS S1 – Appendix E (temporary relief permitting climate-only disclosures in first year) : consequentially applies to SLFRS S2	
Deferred disclosure of qualitative information regarding anticipated financial effects	SLFRS S2 – Appendix E (temporary relief from disclosure of anticipated financial effects)	
Disclosures on climate resilience without full quantitative compliance	SLFRS S2 – Paras 22 to 24 (climate resilience); Appendix E (phased implementation relief)	
Qualitative scenario analysis applied	SLFRS S2 – Paras 22 to 24 & Appendix B; Appendix E (allowing qualitative-only scenario analysis initially)	
Reported only Scope 1 and Scope 2 emissions and Scope 3 excluding emissions under Investments and Financed Activities	SLFRS S2 – Paras 29 to 31 (GHG emissions); Appendix E (temporary relief from Scope 3, including financed emissions)	

Disclosure Practice	SLFRS S1 or S2 Standard Reference	Type of Relief
Partial qualitative disclosure with use of proxy data	SLFRS S1 – Para 19 (reasonable and supportable information without undue cost or effort) : SLFRS S2 – Para 5 & B8 to B10 (estimation techniques and proxies permitted)	Proportional
Proportional disclosure based on current data availability	SLFRS S1 – Paras 19 & 50 (proportionality principle): SLFRS S2 – Para 5	
Assessment of financial impact using available internal data (without full quantification)	SLFRS S1 – Para 19; SLFRS S2 – Paras 14 to 21 (financial effects disclosures applied using available information)	
Consideration of the Bank's skills, capabilities and available resources when applying the standards	SLFRS S1 – Para 19 (entity specific capacity considered in applying reasonable and supportable information principle) : SLFRS S2 – Para 5	

F. Significant Judgements, Uncertainties

In preparing the Base Year disclosures in accordance with SLFRS S1 and SLFRS S2 disclosures, Seylan Bank PLC applied the following significant judgements, which materially affect the scope, relevance and completeness of the information presented. These judgements were made to ensure that disclosures are decision-useful and reflect sustainability-related risks and opportunities that could reasonably be expected to influence the Bank's prospects over the short, medium and long term.

Key areas where judgement is applied are as follows:

- **Identification of Material Risks and Opportunities**
  We determined that climate-related physical and transition risks are the most significant sustainability-related risks that could reasonably be expected to influence the Bank's prospects over the short, medium and long term, and accordingly prioritised climate-related disclosures
- **Reporting Boundary and Value Chain Scope**
  We applied a reporting boundary aligned with the financial consolidation perimeter, while exercising judgement in reflecting material climate-related risks arising from financed activities and investment exposures within the value chain
- **Definition of Time Horizons**
  Defined short, medium and long-term horizons consistent with strategic planning, credit lifecycles and capital management processes, extending the long-term horizon to capture structural climate impacts
- **Integration within Integrated Risk Management**
  We determined that climate-related risks are integrated into the existing Enterprise Risk Management framework, particularly within credit and capital assessments, rather than managed as a standalone risk
- **Use of Reasonable and Supportable Information**
  We applied proportionality in determining the depth of disclosure, using all reasonable and supportable information available at the reporting date without undue cost or effort, taking into account current data maturity and internal capabilities in the Base Year

G. Measurement Uncertainty in Sustainability Related Financial Disclosures

Certain sustainability-related metrics and assessments disclosed in accordance with SLFRS S1 and SLFRS S2 involve measurement uncertainty due to inherent data limitations, evolving methodologies and reliance on forward-looking assumptions, notwithstanding the use of all reasonable and supportable information available at the reporting date without undue cost or effort. Key areas include:

- **Transition Risk Metrics and Sector Sensitivity Analysis**
  Evaluation of sectoral exposure to carbon pricing, regulatory changes and market shifts involves assumptions regarding policy timing, technology adoption and customer behaviour
- **Green and Sustainable Finance Classification**
  Determination of eligible green assets and sustainable finance exposures involves evolving taxonomies, interpretation of eligibility criteria and availability of borrower level 'use of proceeds' data

Sources of measurement uncertainty may include:

- Reliance on estimates or externally sourced data that may vary over time,
- Incomplete or evolving counterparty level sustainability information,
- Use of proxy data, industry averages or scenario based assumptions where entity specific data is not reasonably obtainable, and
- Forward looking assessments involving climate related scenarios, transition pathways or physical risk projections

The Bank continuously reviews these methodologies and assumptions and will refine disclosures as data quality increases, industry practices and regulatory guidance as it evolves.

2. Governance (SLFRS S1 & SLFRS S2)

A. Board Oversight

The Board of Directors has ultimate responsibility for overseeing sustainability-related and climate-related risks and opportunities (SRROs and CRROs). This responsibility is delegated to the BMPDSC, which reviews sustainability strategy, climate-related risks, progress against ESG objectives, and the integrity of sustainability disclosures prior to Board approval.

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

The BMPDSC receives regular updates from Management on:

- Providing Board-level oversight of sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs), ensuring alignment with the Bank's long-term strategy and value creation objectives.
- Reviewing and recommending ESG strategy, targets and key metrics, and monitoring performance against approved short, medium and long-term objectives.
- Ensuring sustainability-related and climate-related risks are integrated into the Bank's risk appetite and Enterprise Risk Management framework, in coordination with the Board Risk Committee.
- Reviewing the integrity, completeness and compliance of disclosures made under SLFRS S1 and SLFRS S2 prior to Board approval.
- Overseeing stakeholder engagement, materiality assessment processes and the adequacy of internal and external assurance over ESG and climate-related reporting.

The Board of Directors has ultimate responsibility for oversight of Sustainability and Climate related Risks and Opportunities. These responsibilities are embedded within the Board Charter and operationalised through the Board Marketing, Product Development and Sustainability Committee (BMPDSC). During the year, the BMPDSC Terms of Reference were reviewed to explicitly incorporate ESG, Sustainability and Climate related responsibilities. The Committee receives regular updates from Management through the Sustainability Steering Committee and reports key matters to the Board on a Quarterly basis.

Governance Area	Board-level Responsibility (as reflected in Board Charter)	BMPDSC Responsibilities (as per reviewed and Board Approved TOR)	Reporting Frequency and to whom
Overall ESG & Climate Governance	The Board has ultimate accountability for oversight of Sustainability related and Climate related Risks and Opportunities (SRROs and CRROs), ensuring alignment with regulatory, national and international sustainability best practices.	Ensure the Bank's overall alignment with the ESG Framework, Central Bank of Sri Lanka requirements including the Sustainable Finance Roadmap 2.0 and Financial Literacy Roadmap, Green and Social Taxonomies under development, and ISSB IFRS S1 and S2 disclosure requirements.	Quarterly to BMPDSC and the key matters are escalated to the Board accordingly
ESG Strategy Oversight	Approve the Bank's ESG and Sustainability Strategy and ensure integration with Corporate Strategy and Long-term Value Creation.	Oversee the development, advise the Board and recommend for approval of the ESG strategy presented by the Sustainability Steering Committee and ensure alignment with Business Plans, Values and Objectives.	Quarterly to BMPDSC
Integration of Triple Bottom Line	Ensure Economic, Environmental and Social considerations embedded into Governance, Strategy and Decision-making.	Ensure Sustainable Development through integration of Economic, Environmental and Social considerations, Ethical ESG practices under SLFRS S1 and Climate focused Due Diligence and Risk management under SLFRS S2.	Quarterly to BMPDSC
Policies across the Value Chain	Approve Sustainability related Policies and ensure applicability across the Bank, including subsidiary(ies).	Ensure Sustainability Policy and procedures approved by the Board are applied across the value chain, covering sustainability and climate related risks and opportunities, including subsidiaries.	Annual review with exceptions reported as and when required to BMPDSC and the Board
Policy Review and Effectiveness	Ensure Sustainability Policies remain current, effective and aligned with Regulatory and Strategic requirements as relevant.	Review the validity, relevance, practicality and effectiveness of the Sustainability Policy and ensure Board direction, Long-term Objectives and applicable Standards are reflected accordingly.	Annual, with interim updates if required to BMPDSC
CSR and Inclusive Finance Oversight	Ensure CSR initiatives align with the Sustainability Strategy and support Inclusive growth.	Provide direction on CSR activities aligned with the Sustainability Policy, Business Scope and Inclusivity Objectives.	Annual to BMPDSC
Monitoring External Standards & Trends	Ensure awareness of evolving Sustainability and Climate related regulations and standards.	Keep abreast of relevant Local and Global Sustainability Standards, Rules and Regulations, Codes and Industry Best practices relevant to the Bank's Strategy and Local Context.	Ongoing and updates done as needed to BMPDSC

Governance Area	Board-level Responsibility (as reflected in Board Charter)	BMPDSC Responsibilities (as per reviewed and Board Approved TOR)	Reporting Frequency and to whom
Execution of ESG Strategy	Oversee Management's execution of approved ESG strategy.	Oversee implementation of ESG Strategy by Management approving ESG related implementation projects and provide advice on Sustainability and Climate related Risks and Opportunities.	Quarterly to BMPDSC / Steering Committee
Climate & Sustainability Risks and Opportunities	Ensure appropriate Identification and management of SRROs and CRROs as trigger across the value chain.	Ensure appropriate strategies and governance are in place to manage SRROs and CRROs while reviewing effectiveness of Governance, People deployed and Processes accordingly.	Quarterly to Steering Committee
Goals, Targets and Metrics	Approve ESG Goals, Targets and key performance indicators.	Advise on and recommend ESG Goals, Short, Medium and Long Term Targets and key Metrics with progress reviews done against approved Targets and Commitments.	Quarterly Progress with Review of Annual Target
External Reporting and Disclosures	Approve Sustainability and Climate related disclosures in the Annual Report.	Review content, integrity and completeness of ESG and Climate related disclosures prior to the Board approval, including SLFRS S1 and S2 disclosures.	Quarterly and Annual Report based to BMPDSC / Steering Committee
Assurance of ESG Information	Determine the need for Assurance over Sustainability information.	Review the requirement for Internal and External assurance - approve appointment, independence and performance of external assurance providers wherever applicable.	Annual to the Board
Policies, Codes and Incident Oversight	Ensure effective Governance over ESG related policies and incidents are in place.	Review and recommend ESG related Policies, Procedures and Codes - Review serious ESG related Incidents and Breaches.	As and when incidents reported to Working Committee

B. Management Oversight through Sustainability Steering Committee and Capacity Building

Management-level oversight is exercised through the Sustainability Steering Committee, chaired by the Director / Chief Executive Officer and comprising the Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, and senior business and control function heads.

The Committee functions as the Bank's central coordinating body for sustainability, ESG, and climate-related matters and is mandated to operationalise SLFRS S1 and SLFRS S2 aligned governance, risk management, and reporting processes. The Committee meets at least monthly and reports formally to the BMPDSC.

Key responsibilities include:

- Identification, assessment, and prioritisation of SRROs and CRROs
- Integration of sustainability and climate considerations into integrated risk management and strategy
- Oversight of data, metrics, targets, and disclosures under SLFRS S1 and S2
- Review of sustainability-related disclosures prior to Board approval

In addition to its governance and coordination role, the Bank recognises that effective identification, assessment, and management of Climate-related Risks and Opportunities (CRROs) requires adequate capacity at both Board and senior management levels. Accordingly, the Bank has committed to a structured capacity assessment and development approach.

During the transition phase, the Bank will conduct a formal capacity and capability assessment of relevant Board-level Committees and Management Committees in relation to climate risk, sustainability, and CRRO oversight, in view of identifying gaps and gray areas to be filed with an adequate capacity-building plan.

Consistent with the governance principles set out in SLFRS S1 and SLFRS S2, the Bank recognises that the expertise of the Board Marketing, Product Development and Sustainability Committee (BMPDSC) and the Management Steering Committee (SC) in overseeing sustainability- and climate-related risks and opportunities is at a developing stage. Accordingly, the Bank has revised the Terms of Reference of both committees and plan to conduct structured sensitisation programmes to enhance oversight of sustainability and climate-related strategy, risk management and disclosure.

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

C. Linking Capacity, Value Chain Mapping, and Decision-making (SLFRS S1 & S2)

i. Enhanced Board and Management capacity will directly support the Bank's ability on the following perspectives

- Identify and refine material CRROs on an ongoing basis
- Perform value chain and business model mapping to understand where climate-related risks and opportunities arise and how they transmit into financial outcomes

ii. Make informed decisions on the following.

- Governance structures and escalation mechanisms
- Strategic priorities and portfolio steering
- Risk appetite, policies, and controls
- Selection of relevant metrics, targets, and transition pathways

The Sustainability Steering Committee will oversee this process and ensure that responsibilities for CRRO management are clearly delegated to respective business units and control functions, with appropriate accountability mechanisms.

D. Oversight of Strategy, Major Decisions and Risk Management

The Board of Directors, supported by the Board Marketing, Product Development and Sustainability Committee (BMPDSC), takes climate-related risks and opportunities into account when overseeing the Bank's strategy, decisions on major transactions and its risk management processes. Climate considerations are integrated into strategic discussions relating to portfolio composition, sectoral exposures, product development, capital allocation and long-term resilience, with particular attention to transition and physical climate risks relevant to the Sri Lankan context.

Climate-related risks and opportunities are considered alongside traditional financial, regulatory and operational factors when evaluating strategic initiatives and material decisions, including lending strategies, sustainable finance initiatives and investment priorities. Where relevant, the Board and BMPDSC consider potential trade-offs between short-term financial performance and longer-term sustainability, risk resilience and regulatory expectations, particularly in relation to exposure to climate-sensitive or carbon-intensive sectors.

Oversight of climate-related risks and opportunities is further supported through integration with the Bank's Integrated Risk Management framework, ensuring that climate considerations inform risk appetite, policies, controls and monitoring processes, and are escalated to the Board through established governance and reporting channels.

E. Management Controls and Procedures Supporting Climate Oversight

Management uses established controls and procedures to support the identification, assessment and oversight of climate-related risks and opportunities. These controls are coordinated through the Sustainability Steering Committee, which serves as the central management level forum for sustainability and climate related dialogues and reports regularly to the BMPDSC.

Climate related considerations are embedded within existing internal processes, including credit appraisal and review procedures, Environmental and Social Risk Management assessments, portfolio monitoring, operational risk assessments and regulatory compliance processes. These controls are integrated with core internal functions such as Risk Management, Finance, Credit, Operations, Human Resources and Compliance, rather than being managed as a standalone process in isolation.

This integrated approach enables consistent identification, escalation and monitoring of climate related risks and opportunities across the Bank, and facilitates informed decision-making across strategy, risk management and reporting accordingly.

F. Performance Management, Remuneration, and Resource Allocation

To embed sustainability and climate considerations into core management processes, the Bank will progressively integrate climate-related responsibilities into:

- Performance evaluations for senior management and relevant staff
- KPIs focused on climate risk management, sustainable finance, and governance
- Remuneration and incentive structures, where appropriate and aligned with regulatory expectations

Human Resources will lead implementation by updating performance management systems, role profiles, and competency frameworks.

The Bank will also allocate sufficient human, technical, and financial resources to support CRRO activities such as data management, risk assessment, training, and reporting. Resource needs will be reviewed by the Sustainability Steering Committee and escalated to the BMPDSC when required.

This integrated approach aims to embed climate considerations into daily decision-making and strengthen the Bank's long-term resilience and sustainable value creation.

G. Current Status on Remuneration and Climate-related Performance Metrics

As at the reporting date, climate related performance metrics are not formally incorporated into the Bank's remuneration or incentive policies.

3. Strategy (SLFRS S1 & SLFRS S2)

A. Climate-related Risks and Opportunities Affecting the Bank's Prospects

Bank has identified climate-related risks and opportunities that could reasonably be expected to affect its prospects, including its financial position, financial performance, cash flows, and long-term viability. These risks and opportunities arise primarily through the Bank's lending and investment portfolios, operational footprint, and interactions across its value chain.

Climate related Risks	Time zone	Probability of occurrence	Financial Risk
Stranded assets in carbon-intensive lending	Medium–Long	High	Credit risk, asset value erosion, elevated ECL
Climate-linked regulatory & policy shifts	Short–Medium	High	Compliance risk, strategic risk, cost of implementation
Flood risk to collateral	Short–Medium	High	Collateral impairment, credit losses
Drought impacts on agriculture lending	Medium	High	Increased default risk, income volatility
Urban flooding in Colombo	Short–Medium	High	Asset impairment, operational disruption
Extreme heat & power shortages	Medium–Long	Medium	Business disruption, borrower stress
Infrastructure damage to Bank operations	Short–Medium	Medium	Operational risk, service continuity risk

The Bank's assessment focuses on both climate-related transition risks and climate-related physical risks, reflecting Sri Lanka's exposure to climate hazards and the evolving regulatory and market landscape associated with the transition to a low-carbon economy.

No.	Risk Category	Sub-Category (SLFRS S2)	Climate-related Risk	Location in the Value Chain	Time Horizon (Short / Medium / Long)	Relevance to the Bank	Primary Risk Transmission
1	Transition	Policy & Legal	Stranded assets in carbon-intensive lending	Core activities – Lending and credit underwriting	Medium to Long term	Exposure to high-emission sectors may face asset devaluation and borrower stress as climate policies and transition measures tighten	Credit risk, asset quality deterioration
2	Transition	Policy & Legal	Regulatory and policy shifts	Bank-wide (governance, operations and lending activities)	Short to Medium term	Changes in climate-related regulations, prudential expectations and disclosure requirements may increase compliance complexity and cost	Operational risk, compliance risk
3	Physical	Acute	Flood risk to collateral	Downstream activities – Collateral and recovery processes	Short to Medium term	Flood-prone properties used as collateral may experience physical damage and value impairment	Credit risk, insurance risk
4	Physical	Chronic	Drought impacts on agriculture lending	Core activities – Sectoral lending (agriculture & agri-SMEs)	Medium term	Agriculture and agri-based SMEs are vulnerable to prolonged droughts affecting income stability and repayment capacity	Credit risk, sovereign risk
5	Physical	Acute	Urban flooding (Colombo and key cities)	Core and downstream activities – Branches, ATMs and SME borrowers	Short to Medium term	Branch infrastructure and SME customers in urban areas are exposed to flooding events	Operational risk, credit risk
6	Physical	Chronic	Extreme heat and power shortages	Core activities – Operations and customer service delivery	Medium to Long term	Increased temperatures and power disruptions may raise operating costs and disrupt borrower and Bank operations	Operational risk, credit risk
7	Physical	Acute	Infrastructure damage affecting Bank operations	Upstream and core activities – Critical infrastructure and utilities	Short to Medium term	Damage to transport, utilities and communication networks may disrupt service delivery and business continuity	Operational risk, insurance risk

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

These risks are assessed through qualitative methodologies and are integrated into the Bank's risk identification, monitoring, and strategic planning processes gradually.

Climate-related risks are transmitted to the Bank primarily through borrower cash flows, collateral values, sectoral concentration, and macroeconomic stability. Transition risks may result in increased credit losses, asset repricing, and compliance costs, while physical risks may lead to borrower stress, collateral impairment, and operational disruption.

Climate-related opportunities are transmitted through product innovation, funding diversification, and increased demand for sustainable finance solutions, supporting long-term revenue growth and portfolio diversification.

B. Climate-related Opportunities Selected by the Bank (SLFRS S2)

The Bank has also identified three key climate-related opportunities aligned with Sri Lanka's transition priorities and the Bank's strategic growth agenda.

No	Opportunity	Description	Strategic Benefit to the Bank
1	Concessional climate funding	Access to multilateral and development finance institution climate funding	Lower cost of funds, enhanced lending capacity
2	Renewable energy financing	Financing of solar, wind, and energy efficiency projects	Portfolio diversification, growth in sustainable finance
3	Green SME and retail products	Sustainable finance solutions for SMEs and households	Market expansion, reputational enhancement

These opportunities support the Bank's strategy to grow sustainable finance while managing transition risks in an orderly manner.

C. Impact on Business Model and Value Chain

The identified climate-related risks and opportunities primarily affect the Bank through its lending, investment, and operational value chain.

The Bank has commenced integrating climate and sustainability considerations into the following procedures and workflows step by step:

- Credit appraisal and sectoral lending guidelines
- Portfolio monitoring and concentration management
- Product innovation, including green and sustainable finance offerings
- Operational resilience and business continuity planning

Climate-related risks and opportunities affect the Bank's business model through changes in borrower risk profiles, collateral values, sectoral growth dynamics, funding conditions, and operational resilience. The Bank's value chain exposure is predominantly depicted as follows.

Activity	Depiction
Upstream activities	Funding sources, treasury investments, and reliance on critical infrastructure and utilities
Core activities	Lending and credit underwriting, sectoral exposure management, and customer engagement
Downstream activities	Recovery processes, collateral realisation, and long-term customer relationships

The Bank anticipates that climate-related risks may increase volatility in credit quality and operational costs, while climate-related opportunities may support growth in sustainable finance and funding diversification.

Climate Related Risk & Opportunity	Risk Category/ Opportunity	Location in the Value Chain	Current Impact (Short Term : 3 or less years)	Anticipated Impact (Medium Term: 3 to 7 years)	Anticipated Impact (Long Term: More than 7 years)	Impact on Business Model
Stranded Assets in Carbon Intensive Lending	Transition	Core Activities Lending and Portfolio Management	Limited immediate Financial impact; enhanced monitoring of Carbon Intensive Exposures and Borrower Resilience	Increased Credit Risk, Asset Repricing and Potential Portfolio Rebalancing away from High Emission Sectors	Structural shift in lending portfolio composition and capital allocation to lower carbon activities	Shift towards Sustainable Finance, enhanced credit screening and sectoral steering
Regulatory and Policy Shifts	Transition	Bank wide Governance, operations and lending	Increased Compliance Effort, System Upgrades and Reporting Requirements	Higher Compliance costs - tighter Prudential and Disclosure Expectations influencing Strategy and Product Design	Climate considerations embedded as a core element of Governance, Risk and Reporting Processes	Strengthened Governance, integration of Climate Risk into overall Decision-making
Flood Risk to Collateral	Physical (Acute)	Downstream – Collateral and Recovery Processes	Isolated Collateral Damage and increased Insurance and Recovery Costs	Moderate frequency of Collateral Impairment in Flood prone areas, impacting Loss Given Default (LGD)	Reassessment of collateral acceptability, pricing and geographic concentration	Enhanced Collateral Valuation practices and Geographic Risk Management
Drought Impacts on Agriculture Lending	Physical (Chronic)	Core Activities Sectoral Lending (Agriculture & Agri-SMEs)	Income Volatility for Borrowers and increased Monitoring of Stressed Accounts	Elevated Default Risk and increased Restructuring needs in Climate Sensitive Portfolios	Structural change in Agricultural Lending practices and Product Design	Increased Focus on Climate resilient Agriculture and adaptive Financing Solutions
Urban Flooding affecting Branches and Customers	Physical (Acute)	Core and Downstream Branch Network, ATMs and SME customers	Temporary Service disruptions and operational downtime	Higher Operational Resilience costs and investment in alternative delivery channels	Long-term Optimisation of Physical Footprint and increased Digitalisation	Greater Reliance on Digital Banking and Resilient infrastructure planning
Extreme Heat and Power Shortages	Physical (Chronic)	Core Activities Operations and Service Delivery	Increased Cooling and Energy Costs; Intermittent Service Disruptions	Sustained increase in Operating Costs and Pressure on Service Continuity	Investments in Energy efficient Infrastructure and Renewable Energy Solutions	More efficient operating model with Lower Energy Intensity
Infrastructure damage to Critical Utilities	Physical (Acute)	Upstream and Core Utilities, Transport and Communications	Short-term Operational Disruptions and Contingency Activation	Increased Business Continuity Planning and Resilience Investment	Integration of Climate Resilience into Infrastructure based Contingency Planning	Strengthened Operational Resilience and Disaster Recovery Capabilities
Growth in Sustainable and Green Finance	Opportunity	Core Activities Product Development and Lending	Initial Growth in Green Lending and Concessional Funding Utilisation	Portfolio Diversification and improved Risk adjusted Returns	Strategic Repositioning as a Sustainable Financier	Long-term value creation through Sustainable Finance and Funding Diversification

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

D. Time Horizons and Planning Alignment

The Bank assesses the timing of climate related risks and opportunities across defined short, medium, and long term horizons:

- Short term: Up to 3 years, aligned with budgeting, risk appetite reviews, and operational planning
- Medium term: 3–7 years, aligned with strategic planning, portfolio adjustments, and capital planning
- Long term: Beyond 7 years, aligned with long term resilience, climate pathways, and national transition objectives

These horizons are embedded in strategic decision making and guide how climate risks and opportunities are expected to evolve.

The Bank's due diligence focus across these periods includes:

- Short term: Immediate physical climate events and regulatory changes
- Medium term: Transition risks, borrower adaptation capacity, and market shifts
- Long term: Structural economic changes, climate pathway impacts, and systemic risk accumulation

These timeframes are fully aligned with the Bank's strategic and risk management processes.

E. Concentration of Risks and Opportunities within the Business Model and Value Chain

Climate-related risks and opportunities are concentrated in specific areas of the Bank's business model and value chain, including:

- Geographical concentration: Flood-prone and drought-affected regions within Sri Lanka : However, this data has to be collected and analysed accordingly
- Asset types: Property and land used as collateral, branch and ATM infrastructure, and data centres
- Sectoral exposure: Agriculture, SMEs, carbon-intensive industries, and urban commercial activity

These concentrations as described below are considered in credit policy formulation, portfolio monitoring, and operational resilience planning.

F. Geographical Concentration

Climate related risks are geographically concentrated in specific regions of Sri Lanka that are more exposed to acute and chronic physical climate hazards. Flood-related risks are primarily concentrated in the Western Province, including the Colombo metropolitan area, and parts of the Central Province, where intense rainfall, urban flooding and river overflows pose risks to borrower operations, collateral values and the Bank's branch and ATM network. Drought-related risks are more pronounced in agricultural regions across the North Central, North Western and parts of the Uva and Eastern Provinces, where prolonged dry periods affect agricultural productivity, borrower cash flows and repayment capacity. These geographic concentrations are considered in credit appraisal, collateral assessment, portfolio monitoring and operational resilience planning.

G. Asset types: Property

Climate related risks are concentrated in specific asset types that are sensitive to physical climate hazards and transition dynamics. Property and land used as collateral are particularly exposed to flooding, drought and heat-related impacts, which may affect asset values and recovery outcomes. The Bank's branch and ATM infrastructure, especially in urban and flood-prone locations, is exposed to acute physical risks such as flooding and power disruptions, while data centres and critical IT infrastructure are exposed to risks arising from extreme weather events and prolonged power shortages. These asset-level exposures are addressed through enhanced collateral valuation practices, insurance arrangements, business continuity planning and infrastructure resilience measures.

H. Risk Management

1. Overview

The Bank recognises that climate-related factors can materially affect credit quality, asset values, operational continuity, regulatory compliance and long-term strategy. Accordingly, structured processes are in place to identify, assess, prioritise and monitor climate-related risks and opportunities, and to integrate them into the Bank's overall Integrated Risk Management (IRM) framework.

2. Climate-Related Risk Management Processes

Climate-related risks are identified through a combination of portfolio-level, customer-level and operational assessments, including:

Sectoral exposure reviews with a focus on climate-sensitive sectors such as agriculture, energy, construction and SMEs

Environmental and Social Risk Management assessments embedded in credit appraisal and review processes.

Operational risk assessments covering branch locations, ATMs and critical infrastructure exposure to floods, heat, sea breeze and power disruptions.

Regulatory and policy horizon scanning, including emerging requirements issued by the Central Bank of Sri Lanka and other regulators.

Inputs used in Climate Risk identification are as follows.

Input Category	Description	Scope
Internal data	Loan portfolio by sector, geography and collateral type	Banking book
Customer data	Environmental and Social Risk assessments, borrower business profiles together with National Building Research Organisation sign off	Corporate & SME lending
Climate hazard data	Flood and landslides (through historical disaster records and hazard maps published by the Disaster Management Centre and the National Building Research Organisation), drought, rainfall variability and heat exposure (through Meteorological observations and climate trend data issued by the Department of Meteorology, supplemented by regional climate projections from the Intergovernmental Panel on Climate Change reports)	Domestic operations
Regulatory inputs	Climate-related regulations, taxonomies and supervisory guidance	Bank-wide
Time horizons	Short (<3 years), Medium (3–7 years), Long (>7 years)	Strategic planning

C. Risk Assessment and Prioritisation

Identified climate-related risks are assessed qualitatively based on the following.

- Time horizon of impact
- Likelihood of occurrence, informed by historical climate patterns and regulatory momentum
- Severity of potential financial impact, including effects on credit quality, collateral values and operational continuity

Risks are prioritised based on their potential to reasonably be expected to affect the Bank's cash flows, access to finance or cost of capital over the short, medium and long term.Climate Risk Assessment Logic adopted by the Bank is as follows.

Assessment Dimension	Considerations
Likelihood	Frequency of hazard occurrence, policy certainty
Impact	Credit losses, operational downtime, compliance costs
Velocity	Speed at which risk transmits to financial outcomes

Level	Dimension	Parameters
Low	Likelihood	Rare occurrence of physical hazard (Ex: >10-year return period) and/or low policy or regulatory certainty within planning horizon.
	Impact	Minimal financial effect; limited expected credit losses, negligible operational disruption (<1–2 days downtime), and immaterial compliance or adaptation costs.
	Velocity	Gradual transmission to financial outcomes (impact materialises over long term with sufficient management response time).
Medium	Likelihood	Occasional hazard occurrence (e.g., 3–10-year return period) and/or moderate policy certainty with emerging regulatory signals.
	Impact	Noticeable financial effect; moderate increase in expected credit losses, temporary operational disruption (2–7 days downtime), and manageable compliance or transition costs.
	Velocity	Risk transmits within medium-term planning horizon; limited time available for mitigation but manageable through existing controls.
High	Likelihood	Frequent or recurring hazard occurrence (Ex: ≤3-year return period) and/or high policy certainty or imminent regulatory change.
	Impact	Significant financial effect; material credit losses, prolonged operational disruption (>7 days downtime), substantial capital expenditure or compliance costs.
	Velocity	Rapid transmission to financial outcomes (short-term impact with limited lead-time for corrective action).

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

Impact	Likelihood		
	Low	Medium	High
High	-	Stranded assets in carbon-intensive lending (Transition Medium Velocity)	Flood risk to collateral (Physical Acute, High Velocity) Urban flooding (Colombo & key cities) (Physical-Acute, High Velocity) Drought impacts on agriculture lending (Physical-Chronic, Medium Velocity)
Medium	-	Extreme heat and power shortages (Physical Chronic, Medium Velocity) Infrastructure damage affecting Bank operations (Physical Acute, Medium Velocity)	Regulatory and Policy Shifts (Transition High Velocity)
Low	-	-	-

Climate-related risks are monitored through the following.

- Periodic portfolio reviews of climate-sensitive lending segments
- Monitoring of climate-related Key Risk Indicators (KRIs)
- Operational incident tracking linked to weather-related disruptions
- Regular reporting to the Board Marketing, Product Development and Sustainability Committee

3. Climate-Related Opportunity Management

A. Identified Climate-Related Opportunities

Alongside risks, Bank has identified material climate-related opportunities aligned with Sri Lanka's low-carbon and climate-resilient transition.

Opportunity	Time Horizon	Likelihood	Strategic Value
Access to concessional climate funds	Short–Medium	High	Lower-cost funding, balance sheet optimisation
Renewable energy financing	Medium–Long	High	Sustainable portfolio growth
Green SME & retail products	Short–Medium	Medium	Product innovation, customer engagement

B. Use of Climate-Related Scenario Analysis

Climate-related scenario analysis has not been performed in the reporting year ended 31 December 2025 to inform the identification or prioritisation of climate-related risks. The Bank intends to progressively introduce scenario analysis as data availability, methodological maturity and regulatory guidance evolve,

4. Integration with Integrated Risk Management

A. Integration across Core Risk Categories

Climate-related risks and opportunities are integrated into Bank's IRM framework rather than managed in isolation.

B. Integration of CRROs into Bank's IRM

This integration ensures that climate considerations are assessed alongside traditional financial risks and are subject to the same governance, escalation, and monitoring mechanisms.

IRM Risk Category	Climate Integration Approach
Credit Risk	Climate-sensitive sector analysis, Environmental and Social Risk Management based credit screening
Operational Risk	Business continuity and disaster recovery planning for climate events
Market & Liquidity Risk	Assessment of climate-driven market and funding volatility
Strategic Risk	Alignment with national climate policies and transition pathways
Reputational & Compliance Risk	Monitoring regulatory expectations and stakeholder perceptions

C. Continuous Enhancement

Monitoring of climate-related risks

The Bank monitors climate-related risks through periodic portfolio reviews of climate-sensitive sectors, environmental and social risk assessments embedded in credit processes, operational incident tracking linked to weather-related events, and the use of qualitative key risk indicators. Climate-related risk information is reported regularly through management committees and escalated to the Board via established governance and reporting channels.

5. Metrics and Targets

In addition to historical and operational metrics, the Bank is progressively developing forward-looking climate-related metrics and targets to support transition planning and portfolio alignment. These metrics will evolve as data becomes available and methodologies improve and we will refine progressively in line with regulatory guidance and industry best practices. However, the Bank has not yet established formal targets for its climate-related risks and opportunities (CRROs) and the Bank is actively progressing toward the development of these targets as part of its evolving sustainability strategy.

1. SASB Metrics: Operational & Financial Sector Disclosure

Bank applies the SASB Commercial Banks Standard as follows:

Category	Metric (Aligned to SASB FN-CB)
Environmental Risk Integration	% of new lending with documented ESG credit analysis (FN-CB-410a.2)
Business Ethics	Incidents of ethics violations and fines (FN-CB-510a.2)
Financial Inclusion & Community	Financial products to underserved segments (FN-CB-240a.4)
Data Security & Privacy	Material breaches & fines

A. Climate-Related Metrics

Bank plan to establish metrics that reflect climate risk, emissions, and forward looking thinking on transition financing as listed below. However, these are not currently tracked and there are limitations in data.

Climate Related Metric	Current Value / Status
Scope 1 greenhouse gas emissions	907 tCO_2e
Scope 2 greenhouse gas emissions	3,424 tCO_2e
Amount and percentage of assets/business activities exposed to transition risks	Not assessed; exposure data not currently available.
Amount and percentage of assets/business activities exposed to physical risk	Not assessed; exposure data not currently available.
Amount and percentage of aligned assets/business activities with climate related opportunities	Not tracked; alignment data not currently available.
Capital deployment toward climate-related risks and opportunities	Not tracked; expenditure and financing data not currently available.
Internal carbon price	Not established; no internal carbon pricing mechanism currently in place.
Remuneration	Not integrated; climate-related remuneration criteria not currently applied.

GHG Emissions

- Scope 1 & 2 Emissions: Track direct and indirect emissions from the Bank operations
- Scope 3 Financed Emissions: Data not available at present

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

5. Governance & Financial Resilience

A. Governance Structure & Risk Oversight

- Board-level oversight for sustainability and climate risk incorporated into integrated risk management.
- ESG Committee reports quarterly to the Board on key metrics and strategic progress.
- Align ethics, anti-corruption, and risk management disclosures with SASB, SLFRS S1 governance disclosure requirements. Bank's whistle blowing policy too sets grounds to implement good governance with responsibilities delegated amongst the workforce
- Bank also maintains transparency on material sustainability risks and ensure external assurance where feasible

B. Financial Resilience Metrics

The Bank will set up a comprehensive stress testing methodology in order to assess the climate risks and to gauge the material impact on capital due to unexpected adverse conditions.

6. Basis of Preparation, Transition and Proportional Reliefs

These disclosures have been prepared in accordance with SLFRS S1 and SLFRS S2, applying applicable transition and proportional reliefs in the initial year of adoption. The Bank has prioritised transparency while acknowledging data limitations and evolving methodologies.

The Bank will continue to strengthen governance, data quality, metrics, targets, and assurance readiness in line with regulatory guidance issued by the Central Bank of Sri Lanka and international best practices.

In preparing its first set of sustainability-related disclosures in accordance with SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, the Bank has applied all transition reliefs permitted for first-time adopters. These transition provisions have been applied to support an effective and operationally feasible implementation during the initial year.

7. Future Compliance Roadmap

The Bank has begun a phased programme to achieve full compliance with SLFRS S1 and S2, focusing on enhancing data systems, developing scenario analysis and climate-risk models, improving sustainability metrics, and integrating sustainability data across governance, strategy, and risk-management processes.

Sustainability Performance Indicators (SPI)

Stakeholder Group	Indicator of Performance	Achievement					GRI Indicator
		2025	2024	2023	2022	2021	
Investors	Economic value added (LKR Mn)	38,221	32,550	24,063	18,311	15,892	GRI 201-1
	Profit after tax (LKR Mn)	12,108	10,051	6,256	4,712	4,581	GRI 201-1
	Earnings per share (LKR)	19	15.81	10.17	7.66	7.44	-
	Return on equity (%)	16	15.35	10.88	8.85	9.07	-
	Return on average assets (%)	1	1.34	0.90	0.74	0.79	-
	Dividend per share (LKR)	4	3.50	2.50	2.00	3.00	GRI 201-1
	Customer deposits (LKR Mn)	732,960	646,817	590,698	547,316	488,653	-
	Number of KYC anti-money laundering programmes (No of participants)	417	804	1,043	239	218	GRI 205-2
	Penalties arising from non-compliance of laws (LKR Mn)	4.68	**0.05	1	Nil	*	GRI 2-27
Customers	Number of banking centres	172	170	171	171	171	GRI 2-6
	Number of ATMs	203	210	215	215	214	GRI 2-6
	Total customer advances (Gross)(LKR Mn)	663,741	***528,361	497,205	490,432	465,905	-
	Number of housing loans	3,873	4,109	4,391	5,276	5,765	GRI 203-1
	Value of housing loans (LKR Mn)	17,580	16,482	15,828	17,833	17,899	GRI 203-1
	Housing loans to total loans (%)	2.67	***3.12	3.18	3.64	3.84	-
	Number of 'Tikiri' kids events held	17	18	2	4	15	GRI 413-1
	Number of student saving centres	100	100	98	98	98	GRI 203-1
	Number of customer complaints	7,608	5,456	6,394	4,865	5,786	-
Employees	Turnover rate (%) (Including sales staff)	12.21	13.52	17.12	12.23	7.56	GRI 401-1
	Permanent employees (%)	86	97	86	90	95	GRI 2-7
	Average benefits per employee (LKR '000)	3,471	3,175	2,974	2,540	2,203	GRI 401-2
	Staff covered by health plan (%)	100	100	100	100	100	GRI 403-6
	Women employees (%)	49	48	46	45	43	GRI 2-7
	Women in corporate and middle management (%)	32	33	31	32	31	GRI 405-1
	Union membership (%)	72	75	83	88	92	GRI 2-30
	Number of pending human rights cases against the Bank	Nil	Nil	Nil	Nil	Nil	-
	Number of participants on external and foreign training	415	525	81	139	210	GRI 404-1
	Ratio of standard entry level wage	†	†	†	†	†	GRI 202-1
	Proportion of Senior Management from local community (%)	100	100	100	100	100	GRI 202-2
Community	Contribution on the community projects (LKR Mn)	8.31	15.80	16.48	7.52	3.32	GRI 413-1
	Contribution on education-related pursuits (LKR Mn)	31.73	37.52	5.19	5.47	0.14	GRI 413-1
	Number of loans granted under 'Seylan Scholar'	4	3	2	Nil	6	GRI 203-1
	Number of SME loans	22,165	18,545	20,818	22,522	19,510	GRI 203-1
	Value of SME loans (LKR Mn)	147,706	118,945	98,349	82,996	92,628	GRI 203-1
	Number of micro finance loans	8,585	7,654	8,514	5,226	3237	GRI 203-1
	Value of micro finance loans (LKR Mn)	5,473	5,736	1992	587	740	GRI 203-1

* Insignificant VAT settlement amount paid to Inland Revenue Department - Page No. 57 in the Annual Report of Year 2021
**Due to foreign exchange restrictions of the country
***Reclassified as per 'Notes to the Financial Statements' (Note number 61) - Page 352
† Above minimum

Sustainability Performance Indicators (SPI)

Stakeholder Group	Indicator of Performance	Achievement 2025	2024	2023	2022	2021	GRI Indicator
Suppliers	Purchases from locally based suppliers (LKR Mn)	1,316.69	745.28	689.3	546.31	469.60	GRI 204-1
Environment	Electricity consumed (MWh)	8,170	8,154	7,538	6,851	7,449	GRI 302-1
	Electricity consumption per employee (kWh)	2,519	2,539	2,450	2,171	2,366	GRI 302-3
	Water withdrawal (m^3)	86,037	76,618	66,005	69,063	93,370	GRI 303-3
	Water withdrawal per employee (m^3)	27	24	21	22	30	GRI 303-5
	Generator diesel consumption (litre)	55,297	43,049	70,998	206,633	48,093	GRI 302-1
	Vehicle petrol consumption (litre)	17,573	††12,120	10,536	16,515	8,128	GRI 302-1
	Vehicle diesel consumption (litre)	29,717	34,767	27,865	29,235	47,860	GRI 302-1
	Lubricant consumption (litre)	1,802	1,759	1636	437	499	GRI 301-1
	Total business travels (km)	439,740	392,081	373,451	296,434	497,754	-
	Energy consumption - Diesel (GJ)	3,071	–	–	–	–	GRI 302-1
	Energy consumption - Petrol (GJ)	586	–	–	–	–	GRI 302-1
	Energy consumption - Electricity (GJ)	29,411	–	–	–	–	GRI 302-1
	Total Energy consumption (Diesel, Petrol & Electricity) (GJ)	33,068	–	–	–	–	GRI 302-1
	Energy usage per employee (tCO_2e)	10	–	–	–	–	GRI 302-3
	Scope 1: Direct GHG emissions (tCO_2e)	907	†361	–	–	–	GRI 305-1
	Scope 2: Electricity indirect GHG emissions (tCO_2e)	3,424	†3,488	–	–	–	GRI 305-2
	Scope 3: Other indirect GHG emissions (tCO_2e)	3,483	†629	–	–	–	GRI 305-3
	Emissions intensity (tCO_2e per employee)	2.41	1.39	–	–	–	GRI 305-4
	Food Waste (t)	22.40	–	–	–	–	GRI 306-3
	Paper Waste (t)	5.45	–	–	–	–	GRI 306-3
	Polythene Waste (t)	5.24	–	–	–	–	GRI 306-3
	Packets of A4 paper used	11,224	9,376	10,309	12,963	16,909	GRI 301-1
	††† Weight of A4 paper (kg)	28,060	23,440	25,773	32,408	42,273	GRI 301-1
	A4 packets usage per business unit	59	50	55	69	90	GRI 301-1
	Waste paper recycled (kg)	45,725	73,596	69,020	100,035	96,755	GRI 306-4
	Savings from recycled papers Trees (No.)	777	1,251	1,173	1,701	1,645	-
	Water (litre)	1,453,141	2,338,881	2,193,456	3,179,112	3,074,874	-
	Electricity (kWh)	182,900	294,384	276,080	400,140	387,020	-
	Oil (litre)	80,247	129,161	121,130	175,561	169,805	-
	Land fill (m^3)	137	221	207	300	290	-
	Carbon footprint ($kgCO_2e$)	9,145	14,719	13,804	20,006	19,351	-
The Government and the Government Institutions	Income tax (LKR Mn)	7,515	5,992	3,824	1,917	1,447	GRI 201-1
	Value added tax and nation building tax on financial services (LKR Mn)	5,559	4,723	3,455	2,647	1,935	GRI 201-1
	Social Security Contribution Levy	772	656	481	127	-	GRI 201-1
	Total Tax (VAT/NBT/SSCL and income tax % of PBT)	53	53	55	50	42	GRI 201-1

† Rounder up
Restated as follows
†† Third party consumption excluded
††† Calculated erroneously at 12kg instead of 2.5kg

Independent Assurance Report - Sustainability

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Independent Practitioners' Limited Assurance Report

To the Directors of Seylan Bank PLC

Report on selected indicators included in Seylan Bank PLC's Integrated Annual Report for the year ended December 31, 2025

Conclusion

We have performed a limited assurance engagement on whether the selected sustainability related indicators as defined in annexure A ("Subject matter Information" or "SMI") in Seylan Bank PLC's ("the entity") Integrated annual report for the year ended December 31, 2025 have been prepared in reference to the selected Global Reporting Initiative Standards 2021 as mentioned in Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected sustainability related indicators as defined in annexure A of Seylan Bank PLC for the year ended 31st December 2025 are not prepared, in all material respects, with reference to the Criteria.

The SMI subject to our limited assurance engagement are listed in Annexure A. The assured sustainability information is underlined and marked with "LA" in the Integrated Annual Report, and the corresponding GRI indicators are also provided in Annexure A.

Our conclusion on the SMI as defined in annexure A does not extend to other information that accompanies or contains the SMI as defined in annexure A and our assurance report.

Basis for Conclusion

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

Intended Use or Purpose

We have been engaged by the Management of Seylan Bank PLC to provide limited assurance on whether the selected SMI as defined in annexure A have been prepared with reference to the Criteria.

Restriction on Use or Distribution

This report has been prepared for the Board of Directors of Seylan Bank PLC for the purpose of providing an assurance conclusion on whether the selected SMI in the Seylan Bank PLC's Integrated Annual Report for the Year ended 31st December 2025 has been prepared with reference to the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Seylan Bank PLC, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Seylan Bank PLC, for any purpose or in any other context. Any party other than Seylan Bank PLC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Seylan Bank PLC for our work, for this independent assurance report, or for the conclusions we have reached.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.G.H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Zuard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne

Independent Assurance Report - Sustainability

Our conclusion is not modified in respect of this matter.

Responsibilities of Management for the SMI

The management of the entity are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.
- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Preventing and detecting fraud and ensuring the entity's compliance with applicable laws and regulations to its activities.
- Ensuring that staff involved in preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units; and
- Preparing the Subject Matter Information with reference to the criteria
- The maintenance and integrity of Seylan Bank PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Seylan Bank PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Seylan Bank PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the entity's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

Our Responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
  and
- reporting our conclusion to the Board of Directors of Seylan Bank PLC.

Summary of the Work we Performed as the Basis for Our Conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI, other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviewed senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquired management to gain an understanding of the Bank's processes for determining material issues for the Company's key stakeholder groups;
- enquired relevant staff at corporate and selected site level responsible for the preparation of the SMI in the Integrated Annual Report of Seylan Bank PLC for the year ended 31st December 2025;
- enquired about the design and implementation of the systems and methods used to collect and report the SMI in the Integrated Annual Report of the Seylan Bank PLC for the year ended 31st December 2025, including the aggregation of the reported information;
- applied analytical procedures, as appropriate;
- compared the SMI in the Integrated Annual Report of Seylan Bank PLC for the year ended 31st December 2025 to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- recalculated the Information subject to Limited Assurance based on the criteria;
- read the SMI in the Integrated Annual Report of Seylan Bank PLC for the year ended 31st December 2025 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company; and
- read the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Chartered Accountants
Colombo
26 February 2026

Annexure A to our limited assurance report dated 26th February 2026

The numbers in this annexure have been included in the Integrated Annual Report prepared by the Management

Our reporting boundary is limited to the Bank's operations in Sri Lanka.

GRI Standard (The Criteria Relevant to The Information)		Disclosure Topic	Point in time or Period Subject to Assurance	Page Number
Disclosure 2-7 Employee	2-7 a	Employees related metrics	As at 31st December 2025	65
	2-7 b (i)		As at 31st December 2025	65
	2-7 b (ii)		As at 31st December 2025	65
Disclosure 2-28 Membership associations	2-28 a	Membership associations list	for the year ended 31 December 2025	86, 87
Disclosure 2-30 Collective bargaining agreements	2-30 a	Collective bargaining agreements coverage	for the year ended 31 December 2025	67
	2-30 b		for the year ended 31 December 2025	67
Disclosure 201-1 Direct economic value generated and distributed	201-1 a	Direct economic value generated and distributed	for the year ended 31 December 2025	52
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	201-3 d	Defined benefit plan obligations and other retirement plans	for the year ended 31 December 2025	63
Disclosure 202-2 Proportion of senior management hired from the local community	202-2 a	Proportion of senior management hired from the local community	for the year ended 31 December 2025	62
	202-2 b		for the year ended 31 December 2025	62
	202-2 c		for the year ended 31 December 2025	62
	202-2 d		for the year ended 31 December 2025	62
Disclosure 203-1 Infrastructure investments and services supported	203-1 a	Infrastructure investments and services supported	for the year ended 31 December 2025	89
Disclosure 205-1 Operations assessed for risks related to corruption	205-1 a	Operations assessed for risks related to corruption	for the year ended 31 December 2025	67
Disclosure 205-3 Confirmed incidents of corruption and actions taken	205-3 a	Confirmed incidents of corruption and actions taken	for the year ended 31 December 2025	83
Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1 a	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	for the year ended 31 December 2025	83
Disclosure 302-1 Energy consumption within the organization	302-1 a	Total Energy consumption within the organization	for the year ended 31 December 2025	109
	302-1 c (i)		for the year ended 31 December 2025	109
	302-1 e		for the year ended 31 December 2025	109
Disclosure 303-3 Water withdrawal	303-3 a (i)	Total Water Withdrawal	for the year ended 31 December 2025	109
	303-3 b (ii)		for the year ended 31 December 2025	109
Disclosure 303-5 Water Consumption	303-5 a	Total Water Consumption	for the year ended 31 December 2025	109
Disclosure 401-1 New employee hires and employee turnover	401-1 a	List of New employee hires and employee turnover	for the year ended 31 December 2025	62, 63
	401-1 b		for the year ended 31 December 2025	63

Independent Assurance Report - Sustainability

GRI Standard (The Criteria Relevant to The Information)		Disclosure Topic	Point in time or Period Subject to Assurance	Page Number
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2 a (i), (ii), (iii), (iv), (v), (vi)	Benefits provided to full-time employees that are not provided to temporary or part-time employees	for the year ended 31 December 2025	63
Disclosure 401-3 Parental leave	401-3 a	Parental leave calculations	for the year ended 31 December 2025	68
	401-3 b		for the year ended 31 December 2025	68
	401-3 c		for the year ended 31 December 2025	68
	401-3 d		for the year ended 31 December 2025	68
Disclosure 402-1 Minimum notice periods regarding operational changes	402-1 a	Minimum notice periods regarding operational changes	for the year ended 31 December 2025	67
Disclosure 403-6 Promotion of worker health	403-6 a	Promotion of worker health	for the year ended 31 December 2025	69
	403-6 b		for the year ended 31 December 2025	69
Disclosure 403-9 Work-related injuries	403-9 a	Work-related injuries	for the year ended 31 December 2025	68
Disclosure 404-1 Average hours of training per year per employee	404-1 a (ii)	Average hours of training per year per employee	for the year ended 31 December 2025	64
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	404- 2 a	Programs for upgrading employee skills and transition assistance programs	for the year ended 31 December 2025	64
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	405-2 a	Ratio of basic salary and remuneration of women to men	for the year ended 31 December 2025	67
	405-2 b		for the year ended 31 December 2025	67
Disclosure 406-1 Incidents of discrimination and corrective actions taken	406-1 a	Incidents of discrimination and corrective actions taken	for the year ended 31 December 2025	67
Disclosure 415-1 Political contributions	415-1 a	Political contributions	for the year ended 31 December 2025	83



SMART SOLUTIONS STRONG SUPPORT

Seylan Bank empowers national and entrepreneurial growth through resilient digital and physical infrastructure. With prudent yet flexible financial solutions and climate-conscious lending practices, we balance opportunity with risk, strengthen portfolio resilience, and enable sustainable business growth.

Board of Directors



Mr D M Rupasinghe
Independent Director

Mrs Averil A Ludowyke
Independent Director

Justice Buwaneka Aluwihare PC
Chairman/ Independent Director

Mr Ramesh Jayasekara
Director/Chief Executive Officer



Mr D M D Krishan Thilakaratne
Non-Executive Director

Mr L H A Lakshman Silva
Independent Director

Mrs Ramani L Samarasundera
Independent Director

Mr Wasantha D Batagoda
Non-Executive Director

Board of Directors

Justice Buwaneka Aluwihare PC
Chairman/ Independent Director

Qualifications:
Attorney-at-Law, Solicitor (England & Wales), Masters of Laws (LL.M) University of London (Queen Mary College).

Appointed to the Board:
26 February 2024 as an Independent Director and was appointed as the Chairman w.e.f. 29 May 2024.

Areas of Expertise:
- Law
- Litigation and Judicial Service
- Governance and Regulatory

Membership in Board Sub-committees:
Board Integrated Risk Management Committee, Board Credit Committee, Board Related Party Transactions Review Committee and Board Audit Committee.

Skills and Experience:
Upon being called to the Bar in 1982, Justice Buwaneka Aluwihare PC joined the Attorney General's Department in 1983 as a State Counsel and served the Attorney General's Department for thirty-years and rose to the position of Additional Solicitor General. In 2013, he was conferred 'silk' and appointed as a President's Counsel and in the same year, he was appointed as a judge of the Supreme Court.

He worked for the United Nations as a Prosecutor in East Timor (in war related crimes) in 2001.

Justice Aluwihare PC functioned both as an examiner and lecturer in Law of Evidence at the Sri Lanka Law College from 2005 up until he was appointed as a Judge of the Supreme Court of Sri Lanka in 2013 and also functioned as a visiting lecturer/examiner at the Kothalawela Defence University in International Humanitarian Law. He was also a member of the Incorporated Council of Legal Education.

He was sworn in as a Judge of the Supreme Court of Fiji Islands in 2015 and presided in the Supreme Court of Fiji as a non-resident judge.

Whilst at the Attorney General's Department, he served as a legal consultant to both, the Securities and Exchange Commission of Sri Lanka as well as the Central Bank of Sri Lanka (Financial Intelligence Unit).

During his tenure, in addition to performing the duties as a judge of the Supreme Court, he functioned as a member of the Judicial Service Commission, and was a Member of the Board of Management of the Judges Training Institute.

Appointed by the Cabinet, since January 2024, Justice Aluwihare PC functions as the Chairman of the Anti- Money Laundering and Countering of Terrorism Task Force for monitoring and reporting on the progress of the implementation of stakeholder- specific Action Plans.

Further, Justice Aluwihare PC is a member of the Board of Management Centre for Study of Human Rights, University of Colombo and a Consultant to UNDP – Ensuring Access to Justice to Victims – Survivors of SGBV Project.

Mr Ramesh Jayasekara
Director/Chief Executive Officer

Qualifications:
B.Com (First Class-Honours) (University of Colombo), ACA (Sri Lanka), ACCA (UK), ACMA (Sri Lanka), Post Graduate Diploma in Marketing, CIM (UK)

Appointed to the Board:
01 May 2023 as an Executive Director

Areas of Expertise:
- Banking
- Finance
- Risk Management and Audit

Membership in Board Sub-committees:
Board Integrated Risk Management Committee, Board Credit Committee, Board Marketing, Product Development and Sustainability Committee, Board Strategic Plan Committee and Board Information Technology Committee.

Skills and Experience:
Mr Jayasekara was appointed as the Director/ Chief Executive Officer of Seylan Bank PLC on 01 May 2023. He was the Deputy Chief Executive Officer of the Bank prior to his appointment as the Director/ Chief Executive Officer.

Mr Jayasekara joined Seylan Bank in 2011 as the Chief Financial Officer and was appointed as the Chief Risk Officer in 2016. He was the Deputy General Manager – Corporate Banking of the Bank from 2018 to 2019. In January 2020, he was promoted to the grade of Senior Deputy General Manager, and in January 2021, he was made the Chief Operating Officer of the Bank. Subsequently, in terms of succession, he was appointed as the Deputy Chief Executive Officer in September 2022.

Mr Jayasekara serves as the Chairman of Seylan Developments PLC, Chairman of Lanka Financial Services Bureau Ltd. and Vice Chairman of Sri Lanka Banks' Association.

Prior to joining Seylan Bank PLC, he was the Deputy Regional Financial Controller of the French Banking giant BNP Paribas, Middle East Region – (Bahrain, Saudi Arabia, Kuwait, Qatar, Dubai, Abu Dhabi & Cyprus) based in Bahrain. He also held senior roles at HSBC Sri Lanka as Resident Manager – Finance & Planning and at KPMG Sri Lanka as an Audit Manager.

He has over 25 years of experience in Banking, Strategic Planning, Financial Management, Risk and Audit both locally and internationally.

Mr D M D Krishan Thilakaratne
Non-Executive Director

Qualifications:

AIB (Sri Lanka), CIMA (UK) - Passed Finalist

Appointed to the Board:

01 October 2018 as a Non-Executive Director

Areas of Expertise:

- Banking
- Finance

Membership in Board Sub-committees:

Board Credit Committee (Chairman), Board Human Resources and Remuneration Committee, Board Marketing, Product Development and Sustainability Committee and Board Strategic Plan Committee

Skills and Experience:

Mr Krishan Thilakaratne is the Director/CEO of LOLC Finance PLC and a Member of the Senior Management Team of LOLC Holdings PLC.

He serves on the boards of several international financial institutions, including LOLC Micro Finance Bank Pakistan (Chairman), LOLC Philippines Bank, LOLC Ventura Indonesia, LOLC El Oula Microfinance Egypt, LOLC Moliya – Micro Credit Deposit Organisation, Tajikistan, ABN Micro Finance Company OJSC, Kyrgyzstan, and LOLC Myanmar Micro Finance Company Ltd.

Mr Thilakaratne is a former Chairman of the Finance Houses Association of Sri Lanka and has also served as a Director of the Credit Information Bureau of Sri Lanka (CRIB).

He is a member of the Institute of Bankers of Sri Lanka (AIB) and a past finalist of the Chartered Institute of Management Accountants (CIMA), UK. He has completed the Strategic Leadership Training Programme in Microfinance at Harvard Business School, USA, and brings over 30 years of experience in banking and finance.

Mr D M Rupasinghe
Independent Director

Qualifications:

BA (Honours) Economics (University of Kelaniya), MA Economics (Colorado State University-Fort Collins, USA), Post-graduate trainings/ assignments at Harvard University, Western Australia University and National University of Singapore.

Appointed to the Board:

01 October 2021 as an Independent Director

Areas of Expertise:

- Finance
- Economics
- Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

Membership in Board Sub-committees:

Board Integrated Risk Management Committee (Chairman), Board Nomination and Governance Committee (Chairman), Board Audit Committee and Board Credit Committee.

Skills and Experience:

Mr Rupasinghe was the former Assistant Governor of the Central Bank of Sri Lanka and has also held the positions of Head/ Director of the Financial Intelligence Unit of Sri Lanka and Controller of Exchange among other key positions in the Central Bank.
He has completed several Post-graduate assignments/trainings at Harvard University, Western Australia University and National University of Singapore.

He is a recognised expert in finance/ economics and in particular, in the areas of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).

He has also held many important positions at various important committees and institutions in Sri Lanka during his career as a member / working group member/advisor of different committees and forums and also as a member of the Special Presidential Task Force on Recovery of State Assets of Government of Sri Lanka.

Mr Rupasinghe was the Country Researcher for Research Projects on "Socio-economic Impacts of Hydro-Metrological Disasters", UNESCAP- Thailand and "The impact and Policy Response of Oil Price Shocks in Sri Lanka" SEACEN Centre, Malaysia. He also worked closely with the Financial Action Task Force (FATF) and the regional FATF Secretariats, in particular with Asia Pacific Group of Money Laundering (APG) for over a decade, and served as a Co-chair of Asia Pacific Group on Money Laundering (APG) and its Governing Committee Member thereafter. He also served as Egmont Group (of Financial Intelligence Units) Governance Committee Member and Asia Pacific Regional Representative until his retirement from the Central Bank in 2020.

Board of Directors

Mr L H A Lakshman Silva
Independent Director

Qualifications:
B.Com (Special) (University of Kelaniya), MBA (Postgraduate Institute of Management of the University of Sri Jayewardenepura), Licentiate (Institute of Chartered Accountants of Sri Lanka), Associate in Development Bank Management (Association of Development Financing Institutions in Asia and the Pacific, Philippines)

Appointed to the Board:
18 July 2022 as an Independent Director

Areas of Expertise:
- Banking
- Finance

Membership in Board Sub-committees:
Board Human Resources and Remuneration Committee (Chairman), Board Related Party Transactions Review Committee (Chairman), Board Integrated Risk Management Committee, Board Nomination and Governance Committee and Board Information Technology Committee.

Skills and Experience:
Mr Lakshman Silva was the Director/Chief Executive Officer of DFCC Bank PLC from August 2017 to December 2021 until his retirement.

Mr Silva commenced his professional career with the Department of Inland Revenue of Sri Lanka and joined the DFCC Banking Group in 1987. He was seconded to the service of DFCC Vardhana Bank in 2003 and functioned as the Chief Operating Officer until appointment as the Chief Executive Officer/ Executive Director in January 2010. He held the position of Deputy Chief Executive Officer/ Director of DFCC Bank PLC from October 2015 until August 2017.

Until his retirement from DFCC Bank PLC in December 2021, he held the position of Chairman of DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited (subsidiary companies of DFCC Bank PLC) and the Chairman of Lanka Financial Services Bureau Limited as well as Sri Lanka Banks' Association (Guarantee) Limited. He held the positions of Chairman of Acuity Partners (Pvt) Limited and Chairman of Lanka Ventures Limited and LVL Energy Fund PLC. He also served as a Director of Lanka Clear (Pvt) Ltd.

Mr Silva was a Member of the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific and Board of Management of the Sri Lanka Sustainable Energy Authority, Ceylon Chamber of Commerce. Mr Silva is a Past President of Association of Professional Bankers of Sri Lanka.

At present, he holds the position of the Chairman/ Independent, Non-Executive Director at Panasian Power PLC and its Subsidiary Companies, including R-E-D Capital Asia Pvt Ltd. and the Chairman of LankaPay (Pvt) Ltd. Mr Silva is also an Independent, Non-Executive Director of HNB Assurance PLC, Distilleries Company of Sri Lanka PLC, Melstacorp PLC, Finetech Consultancy (Pvt) Ltd. He also serves as a member of the Stakeholder Engagement Committee of Central Bank of Sri Lanka.

Mrs Averil A Ludowyke
Independent Director

Qualifications:
FCA (CA Sri Lanka), FCMA (UK)

Appointed to the Board:
17 August 2022 as an Independent Director

Areas of Expertise:
- Auditing
- Accounting & Finance

Membership in Board Sub-committees:
Board Audit Committee (Chairperson), Board Integrated Risk Management Committee, Board Human Resources and Remuneration Committee, Board Nomination and Governance Committee and Board Related Party Transactions Review Committee.

Skills and Experience:
Mrs Averil Ludowyke counts over 26 years of experience at Messrs. Ernst & Young and has served as a Partner from 2011 to 2022. Mrs Ludowyke was lead Audit Partner at Messrs. Ernst & Young, of several groups of companies, and she launched and led the forensics and integrity services of the firm. Her clients included banks and finance companies, and companies engaged in retail, manufacturing, telecommunications, construction, real estate, shipping and logistics, insurance, leisure, plantations and development. She also counts 13 years of senior level experience in finance and accounting in the manufacturing sector, and in a relief and development organisation.

Mrs Ludowyke has been a resource person for public seminars and workshops of CA Sri Lanka, Sri Lanka Institute of Directors, CIMA, Transparency International Sri Lanka, the Ministry of Public Enterprise Development, ACAMS Regional Conference of the Indian subcontinent, National Chamber of Commerce, University of Kelaniya, ACCA, AAT, CMA, and the Institute of Internal Auditors.

Mrs Ludowyke serves as an Independent, Non-Executive Director on the Boards of Ceylinco Life Insurance Ltd, Bogala Graphite PLC, Tokyo Cement Company (Lanka) PLC, Chevron Lubricants Lanka PLC. She is a Trustee of the Incorporated Trustees of the Church of Ceylon and Trustee and Honorary Treasurer of the Governing Body for Educational Institutions founded by the CMS in Ceylon.

Mr W D Batagoda

Non-Executive Director

Qualifications:

Bachelor-of-Laws (LLB) University of Colombo, Master- of- Laws (LL.M) University of Colombo.
Attorney-at-law

Appointed to the Board:

26 December 2025 as a Non-Executive Director

Areas of Expertise:

- Law
- Corporate legal leadership
- Board governance experience
- Legal strategy and compliance

Membership in Board Sub-committees:

Board Audit Committee, Board Nomination and Governance Committee, Board Information Technology Committee, Board Marketing, Product Development and Sustainability Committee and Strategic Plan Committee.

Skills and Experience:

Mr Batagoda currently serves as the Chief Legal Officer of the LOLC Group and serves as a Director in several LOLC Group Companies.

He joined LOLC Group in 2014. He has held the positions of both Assistant General Manager and Deputy General Manager of Legal and Strategic Business of LOLC Holdings PLC. Further, he had served as the Chairman of the Corporate Lawyer's Committee of the Bar Association of Sri Lanka from 2021 to 2022. He had also served as Non-Executive, Non-Independent Director of DFCC Bank from September 2022 to December 2024.

Mr Batagoda counts over two decades of experience as a Attorney-at-law, having been in practice in criminal law, public law and in fundamental rights both in the appellate courts and in original courts.

Mrs R L Samarasundera

Independent Director

Qualifications:

Bachelor-of-Science, University of Colombo

Appointed to the Board:

26 January 2026 as an Independent Director

Areas of Expertise:

- Strategic marketing
- Brand building

Membership in Board Sub-committees:

Board Human Resources and Remuneration Committee, Board Nomination and Governance Committee, Board Marketing, Product Development and Sustainability Committee (Chairperson), Board Strategic Plan Committee.

Skills and Experience:

She currently serves as the Group Chief Marketing Officer of CIC Holdings PLC, as part of the senior management team. Prior to this, she spent two decades at Unilever Sri Lanka, including eight years on the Board, followed by senior marketing roles at Atlas Axillia and Hemas Consumer Brands.

Mrs Samarasundera is widely recognised within the industry for her ability to leverage strong consumer insights, market dynamics and brand strategies to build and grow some of Sri Lanka's most loved consumer brands. She has also contributed significantly to industry capability building through her involvement with the International Advertising Association (IAA) and other professional bodies, and customised training and is regarded as a role model in leadership and work-life balance.

Mrs Samarasundera brings with her over 30 years of experience in marketing, brand building, and consumer insight-driven growth, gained across several leading fast-moving consumer goods (FMCG) organisations.

Senior Management Team



Ramesh Jayasekara

Director/ Chief Executive Officer

Qualifications

- Associate Member of Institute of Chartered Accountants of Sri Lanka
- Bachelor of Commerce Degree (First Class) – University of Colombo
- Associate Member of Institute of Certified Management Accountants
- Associate Member of Association of Chartered Certified Accountants
- Post Graduate Diploma in Marketing from CIM – UK

Experience

28 years



Ranil Dissanayake

Chief Operating Officer

Qualifications

- Associate member of Institute of Bankers of Sri Lanka

Experience

35 years



Harsha Wanigatunga

Chief Information Officer

Qualifications

- B.Sc. Computer System Design – University of Houston – Clear Lake
- M.Sc. Computer Engineering - University of Houston – Clear Lake

Experience

32 years



Malik Wickramanayake

Deputy General Manager – Operations

Qualifications

- BA in Business & Administration Studies – Lewis & Clark College, Portland, Oregon, USA.

Experience

31 years



Shanaka Perera

Deputy General Manager – Treasury

Qualifications

- Master of Business Administration - PIM - University of Sri Jayewardenepura
- Senior Fellow - Institute of Bankers of Sri Lanka
- PG. Ex. Diploma in Bank Management- Institute of Bankers of Sri Lanka
- CMA - ICMA, Australia
- ACI DC – ACIFMA, Paris
- Diploma in Treasury and Risk Management – Institute of Bankers of Sri Lanka
- BIS FX Global Code Certificate

Experience

35 years



Aruna Fernando

Deputy General Manager/ Chief Risk Officer

Qualifications

- Master of Financial Economics – University of Colombo
- Master of Business Administration - PIM, University of Sri Jayewardenepura
- Senior Fellow of the Institute of Bankers of Sri Lanka
- Postgraduate level Certificate Course in Modern Commercial Banking - PIM, University of Sri Jayewardenepura
- Special Course Credited by GARP on Bank Risk Management, Euromoney Learning Solutions

Experience

38 years



Varuna Koggalage

Chief Transformation & AI Officer

Qualifications

- Fellow member of Institute of Chartered Accountants of Sri Lanka

Experience

32 years



Ms Sharon Fonseka

Deputy General Manager – Corporate Credit Branches

Qualifications

- Associate member of Institute of Bankers of Sri Lanka

Experience

37 years

Senior Management Team



Eranga Lankatilaka

Deputy General Manager – Recoveries

Qualifications

- Associate Member of Institute of Bankers of Sri Lanka
- Master of Business Administration - Rajarata University of Sri Lanka

Experience

35 years



Eugene Seneviratne

Deputy General Manager – Retail Banking

Qualifications

- Master of Business Administration- Sikkim Manipal University
- Certificate IV in Business Frontline Management - TAFE
- Certificate in Credit – College of Banking & Finance
- Intermediate Banking Diploma – Institute of Bankers of Sri Lanka

Experience

34 years



Ms Nilanthie De Meral

Deputy General Manager – Corporate Banking

Qualifications

- Associate member of Institute of Bankers of Sri Lanka

Experience

34 years



Wasantha Karunaratne

Assistant General Manager – Services

Qualifications

- Diploma in Purchasing and Materials Management

Experience

35 years



Kapila Rathnayake

Assistant General Manager – Premises Maintenance

Qualifications

- B.Sc. Engineering Honours (Peradeniya)
- Master of Business Administration – PIM, University of Sri Jayewardenepura
- Chartered Engineer
- Corporate Member of Institution of Engineers (IESL)
- Associate Professional – Green Building Council of Sri Lanka

Experience

24 years



Sampath Fernando

Assistant General Manager - Information Technology

Qualifications

- Master of Business Administration- University of Manipal

Experience

36 years



Ruwan Fernando

Assistant General Manager – Branches Ii

Qualifications

- Master of Business Administration – UK
- Associate Member of Chartered Institute of Management Accountants – UK
- Chartered Global Management Accountant
- Associate member of Institute of Bankers of Sri Lanka

Experience

33 years



Ms Vayoma Paranagama

Assistant General Manager – Legal

Qualifications

- Attorney at Law & Notary Public
- Associate member of Institute of Bankers of Sri Lanka
- Master of Business Administration - University of Sri Jayewardenepura

Experience

33 years

Senior Management Team



Dilan Wijegoonawardena

Assistant General Manager – International

Qualifications

- Master of Business Administration – PIM, University of Sri Jayewardenepura
- Fellow Member of Chartered Institute of Management Accountants - UK
- Fellow Member of Certified Management Accountants of Sri Lanka
- Fellow member of Institute of Bankers of Sri Lanka
- Diploma in International Trade – Institute of Bankers of Sri Lanka

Experience

31 years



Dimuth Sigera

Assistant General Manager – Branches I

Qualifications

- Chartered Financial Analyst – Chartered Financial Analyst (CFA) Institute
- Master in Economics – University of Colombo
- Master of Business Administration – PIM, University of Sri Jayewardenepura
- B.Sc. Management (Public) Special degree- University of Sri Jayewardenepura

Experience

24 years



Shanuka Jayarathna

Chief Financial Officer⁎

Qualifications

- B.Sc. Accountancy (Special) Degree - University of Sri Jayewardenepura
- Master of Business Administration (Finance) - University of Colombo
- Associate Member of the Institute of Chartered Accountants of Sri Lanka
- Certified Practicing Accountant (CPA) with CPA Australia

Experience

23 years



Ms Chaya Gunarathne

Assistant General Manager – Compliance

Qualifications

- Attorney-at-Law
- Master of Law – University of Colombo
- BA (History Honors) - University of Colombo
- International Compliance Diploma - International Compliance Association
- Post Graduate Diploma in Banking & Finance - Institute of Bankers of Sri Lanka
- Certificate in Trade Finance & Foreign Exchange - Institute of Bankers of Sri Lanka

Experience

27 years

⁎Appointed on 01/01/2026



Asiri Abhayaratne

Assistant General Manager – Marketing & Sales

Qualifications

- BSc. Management - University of London
- Diploma in Economics – London School of Economics
- Postgraduate Diploma in Marketing – Chartered Institute of Marketing – UK

Experience

23 years



Nissanka Rajapaksha

Head of Internal Audit

Qualifications

- Fellow member of Institute of Chartered Accountants of Sri Lanka
- Certified Information Systems Auditor (CISA) – ISACA

Experience

26 years



Ms Amanthi Motha

Assistant General Manager – Human Resources

Qualifications

- Master of Business Administration in Human Resource Management - University of Colombo
- Bachelor of Science Human Resources Management - University of Sri Jayewardenepura
- Chartered Member of the Chartered Institute of Personnel Management – The Chartered Institute of Personnel Management
- Professional Part I - Chartered Accountants of Sri Lanka

Experience

26 years



Chaminda Senewiratne

Assistant General Manager – Digital Banking / Head of Digital Banking

Qualifications

- Master of Business Administration - University of Honolulu
- Certificate course on Financial Technology (Fintech) Innovations – University of Michigan
- Certificate course on Future Commerce - Massachusetts Institute of Technology
- Diploma in LTE & Advanced Communications - Informa Telecoms and Media
- Certified Information Systems Security Professional - ISC2
- Chartered Professional Marketer - Asia Pacific Marketing Federation
- Diploma in Marketing - Sri Lanka Institute of Marketing
- Diploma in Computer Studies - IDM Computer Studies

Experience

31 years

Senior Management Team



Cecilton Philip

Assistant General Manager – Branch Credit

Qualifications

- Associate member of Institute of Bankers of Sri Lanka

Experience

35 years



Ms Astrid Iddamalgoda

Assistant General Manager – Operations

Qualifications

- Master of Business Administration - Edith Cowen University
- AIB (Intermediate) - Institute of Bankers of Sri Lanka

Experience

36 years



Ms Ayesha Naotunna

Assistant General Manager – Finance

Qualifications

- Master of Business Administration (Finance) – University of Colombo
- B.Sc. Accountancy (Special) – University of Sri Jayewardenepura
- Fellow Member of Institute of Chartered Accountants of Sri Lanka

Experience

17 years



Chandrajith Kelum Alwis

Chief Information Security Officer⁎

Qualifications

- Master of Science in Information Systems - Sri Lanka Institute of Information Technology
- Postgraduate Diploma in Information Systems - Sri Lanka Institute of Information Technology
- Certified Information Security Manager (CISM) - Information Systems Audit and Control Association (ISACA-USA)
- Diploma in Information Systems Security, Control & Audit - Institute of Chartered Accountants of Sri Lanka
- ISO 27001 Information Security Management System Lead Auditor
- Gradate diploma IT – British computer society

Experience

28 years

⁎Promoted on 01/01/2026

Corporate Governance

Message from Chairman

Governance based on strong principles remains the cornerstone of the Bank's long-term stability and stakeholder confidence. In an operating environment characterised by evolving regulatory expectations and heightened risk sensitivities, the Bank's governance framework continued to evolve, ensuring that oversight remains robust, forward-looking and firmly aligned with the Bank's strategic priorities.

Board Refreshment

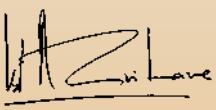
During the year under review, the Board underwent a measured process of refreshment in keeping with its commitment to maintaining a balanced blend of experience, independence and diversity. We place on record our sincere appreciation to Ms Sandya Salgado and Ms Sunjeevani Kotakadeniya for their valued contribution and dedicated service to the Board during their tenure. We warmly welcome Mr Wasantha Batagoda appointed as a Non-Independent, Non-Executive Director in December 2025 and Ms Ramani Samarasundera appointed as an Independent, Non-Executive Director in January 2026, whose appointments further strengthened the Board's collective skill composition and diversity. The composition of the Board remains fully compliant with regulatory requirements with 05 of the Directors serving as Independent, Non-Executive Directors. The Board remains confident that it possesses the requisite breadth of exposure, depth of expertise and collective competence to discharge its oversight responsibilities effectively and steward the Bank's affairs with diligence and prudence.

Board focus

During the year under review, the Board maintained focused oversight on strengthening the Bank's governance and strategic direction. Particular attention was placed on establishing and periodically reviewing the corporate governance framework to ensure its continued robustness and regulatory alignment. The Board approved the Bank's strategic plan and closely monitored progress against defined targets, while further enhancing the risk management framework to reflect emerging challenges and evolving risk dynamics. Concurrently, the Board oversaw the advancement of the Bank's digital transformation and innovation agenda, including investments in digital banking platforms and enabling technologies.

Meanwhile, the Bank continued to reinforce its Anti-Bribery and Anti-Corruption Framework in line with applicable laws and recognised best practice standards. Guided by a Board-approved policy and overseen by the Board and senior management, the framework incorporates structured risk assessments, clearly defined controls over gifts, sponsorships, procurement and third-party engagements and a zero-tolerance stance towards bribery and improper inducements. Ongoing training, whistleblowing mechanisms and independent internal audit reviews further strengthened the Bank's commitment to promoting a culture of integrity and ethical conduct across its operations.

A high level overview of the Bank's key governance developments during the year is presented in the following chapter and should be read in conjunction with the compliance annexures on pages 163 to 175, which showcase the Bank's continued adherence to applicable regulatory and voluntary requirements. During the year under review, there were no material violations of any laws or regulations, nor were any significant fines or penalties imposed for non-compliance. There were no significant supervisory concerns on lapses in the Bank's risk management system or non-compliance with these Directions that have been pointed out by the Director, Bank Supervision, Central Bank of Sri Lanka and directed to be disclosed to the public. I also hereby confirm that the Board satisfactorily discharged its duties and obligations effectively in 2025.



Justice Buwaneka Aluwihare, PC
Chairman

26 February 2026

Board Composition

- 5 Independent, Non-Executive Directors
- 2 Non-Independent, Non-Executive Directors
- 1 Executive Director

Board Skill Profile

- Legal
- Banking and Finance Strategic Leadership, Marketing and Communications
- Audit, Accounting and Risk
- Economics, Research & Advisory

Areas of Focus

- Strengthening the Bank's governance and policy frameworks
- Monitoring execution of strategy and performance against strategy
- Digital transformation and innovation
- Compliance and stakeholder relationships

Corporate Governance

Compliance with the new Directions on Corporate Governance

The Banking Act Directions No.5 of 2024 on Corporate Governance for Licensed Banks was issued in September 2024 to be effective from 01 January 2025. Having carried out a detailed review on the requirements, the Bank identified and addressed the gaps to ensure adherence to the stipulated provisions. A summary of the Bank's alignment to the new requirements is provided below. Please refer to pages 163 to 175 for detailed disclosures on the compliance with the new requirements.

Summary of requirement	Status of Compliance	Details
Expanded Board responsibilities	✓	The Board strengthened its compliance and risk governance frameworks, including the formalisation and ongoing monitoring of a Board-approved risk appetite aligned with the Bank's strategy
Board composition, independence and diversity	✓	8 Directors comprising with over 50% (5 Directors) serving as Independent, Non-Executive Directors and 2 female directors
Separation of the role of Chairman and CEO	✓	The Board is led by a Non-Executive Chairman while the CEO functions as the head of the executive functions
Mandatory Board Committees	✓	The Board has established 9 Sub-committees including 5 mandatory committees and 4 discretionary committees
Strengthened risk, compliance and audit functions	✓	The Board ensured the effectiveness of the Bank's risk management, audit and compliance structures through reinforcing existing governance procedures and enhancing risk-related policies and procedures
Focus on ethics, transparency and sustainability	✓	Strengthened anti-corruption and bribery frameworks through assessing and identifying corruption and bribery risks, defining clear procedures and thresholds and ongoing employee training and awareness programmes

Approach to Corporate Governance

Corporate governance forms the foundation of the Bank's operations, guiding decision-making, accountability and long-term value creation. Integrating regulatory requirements, voluntary codes and recognised best practices, the Bank's governance framework supports a structured system of oversight across all activities. Anchored in transparency, ethical conduct and clear lines of responsibility, the Board of Directors and management work in alignment to ensure that strategic decisions reflect the interests of stakeholders, the community and the broader economy.

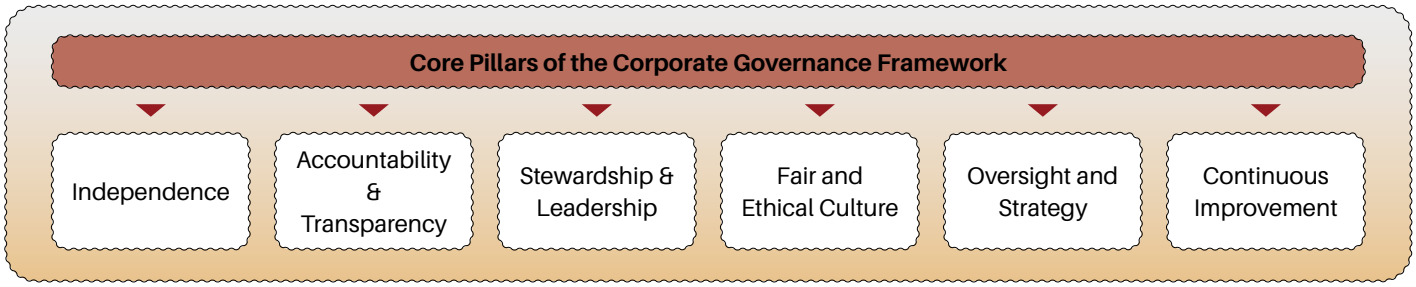
Seylan Bank-Corporate Governance Framework

External Frameworks

- Banking Act No.30 of 1988 (as amended via the Banking (Amendment) Act, No. 24 of 2024)
- Companies Act No.07 of 2007 (as amended)
- Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks of Sri Lanka
- Banking Act Determination No. 04 of 2024 on Approved Securities for Accommodation Granted to Related Parties of a Licensed Bank
- Banking Act Directions, Determinations, Guidelines, Circulars issued by the Central Bank of Sri Lanka from time to time
- Rules of the Colombo Stock Exchange
- Guidelines of the Securities and Exchange Commission of Sri Lanka in pursuance of its regulations
- Acts, Gazettes and regulations issued by the Tax Authorities
- Sri Lanka Accounting and Auditing Standards Monitoring Board
- Guidelines issued by the Institute of Chartered Accountants of Sri Lanka
- Other applicable regulations, directions and recommended best practices on Corporate Governance, Financial Disclosures, Related Party Transactions etc

Internal Frameworks

- Articles of Association
- Corporate Governance Policies
- Terms of Reference of the Board Sub-committees
- Terms of Reference of Management Committees
- All policies approved by the Board including policies on all operational areas, human resources/ employee related policies
- Compliance Reference Guide covering compliance-related policies, internal guidelines, regulatory directions and regulatory reporting requirements etc.
- Employee Manual including Code of Ethics and Code of Conduct for Employees
- Code of Business Conduct and Ethics for Directors
- Operations Manuals
- Lending Guidelines
- Credit Standards and Procedures Manual

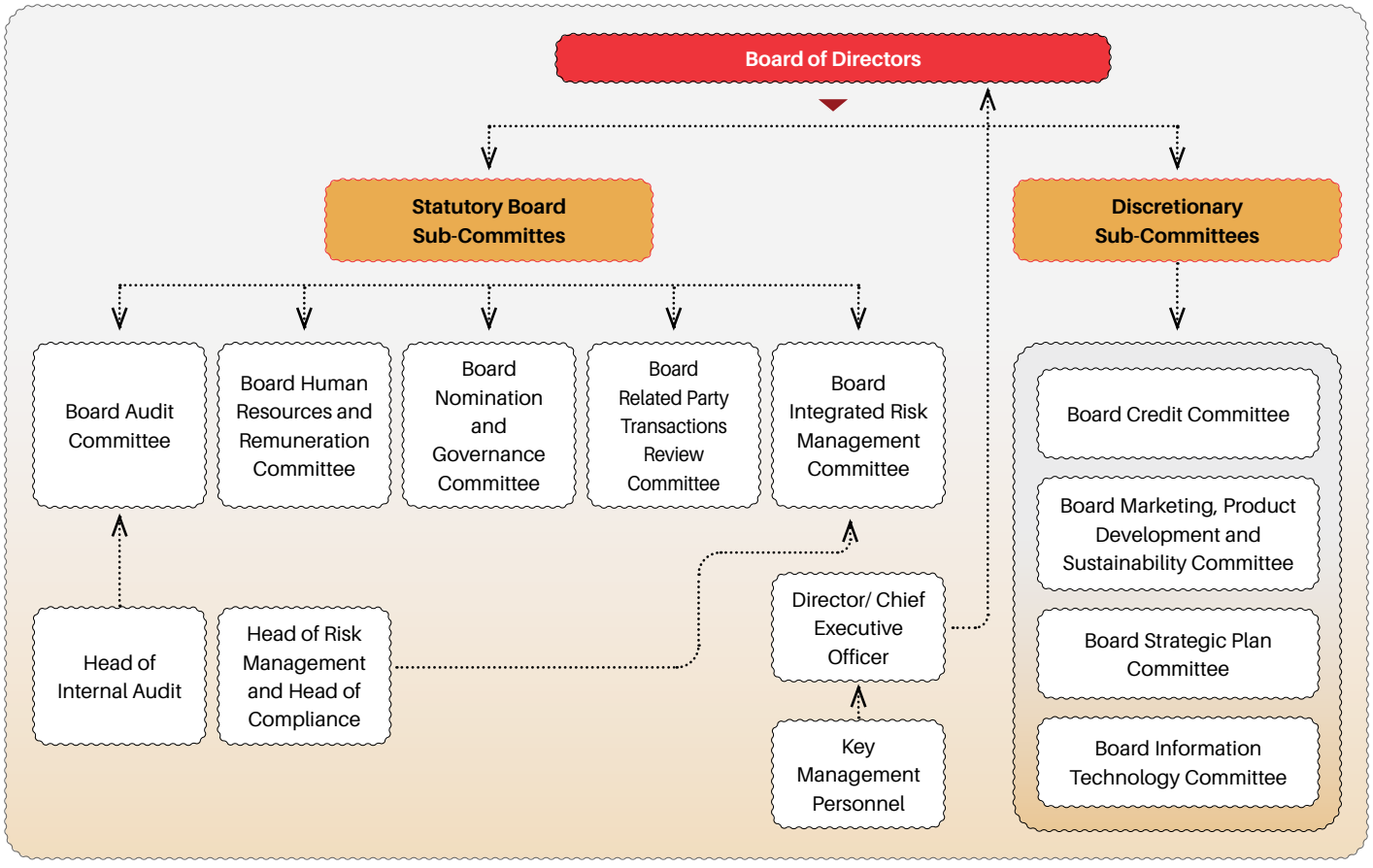


Overview of Corporate Governance Features

The sections that follow outline the key elements of the Bank's corporate governance framework in practice. These include the Board's structure and delegation of authority, the policy and control environment that guides decision-making and the composition and functioning of Board Sub-committees. The report also describes how Board and committee meetings are conducted, how information flows to support effective oversight and the processes in place to ensure accountability transparency and disciplined governance across the organisation.

Board Structures and Delegation

The Bank's governance structure is designed to promote a clear segregation of roles and responsibilities, while ensuring the appropriate empowerment of management within defined authority limits. This structure establishes a strong balance between oversight and execution, with the Board providing strategic direction and independent judgement and management responsible for day-to-day operations and implementation. As illustrated below, the Board is supported by a number of mandatory and discretionary Board Sub-committees for the effective discharge of its responsibilities.



Corporate Governance

Board Sub-Committees

The Board has established Board Sub-committees comprising 5 mandatory committees and 4 discretionary Committees to support the effective fulfilment of its oversight responsibilities and to draw on the specialised knowledge of Directors in key areas such as technology and risk management. In constituting these committees, due consideration is given to applicable regulatory requirements, the skills and experience of individual members and the defined mandate of each Committee. Each Board Sub-committee operates under a formal Terms of Reference, which is reviewed on an annual basis. A summary of each Committee's mandate and composition is set out below, with further details provided in the respective Committee Reports on pages 200 to 209 of this Report.

Board Audit Committee

Mandate

- Ensuring the integrity of the financial reporting processes
- Ensuring the effectiveness of the system of internal control
- Overseeing the audit process
- Monitoring the Bank's compliance with applicable laws, regulations and accounting standards

No of Meetings Held
11

Refer to the Report of the Board Audit Committee on pages 200 to 201 for further information

Composition

Chairperson	Ms Averil Ludowyke, Independent, Non-Executive Director
Independent, Non-Executive Directors	Ms Averil Ludowyke, Mr D M Rupasinghe and Justice Buwaneka Aluwihare,PC
Non-Independent, Non-Executive Directors	Ms Sunjeevani Kotakadeniya⁎ and Mr Wasantha Batagoda⁎⁎
Executive Directors	Nil
Quorum	Majority of those in attendance to be independent

⁎ Resigned from the Board of Directors of the Bank w.e.f. 26.12.2025 | ⁎⁎Appointed as a member of the Committee w.e.f. 26.12.2025

The Head of Internal Audit reports directly to the Committee

Activities during the Year

- Reviewed the Internal Audit Charter
- Reviewed the effectiveness of the whistleblowing mechanism and whistleblowing policy
- Reviewed and discussed the Internal Audit Plan for 2026
- Presentation by the External Auditors on findings and observations on the Audit/Review - Financial Year Ended 31 December 2024 and discussed the External Audit Scope and Plan for 2025
- Reviewed and approved a Staff-Related Fraud Risk Assessment Framework to enhance ani-fraud controls relating to staff related fraud risks
- In compliance with the provisions of the Banking (Amendment) Act No. 24 of 2024, the Committee formally evaluated, selected and recommended the appointment of M/s Ernst & Young as the External Auditors of the Bank for the financial year ending 31 December2026

Board Human Resources and Remuneration Committee

Mandate

- Overseeing the remuneration framework applicable to Directors, Key Management Personnel, and employees
- Supporting the Board in ensuring that human resources and remuneration practices are aligned with the Bank's strategic objectives and regulatory requirements

Refer to the Report of the Board Human Resources and Remuneration Committee on page 202 for further information

No of Meetings Held
5

Composition

Chairman	Mr Lakshman Silva, Independent, Non-Executive Director
Independent, Non-Executive Directors	Mr Lakshman Silva, Ms Sandya Salgado⁎, Ms Averil Ludowyke and Ms Ramani Samarasundera⁎⁎
Non-Independent, Non-Executive Directors	Mr Krishan Thilakaratne
Executive Directors	Nil
Quorum	At least half of the Committee members where one of whom shall be independent

⁎Retired from the Board of Directors of the Bank w.e.f. 30.11.2025 | ⁎⁎Appointed as a member of the Committee w.e.f. 27.01.2026

Director/CEO and Head of Human Resources were present on invitation

Activities during the Year

- Reviewed and recommended the revised Remuneration Policy
- Reviewed and recommended the adoption of Human Resources Policies
- KMPs' Performance Evaluation for 2024 and KPIs for 2025 were reviewed

Link to Capitals



- Reviewed and recommended promotions and salary revisions of eligible KMPs during the year
- Reviewed and noted developments of key HR initiatives implemented and their progress

Board Nomination and Governance Committee

Mandate

- Ensuring adherence to approved procedures and regulatory requirements in the appointment of new Directors
- Overseeing the appointment of Key Management Personnel
- Reviewing and guiding succession planning for the Board and senior management
- Evaluating the effectiveness of the Board

Refer to the Report of the Board Nomination and Governance Committee on pages 203 to 205 for further information

No of Meetings Held
4

Composition

Chairman	Mr D M Rupasinghe, Independent, Non-Executive Director
Independent, Non-Executive Directors	Mr D M Rupasinghe, Mr Lakshman Silva, Ms Sandya Salgado⁎, Ms Averil Ludowyke and Ms Ramani Samarasundera⁎⁎
Non-Independent, Non-Executive Directors	Ms Sunjeevani Kotakadeniya⁎⁎⁎ and Mr Wasantha Batagoda⁎⁎⁎⁎
Executive Directors	Nil
Quorum	Majority of those in attendance to be independent

⁎Retired from the Board of Directors of the Bank w.e.f. 30.11.2025 | ⁎⁎Appointed as a member of the Committee w.e.f. 27.01.2026
⁎⁎⁎Resigned from the Board of Directors of the Bank w.e.f. 26.12.2025 | ⁎⁎⁎⁎Appointed as a member of the Committee w.e.f. 26.12.2025.

Director/CEO was present on invitation.

Activities during the Year

- Reviewed the status of independence of the Directors and CEO in terms of Banking Act Directions No. 05 of 2024 and Section 9.8.5 of the Listing Rules of the Colombo Stock Exchange
- Reviewed the fitness and propriety affidavits/ annual declarations submitted by the Board of Directors in compliance with Sections 42 and 76H of the Banking Act No. 30 of 1988 (as amended), Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 (as amended) and Section 9.7.4 of the Listing Rules of Colombo Stock Exchange and noted continuous compliance during the year under review

Link to Capitals



- Reviewed and recommended the election/re-election of retiring Directors by shareholders at the Annual General Meeting of the Bank
- Reviewed and recommended the proposed succession arrangements of future retirements of the Board of Directors

Corporate Governance

Board Related Party Transactions Review Committee

Mandate

- Establishing and overseeing policies and procedures for the identification, review, approval and disclosure of related party transactions
- Reporting to the Board of Directors on material related party transactions and any related governance matters

No of Meetings Held
5

Refer to the Report of the Board Related Party Transactions Review Committee on pages 206 to 207 for further information

Composition

Chairman	Mr Lakshman Silva, Independent, Non-Executive Director
Independent, Non-Executive Directors	Mr Lakshman Silva, Ms Averil Ludowyke and Justice Buwaneka Aluwihare, PC
Non-Independent, Non-Executive Directors	Nil
Executive Directors	Nil
Quorum	Two Members where one of whom shall be independent.

Activities during the Year

- The Committee reviewed the mechanism/process for recording, monitoring and reporting related party transactions of the Bank
- The Committee reviewed the related party transactions during the financial year and has communicated its comments/observations to the Board of Directors

Link to Capitals

- Carried out the self-evaluation of its performance for the period under review as part of the process of the evaluation of the Board's performance

Board Integrated Risk Management Committee

Mandate

- Assisting the Board of Directors in overseeing the Bank's enterprise-wide risk management framework
- Assessing, on a regular basis, all material risks faced by the Bank, its associates and subsidiaries, including credit, market, liquidity, operational, technology and strategic risks
- Reviewing risk exposures through appropriate risk indicators, dashboards and management information systems to ensure timely and informed decision-making

No of Meetings Held
8

Refer to the Report of the Board Integrated Risk Management Committee on pages 208 to 209 for further information

Composition

Chairman	Mr D M Rupasinghe, Independent, Non-Executive Director
Independent, Non-Executive Directors	Mr D M Rupasinghe, Justice Buwaneka Aluwihare, PC, Mr Lakshman Silva and Ms Averil Ludowyke
Non-Independent, Non-Executive Directors	Nil
Executive Directors	Mr Ramesh Jayasekara
Quorum	Three members one of whom shall be independent
Non-Board Member	Mr Aruna Fernando

Activities during the Year

- Assessed the Credit, Market, Liquidity, Operational, Information Security/ Technology and Strategic Risks across the Bank against KRIs using target/ threshold limits
- Reviewed the Compliance function of the Bank.

Link to Capitals

- Carried out Annual Review of the risk policies and procedures of the Bank
- Reviewed the critical and non-critical systems of the Bank in compliance with CBSL Directions No. 05 of 2023 on Technology Risk Management and Resilience

Board Credit Committee

Mandate

- Strengthening the Bank's financial soundness by promoting a robust and disciplined credit risk acceptance and management culture
- Reviewing, guiding and where appropriate recommending or approving credit facilities in line with the Bank's risk appetite and governance framework
- Overseeing the development and continuous improvement of credit policies, procedures and lending guidelines

No of Meetings Held
21

Composition

Chairman	Mr Krishan Thilakaratne, Non-Independent, Non-Executive Director
Independent, Non-Executive Directors	Justice Buwaneka Aluwihare, PC and Mr D M Rupasinghe
Non-Independent, Non-Executive Directors	Mr Krishan Thilakaratne
Executive Directors	Mr Ramesh Jayasekara
Quorum	At least half of the Committee members where one of whom shall be a Non-Executive Director.

Heads of the Business Units attended the meetings on invitation.

Activities during the Year

- Approved/recommended credit facility requests submitted by the credit units where group exposures and or individual exposures were exceeding as more fully specified in the revised Delegated Authority Limits
- Reviewed Credit Facilities Granted to Politically Exposed Persons (PEPs) and Exposure to Government Receivables by Bank's Customers (Considered High Risk)
- Approved the write-down of facilities within the Delegated Authority limits of the Committee
- Reviewed and recommended the procedure for disposing of foreclosed properties

Link to Capitals



- Reviewed and recommended the 'Report of the self-evaluation carried out by the Board Credit Committee in respect of its activities during the year 2024'
- Reviewed and recommended the Terms of Reference of the Committee and the Terms of Reference of the Internal Credit Committee
- Assessed the impact of cyclone 'Ditwah' and deliberated on the update on moratorium requests

Board Marketing, Product Development and Sustainability Committee

Mandate

- Assisting the Board of Directors in overseeing marketing, brand management, product development and sustainability strategy of the Bank
- Driving, guiding and monitoring the development and implementation of the Bank's Sustainability Strategy, ensuring alignment with business strategy
- Reviewing and providing oversight on the integration of sustainability considerations into marketing initiatives, product development and customer propositions

No of Meetings Held
3

Composition

Chairperson	Ms Sandya Salgado*, Independent, Non-Executive Director and Ms Ramani Samarasundera**, Independent, Non-Executive Director
Independent, Non-Executive Directors	Ms Sandya Salgado and Ms Ramani Samarasundera
Non-Independent, Non-Executive Directors	Mr Krishan Thilkaratne, Ms Sunjeevani Kotakadeniya*** and Mr Wasantha Batagoda****
Executive Directors	Mr Ramesh Jayasekara
Quorum	Two Members

*Retired from the Board of Directors of the Bank w.e.f. 30.11.2025 | **Appointed to the Committee as well as its Chairperson w.e.f. 27.01.2026

***Resigned from the Board of Directors of the Bank w.e.f. 26.12.2025 | ****Appointed as a member of the Committee w.e.f. 26.12.2025

Head of Marketing and Chief Financial Officer attended the meetings on invitation

Activities during the Year

- Reviewed the updates on the implementation and progress of the sustainability initiatives of the Bank
- Reviewed the Bank's approach in determining the 'Double Materiality' alongside the GRI Reporting Guidelines

Link to Capitals



- Reviewed and recommended the proposed initiatives for the utilisation of script dividend funds
- Reviewed and recommended the revised Terms of Reference of the Committee

Corporate Governance

Board Strategic Plan Committee

Mandate

- Assisting the Board of Directors in overseeing the formulation and execution of the Bank's Strategic Plan
- Monitoring progress against strategic objectives to ensure achievement within agreed timelines

No of Meetings Held
2

Composition

Chairperson/ Chairman	Ms Sandya Salgado*, Independent, Non-Executive Director and Mr Krishan Thilakaratne**, Non-Independent, Non-Executive Director
Independent, Non-Executive Directors	Ms Sandya Salgado and Ms Ramani Samarasundera***
Non-Independent, Non-Executive Directors	Mr Krishan Thilkaratne, Ms Sunjeewani Kotakadeniya****and Mr Wasantha Batagoda*****
Executive Directors	Mr Ramesh Jayasekara
Quorum	At least half of the Committee members where one of whom shall be a Non-Executive Director

*Retired from the Board of Directors of the Bank w.e.f. 30.11.2025 | **Appointed as the Chairman of the Committee w.e.f. 27.01.2026

***Appointed to the Committee w.e.f. 27.01.2026. | ****Resigned from the Board of Directors of the Bank w.e.f. 26.12.2025

*****Appointed as a member of the Committee w.e.f. 26.12.2025

Senior Management and Heads of Strategic business units attended the meetings on invitation

Activities during the year

- Reviewed the updates on the implementation and progress of initiatives outlined in the Strategic Plan 2024-2026, assessing progress and alignment with the Bank's strategic objective

Link to Capitals

- Reviewed and discussed the Strategic Direction for Seylan Bank PLC for the period 2025-2028

Board Information Technology Committee

Mandate

- Assisting the Board of Directors in overseeing the Bank's Information Technology and Digitalisation Strategy
- Overseeing the implementation of IT and Digital Banking strategies in line with the Bank's overall strategic objectives
- Reviewing and providing guidance on key Digital Banking initiatives and technology-driven transformation programmes

No of Meetings Held
2

Composition

Chairperson/ Chairman	Ms Sunjeewani Kotakadeniya*, Non-Independent, Non-Executive Director and Mr Lakshman Silva**, Independent, Non-Executive Director
Independent, Non-Executive Directors	Mr Lakshman Silva
Non-Independent, Non-Executive Directors	Ms Sunjeewani Kotakadeniya and Mr Wasantha Batagoda***
Executive Directors	Mr Ramesh Jayasekara
Quorum	Half of the Committee members where one of whom shall be a Non-Executive Director

*Resigned from the Board of Directors of the Bank w.e.f. 26.12.2025

**Appointed as the Chairman of the Committee w.e.f. 26.12.2025

***Appointed as a member of the Committee w.e.f. 26.12.2025

Chief Information Officer, Head of Digital Channels, Chief Financial Officer and other senior management members attended the meetings on invitation.

Activities during the Year

- Reviewed the cost optimisation and data monetisation initiatives of the Bank
- Reviewed the implementation of ACM Phase II for 24x7 Banking Operations for Card-less Transactions

Link to Capitals

- Reviewed the strategic Initiatives for year 2026/27 and beyond

Board meetings

The Board held 12 monthly meetings and 5 special meetings during the year. Board and Sub-committee meetings are scheduled well in advance with adequate notice given to Directors while enabling to make comments/ queries in advance. Notices for the regular monthly meetings of the Board of Directors are circulated by the Company Secretary via email to Directors and members of Management at least three weeks in advance of each meeting. The formal agenda and Board papers are circulated via a secure digital platform at least 7 days prior to the regular Board meetings and key agenda items typically centre on monitoring performance against strategy, risk management, financial stability and stakeholder expectations.

Board minutes are maintained in sufficient detail to provide a clear and accurate record of deliberations, decisions and actions taken. The minutes capture, among other matters, a summary of the information considered by the Board in its deliberations, key matters discussed and the Board's understanding of the principal risks to which the Bank is exposed. Attendance at Board and Sub-committee meetings held during the year are detailed below.

Schedule of matters included in the Agenda

- Evaluating performance against business strategy
- Capital structure
- Financial reporting and controls
- Remuneration of KMPs
- Delegation of authority

Director	Status*	Meetings Eligible to Attend	Meetings Attended	As a Percentage (%)
Justice Buwaneka Aluwihare, PC	IND NED/Chairman	17	17	100.00
Ms Sandya Salgado **	IND NED/Senior Independent Director	16	14	87.5
Mr Krishan Thilakaratne	Non-IND NED	17	13	76.47
Mr D M Rupasinghe	IND NED	17	17	100.00
Mr Lakshman Silva	IND NED	17	17	100.00
Ms Sunjeevani Kotakadeniya***	Non-IND NED	17	16	94.12
Ms Averil Ludowyke	IND NED	17	17	100.00
Mr Wasantha Batagoda****	Non-IND NED	0	0	-
Mr Ramesh Jayasekara	EXD/CEO	17	17	100.00

*Status of Directorship, NED – Non-Executive Director; IND – Independent; EXD – Executive Director

** Retired on 30.11.2025

***Resigned on 26.12.2025

**** Appointed to the Board on 26.12.2025

*****Ms Ramani Samarasundera was appointed to the Board on 26.01.2026

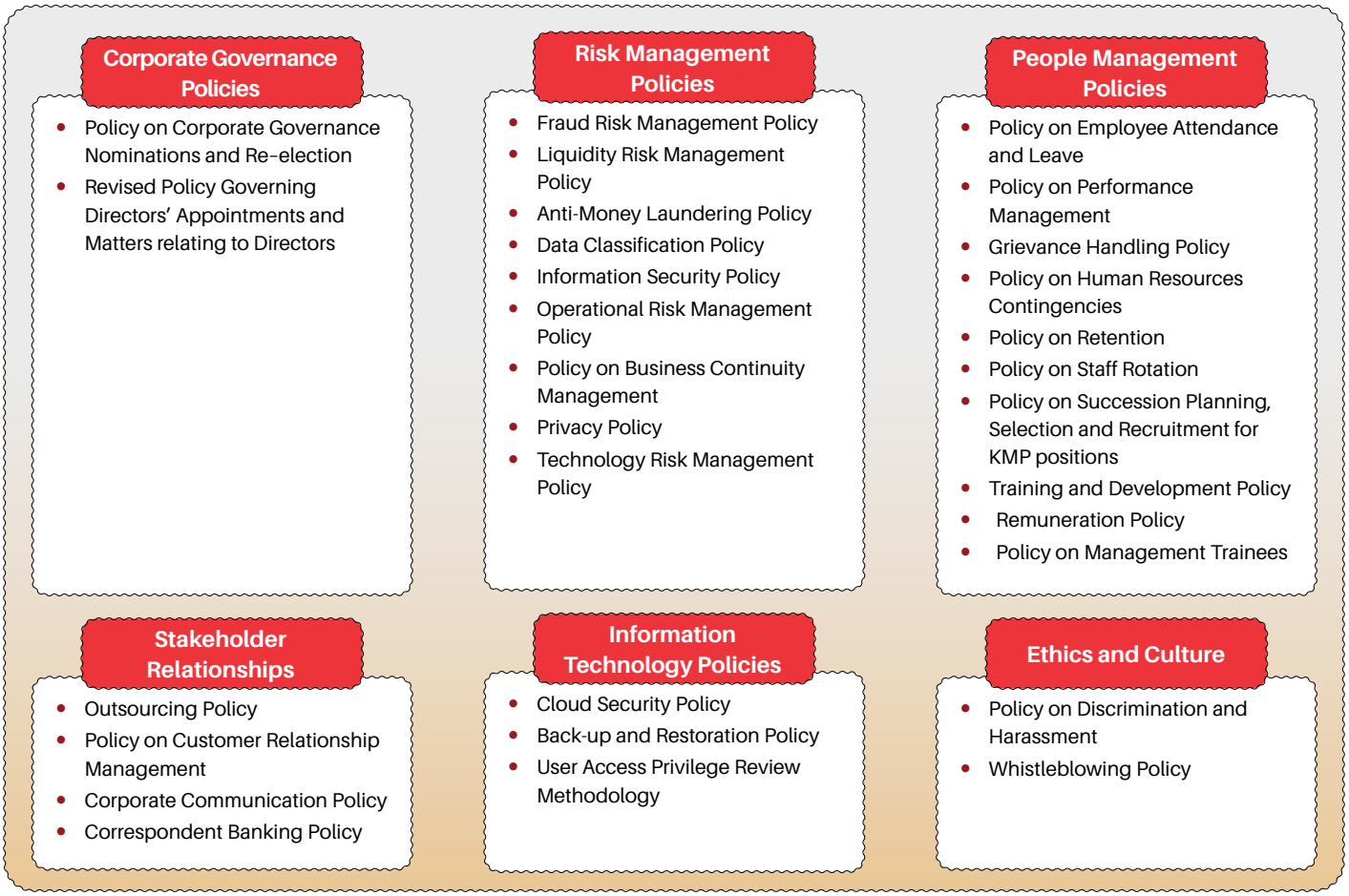
Corporate Governance

Director C - Chairperson of Committee; M - Member of the Committee	Audit	Human Resources and Remuneration	Nomination and Governance	Integrated Risk Management	Related Party Transactions Review	Credit	Marketing, Product Development and Sustainability	Strategic Plan	Information Technology
Justice Buwaneka Aluwihare, PC Independent Director/Chairman	(M) 11 of 11			(M) 8 of 8	(M) 4 of 5	(M) 21 of 21			
Mr Ramesh Jayasekara Director/Chief Executive Officer				(M) 8 of 8		(M) 20 of 21	(M) 3 of 3	(M) 2 of 2	(M) 2 of 2
Ms Sandya Salgado* Independent Director/Senior Director		(M) 4 of 5	(M) 1 of 4				(C) 3 of 3	(C) 2 of 2	
Mr Krishan Thilakaratne Non-Executive Director		(M) 4 of 5				(C) 21 of 21	(M) 2 of 3	(M) 2 of 2	
Mr D M Rupasinghe Independent Director	(M) 11 of 11		(C) 4 of 4	(C) 8 of 8		(M) 20 of 21			
Mr Lakshman Silva Independent Director		(C) 5 of 5	(M) 4 of 4	(M) 8 of 8	(C) 5 of 5				(M) 2 of 2
Ms Sunjeevani Kotakadeniya** Non-Executive Director	(M) 10 of 11		(M) 4 of 4				(M) 2 of 3	(M) 2 of 2	(C) 2 of 2
Ms Averil Ludowyke Independent Director	(C) 11 of 11	(M) 5 of 5	(M) 4 of 4	(M) 8 of 8	(M) 5 of 5				
Mr Wasantha Batagoda*** Non-Executive Director	(M) 0 of 0		(M) 0 of 0				(M) 0 of 0	(M) 0 of 0	(M) 0 of 0
Minimum Number / Frequency of meetings to be held by the Sub-committees	Six meetings per annum	Thrice per annum	Four times per annum	Four times per annum	Once every calendar quarter	Five times in a quarter	Thrice per annum	Thrice per annum	Twice per annum

**Retirement of Ms Sandya Salgado Independent Director/Senior Director of Seylan Bank PLC on 30 November 2025*
***Resignation of Ms Sunjeevani Kotakadeniya, Non-Executive Director of Seylan Bank PLC on 26 December 2025*
**** Appointment of Mr Wasantha Batagoda to the Board on 26 December 2025 and as a member of the Board Audit Committee, Board Nomination and Governance Committee, Board Marketing, Product Development and Sustainability Committee, Board Strategic Plan Committee and Board Information Technology Committee*
*****Ms Ramani Samarasundera was appointed to the Board on 26 January 2026 and as the Chairperson of the Board Marketing, Product Development and Sustainability Committee and member of the Board Human Resources and Remuneration Committee, Board Nomination and Governance Committee and Board Strategic Plan Committee on 27 January 2026.*

Policy Frameworks

The Bank's comprehensive policy framework underpins a consistent, transparent and accountable approach to decision-making across the organisation. The Board continued to strengthen the Bank's policy framework through the approval and periodic review of key policies, including those relating to risk management, credit, investment, information technology, cybersecurity, compliance and governance. In doing so, the Board ensured that these policies remained aligned with applicable regulatory requirements, BASEL guidelines and the Bank's strategic objectives. During the year, the Bank introduced a Clawback Policy relating to the employment contracts of KMPs. The Bank's key policies include (but are not limited to) the following:



Conflict of Interest

Directors are required to avoid actual, potential, or perceived conflicts in their dealings with stakeholders, supported by clear rules, controls and guidance. Directors are thereby required to declare interests in contracts or new appointments at each Board meeting and where a material conflict arises, the Company Secretary, Chairman or the Director concerned brings it to the Board's attention before the matter is discussed. In such instances, Directors refrain from accessing related information, participating in discussions, expressing views or voting on the relevant resolution. Declarations of interests are maintained and updated by the Company Secretary to ensure transparency in line with the Code of Business Conduct and Ethics for Directors and the Policy on Related Party Transactions and Avoidance of Conflicts of Interests.

Balance of Power

In line with best practices in corporate governance, the positions of Chairman and CEO are separate. The Chairman, Justice Buwaneka Aluwihare, PC serves as an Independent, Non-Executive Director of the Bank, whilst Mr Ramesh Jayasekara functions as the Director/CEO leading the executive management team. This separation reinforces a clear division of authority, ensuring that no single individual exercises unfettered power.

Company Secretary

Ms Saraswathie Poulraj, Attorney-at-Law and a registered Secretary, served as the Company Secretary during the year and fulfilled the provisions set out in the Banking Act and relevant amendments. She was responsible to oversee Board procedures and governance matters to ensure compliance with applicable regulations, directives and the relevant Board and Board Sub-committee Terms of Reference and processes. All Directors also have access to the advice and services of the Board Secretary. Her primary responsibilities included, *inter alia*, the following:

- Assisting the Chairman and the Chairmen/ Chairpersons of the Sub-committees in determining the arrangements with regard to meetings
- Maintain minutes of Board meetings and provide access to any Director or regulator on reasonable notice
- Conduct regular reviews of the Bank's governance framework to ensure alignment with regulatory requirements, stakeholder expectations and evolving best practices.

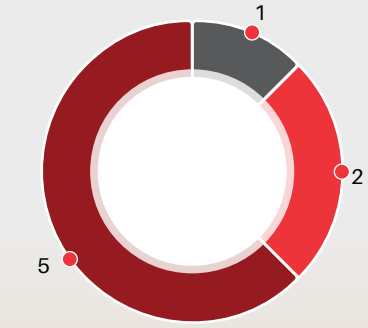
Corporate Governance

Board of Directors

The Board consists of 8 Directors (as at the date of sign-off) representing a diverse mix of skills, industry insights and experience, enhancing the quality of deliberations and enabling more balanced decision making (refer to pages 134 to 137 for detailed profiles of the Board of Directors). The Board's effectiveness is strengthened by the composition of Executive, Non-Executive and Independent Directors which fosters robust oversight and constructive challenge. Of the 8 Directors, 7 function as Non-Executive Directors of whom, 5 are classified as Independent in accordance with the guidelines issued by the Central Bank of Sri Lanka and the CSE. The Board determines the independence of the Non-Executive Directors based on the annual declarations submitted by the respective Directors. The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect Directors' independence during the year.

No.	Director	Status*	Date of Appointment	Period served as at 31 December 2025
1.	Ms Sandya Salgado	IND NED	1 December 2016	9 years (retired on 30.11.2025 upon completion of 9 years)
2.	Mr Krishan Thilakaratne	Non-IND NED	1 October 2018	7 years, 2 months
3.	Mr D M Rupasinghe	IND NED	1 October 2021	4 years, 2 months
4.	Mr Lakshman Silva	IND NED	18 July 2022	3 years, 5 months
5.	Ms Sunjeevani Kotakadeniya	Non-IND NED	17 August 2022	3 years, 4 months (resigned on 26.12.2025)
6.	Ms Averil Ludowyke	IND NED	17 August 2022	3 years, 4 months
7.	Mr Ramesh Jayasekara	EXD/Chief Executive Officer	01 May 2023	2 years, 7 months
8.	Justice Buwaneka Aluwihare, PC	IND NED/ Chairman	26 February 2024	1 year, 10 months
9.	Mr Wasantha Batagoda	Non-IND NED	26 December 2025	5 days (appointed as an Non-IND NED w.e.f.26.12.2025)
10.	Ms Ramani Samarasundera	IND NED	26 January 2026	Not applicable (appointed as an IND-NED w.e.f. 26.01.2026)

Board Composition



Skill Profile



2 Legal and Compliance



5 Banking and Finance



4 Strategic Leadership



1 Marketing and Communication



2 Audit, accounting and Risk



1 Economics, advisory and research

Tenure and Age Diversity

Years of Service	Number of Directors
< 3	4
3-5	3
5-9	1
>9	-

Gender Representation



6 Males

2 Females

Board Responsibilities

The Board upholds its duty of care in carrying out its responsibilities, with a continued focus on preserving the Bank's safety and soundness while delivering sustainable value to all stakeholders. In doing so, it ensures compliance with applicable regulations, policy measures, directions, determinations, and circulars issued by regulators from time to time, as well as the various governance frameworks and policies adopted by the Bank. Key responsibilities of the Board of Directors include (but are not limited to);

- Approve, oversee the implementation and communication of the Bank's strategic objectives and corporate values
- Ensure the effective management of risks through identifying risks and ensuring appropriate implementation of systems to monitor the management of these risks, defining the risk appetite levels and nurturing a risk conscious culture
- Ensure effectiveness of stakeholder engagement
- Review and asses adequacy and integrity of the Bank's internal control system
- Oversight on the appointment and succession planning of KMPs as well as monitoring and reviewing remuneration
- Foster a strong corporate culture that promotes professional, ethical and prudent conduct across the Bank

Board Refreshment

The Board is periodically refreshed through new appointments, retirements and resignations in order to maintain effectiveness, independence and alignment with the Bank's evolving strategy and operating environment. The Board-approved Policy Governing Director's Appointments and Matters relating to Directors provides a transparent and systematic process for Board appointments. The Board Nomination and Governance Committee is tasked with the responsibility of identifying new Directors and/or assessing the suitability of those nominated. All Board appointments are made with the prior approval of the Director of Bank Supervision of the Central Bank of Sri Lanka.

The following changes were effected at Board level during the period under review;

- Ms Sandya Salgado who served as an Independent, Non-Executive Director resigned with effect from 30 November 2025
- Ms Sunjeewani Kotakadeniya who served as a Non-Independent, Non-Executive Director resigned with effect from 26 December 2025
- Mr Wasantha Batagoda was appointed as a Non-Independent, Non-Executive Director with effect from 26 December 2025
- Ms Ramani Samarasundera was appointed as an Independent, Non-Executive Director with effect from 26 January 2026

Fitness and Proprietary of Directors

Affidavits and declarations required to assess the fitness and propriety of Directors (as well as the CEO and KMPs) in terms of the Banking Act and related Directions, are obtained prior to the appointment of Directors and at the time of appointing or promoting individuals to KMP positions. Declarations submitted by the continuing Directors are forwarded to the Director, Bank Supervision of the Central Bank of Sri Lanka and the requisite approval obtained prior to every Annual General Meeting.

Directors also submit affidavits in accordance with the guidelines of the Securities and Exchange Commission of Sri Lanka (SEC), which were filed with the SEC as required. In addition, Directors submitted fit and proper declarations in line with the Listing Rules of the Colombo Stock Exchange, which were reviewed by the relevant Committee and the Board.

Director Training

Directors are given access to ongoing professional development to support the effective discharge of their responsibilities. The Board periodically assesses its training requirements and ensures that suitable development programmes are undertaken. Training programmes typically cover updates to regulatory requirements, emerging trends in the operating environment and other relevant areas. Key training initiatives undertaken during the year are set out alongside.

Director Training in 2025

- FIU of the Central Bank of Sri Lanka conducted an Annual High-Level AML/CFT/CPF awareness programme
- Information Security Awareness session
- Regular updates by the Head of Compliance, CRO, CIO and CISO on regulatory changes, macro-economic developments and other emerging issues

Meanwhile, the Bank's Policy on seeking Independent Professional Advice by Directors provides guidelines for Directors to seek independent advice at the expense of the Bank, on any matters which support the effective discharge of their duties. The policy also provides for Directors to seek independent professional advice from parties outside Sri Lanka, subject to appropriate evaluation and approval.

Corporate Governance

Board self-assessment

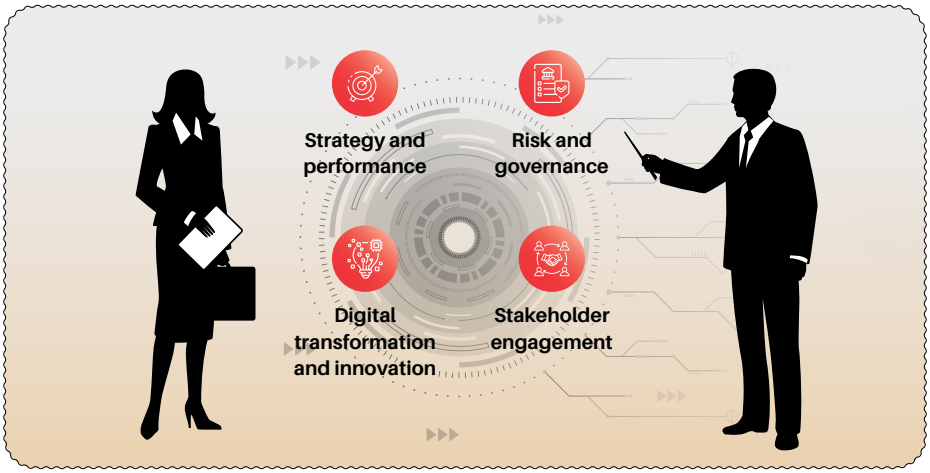
The Board collectively assesses the effectiveness of the its own governance practices, which includes selection, nomination and election of directors and KMPs, effectiveness of Board procedures, diversity of skills and management of conflicts of interests among others. The results of these assessments are submitted to the Board Nomination and Governance Committee and supports the Board's ongoing efforts to enhance effectiveness of decision-making. Criteria used to assess the Board's performance is summarised below:

Board Assessment Criteria

- Effectiveness of the Board evaluation process
- Effectiveness of Director evaluation process
- Succession planning
- Shareholder communication
- Board and Sub-Committee composition
- Quality of the information provided to the Board
- Effectiveness of Board procedures
- Skill and knowledge profile
- Board's contribution towards strategy

Key Areas of Focus in 2025

The Board of Directors remain focused on strengthening the Bank's resilience, safeguarding stakeholder interests and ensuring disciplined execution of strategy within a robust governance framework. Its deliberations centred on delivering long-term value creation through priorities that supported the Bank's safety and soundness, regulatory compliance and prudent risk management. The principle areas of focus during the year are outlined below.



Strategy and Performance

During the year, the Board focused on the approval and oversight of the Bank's strategic objectives and business plans as clearly set out in the Board-approved strategic plan for 2024-2026. The Board also closely monitored execution against approved priorities with performance reviewed against key financial and non-financial indicators to ensure alignment with the Bank's risk appetite, capital position and market conditions. These included, among others, the growth and sustainability of the CASA base, digital adoption, customer acquisition and retention, service quality, profitability, operational efficiency and overall balance sheet resilience.

Board Oversight on KMPs

The executive management is responsible for implementing the business strategies approved by the Board, as well as the related risk management processes, internal controls, and organisational culture. The team is also responsible for establishing an appropriate organisational structure that promotes accountability and empowered decision-making across the Bank. The Board exercises oversight over the senior management team through the mechanisms set out alongside.

- Reviews monthly performance reports against strategic objectives
- Monitors key prudential and financial indicators
- Engages with the CFO and Director/CEO on performance matters
- Assesses proposals from KMPs, including risks and strategic alignment
- Receives presentations from KMPs on areas under their purview

Risk and Governance

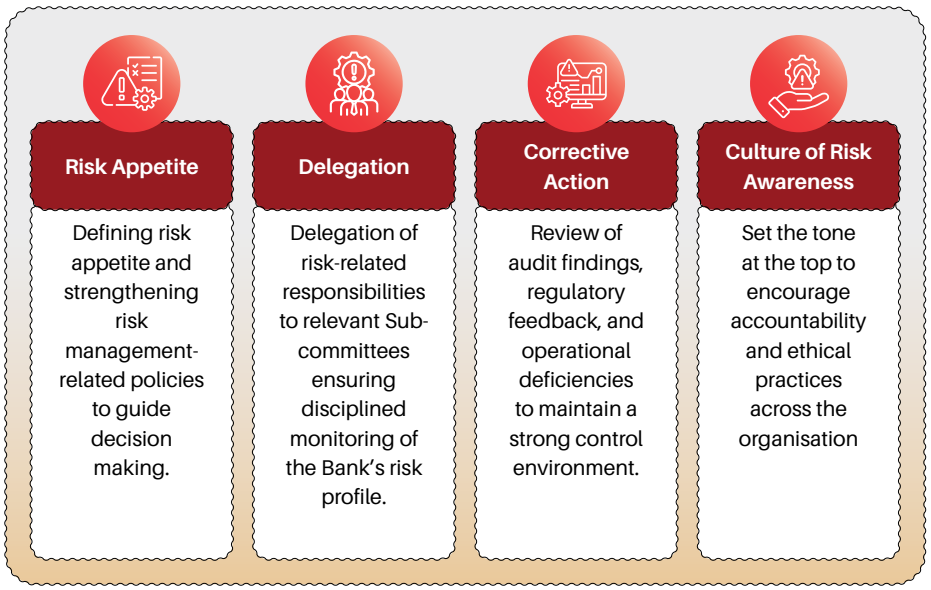
As the Bank's apex governing body, the Board maintained oversight on the effectiveness of the Bank's risk management framework while ensuring the adequacy and effectiveness of the Bank's internal controls, internal audit and compliance functions.

During the year, the Board and risk-related committees (detailed below) evaluated the impacts of macro-economic and industry developments, regulatory shifts as well as social and environmental dynamics on the Bank's performance, stakeholders and long-term financial stability. The Board also adopted measures to strengthen the Group's policy framework through the review and update of key policies including those related to risk management.

Risk-related Responsibilities of Board Sub-committees

Board Audit Committee	Board Integrated Risk Management Committee
Assess integrity of financial reporting, ensuring that key risks, judgments and estimates are appropriately reflected in the financial statements.	Review and assessment of the Bank's risk exposures including credit, market, liquidity, operational, technology and strategic risks, using appropriate risk indicators and management information.
Board Information Technology Committee	**Board Credit Committee**
Oversees technology and cybersecurity risk management, ensuring that the Bank's IT strategy, systems and controls support business objectives while safeguarding information assets, maintaining operational resilience and keeping technology-related risks within the approved risk appetite.	Review and approve credit proposals within its delegated authority, while overseeing the quality of the Bank's credit portfolio to ensure exposures remain within the approved risk appetite, regulatory requirements and prudent lending standards.

Risk-related Interventions in 2025



Digital Transformation and Innovation

The Board continued to place strong emphasis on advancing the Bank's digital transformation and innovation agenda. Oversight was maintained over key initiatives relating to digital banking platforms, technology investments and innovation strategies, with a focus on enhancing operational efficiency and customer experience.

The Board also ensured that appropriate governance frameworks were in place for information technology management, data protection, cybersecurity and digital risk management, while supporting the responsible adoption of emerging technologies.

Stakeholder Engagement

The Board recognises that sustained value creation is inherently linked to the quality of its stakeholder relationships. As such, the Board ensures that the Bank systematically identifies, prioritises and engages with its key stakeholder groups, maintaining a structured and transparent approach to understanding their evolving needs and expectations. Through regular reporting, formal dialogue mechanisms and oversight of management-led engagement processes, the Board monitors how stakeholder insights are integrated into strategic deliberations and decision-making.

Corporate Governance

Shareholders	Customers
Policy on Relations with Shareholders and Investors Sets the framework for ensuring shareholders have timely and equitable access to publicly available information relating to the Bank.	**Complaint Management and Redress Mechanism** Available in all three languages, this mechanism publicly communicates the procedures for lodging customer complaints and offers relevant contact details, including recourse to the Financial Ombudsman, thereby ensuring transparency, accessibility and fair treatment of customers. **Financial Consumer Education and Awareness Policy** Fosters the development of a financially literate community by promoting customer education and enhancing awareness on sound financial practices and informed decision-making. **Policy on Complaint Handling for Financial Consumers** Establishes a structured and transparent framework for the effective management and resolution of customer grievances in alignment with the Financial Consumer Protection Regulation No. 01 of 2023 (Extraordinary Gazette No. 2344/17 dated 09 August 2023)

Employees	General stakeholders
Communication Policy Provides a clear guiding framework for staff on internal and external communications, particularly the dissemination of corporate information to the media, ensuring consistency, accuracy and appropriate governance oversight	**Stakeholder Engagement Policy** Establishes a structured framework for engaging with stakeholders who influence and impact the Bank's long-term resilience, clearly defining the approach to communication and the respective lines of authority for stakeholder interaction in the ordinary course of business **Information Disclosure Policy** Establishes a structured governance framework for the timely, accurate and transparent disclosure of financial, governance, risk and other material information to shareholders and a broad spectrum of stakeholders

Other Areas of Oversight

Ethics and Culture

The Board recognises that a strong ethical foundation is integral to sustainable value creation and institutional credibility. As the apex governance body, the Board is responsible for fostering an organisational culture grounded in integrity, accountability and transparency, setting the tone at the top through consistent demonstration of the highest standards of conduct. During the period under review, the Bank continued to strengthen its organisation-wide safeguards against bribery and corruption, while ensuring that its ethical framework remains responsive, robust and aligned with emerging expectations.

Board Interventions on Organisational Culture

1	2	3	4
Tone at the Top and Values	**Oversight of Governance, Risk**	**Leadership Accountability and Succession**	**Engagement and Speak-up Culture**
The Board establishes the behavioural expectations of the Bank by articulating core values, approving codes of conduct and policies of ethics and consistently demonstrating integrity in its own deliberations and decisions.	By overseeing risk management frameworks, regulatory compliance, whistleblowing mechanisms and anti-bribery controls, the Board ensures that ethical conduct is embedded within operational processes.	By aligning performance evaluations, remuneration structures and incentive frameworks with long-term strategy and prudent risk-taking, the Board promotes responsible leadership behaviour.	The Board fosters an accountable culture ensuring safe, confidential speak-up channels that enable concerns to be raised without fear of retaliation.

Code of Conduct and Ethics

The Bank has implemented two distinct Board-approved Codes to guide ethical conduct across all levels of the organisation; the Code of Business Conduct and Ethics applicable to Directors and the Code of Conduct and Code of Ethics applicable to employees, including KMPs. The Codes of Conduct clearly affirm that Directors and employees are expected to uphold the highest standards of ethical behaviour, in addition to complying with all applicable laws, regulations and internal policies. They underscore the responsibility of safeguarding the Bank's business interests, preserving its reputation and ensuring strict adherence to legal and regulatory obligations, thereby reinforcing a culture of integrity and accountability across the organisation.

All Directors provided an annual confirmation affirming their awareness of and commitment to comply with the Code of Business Conduct and Ethics for Directors. The Code of Conduct and the Code of Ethics applicable to employees are accessible via the Bank's intranet, ensuring that all staff may readily refer to and adhere to the prescribed standards.

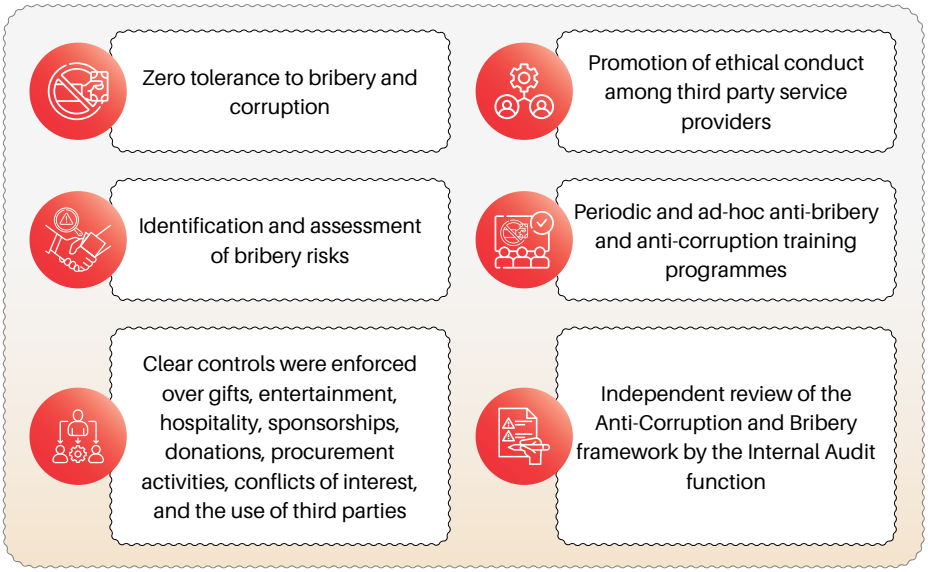
Whistleblowing Policy

The Bank maintains a robust whistleblowing framework designed to provide a secure channel for reporting concerns. All disclosures are addressed with due diligence and the Bank remains committed to safeguarding confidentiality, protecting whistleblowers and fostering a culture of trust and accountability that encourages employees to speak up on matters affecting ethical and compliance standards.

Anti-Bribery and Corruption Policy

The Bank adopts a strict zero tolerance approach to bribery, corruption and any deviation from prescribed ethical standards. Governance oversight of the Anti-Bribery and Corruption framework rests with the Board Nomination and Governance Committee, which undertakes regular monitoring and periodic assessments of the Bank's Conduct Risk Management and Anti-Bribery and Corruption frameworks at both policy and procedural levels. The Compliance Department is entrusted with implementing the directives and recommendations of the Board and its Sub-committees, ensuring effective operationalisation across the organisation.

These efforts are reinforced through continuous awareness initiatives, including induction programmes, supported by structured monitoring mechanisms across the organisation.



Remuneration

The Bank's remuneration philosophy is anchored in its strategic priorities and long-term aspirations. Compensation structures are designed not merely to reward performance, but to encourage disciplined growth, risk awareness and accountability across all levels of the organisation. The framework adopted during the year reflects the Board's commitment to balancing competitiveness with prudence in a dynamic operating environment.

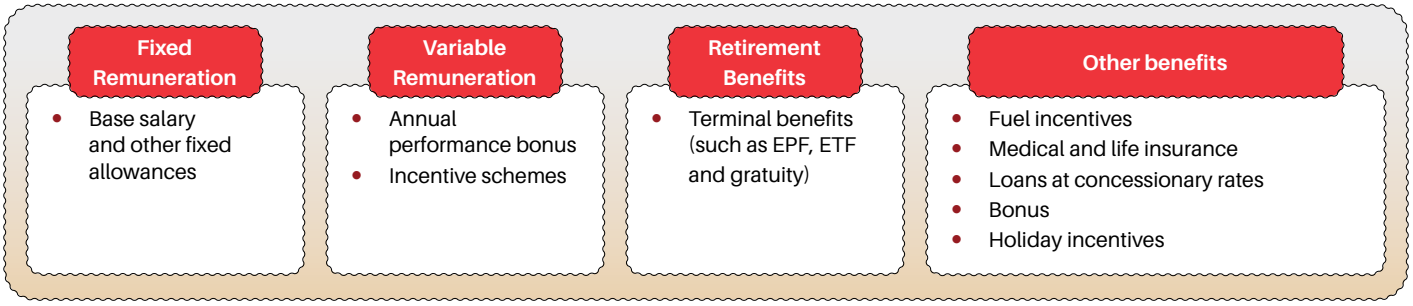
Remuneration Policy and Governance

Remuneration governance falls under the purview of the Board Human Resources and Remuneration Committee, which acts on behalf of the Board in overseeing compensation matters across the Bank. The Committee is tasked with ensuring a transparent and structured process for determining remuneration, including salaries, allowances, incentives and other financial and non-financial benefits applicable to Directors, the Director/CEO, KMPs and employees. A Board-approved Remuneration Policy provides the guiding framework for these determinations, reinforcing consistency, equity and alignment with the Bank's strategic objectives.

Based on the recommendations of the Committee, the Board collectively determines the remuneration and benefits of the Director/CEO, as well as the fees and any applicable benefits payable to Non-Executive Directors. In discharging its mandate, the Committee may obtain independent professional advice where necessary to ensure that compensation structures remain appropriate and competitive. No Director or KMP participates in decisions relating to his or her own remuneration, thereby safeguarding objectivity and sound governance.

Corporate Governance

Remuneration Elements



Performance Management

The Key Performance Indicators (KPIs), goals and targets of the Director/CEO are reviewed and approved by the Committee, together with the KPIs applicable to KMPs. The Chief Financial Officer, in collaboration with the Human Resources Department, submits the proposed KPIs for the Committee's consideration. The Committee thereafter evaluates the Bank's and the CEO's performance against the approved KPIs, with the assessment formally presented to the Committee. The performance of KMPs who report directly to the Director/CEO is similarly reviewed by the Committee, with its recommendations submitted to the Board for approval, ensuring a structured, transparent and consistently applied performance evaluation process.

The aggregate remuneration paid to KMPs and transactions between the Bank and KMPs in 2025 are set out below:

Remuneration to KMPs and transactions with KMPs and aggregate values of the transactions of the Bank with its KMPs

Remuneration / Transaction	Amount (LKR-Mn)
Remuneration to Executive Directors & KMPs (As per the CBSL Definition)*	620.80
Directors' Fees for Non-Executive Directors	33.06
Loans and Advances (Including Securities Purchased under Resale Agreements and Credit Card Accommodations to KMPs and Non-Executive Directors)	491.26
Deposits of KMPs and Non-Executive Directors	843.73
Investments by KMPs and Non-Executive Directors – Other Investments (Liability)	7.48

** Includes cash,non-cash and post-employment benefits to Directors and KMPs.*

Total Net Accomodation to Related Parties

Disclosure on accommodations granted to related parties is given in Note 57.1 and 57.2 to the financial statements

The net accommodations as at 31 December 2025, granted to each category of related parties as defined in directions 3(7)(i) and as per LKAS 24 is given below as a percentage of the Banks regulatory capital.

Category of Related Party Transactions	Amount (LKR-Mn)	% of regulatory capital
Directors, Key Management Personnel and their close relations (Transactions including Securities Purchased under Resale Agreements and Credit Card Accommodations)	491.26	0.47%
Subsidiary, Seylan Developments PLC	175.00	0.17%
Material shareholders of the Bank and concerns in which a Director of the bank or material shareholder has a substantial interest *	10,791.59	10.22%
Other entities including Common Directorship Entities	4,474.01**	4.24%

** Includes accommodations non-funded, undrawn facilities – LKR 1,936.63 Mn*
*** Includes accommodations non-funded, undrawn facilities – LKR 4,474.01 Mn*

Confirmation of Compliance with the Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Banks

		Summary of Governance Requirements	Status of Compliance of the Bank
1. Ultimate Responsibility and Accountability of the Board			
1.1	Responsibilities of the Board		
	a)	1. Strategic objectives 2. Communication of Strategy	1. With the guidance of the Board Strategic Plan Committee ('BSPC'), the Board approved the Bank's Strategic Plan 2024-2026 based on revised strategic drivers/pillars aligned to the Bank's long-term goals and corporate values. 2. Strategic plan and corporate objectives are communicated by the Director/CEO through 'Town Hall' meetings and through communications and engagements covering all staff of head office and branches vide circulars. The Corporate Values, Vision, Mission of the Bank are included in the Bank's Employment Manual and made available on the Bank's Intranet for the perusal of all staff and is also communicated to the staff at induction programs.
	b)	1. Strategy approval 2. Integration of risk 3. Measurable goals	1. Overall business strategy of the Bank is embedded in the Strategic Plan while the Sustainability Strategy is also integrated to the overall corporate strategy. 2. The Risk policies and Risk management framework have been formulated with due consideration to the Bank's risk profile, which are regularly monitored by the Risk Management Unit ('RMU') and reported to the Board Integrated Risk Management Committee ('BIRMC') and the Board. The policies are reviewed periodically or as and when required. 3. The Strategic Plan for 2024-2026 included measurable goals and targets (KPIs), linked to identified strategic pillars for each business unit as recommended by the BSPC and approved by the Board.
	c)	(i) Risk management (ii) Risk management structure (iii) Adequately resourced risk functions (iv) Risk appetite (v) Risk response	(i) The Board has delegated its risk-related responsibilities to the BIRMC. (ii) (iii) The BIRMC ensures that the RMU headed by the Chief Risk Officer ('CRO') has implemented appropriate systems to identify, prioritise, assess and manage principal risks and established suitable policies and guidelines to be reviewed and approved by the BIRMC, which areare regularly tested by the RMU. (iv) (v) The Risk Appetite Statement of the Bank, which is approved by the Board, articulates defined risk thresholds, structured escalation procedures and accountability measures, including disciplinary action for breaches.
	d)	Balance of Power	The presence of Independent Directors ensures that Board deliberations benefit from unbiased and independent perspectives, particularly in matters involving strategy, risk oversight Related Party Transactions ('RPTs') and performance evaluation of senior management.
	e)	Communication Policy	The Board approved a Policy on Relations with Shareholders and Investors and a Corporate Communication Policy providing organisation-wide guidelines.
	f)	Internal controls and Management Information Systems ('MIS')	These responsibilities fall within the purview the Board Audit Committee ('BAC'). BAC ensures that the internal control systems are adequate. This responsibility includes determining the extent to which internal controls are evaluated by the internal and external auditors.
	g)	Conflicts of Interests	The Bank has strong controls to manage related party exposures and prevent conflicts of interest. The Board has delegated these responsibilities to the Related Party Transactions Review Committee (RPTRC), which oversees all related party dealings, ensuring transactions are conducted at arm's length, while a Board-approved policy is also in place. A Policy on Related Party Transactions and Avoidance of Conflict of Interests and the TORs ('TOR') are in place. Directors or management with interests, abstain from decision-making, whilst the Compliance Unit monitors this aspect. These measures ensure transparency, integrity and regulatory compliance in all RPTs.
	h)	Business continuity	These responsibilities fall under the purview of the BIRMC. The Bank's Business Continuity Management (BCM) Policy has been revised in accordance with ISO 22301 standards, incorporating 03 supporting procedures: the Incident Management Procedure, Corrective Action Procedure and Internal Audit Procedure. The Policy is reviewed and updated annually. Additionally, the Business Units ('BUs') conduct bi-monthly testing from the Disaster Recovery Operating Centres ('DROCs') to ensure uninterrupted operations during a disaster.
	i)	Board-approved remuneration policy	The Board Human Resources and Remuneration Committee ('BHRRC') oversees the approach to remuneration. The Bank has a well-articulated Board-approved Remuneration Policy, which ensures alignment with industry standards, internal relativities and regulatory requirements. All critical aspects on remunerating staff are monitored and reviewed by the Board of Directors through the policy compliance. The Policy was reviewed and approved by the Board.

Corporate Governance

	Summary of Governance Requirements		Status of Compliance of the Bank
	j)	Key Management Personnel	The Board has identified and designated Key Management Personnel ('KMPs'), who can significantly influence policy formulation, direct activities and exercise control over business activities, operations and risk management.
	k)	Authority and responsibilities	The areas of authority and key responsibilities for the Board of Directors and for KMPs have been defined. The duties and responsibilities of the Board stipulated in the statutes and governance codes/ guidelines, have been incorporated into the Policy on Corporate Governance, Nominations and Re-election and the Policy Governing Directors Appointments and Matters relating to Directors and other applicable policies. The policies have been approved by the Board. The areas of authority of the Director/CEO and the KMPs are defined in their respective Job Descriptions (JDs) which have been signed and accepted by the relevant KMPs.
	l)	Oversight by KMP	Board-approved policies and decisions are formally communicated to KMPs through extracts of Board minutes, with subsequent decisions and actions to confirm appropriate implementation and follow-up. The Board also exercises appropriate oversight of the affairs of the KMPs, who are met by the Board appointed Sub-committees at the respective Committee Meetings. KMPs make presentations to the Board on matters under their purview and are also invited by the Board to explain matters relating to their areas.
	m)	Assessment of Board effectiveness	The Board reviews and discusses the Board's effectiveness including those of the Board appointed Committees on an annual basis. Self-evaluation Reports submitted by the Board Sub-committees and responses of the directors to a standard questionnaire/ checklist issued to them annually are reviewed during this process. The Directors also carried out an Evaluation of Board Chairman's performance for the year under review. Evaluations done by the Directors were submitted to the Board Nomination and Governance Committee and the Board.
	n)	Criteria for Self-Assessment	Each member of the Board submitted his/her own self-assessment reporting on the extent of their respective contributions to the Board and to the Board Sub-committees they were attached to. The self-assessment reports submitted by the Directors are tabled at Board Meetings and are filed for records by the Company Secretary. These facilitated the Board members to assess the extent to which they have fulfilled their duties and responsibilities and further it ensured that appropriate processes are in place to ensure due diligence to planning and oversight. The process and approach for evaluations have been reviewed and the improvements have been adopted.
	o)	Succession planning	The Bank has identified 2 successors for each KMP position as per requirements and such succession arrangements were reviewed/revised based on the regulatory directions. The proposed changes were reviewed and recommended by the BNGC and approved by the Board.
	p)	Engagement with KMP	The Board Sub-committees meet the KMPs heading different areas of authority at the respective Committee Meetings whilst Director/CEO as a member of the Board attends regular Board Meetings and the Board Sub-committees.
	q)	Regulator relationship	The Board is updated of the changes in the regulatory environment by the Head of Compliance and the other KMPs such as the Chief Financial Officer ('ÇFO') and the Company Secretary. The Board maintains effective relationships with the regulators, mainly the Central Bank of Sri Lanka (CBSL). The process is managed by the Director/CEO and the Head of Compliance. Monthly Compliance Reports (which includes all returns submitted to the regulators) are submitted by the Head of Compliance to the Board, reporting the extent of compliance. Status reports on compliance are periodically forwarded to the CBSL. The Company Secretary is responsible for liaising with the Colombo Stock Exchange ('CSE') and the Department of Registrar of Companies and ensures compliance with the provisions of the Companies Act No. 7 of 2007, the Listing Rules of the CSE and the Securities and Exchange Commission of Sri Lanka ('SEC').
	r)	External auditors	The BAC carries out this responsibility and makes recommendations for the concurrence of the Board. In terms of Section 22 (7B) of the Banking (Amendment) Act No. 24 of 2024, the rotation of the External Auditors has been proposed for the approval of the Shareholders at the Annual General Meeting ('AGM') to be held on 31 March 2026.

	Summary of Governance Requirements		Status of Compliance of the Bank
	s)	Undue benefits	The Code of Business Conduct and Ethics for Directors and Employees (Code) sets clear guidelines on the professional and ethical conduct expected. The Company Secretary circulated a copy of the same Code to the Board and obtained an attestation of their familiarity to the principles therein.
	t)	Ethical and professional conduct	The Code of Business Conduct and Ethics serves as the foundation of the Bank's corporate culture, reinforcing the norms for ethical and prudential behaviour within the Bank. The Code is available on the intranet of the Bank and all new recruits are required to sign a declaration that they have read and understood the Code (among other policies of the Bank) at the conclusion of the Induction programme.
	u)	Supervisory concerns	A formal process to ensure timely resolution of supervisory concerns raised by regulators is in place. The Board seeks the guidance and support of relevant Sub-committees to address issues and maintain compliance with regulatory expectations.
	v)	Whistleblowing policy	The revised policy was recommended by the BAC and approved by the Board.
	w)	Sustainability and ESG	The Board ensures the promotion of Sustainability by embedding Environmental, Social and Governance considerations into the business strategy, overseen by the Board Marketing, Product Development and Sustainability Committee ('BMPDSC'), with its TORs updated in line with SLFRS S1 and S2 and supported by the Board approved ESG and Sustainability Policies (Environment and Social) and dedicated Steering and Working Committees comprising KMPs and Heads of BUs. Sustainability is operationalised through a robust Environmental and Social Management System ('ESMS'), under which the lending portfolio is screened against exclusion criteria and subjected to risk based Environmental and Social due diligence aligned with applicable local and global laws, IFC Performance Standards, ILO Core Labour Standards and Double Materiality principles, enabling climate friendly and socially inclusive sustainable financing and alignment to reporting requirements.
1.2	Appointing Chairperson and CEO		The Chairman of the Board of Directors, Justice Buwaneka Aluwihare, PC is an Independent, Non- Executive Director. Mr Ramesh Jayasekara serves as the Director/CEO. Functions of Chairman and CEO are defined and separated in line with these Directions. The Director/CEO reports to the Board.
1.3	**Board Meetings**		**12 monthly meetings and 5 Special meetings were held during the year.**
1.4	**Board Procedures**		
	a)	Matters in the agenda	Board meetings are scheduled monthly and Directors are given due notice of the date of the next meeting providing the opportunity to include matters and proposals. In addition, Directors' propose and collectively agree on matters to be included in the agenda for future Board meetings.
	b)	Adequate notice	Notice of regular meetings is provided at least 03 weeks in advance. The formal agendas and Board papers are circulated no later than 3 days prior to each scheduled Board meeting held during the year.
	c)	Meeting attendance	The Board members record of attendance at Board meetings at the preceding 12 month period was apprised by the Company Secretary at regular Board Meetings. During the year, each Director has attended more than two-thirds of the meetings he/she was eligible to attend and further, no Director was absent from three consecutive meetings.
1.5	Appointing a Company Secretary		
	a)	Appointment and responsibilities	Ms Saraswathie Poulraj, Attorney-at-Law functioned as the Company Secretary during the year 2025, and is a registered Secretary in accordance with the Companies (Secretaries) Regulations No. 1 of 2023 made under Section 527 read with Section 222 of the Companies Act No. 07 of 2007. Her primary responsibilities are set out in the Corporate Governance Report of the Annual Report. Ms Saraswathie Poulraj resigned on 28 January 2026 as Company Secretary. Ms Keshini De Silva, Chartered Secretary and a registered Secretary in accordance with the Companies (Secretaries) Regulations No. 1 of 2023 made under Section 527 read with Section 222 of the Companies Act No. 07 of 2007, was appointed on 29 January 2026 as the Bank's Company Secretary.
	b)	Access to Company Secretary	Directors have direct access to the Company Secretary via telephone, e-mail and at meetings
	c)	Director training	Directors are provided with training on request as required by CBSL and by the Bank.
	d)	Inspection of minutes	Minutes of Board Meetings are prepared and circulated to the Directors to enable them to peruse same and to confirm/rectify and record any discrepancy at the subsequent Board Meeting. Minutes are maintained by the Company Secretary.

Corporate Governance

	Summary of Governance Requirements	Status of Compliance of the Bank
1.6	Board Meeting Minutes a) summary of information b) the matters considered by the Board c) the fact-finding discussions d) compliance e) the understanding of the risks f) the Board resolutions and decisions.	Minutes of Board meetings are recorded by the Company Secretary including matters stated in (a) to (f) hereto, to enable effective assessments and the extent of deliberations. All queries, concerns raised and dissent expressed by directors are recorded and the responses provided by the senior management are also recorded. The Board thoroughly evaluates and assesses the risks associated with any matter that is placed before the Board for approval. All resolutions are duly recorded in the minutes, and approvals obtained via circulation are submitted for ratification at the meeting following the circulation by way of a routine paper.
1.7	Independent Professional Advice	The Directors are permitted to seek independent professional advice on any matters at the expense of the Bank in furtherance of their duties and contribution at Board and Board Sub-committee meetings in the interest of the Bank whenever required. The Board approved 'Policy on Seeking Independent Professional Advice by Directors' included a provision (among others) to seek professional advice from an individual/firm/ party outside Sri Lanka, subject to proper evaluation and securing approvals therefore, if and when needed.
1.8	Managing Conflicts of Interest	
	a) Avoiding conflict of interests	Any Director having a direct/indirect interest in a matter placed before the Board abstains from deliberations and voting on the relevant resolution and is not counted for the quorum for the relevant matter.
	b) Abstaining from discussions	Declarations of Directors' Interests are requested by the Company Secretary and updated on a regular basis to ensure that any potential conflicts are identified when relevant transactions are considered by the Board.
	c) Director relationships	The highest level of professionalism is maintained by the directors including Director/CEO and KMPs ensuring there is no excessive familiarity, undue influence or coercion.
	d) Policy on Conflict of Interests	The Policy on Related Party Transactions and Avoidance of Conflicts of Interests is in place.
1.9	Requirement to inform on inability to meet obligations	A Board approved Contingency Funding Plan is in place until 31 May 2026. The said Policy covers the procedures to be followed in a liquidity crisis and as to when the CBSL is to be kept informed of the measures taken to maintain solvency. Such a situation has not arisen during the period under review.
1.10	Capitalisation	The Bank declared a Debenture Issue in 2025 for LKR 15.0 Bn in order satisfy the Capital Adequacy requirements of the Bank. Debentures were allotted and the formalities were concluded on 18 July 2025. In addition, the Board and the BAC are updated on the Capital Adequacy Ratio on a regular basis.
1.11	Annual Corporate Governance Report	This Corporate Governance Report published in the Annual Report serves to meet the requirement of this provision in compliance with the Banking Act Directions on Corporate Governance.
2	**Board's Composition**	
2.1	**Procedure for Appointing Directors**	
	a) Formal and transparent procedure	A formal and transparent procedure is in place for the appointment of Directors as set out on page 157 of the Corporate Governance Report of the Annual Report.
2.2	**Number of Directors**	
	a) Number of Directors b) Female representation	The Board has maintained and complied with the female representation required on the Board throughout the year.
2.3	**Executive Directors**	The Board comprised only one Executive Director during the year under review.
2.4	**Non-Executive Directors**	The Board consisted of 6 Non-Executive Directors. Non-Executive Directors are equipped with the relevant skills, experience and knowledge to effectively discharge their duties.
2.5	**Independent Directors**	
	a) No. of Independent Directors	The Board comprised a majority of Independent Directors during the year. Declarations of Independence/Non-independence were obtained from Directors.

	Summary of Governance Requirements		Status of Compliance of the Bank
	b)	A non-executive director shall not be considered independent if he /she, (i) holds more than 1% shareholding (ii) has engaged in business transactions above 10% of Bank's regulatory capital (iii) has been employed by the Bank within 2 years (iv) has had material business relationship with Bank (v) has close relationship with Director, KMP (vi) represents a specific stakeholder (vii) is an employee/ director/ material shareholder of/ or has a material business relationship with an entity that has a significant business relationship with the Bank (viii) has served as consultant/ principal to the Bank (ix) has served as the engagement partner of the Bank's external audit firm	Complied. (i) – (v) – None (vi) Mr Krishan Thilakaratne and Ms Sunjeevani Kotakadeniya were nominated to the Board by LOLC Holdings PLC, the holding company of LOLC Investments Ltd and Brown & Company PLC, who are substantial shareholders of the Bank together holding a substantial stake of 23.43% consisting of voting shares. With the resignation of Ms Sunjeevani Kotakadeniya from the Board on 26 December 2025, Mr Wasantha Batagoda was appointed to the Board on the same day in place of Ms Sunjeevani Kotakadeniya. Mr Krishan Thilakaratne, Mr Wasantha Batagoda and Ms Sunjeevani Kotakadeniya, are considered as Non-Independent due to the aforementioned reasons. (vii) None of the Directors of the Bank have had any transactions exceeding 10% of the regulatory capital of the bank. (viii) None (ix) None
	c)	Disclosure of Independent Directors	
2.6	Representation through Alternate Directors		
	a)	Appointment of alternate Directors	The Board comprised no alternate directors.
	b)	Criteria of alternate Director	Not Applicable
	c)	Existing Director	Not Applicable
	d)	Appointments in other Boards	Not Applicable
2.7	Quorum for the Board Meetings.		The quorum for Board Meetings is fixed at minimum 5 members or 50% of the number on the Board, whichever is higher.
3	**Suitability of Directors**		
3.1	Criteria to Assess Fitness and Propriety		All appointments to the Board were made after obtaining approval of the Director, Bank Supervision ('DBS'), CBSL in terms of Section 42 of the Banking Act No.30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024) whilst Affidavits of the continuing Directors were forwarded to the DBS prior to the Annual General Meeting of the Bank, for perusal and approval.
3.2	**Additional Requirements for Suitability of Directors.**		
	(i) Maximum age (ii) Service period (iii) Other Directorships		(i) None of the current Directors serving on the Board has attained the age of 70 years. (ii) Ms Sandya Salgado, Senior Independent Director ('SID') retired on 30 November 2025 upon completion of 9 years on the Board (iii) No Director held Directorships in more than 20 Companies as at 31 December 2025
3.3	Cooling-Off Period		All Directors appointed during the year under review were compliant with this requirement at the time of their appointment.

Corporate Governance

	Summary of Governance Requirements	Status of Compliance of the Bank
4	**Delegation of Functions**	
4.1	**Division of Responsibilities**	The Board has delegated matters pertaining to the affairs of the Bank to the Board Sub-committees within the scope of the respective TORs. The Board approves delegation of authority limits on credit and other transactions on need basis.
4.2	**Specific Matters for Board Decisions**	
4.3	**Restrictions to Delegate**	JDs and delegated authority of KMPs are reviewed by the Board from time to time. However, such delegation arrangements made did not hinder or reduce the ability of the Board as a whole to discharge its functions As per the Board approved Policy on Corporate Governance, Nominations and Re-elections, the Board shall remain the key advisors to the management and shall oversee strategic direction and the formulations of plans taking into account both the opportunities and risks of the Bank's businesses.
4.4	**Review of Delegation Process**	The Board periodically reviews the TORs, as well as the policies and procedures in place, taking into consideration recommendations from management and the Board Committees. This ensures that the delegation framework remains appropriate and responsive to the evolving needs of the Bank.
5	**The Chairperson and CEO**	
5.1	Division of responsibilities	The roles of the Chairman and the CEO are separate and are held by two different individuals. The Chairman provides leadership to the Board, while the Chief Executive Officer is responsible for the day-to-day management of the Bank and for implementing the strategies and policies approved by the Board.
5.2	**Suitability of the Chairperson**	
	(i) Independent Non-Executive Chairperson (ii) Extension of Non-Independency of Chairperson (iii) Independency of Non-Executive Chairperson	As the Chairman is an Independent, Non-Executive Director of the Board (and other applicable rules of the CSE were complied with) the requirement to have a Senior Independent Director ('SID') did not arise during the year under review, However Ms Sandya Salgado, who was appointed as the SID effective 06 November 2023, remained as such up until her retirement on 30 November 2025 with the intention of maintaining good governance. Justice Buwaneka Aluwihare, PC is an Independent Director. The status of independence of Directors is reviewed periodically and no relationship of any nature existed between the Chairman and the CEO during the year.
5.3	**Responsibilities of the Chairperson**	
	a) Provide leadership to Board	An evaluation of the Chairman is conducted annually. Having reviewed the outcome of the evaluation, the Board was satisfied that the overall performance of the Chairman was satisfactory during the year.
	b) Facilitate timely discussions	Ensured that all key and appropriate issues were discussed in a timely and effective manner during the year.
	c) Approval of agenda	The Company Secretary draws up the agenda in consultation with the Chairman and the Director/CEO.
	d) Adequate briefing	Ensured that Board papers covering adequate information of matters to be taken up for discussions are circulated well in advance prior to the meeting in order to ensure that the Directors are well aquainted with the.
	e) Board self-evaluation	The Board has a self-evaluation process to review the effectiveness of their contribution to the Board's affairs with the Chairman taking the lead role.
	f) g) Contribution of Directors	Promoting effective relationships and open communication to create an environment that allows constructive debates and challenges between Non-Executive Directors and the management. Encouraging all Directors to make an active contribution and ensuring that the deliberations and decisions of the Board are in the best interest of the Bank
	h) Engagement with KMP	Does not engage in direct supervision of the KMPs or in any other executive duties and the role is confined to an oversight capacity, consistent with the responsibilities of a Non-Executive Director, and is exercised collectively with the other Non-Executive Directors in providing independent judgment and governance oversight.
	i) Communication with shareholders	Ensured that effective communication with shareholders was maintained and that an understanding of the stakeholder views were in place. The general meetings of the Bank were the main forums availed by the Board as well as the shareholders of the Bank for effective dialogue whilst other channels of communication were used to ensure that shareholders and all interested parties have equal access to corporate information (Interim Financial Statements and Annual Reports) in the public domain. Corporate announcements and information are disseminated in accordance with the legal and regulatory requirements applicable to the Bank.

	Summary of Governance Requirements	Status of Compliance of the Bank
5.4	**Conduct of CEO**	Mr Ramesh Jayasekara, Director/CEO functions as the key executive, who is in charge of the day-to-day management of the Bank's operations and business handled by the KMPs responsible for the different functions reporting to him. He reports directly to the Board of Directors and is accountable to the Board on the performance of the Bank.
5.5	**Suitability of CEO**	
		A fit and proper assessment of the Director/CEO was conducted at the time of his appointment in accordance with Sections 44A and 76H of the Banking Act, and such assessment is performed annually thereafter.
6	**Board Committees**	
6.1	**Requirements for the Board Committees**	
	1. Establishment of Board Committees 2. Reporting to Board 3. The Board presents in its annual report, a report on each committee on its duties, roles, and performance	The Board has established 9 Board Sub-committees of which 5 mandatory Committees namely, Board Audit Committee, Board Integrated Risk Management Committee, Board Nomination and Governance Committee, Board Related Party Transactions Review Committee and Board Human Resources and Remuneration Committee and 4 non-mandatory Committees viz. Board Credit Committee, Board Marketing, Product Development and Sustainability Committee, Board Strategic Plan Committee and Board Information Technology Committee, as set out in these directions. Each Board Sub-committee reports directly to the Board. The TORs of the Board Sub-committees have been approved by the Board and are reviewed annually. The said TORs set out *inter alia*, the mandate, functions, authority, scope responsibilities, who shall function as the Secretary to the committee and the operating framework of the Sub-committee. Reports from the respective Chairmen/Chairperson of the 05 mandatory Sub-committees are published in the Annual Report.
6.2	**Board Audit Committee ('BAC')**	
	a) Independent Chairperson	Complied
	b) Composition	Complied
	c) Overlap with BIRMC	The Bank will ensure compliance with this requirement by 01 January 2027 as stipulated in the Direction
	d) Committee responsibilities (i) External audits (ii) CBSL guidelines (iii) Accounting standards (iv) Auditor engagement	The Committee makes relevant recommendations in line with its TOR. The External Auditors provide audit services in compliance with the CBSL guidelines and relevant statutes and Accounting Standards. In terms of section 22 (7B) of the Banking (Amendment) Act No. 24 of 2024, a rotation of the external auditors was recommended by the Committee to the Board and the Board has concurred with the same. Approval of the Shareholders is to be sought at the AGM to be held on 31 March 2026.
	e) External auditor independence	Complied.
	f) Policy on auditor engagement	Complied
	g) Nature and scope of audit	The Committee has discussed and agreed with the nature and scope of audit with the External Auditors.
	h) Review of policies and internal controls	A Policy on Material Accounting Policies , is in place.
	i) Review of financial information	The External Auditors carried out an interim review of the Financial Statements for the period ended 30 June 2025 and the year end audit as at 31 December 2025, in accordance with the Accounting Standards and relevant legal and statutory guidelines. Meetings of the Committee are convened to review/discuss/comment and make recommendations on the reports and information presented by the CFO in order to ensure the relevance of the financial statements prepared for disclosure and published in the Bank's Annual Report and Accounts and quarterly unaudited financial statments and reports.
	j) Meet with external auditors	The External Auditors met with the BAC on two occasions without the presence of Management to discuss matters related to the audit.
	k) Review of management letter	BAC reviewed the Management Letter issued in connection with the external audit for the financial year 2024 and provided recommendations and guidance to Management to ensure that the matters highlighted were addressed promptly and satisfactorily. The Board was kept duly informed of the key observations and Management's responses thereto.

Corporate Governance

	Summary of Governance Requirements		Status of Compliance of the Bank
	l)	Responsibilities on internal audit (i) Review scope and resources (ii) Review internal audit program (iii) Review performance appraisals (iv) Recommend head/senior staff (v) Resignations (vi) Independence of its activities.	(i) The Bank has in place an Internal Audit Charter, which has been recommended by the Committee and approved by the Board. BAC also reviewed and discussed the adequacy of the scope and resources of the Internal Audit Department ('IAD'). BAC ensures that the Internal Audit function complies with the terms and guidelines set in the Internal Audit Charter. (ii) IAD carried out its responsibilities in line with the approved Audit Plan of 2025 and the Head of Internal Audit regularly reported on the audits carried out and further updated the status/extent of resolution of findings of the audits carried out, to the BAC. BAC reviews and issues appropriate recommendations where necessary and expects the IAD to follow up to ensure that the relevant line management addresses/resolves them. (iii) Appraisals/assessments of performance of the senior staff of the IAD were carried out annually by the Head of Internal Audit and reported to the BAC. Evaluation of the Head of Audit's performance was carried out by the BAC during the year. (iv) BAC reviews the adequacy of the human resources for the internal audit functions and recommends appointments/succession planning and outsourcing of services where deemed appropriate. (v) BAC is usually kept informed of senior staff resignations of the IAD. (vi) IAD directly reports to the Head of the IAD, who directly reports to BAC to ensure independence. The audits are performed with impartiality, proficiency and due professional care.
	m)	Major findings	Reports on investigations conducted by IAD, including key findings and Management's responses, are submitted to the BAC for review and discussion. Appropriate action points are agreed upon to ensure timely and effective resolution of the matters identified.
	n)	Meetings with external auditor	Complied
	o)	Terms of reference	The scope and responsibilities of the BAC's TOR ensures the requirements of the rules.
	p)	Committee meetings	The Committee has met 11 times during the year.
	q)	Committee secretary	The Company Secretary functions as the Secretary to the BAC.
	r)	Implementation of Whistleblowing Policy and investigations arising thereof	A Whistleblowing Policy is in place.
	s)	Relationship with external auditor	BAC acts as the key representative body for overseeing the Bank's relations with the External Auditors.
6.3	**Board Human Resources and Remuneration Committee ('BHRRC')**		
	a)	Chairperson	Complied
	b)	Defined TORs	Complied
.	c)	Engagement with CEO	CEO has attended all meetings held during the year by invitation and has abstained from deliberations/ decisions where he has had a personal interest in such matters.
	d)	Remuneration Policy	The Bank has adopted a Remuneration Policy governing salaries, allowances and other incentives applicable to Directors, the Director/CEO and KMPs. The BHRRC reviewed the Policy and recommended it to the Board for approval, ensuring compliance with the applicable regulatory requirements.
	e)	Documentation of KMP targets	The KPIs (goals and targets) for the CEO in respect of the year 2025 were recommended by the Committee and approved by the Board.
	f)	Performance evaluation of CEO and KMP	Achievement of KPIs of KMPs (who directly report to Director/CEO) for 2024 were reviewed and recommended by the Committee and concurred by the Board.
	g)	Special payments	The Bank did not make any special payments/financial and non-financial benefits to the directors, CEO and KMPs at the termination of employment or at the retirement during the financial year under consideration.
	h)	Adherence to risk appetite limits	Complied.
	i)	Claw-back arrangements of performance based payments to CEO and KMP	The policy has been approved by the Board.
6.4	**Board Nomination and Governance Committee ('BNGC'):**		
	a)	Independent Chairperson and Composition	Complied.

		Summary of Governance Requirements	Status of Compliance of the Bank
	b)	Selection and appointment of CEO and KMP	Appointment of KMPs and the CEO comes under the scope and responsibilities of the BNGC as set out in its TOR. The procedure to select/appoint new directors is set out in the Board-approved Policy Governing Appointment of Directors and Matters relating to Directors. A selection Criteria has been incorporated as an Annexure to the said policy. The Human Resources Policy on Succession Planning, Selection and Recruitment for key management positions is in place.
	c)	Confirmation on fit and proper criteria	Declarations to assess the fit and propriety of Directors, CEO and KMPs in terms of the Banking Act and its Directions are obtained prior to the appointment of Directors and as and when an appointment of a KMP is made. In addition, Directors are required to submit this declaration annually.
	d)	Selection of risk and internal audit related key personnel	The procedure is in place to obtain views of the BIRMC in selecting CRO and Head of Compliance and that of the BAC in selecting Chief Internal Auditor.
	e)	Recommendations on Director re-election	Complied
	f)	Independence of Non-Executive Directors	In accordance with Section 6.4(f) of the Banking Act Directions, the Bank obtains confirmation of independence from all Independent, Non-Executive Directors on a quarterly basis, in line with the criteria set out in Section 2.5(b). Additionally, all Directors provide a monthly statement confirming their status regarding independence, fitness and propriety as a Director.
	g)	Criteria for appointment and promotion of CEO/KMP	Complied
	h)	Succession planning for retiring Directors and KMP	BNGC considers and discusses matters relating to succession arrangements of Directors including retiring Directors as and when due. BNGC reviewed and made decisions based on the succession planning relating to relevant key management positions, which is vacant/ to be vacant due to retirement/s, which were due/will be due. BNGC reviewed the status /progress on the succession arrangements, training and development of identified successor/s for the said role. As regards the succession/replacements for the retiring directors, the BNGC reviews the requirement of the Board /Board Sub-committee structure and reviews recommendations from the Board Members and discusses the suitability of such nominees before a decision is made.
	i)	Succession plan for CEO and KMP	A Succession Plan is in place.
	j)	Updates on emerging developments	Head of Compliance, CRO, Chief Information Officer and Chief Information and Security Officer provides updates to the Board on any changes to the applicable laws, regulations, latest technological developments and macro-economic policies relevant to the banking industry on a continuous basis.
	k)	Director training needs	Complied
	l)	Review structure, size, qualifications, and composition of the board and its Sub-committees	Policy Governing Directors appointments and Matters Relating to Directors is in place.
	m)	Review corporate governance framework and policies	Policy on Corporate Governance, Nomination and Re-election has been approved by the Board.
6.5	**Board Integrated Risk Management Committee ('BIRMC')**		
	a)	Chairperson	Complied
	b)	Composition	Complied
	c)	Major representation in Audit Committee	This will be complied with from 01 January 2027.
	d)	Attendance of KMP at meetings	CRO, CFO and the Head of Compliance are co-opted members whilst the other management personnel in charge of the respective units are invited to the meeting.
	e)	Exercise of delegated authority	Director/CEO serves as a Member of the Committee. CRO, who serves as a Member of the Committee, is the KMP in charge of supervising broad risk categories, i.e., credit, market, liquidity, operational, reputational, technology, information security and strategic risks and reports directly to the Committee. The Head of Compliance and CFO were co-opted to the Committee and they attend the meetings regularly. Other KMPs and management attended the Meetings when invited by the Committee.

Corporate Governance

		Summary of Governance Requirements	Status of Compliance of the Bank
	f)	Independent risk management function	RMU established under the Chief Risk Officer reports directly to BIRMC.
	g)	Risk management process	The matters arising from the 03 Executive Sub-committees appointed by the BIRMC, namely the Asset Liability Management Committee ('ALCO'), the Executive Credit Risk Management Committee ('ECRMC') and the Executive Market and Operational Risk Management Committee ('EMORMC') review the different risks at their regular meetings. The matters that are required to be brought to the attention of the BIRMC are reported by CRO to the BIRMC at its quarterly meetings. The risk assessments on group basis by considering the risk assessments of the subsidiary, Seylan Developments PLC is also carried out by the Committee at its quarterly meetings.
	h)	Updates on risk appetite	The risk appetite is approved by the Board of Directors and Key Risk Indicators ('KIRs') are submitted to the Board on quarterly basis. The KIRs are submitted to BIRMC for discussion.
	i)	Monitoring of CRO	CRO reports directly to the BIRMC and is monitored by the BIRMC.
	j)	Updates on risk management strategies	The quarterly submissions are made to BIRMC on credit, market, operational, information security and strategic risks.
	k)	Review risk limits	The minutes of ALCO, EMORMC, ECRMC and Information Security Committee are submitted to quarterly BIRMC meetings.
	l)	Review and address risk indicators	The Committee recommendations are indicated in the minutes of the meeting with respect to the discussions carried out during the meetings.
	m)	Quarterly meetings	The Committee met 4 times during the year on a quarterly basis and a further 4 special meetings were held during the year.
	n)	Disciplinary action procedure for failing to identify risks	During internal audit reviews and investigations, any officers and/or branches/departments that fail to identify specific risks are reported in the corresponding audit or investigation reports. Depending on the nature and severity of the findings, these reports are submitted to line management and/or the Director/CEO. In cases involving serious offences, the reports are referred to the Disciplinary Unit for further action. A Disciplinary Code is in place to guide and govern the handling of such matters.
	o)	Submission of risk assessment report	Recommendations of the BIRMC Meetings are submitted to the Board for approval and/or decisions. Following the BIRMC meetings, a risk assessment report is submitted to the Board meeting.
	p)	Compliance function	The Head of Compliance has been appointed to perform the compliance function as set out in this direction. The Head of Compliance reports to the Committee at its quarterly meetings and further provides a monthly update which is circulated to the Committee.
	q)	Process to update Audit Committee	Head of Internal Audit is an invitee at all BIRMC meetings. CRO is an invitee to BAC meetings.
	r)	Connectivity of incentives to risk profile	BHRRC consists of members of BIRMC.
6.6	**Board Related Party Transactions Review Committee ('RPTRC')**		
	a)	Chairperson	Complied
	b)	Attendees at meetings	The Director/CEO attended all meetings by invitation and relevant KMPs attended the meetings on need basis during the year. The attendance is recorded in the minutes.
	c)	Policies and procedures	The Bank has a comprehensive policy on Related Party Transactions and Avoidance of Conflict of Interests, which encompasses processes and procedures for identifying, monitoring and reporting related party transactions. This policy is reviewed every 2 years and has been reviewed by the RPTRC and approved by the Board.
	d)	Process to review related party transactions	All RPTs have been reviewed and assessed by the RPTRC prior to making recommendations on the same to the Board.
	e)	Quarterly reporting to Board	Complied
	f)	Abstain from participating in discussions in which directors has a substantial interest is involved.	RPTRC ensures that a director abstains from participating in discussions on any Board decision on transactions in relation to the Director or any of his/her close relation or a concern in which the Director has substantial interest.

	Summary of Governance Requirements		Status of Compliance of the Bank
	g)	(i) Definition of 'favourable treatment' to related parties: Net accommodation exceeding a prudent percentage of regulatory capital (ii) More favourable interest rates on deposits or lending (iii) Preferential treatment and terms (iv) Appropriate evaluation procedure (v) Reporting lines and information flows	The Bank ensured that related parties did not receive favorable treatment than other customers conducting similar transactions did. This includes, for example, avoiding charging a lower interest rate than the Bank's standard lending range for non-related party customers, refraining from paying a higher rate than the Bank's deposit rate for a comparable transaction with unrelated counter parties and ensuring that services provided to or received from related parties are subject to a proper evaluation process. The Bank has set a prudent percentage of the Bank's regulatory capital to limit total net accommodation to related parties, which said limit is monitored by the RMU, ECRMC and BIRMC. The percentage of total accommodations granted to related parties was reported by CRO to the BIRMC on a quarterly basis.
7	**Related Party Transactions**		
7.1 7.2	Definition of related parties Type of Related Party Transactions		Transactions defined under this direction as well as those defined under Sri Lanka Accounting Standards – LKAS 24, are included in the Bank's Policy on RPTs and any such transactions carried out by the Bank in the normal course of business were closely monitored to assess whether they have deviated from the rules set out in the Policy on RPTs.
7.3	Applicability of Banking Act Provisions		Complied
7.4	Accommodation Granted to Directors and Connected Parties		Credit facility accommodations to Directors were granted with the approval of the Board with not less than two-thirds of the number of Directors (with covering approval/s where pertinent) other than the Director concerned. The Board ensured that such accommodations were secured by such security as may from time to time be determined by the Monetary Board of the CBSL.
7.5	Accommodation granted to Employees		No accommodation has been granted on "more favourable" terms such as waiver of fees and/or commissions to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than in respect of accommodations to employees based on the scheme/s applicable to the employees of the Bank or where such accommodation is secured by such security as may be approved by the Governing Board in respect of accommodation granted.
7.6	Writing-off of Accommodation to Related Parties		The Bank has a documented process to ensure prior approval from the Monetary Board is obtained before writing off or remitting any accommodation, or any part thereof, including interest, granted under Directions 3(7)(v) and (vi).
8	**Senior Management**		
8.1	Board Oversight on Senior Management		Complied
8.2	Criteria to Assess the Fitness and Propriety of Senior Management		Complied

Corporate Governance

	Summary of Governance Requirements	Status of Compliance of the Bank
8.3	**Responsibilities of Senior Management**	
	Senior management members shall: a) contribute to sound corporate governance b) devote sufficient professional time c) implement business strategies, process and controls for risk management d) non-interference in risk-related functions e) receive access to regular training f) delegation of duties g) management structure and promotes accountability h) remedial or disciplinary action i) provision of information to the Board j) notify the Director of Bank Supervision upon becoming aware of any material information that may negatively affect the fitness and propriety of a Board member or another senior management member.	Management continued to promote sound corporate governance and ethical conduct in line with the Bank's Code of Conduct and approved policies. Members of Senior Management devoted sufficient time to their roles at the Bank. Any external assignments will be treated only on a case by case basis and subject to prior approval of Director/CEO so long as there is no conflict or impairment of duties . JDs have been provided which they have accepted. Business strategies approved by the Board were implemented through established management committees, supported by Board-approved risk management frameworks, internal controls and compliance processes. The independence of the Risk Management, Compliance and Internal Audit functions was maintained, with these functions reporting directly to the Board and relevant Board Sub-Committees. Ongoing training and regulatory updates were provided to Senior Management to ensure continued competence and awareness of regulatory developments. Delegation of authority structures and reporting lines remained clearly defined, with accountability retained by Senior Management for delegated responsibilities. Established procedures were in place to address breaches of policies, risk limits or regulatory requirements, including remedial and disciplinary measures where necessary. Senior Management provided the Board and relevant Board Sub-Committees with regular updates on strategy, financial performance, risk exposures, internal control matters and regulatory developments from time to time, as required. Procedures are in place to notify the Director of Bank Supervision of any material information affecting the fitness and propriety of Directors or Senior Management, where applicable.
9	**Disclosures**	
9.1	**Board Responsibilities on Disclosures** Ensure adequate and timely disclosures of relevant information	The Bank published interim and annual financial statements in the formats prescribed by the regulator and in compliance with applicable regulatory requirements.
9.2	Minimum Disclosures to be made in the Annual Report	
a)	Adherence of annual audited financial statements to accounting standards and regulations	The Statement of Directors' Responsibility for Financial Reporting discloses this fact and is available on pages 226 to 227 of this Annual Report.
b)	A report by the Board on the bank's internal control mechanism	The Directors Statement on Internal Controls (available on pages 221 to 222 of this Annual Report) discloses the Bank's Internal Control mechanism confirming these facts.
c)	The external auditor's certification on the effectiveness of the internal control mechanism	Complied
d)	Details of directors, including names, transactions with the bank and the total fees/remuneration paid by the bank.	The profile of the Directors are disclosed under "Board of Directors". Transactions with the Bank and the total fees/remuneration paid have been included in the Corporate Governance Section and the Related Party disclosure in the Financial Statements
e)	Total net accommodation granted to each category of related parties	Reported under Corporate Governance Section
f)	The aggregate values of remuneration paid by the bank to its CEO and the KMP	Disclosed in the notes to the financial statements
g)	Details of Board committees	Disclosed in the Corporate Governance Section

	Summary of Governance Requirements	Status of Compliance of the Bank
h)	The following shall be disclosed in the Annual Corporate Governance Report:	Complied
	(i) the external auditor's certification of the compliance with these Directions, clearly demonstrating the compliance status of the licensed bank with each sub-direction;	Refer to page 175 for the External Auditors Certification of the Compliance with the requirements of this Direction.
	(ii) the composition of the Board	Refer to page 156
	(iii) the identity of the Chairperson and CEO and the nature of any relationship	Complied
i)	A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliances.	Complied
j)	A statement of the regulatory and supervisory concerns on lapses in the bank's risk management	Complied
k)	The aggregate value of total non-statutory special payments/ financial or non-financial benefits made to directors, CEOs and KMP	Complied
9.3	Disclosures to be made on Resignation, Removal or Vacation of Office of Directors	Complied
10	**Banks Incorporated Outside Sri Lanka**	
10.1	**Applicability of the Directions**	Not Applicable
10.2	**Submission of Information**	Not Applicable
11	**Conflict with Articles of Association**	**None**

External Auditors Certification of the Compliance with Directions No.05 of 2024 on Corporate Governance

The External Auditors were engaged to perform an agreed-upon procedure in accordance with the principles set out in the Sri Lanka Related Services Practice Statement 4750 and they provided a Factual Findings Report to the Board in respect of 2024 on the Bank's extent of compliance with the Directions as disclosed in the Corporate Governance Report for 2024 and the same was submitted to the Central Bank within required timelines.

External Auditors will issue their Factual Findings Report in respect of 2025 in due course on the extent of compliance with the Directions as disclosed in please refer confirmation stated at the end of this report.

Confirmation

In terms of Direction 9.2(h)(i) of the Banking Act Direction No. 05 of 2024, on behalf of the Board of Directors, we confirm that the findings of the "Factual Findings Report" dated 26 February 2026 issued by the Auditors, Messrs. KPMG, Chartered Accountants to the Board of Directors pursuant to the agreed-upon procedure carried out by them in accordance with "Sri Lanka Related Services Practice Statement 4750" are consistent with the matters disclosed in the above Annual Corporate Governance Report on the mandatory compliance with the Banking Act Directions No. 05 of 2024.

Justice Buwaneka Aluwihare PC
Chairman

(Mrs) Keshini De Silva
Company Secretary

26 February 2026
Colombo

Rules of the Colombo Stock Exchange (CSE) relating to Disclosure on Corporate Governance

The Bank being a listed entity is bound by and at all times has taken steps to comply with the applicable Rules and Circulars of the CSE, in particular the Corporate Governance requirements as more fully set out under the Section 9 of the Listing Rules of the CSE, in addition to the Rules and Circulars applicable for Central Depository Systems (Pvt) Limited (as amended or replaced from time to time).

Risks and Opportunities

Managing the risk universe

Operating in a dynamic banking sector characterised by macroeconomic volatility, technological disruption, and heightened regulatory scrutiny, Seylan Bank PLC adopts a proactive and forward looking approach to risk governance. The Bank's comprehensive risk management framework, overseen by the Board Integrated Risk Management Committee (BIRMC), is anchored in the Three Lines of Defence model, reinforcing clear accountability and effective oversight across all operations. This structure not only safeguards stakeholder value but also enables the Bank to pursue opportunities in digital innovation, sustainable finance, and market expansion with confidence.

Principal risks including credit, market, liquidity, operational, strategic, technology, information security and emerging threats such as cyber and climate-related exposures are systematically monitored through advanced analytics, stress testing, and a clearly defined risk appetite statement. Complementing these efforts, the Bank pursues growth avenues aligned with industry best practices, balancing prudence with ambition to deliver long-term shareholder returns.

The Three Lines of Defence

Seylan Bank PLC adopts the Three Lines of Defence model as the cornerstone of its risk governance framework. This model clearly delineates roles and responsibilities across the business, risk management, compliance, and internal audit functions, ensuring effective oversight, accountability and alignment across all levels of the organisation. By integrating these responsibilities, the framework strengthens the Bank's internal control environment and supports the effective identification, management and monitoring of risks.

First Line of Defence

The First Line of Defence comprises of branches, business units, and departments responsible for managing risks arising from day-to-day operations. These units operate within established policies, procedures, and internal controls, and are accountable for identifying, assessing, and managing risks at the point of origin. Oversight is provided by the Director/Chief Executive Officer and the Corporate Management team, who ensure effective implementation of risk management controls and compliance with applicable policies and regulatory requirements.

Second Line of Defence

The Second Line of Defence comprises of the Risk Management Unit and the Compliance Department, which are responsible for developing, implementing, and maintaining the Bank's risk governance framework, risk management systems, and policies that define acceptable risk parameters. This function independently identifies, monitors, assesses, and supports the mitigation of risks across the Bank, while working closely with business units to promote a strong risk-awareness and compliance-driven culture. Operating primarily from Head Office, the Second Line provides oversight and guidance to ensure that risks are managed within the Bank's risk appetite.

Third Line of Defence

The Third Line of Defence comprises of the Internal Audit function and independent External Audit, which provide objective and independent assurance on the effectiveness of the Bank's corporate governance, risk management, and internal control frameworks. This includes evaluating the design and operating effectiveness of controls implemented by the First and Second Lines of Defence, thereby supporting continuous improvement and reinforcing the integrity of the overall risk governance structure.

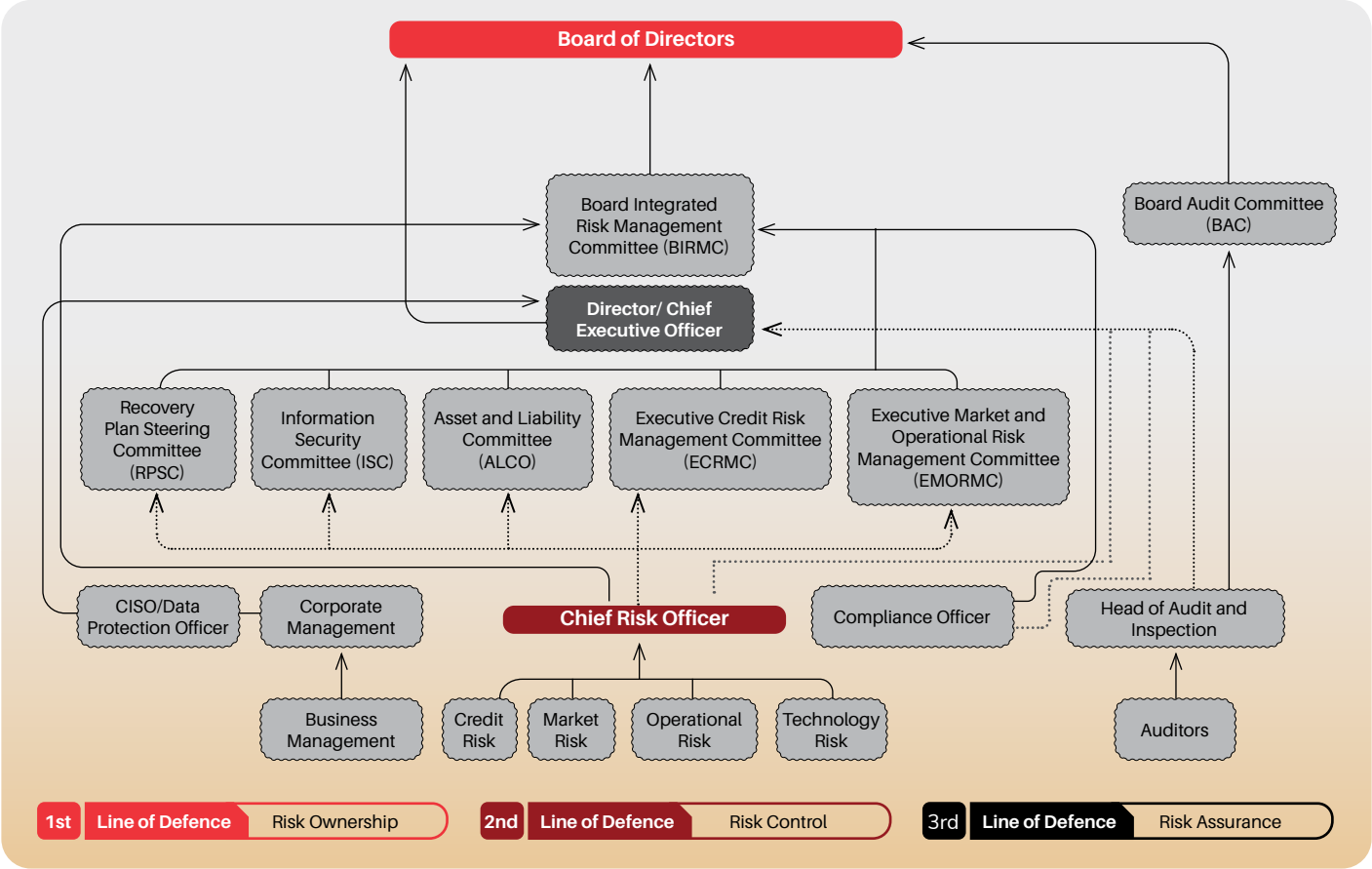
Risk Culture

Seylan Bank 's organisational culture underpins the strategic alignment of its mission and business model enabling the Bank to not only to mitigate risks but also to identify opportunities that support sustainable growth. This approach ensures adaptability to the evolving dynamics of the banking sector. By embracing a diverse, transparent and sustainable operating model, Seylan Bank PLC continues to contribute meaningfully to the industry while creating long-term value and enduring prosperity for its stakeholders.

The BIRMC discharges its oversight responsibilities by setting the 'Tone at the Top' for effective risk governance across the Bank. The Committee provides leadership in shaping the internal control and risk management framework, including the articulation of the Bank's risk appetite, alignment of strategic objectives and performance targets, promotion of core values, and reinforcement of a strong risk aware organisational culture. In this regard, the BIRMC approves the Bank's risk and compliance frameworks, together with comprehensive risk-related policies, and internal controls addressing both financial and non-financial risks.

The Risk Management Structure

The Risk Management Structure clearly defines the roles and responsibilities of the management and the Executive Committees in the identification, management and monitoring of risk exposures and the risk appetite. This structure ensures that risk taking activities and the Bank's risk appetite are consistently aligned with its strategic objectives, supporting effective oversight and informed decision making across the Bank.



Risk Appetite Statement

The risk appetite statement defines the aggregate level of risk the Bank is prepared to accept in pursuit of its strategic objectives. Seylan Bank PLC has established comprehensive risk tolerance limits aligned with its approved risk appetite providing a structured framework for risk taking and control. The BIRMC conducts periodic reviews of the Risk Appetite Statement, while ultimate approvals rests with the Board of Directors to ensure continued alignment with the Bank's growth ambitions and strategic priorities. Risk tolerance limits are defined for principal key risk indicators, including credit, market, liquidity, operational, and technology risk, enabling effective monitoring and timely management of risk exposures.

Credit Risk	Market Risk	Liquidity Risk	Operational Risk	Technology Risk
Stage 3 ratio	Negative Maturity Gap less than one year to total liabilities	Liquidity Coverage Ratio - Overall & Foreign Currency	Pawning - Operational Losses	Hacking Attacks & Password Compromises
Performing Overdrafts without limits	Investments in Government securities to total Interest Bearing Assets	Advances to Deposit Ratio	Non-rectified high risk audit findings	Data Leakages
Impairment to Stage 3 loans ratio	Market value of Equity investments to total Interest Bearing Assets	Advances to Stable Funds	Cheque returns	Patch Management
Related-party lending to core capital	Foreign Currency Net Open Position	Advances to Deposits + Debentures	Fraudulent transactions relating to credit cards	End-point Security

Risks and Opportunities

Credit Risk	Market Risk	Liquidity Risk	Operational Risk	Technology Risk
Geographical and industry concentration	Interest Rate Risk in the Banking Book -	Net Loans to Total Assets	Customer Complaints	System Vulnerabilities
Regulatory limits • Single borrower limit • Exposure on related parties	Economic Value of Equity (EVE)	**Funding Risk**	Staff Turnover	System Downtime
		Net Stable Funding Ratio	Labour Tribunal Cases	ATM Downtime
Lending to Overseas Entities		SWAP Funding	Cash Shortages/ Excesses	

		Limit for 2025	2025	2024
1	Impaired Loans (Stage 3) Ratio%	1.65%	1.03%	2.10%
2	Impairment (Stage 3) to Stage 3 Loans Ratio %	Min of 81.00%	86.33%	81.79%
3	Performing Overdrafts without limits (LKR Mn)	500	112	123
4	Exposures on the Related parties/Common Equity Tier 1 Capital	Max of 55.00%	8.77%	27.49%
5	Total Government Security Investments to Total Assets (Interest Earning)	Less than 30.00%	25.81%	28.01%
6	Equity Investment Value (Quoted) to Total Assets (Interest Earning)	Less than 1.00%	0.36%	0.35%
7	Net Open Position (USD Mn)	+10/-16	+1.55	-5.77
8	Liquidity Coverage Ratio - Overall	120.00%	229.92%	491.37%
9	Net Stable Funding Ratio	120.00%	127.25%	144.76%
10	Advances to Deposits Ratio - Bank	Less than 97.50%	92.30%	81.18%
11	Advances to Deposits + Debentures	Less than 95.00%	87.66%	78.15%
12	Advances to Stable Funds	Less than 100.00%	92.61%	83.10%
13	Swaps (USD Mn)	175	97.00	7.00
14	External Borrowings (LKR Bn)	50	14.57	0.00

Managing Credit Risk

Credit risk refers to the potential for financial loss to the Bank arising from a counterparty's failure to meet its contractual obligations, or from a deterioration in the counterparty's credit worthiness that adversely affects its ability to honour such obligations. Effective management of credit risk is fundamental to maintaining the Bank's financial stability, supporting sustainable growth, and safeguarding profitability.

Bank has developed a well structured credit risk management process in order to maintain the quality of the Bank's credit portfolio at an optimal level. Accordingly, credit risk is managed through:

- A comprehensive framework that includes well-defined policies and procedures comprising clearly structured approval hierarchies and different committees to oversee different facets of the credit risk management process
- Diversification strategies across products, geographical areas, industries and customer segments

The Bank's Credit Standards and Policy Manual sets out the fundamental principles and disciplines required to manage credit risk effectively across the lending portfolio. It provides a consistent framework for evaluating, approving, and monitoring credit exposures, ensuring adherence to the Bank's risk appetite and regulatory requirements.

Complementing this, the Lending Guidelines translate the Bank's strategic objectives into operational practices, providing clear direction on preferred industries, targeted lending segments, and growth priorities for each calendar year. Together, these frameworks ensure that credit risk is actively managed while supporting the Bank's business growth ambitions.

In addition to the above, and in compliance with the Banking Act Direction No. 13 of 2021, the Bank has implemented a comprehensive set of Policies, Procedures and Guidelines all formally approved by the Board of Directors. These frameworks provide clear standards for managing credit and other key risks, ensuring alignment with regulatory requirements, the Bank's risk appetite, and its strategic objectives.

- Model Validation Policy Document for Expected Credit Loss Model in line with the SLFRS 9 "Financial Instruments"
- Policy on Upgrading/ Downgrading of Rescheduled/ Restructured Facilities
- Policy on Staging of Credit Facilities under Stage 2 & Stage 3 due to Significant Increase in Credit Risk (SICR) and the Rebuttals
- Policy on Write off/ Write down of Nonperforming Advances

These standards, policies and guidelines lay down key roles and responsibilities of those required to originate, identify, analyse, review, report, diversify, control/mitigate and manage credit risk and are applicable to all lending activities undertaken by the Bank.

In addition to establishing exposure limits for individual customers, the Bank manages counter-party credit exposure, using the 'one obligor principle', so that all facilities to a group of borrowers wholly or substantially owned or controlled by common parties, are aggregated and evaluated together.

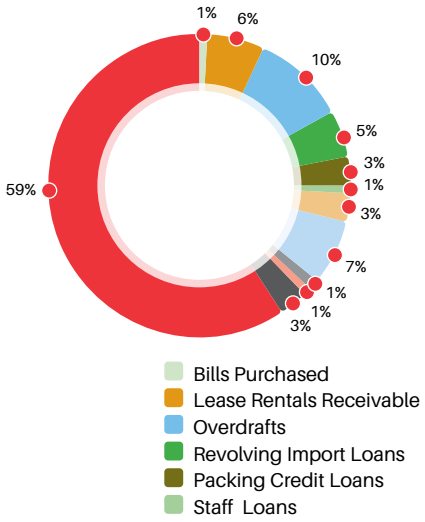
Credit Concentration

The monitoring of credit concentration is an integral part of the credit risk monitoring process at Seylan Bank. Accordingly, the Bank constantly reviews its credit concentration across various factors such as geography, product type and industry sectors. Additionally the Bank closely tracks ratios/ internal thresholds on an ongoing basis while conducting stress tests on the credit portfolio to effectively measure and manage concentration risk of the Bank's loan portfolio.

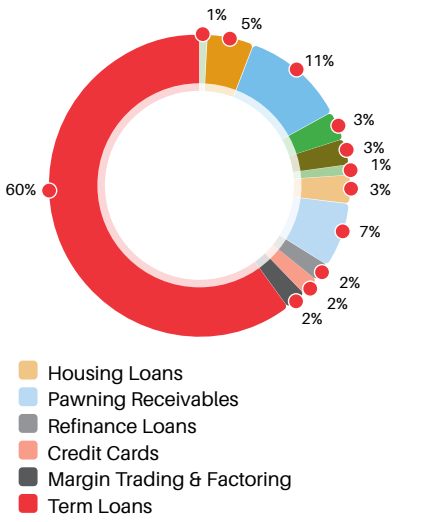
The Bank proactively initiated controls and action plans to manage the large exposures within the regulatory limits prescribed in the Banking Act Directions No. 01 of 2024 dated 25.03.2024, which came into effect from 01.01.2026. In addition to the regulatory limits, the Bank developed internal limit more stringent than the regulatory limit for management action.

Additionally, the Bank's credit risk management strategy includes identifying emerging customer/ industry risks which can impact business activities, well in advance. This early detection helps ensure that credit facilities and relationships generate the expected returns and proactively identify default risk.

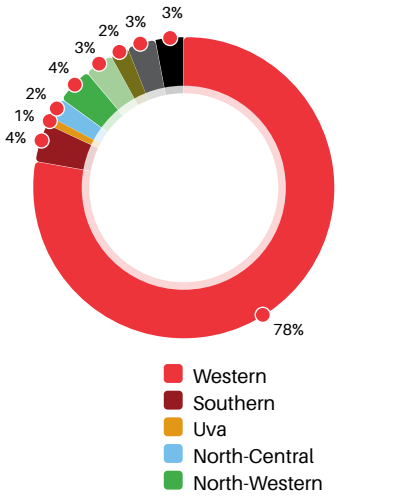
Analysis of Gross Loans & Receivables by Product 2025



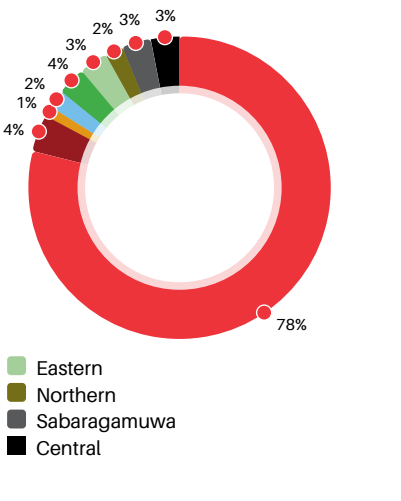
Analysis of Gross Loans & Receivables by Product 2024



Geographical Analysis - Loans and Advances 2025



Geographical Analysis - Loans and Advances 2024



Risks and Opportunities

Assessment of Credit Risk

To support the growth of the Bank's loan portfolio while maintaining high credit quality, Seylan Bank PLC enforces a clear segregation of duties between transaction originators in business units and approving authorities within the risk function. The Bank has established delegated authority limits that define the approval levels for credit exposures.

Credit risk evaluation and approval are conducted by experienced credit risk professionals operating within this delegated authority framework, with higher levels of authority reserved for the most senior credit officers. All high-value credit proposals exceeding predefined thresholds are reviewed and approved by the Internal Credit Committee, Board Credit Committee, or the Board of Directors, as appropriate, ensuring rigorous oversight and alignment with the Bank's risk appetite and strategic objectives.

Credit Risk Mitigation

In mitigating credit risk, the Bank primarily relies on,

- a rigorous assessment of credit applicants,
- the strength of their business model,
- sustainable financial conditions and
- its ability to meet its current and future financial requirements

Further, the lending proposals are required to demonstrate more than one independent and credible source of repayment. The primary source is determined through a conservative evaluation of the borrower's operational cashflows or realistically projected cash flows to ensure they are sufficient to pay debts obligtions. In addition the Bank typically requires atleast one alternative repayment source to cover unforeseen adverse circumstances. The availability of collateral alone does not make an otherwise unacceptable lending proposal acceptable.

The Bank employes a range of techniques and controls to limit and mitigate credit risk exposure and reduce potential credit losses. These include documenting credit transactions with clear terms, conditions and covenants in a legally enforceable manner and obtaining guarantees and financial or other collateral to provide secondary recourse. Such guarantees serve to mitigate the inherent risk of borrower default by either substituting the default risk or enhancing recoveries thereby strengthening the Bank's overall credit risk management framework.

Monitoring, Reporting and Disclosure of Credit Risk

Respective Business Unit Heads are primarily responsible for monitoring the performance of their lending to ensure that the profitability and lending quality objectives of the Bank's credit portfolio are achieved. Credit risk management leverages a comprehensive set of quantitative tools and Bank-wide credit limits to monitor lending, contingent commitments and other off-balance sheet exposures. This includes tracking profitability, quality trends and sector concentrations and assessing whether the Bank is acccumulating undue exposure concentrations or if credit risks are adequately priced. The Risk Management Unit reviews the existing credit policy framework and recommends amendments where necessary.

The Chief Risk Officer (CRO) regularly reports these concentrations together with his recommendations for corrective actions to the ECRMC and escalates the significantly important matters to the attention of the BIRMC. This rigorous process enables the Board of Directors to oversee the Bank's credit risk exposure, ensuring prompt identification of emerging risks and those not aligned with the Board-approved credit risk appetite, while facilitating timely corrective measures.

Early Warning Indicators (EWI)

As part of its proactive approach to identifying distressed credit exposures and taking timely corrective action, the Bank is implementing a robust Early Warning Indicator (EWI) system powered by AI and Machine Learning. This system, a key component of the Bank's Delinquency Management Framework, will enable the early identification of stressed borrowers and support the establishment of follow-up mechanisms through automated reports and dashboards, helping to prevent potential non-performing exposures and strengthen overall credit portfolio quality.

Loan Review Mechanism (LRM): A Comprehensive Credit Risk Management Framework

Seylan Bank has established a robust Loan Review Mechanism (LRM) in compliance with Banking Act Direction No. 07 of 2011 under the "Integrated Risk Management Framework." The LRM functions as an independent assessment instrument designed to maintain continuous credit quality evaluation, facilitate proactive risk identification, reinforce lending standards, and build portfolio resilience across the institution's credit operations.

Governance and Strategic Mission

The LRM function operates under the direct oversight of the Chief Risk Officer (CRO) through an independent Credit Risk Review (CRR) Unit within the Risk Management Unit (RMU). This structural separation ensures that credit risk assessments remain objective and free from business line pressures. The CRR Unit focuses on four strategic objectives: portfolio quality assurance, regulatory compliance, strategic intelligence generation, and early warning system enhancement.

Four Core Operational Responsibilities

A) Independent Facility Assessment - Comprehensive evaluations of high-value credit facilities using risk-based sampling, examining approval processes, documentation quality, covenant compliance, credit rating accuracy, and security arrangements.

B) Portfolio and Sectoral Intelligence - Strategic oversight through targeted examinations of deteriorating segments, quarterly benchmarking reports, continuous monitoring of concentration risks, and identification of sector-specific vulnerabilities.

C) Policy Evolution and Capacity Development - Regular updates to lending guidelines, implementation of ESG frameworks, integration of climate risk considerations, and comprehensive training programs to enhance staff competence and risk culture.

D) Risk Detection and Corrective Action - Proactive identification of credit risks, development of mitigation strategies, systematic follow-up on recommendations, and root cause analysis to prevent deficiency recurrence.

Key Focus Areas across Credit Lifecycle

Pre-Credit Stage	Credit Sanction Stage	Post-Credit Stage
• Excellence of Loan approval process ensuring methodology rigor and authority adherence	• Documentation quality assurance evaluating completeness and legal enforceability	• Post-sanction performance monitoring tracking facility performance and borrower health
• Credit risk rating validation confirming model accuracy and alignment with performance	• Loan covenants and conditions structuring reviewing adequacy and monitoring compliance	• Portfolio quality assessment analysing metrics and recommending optimisation strategies
• Policy and regulatory adherence monitoring compliance and identifying gaps		

Strategic Enhancement Initiatives

The CRR Unit employs forward-looking interventions across both approval phases. Pre-credit interventions include macroeconomic intelligence integration for counter-cyclical risk management, industry health evaluations informing sector exposure strategies, ESG and climate risk assessment frameworks, and dynamic policy calibration addressing emerging risks.

Post-credit oversight features intensive facility reviews identifying exposures and gaps, proactive portfolio surveillance with early intervention mechanisms, technology-enabled monitoring through advanced analytics platforms, and behavioral pattern analysis generating predictive insights.

Integration and Continuous Improvement

The Loan Review Mechanism (LRM) function operates as a dynamic, interconnected system, ensuring continuous information flow across all layers of the credit risk framework. This holistic approach prevents fragmented risk management, while a feedback-driven process systematically incorporates findings into policy updates and process enhancements. The result is a self-improving system that drives sustainable improvements in credit risk management and strengthens the Bank's ability to maintain a high-quality lending portfolio.

Definition of Past due and Impaired Based on CBSL Guidelines

A Non-Performing Loan is any loan that is past due for more than 90 days or is otherwise individually impaired (which represents those loans against which individual impairment provisions have been raised) and excludes:

- Loans renegotiated before 91 days past due and on which no default in interest payments or loss of principal is expected
- Loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments during the watch period since renegotiation and against which no loss of principal is expected

Impaired Loans comprise both individually and collectively identified loans for the assessment of impairment allowances. These loans also include collateralised loans or loans where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.

Approach on Individually Significant and Collective Loan Loss Provisioning

The Bank's loan loss provisions are established to recognise impairment losses, either on specific loan assets or within a portfolio of loans and receivables.

Impairment allowances may be assessed and created either for individually significant accounts or on a collective basis for groups of accounts for which no evidence of impairment has been individually identified, or for high volume groups of homogeneous loans that are not considered individually significant. Individually impaired loans are those loans against which individual impairment provisions have been raised.

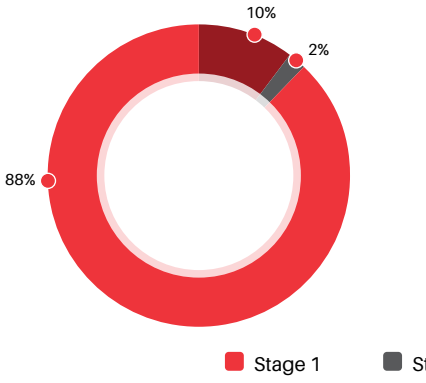
Estimating the amount and timing of future recoveries involves significant judgement and considers factors such as the level of arrears, future economic conditions and the value of collateral, which may not have a readily accessible market.

Loan losses that have been incurred but not separately identified as of date of the Statement of Financial Position, is determined on a portfolio basis and assigned an Expected Credit Loss (ECL) experienced as a result of uncertainties arising from the economic environment and defaults based on portfolio trends. Under SLFRS/LKAS, impairment allowances are recognised when there is objective evidence of impairment due to one or more loss events that occurred after initial recognition and impacted the estimated future cash flows of the financial asset or portfolio. Impairment of loans and receivables is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the carrying amount is less than the discounted cash flows, no further allowance is necessary. Impairment allowances are measured individually for assets that are individually significant and collectively for portfolios of homogeneous assets, using appropriate statistical techniques.

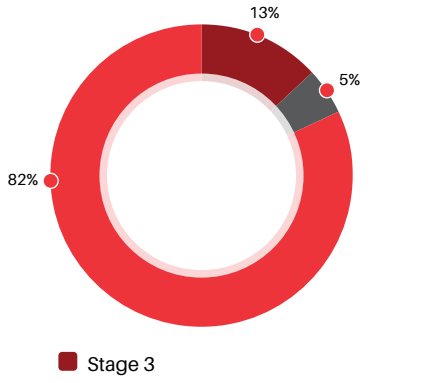
Risks and Opportunities

As per SLFRS 9, calculation of the impairment has been assessed and disclosed based on Stages 1, 2 and 3 of the portfolios and such disclosures are explained in Note 26 of Financial Statements.

Analysis of Loans by Stage 2025



Analysis of Loans by Stage 2024



RMU is involved in validating all the individually significant facilities prior to finalisation of the quarterly financials on an ongoing basis. Accordingly, individually significant impairments are done with the concurrence of the Risk Management Unit.

The Bank has developed an Expected Credit Loss (ECL) Model in line with the requirements of SLFRS 9 Financial Instruments for the Collective impairment assessment. The Bank engaged an external consultant to validate the ECL models and assist with capacity building, enabling the Bank to conduct SLFRS 9 model validations internally in the future.

Related Party Lending

Related parties include the Major Shareholders, Subsidiaries, Directors and Key Management Personnel of the Bank and their close family members (CFM). The Bank has set an internal limit on overall exposure to related parties and ensures that credit decisions are made on a rational basis, as per the relevant legislation, approved policies and procedures and is based on market terms, with no preferential treatment.

Exposure to Geographical Areas, Economic Sectors and Lending Products

Exposure to a single sector of the economy or lending product or to a narrow geographical region is another dimension of risk concentration. Borrowers may be vulnerable in the event of an economic or market downturn affecting their economic sector, which in turn can affect their ability to service the loans. In order to mitigate this risk, the Bank sets individual concentration limits for exposure to various sectors. The Bank closely monitors the quantum and quality of lending by geographical areas.

The Risk Management Unit is also involved in identifying and recommending the Risk Elevated Industries for Management overlay under SLFRS9 Impairment Provisioning with the concurrence of the corporate management and Board Sub Committees.

SLFRS S1 & SLFRS S2 Sustainability and Climate-related Financial Disclosures

In line with the SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures, effective January 1, 2025, Bank PLC has developed comprehensive sustainability disclosures in the Annual Report from page 112 to 124.

Credit Risk Management Outlook for 2026

- Introducing an AI-powered Loan Origination System that will accelerate approvals, enhances portfolio growth, and delivers real-time credit quality insights
- Development of a Rating Data Maintenance tool in the Loan Origination System, which will monitor the rating migration of the overall lending portfolio of the Bank, industry segment and individual borrower level to monitor the trend in the credit quality
- The Business Units will commence utilising the Risk Adjusted Return on Capital (RAROC) model to assess customer profitability of the Corporate Loan Portfolio
- The Credit Risk Review unit will incorporate an automation mechanism within the Loan Origination System for the following; identification of high value exposures for timely reviews & approval process (already implemented) and comprehensive data capturing
- Enhance the coordination between Credit Risk Review and audit functions to strengthen the multi-layered defense whilst enhancing the industry benchmarking, continuous model calibration, and dynamic policy updates to be ahead of regulatory expectations and market evolution

Managing Market Risk

Market risk at Seylan Bank PLC encompasses the potential losses arising from adverse movements in market prices affecting trading exposures, foreign exchange open exposures, and both on-balance sheet and off-balance sheet items. These losses stem from volatility in key market variables, including interest rates, exchange rates, and equity prices, impacting the fair value of portfolios and investments. The Bank maintains robust oversight and proactive management of these risks to safeguard its financial stability.

Policy and Responsibility

The Board of Directors establishes comprehensive policies and limits for market risk exposures, ensuring alignment with the Bank's strategic objectives and risk tolerance. Risk Committees, including the Executive Market and Operational Risk Management Committee (EMORMC) and Asset and Liability Management Committee (ALCO) oversee market risk across principal business segments, with a focus on Treasury activities. Treasury serves as the primary line of defense, managing and monitoring exposures, while the Risk Management Unit (RMU) performs the governance role in delivering the information of the risks faced by the Bank and the recommendations on how to overcome these risks. This information is provided to ALCO, EMORMC, and BIRMC for informed decision-making.

Treasury Middle Office

The Treasury Middle Office (TMO) functions as an integral arm of the Market Risk Management Unit, responsible for overseeing and monitoring compliance with market risk controls established by the Board, in respect of Treasury operations. The TMO performs a daily monitoring to ensure Treasury activities are conducted within approved risk limits, policies, and regulatory requirements, thereby strengthening the Bank's overall market risk governance framework. To support this role, the Bank has implemented a range of robust monitoring tools and controls that enable the TMO to maintain a stringent and proactive oversight mechanism. These tools include, but are not limited to:

- A framework of limits that ensures that risk takers do not exceed the aggregate risk and concentration parameters established by the Board.
- Online and real time monitoring of Treasury dealing and trading through the dynamic Treasury Risk Management System
- Independent mark-to-market valuation, reconciliation of positions and tracking of stop losses for trading positions, on a timely basis
- A process for assessing the risk of new products
- Independent Monitoring of Call Records in Treasury Operations

Interest Rate Risk

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book (IRRBB) primarily arises from mismatches between assets and their funding costs (deposit liabilities) due to interest rate changes. The goal in managing IRRBB is to mitigate the impact of potential interest rate movements that could reduce future net interest income, while balancing the cost of hedging activities on the net revenue stream. For products where contractual terms vary due to customer behaviors, behavioral analysis provides assumptions for more accurate and feasible risk management strategies.

Monetary policy decisions facilitated an easing of interest rates throughout 2025, with market rates stabilising in the 7.5%-8.5% range by year-end. Inflationary pressures continued to moderate significantly during the year, stabilising at low positive levels after brief deflation late in 2025, further supporting the downward trajectory of interest rates.

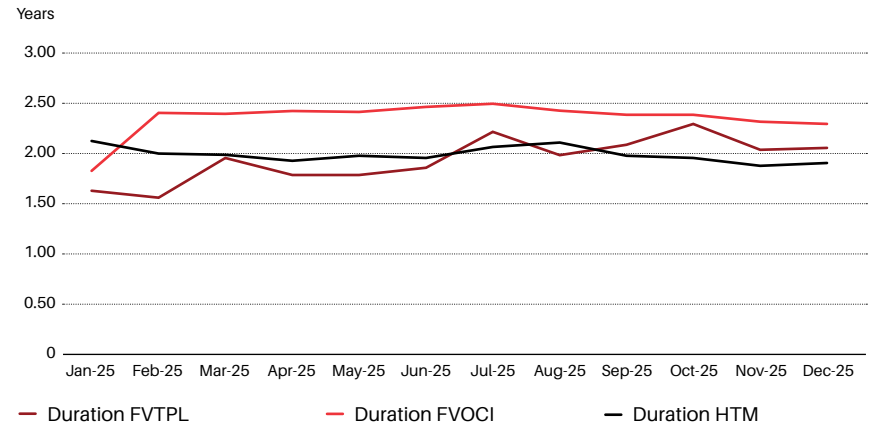
At the Bank, these conditions were approached with a positive outlook, ensuring interest rate risk did not hinder sustainable growth prospects. The Bank effectively managed re-pricing risk by leveraging behavioral patterns of its asset and liability portfolios.

Portfolio Interest Rate Risk

The Bank's investment strategy primarily focuses on Government Securities, including Treasury Bills and Treasury Bonds, to meet liquidity requirements and support trading activities. Accordingly, the Bank maintains a significant portfolio of domestic Government Securities, supplemented by a smaller exposure to International Sovereign Bonds (ISBs). This investment profile exposes the Bank to interest rate risk, which is actively and strategically managed through close monitoring and appropriate risk controls to mitigate potential adverse impacts on capital adequacy and earnings.

The following graph represents the weighted average duration of the Government Security Treasury Bond portfolios during 2025:

Weighted Duration of the Government Security Portfolio



The Bank adopts a monthly Earnings at Risk (EaR) methodology to estimate with a certain level of confidence, the Bank's interest rate risk of the balance sheet, over a one-year horizon. The EaR considers all pertinent risk factors and covers all financial instruments which expose the Bank to interest rate risk across nearly all product groups. Interest rate risk is primarily measured by assessing the effect of a parallel shift in the yield curve, expressed as a percentage point movement, enabling the Bank to evaluate the sensitivity of earnings to changes in market interest rates.

Risks and Opportunities

Exchange Rate Risk

The Bank recognises that assets and liabilities denominated in other currencies are subject to exchange rate risk as their values may fluctuate over time relative to the Sri Lankan Ruppee. As a commercial bank, the maintenance of positions in major foreign currencies is essential to support core business activities, particularly in the context of Sri Lanka's economic recovery and evolving trade dynamics observed during 2025.

Currency exposures are managed through the application of individual currency limits, with the overall foreign exchange exposure controlled within the Net Open Position (NOP) prescribed by the regulator. Treasury operations are conducted within defined individual and cumulative intra-day, daylight, and overnight limits to mitigate risks arising from exchange rate movements. All foreign exchange limits are reviewed and approved by the Board of Directors, ensuring alignment with the Bank's risk appetite and regulatory requirements.

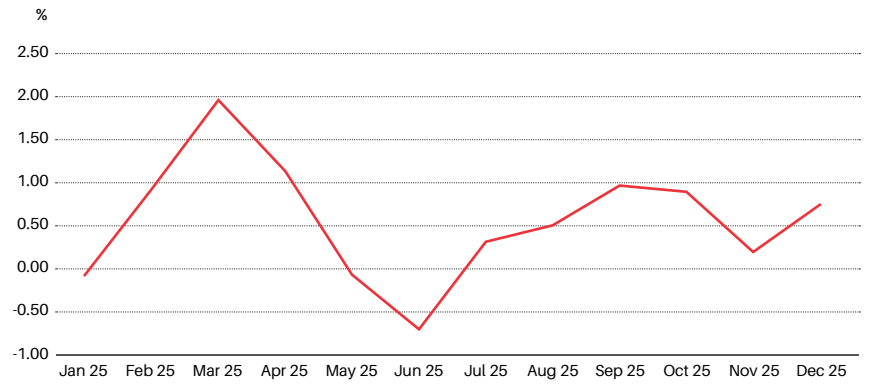
The Bank's exchange rate risk primarily arises from:

- Customer loans/deposits in foreign currency and
- Treasury's positions in foreign currency

The foreign exchange risk is monitored and reported daily, to the Management, and is discussed at the monthly ALCO or more frequently should the need arise, due to the prevailing volatile market conditions.

The NOP on 31 December 2025 stood at a level of USD 1.548 Mn (Long). This exposure is measured and managed against the Bank's Tier I Capital and has remained at negligible levels, reflecting a prudent approach to foreign exchange risk management. The following graph presents the NOP as a percentage of the Tier 1 Capital during the year 2025:

Un-hedged Open Foreign Currency Ratio as a Percentage of Tier I Capital during the Year



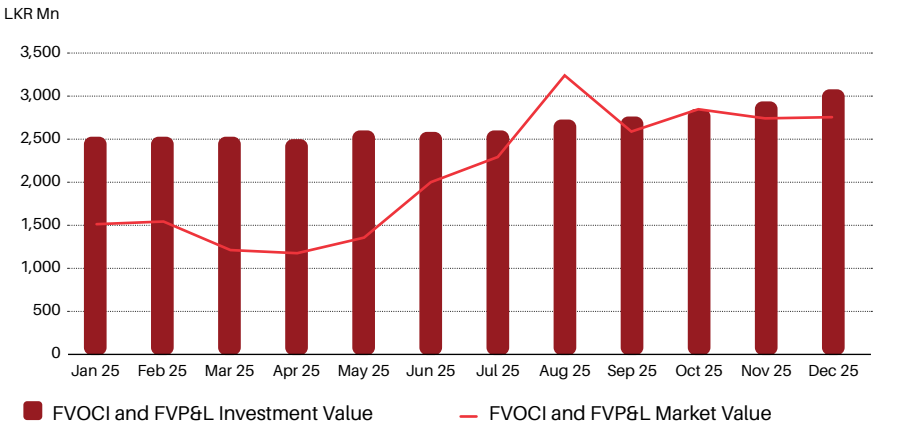
Share Investment Risk

The Bank's Investment Policy and Risk Policy restrict equity exposures primarily to listed shares, which are classified as investments held for trading purposes or for strategic objectives. In addition, the Bank maintains a limited portfolio of unlisted equity investments, mainly in banking-related entities. These unlisted holdings primarily comprise of investments in entities that provide essential financial infrastructure and support services to the Bank. Selected investments within this portfolio are revalued annually based on the net asset value or net worth of the investee companies in accordance with the Bank's investment and valuation policies.

Management of price risk associated with equity investments falls under the purview of the Treasury Unit, with oversight provided by the Treasury Investment Committee. The Market Risk Management Unit operates independently to monitor and report on equity investment risk, delivering daily assessments of earnings impacts to the Treasury Investment Committee. Monthly reports on earnings and regulatory capital impacts are furnished to ALCO, EMORMC and subsequently to BIRMC.

The graph represents the investments in shares and the behaviour of market values of the share investments in the FVOCI portfolio during the year 2025:

Equity Investments - FVOCI and FVP&L



Managing Liquidity Risk

Liquidity risk represents the risk that the Bank not being in a position to meet financial obligations as they fall due, either due to insufficient funding or the need to obtain funds at an unacceptably high cost. The Bank maintains a prudent and disciplined approach to manage liquidity to ensure the availability of adequate liquidity buffers in both local and major foreign currencies. This enables the Bank to meet its obligations in a timely manner under both normal and stressed market conditions.

Liquidity risk is managed across short- and medium-term horizons. Short-term liquidity management focuses on aligning cash inflows and outflows to meet immediate funding requirments whilst medium-term strategies are aimed at maintating a resilient and well structured balance sheet that is aligned with the Bank's long-term strategic objectives.

The ALCO functions as the principal oversight body for the Bank's liquidity management policies. Authority is delegated by ALCO to the Treasury Unit, which oversees the day-to-day liquidity positions of the Bank. Liquidity is managed within the Board-approved liquidity limits, in full conformity with internal policies, procedures, and pertinent regulatory directives. Treasury Department develops liquidity risk mitigation strategies, while the RMU establishes and supervises the execution of related policies and control mechanisms.

During the year under review, the Bank maintained liquidity at sound and comfortable levels, supported primarily by its ability to invest in substantial holdings of government securities. This enabled the Bank to maintain high-quality liquid assets and maintain healthy liquidity indicators throughout the year.

The Bank also maintained strong liquidity buffers throughout the year, ensuring it could meet both banking needs and regulatory requirements.

Control and Management

The Bank prioritises the prudent utilisation of available liquidity sources, the preservation of adequate funding capacity, and continuous contingency planning as key elements of its liquidity risk management framework.

Liquidity targets are established to ensure that, sufficient funds remain available to meet customer requirements, maturing liabilities, and other funding requirements even under adverse conditions.

Deposits remain the Bank's primary source of funding. A well-diversified retail deposit portfolio constitutes the largest portion of the Bank's funding base complemented by selected corporate and institutional deposits. In addition, the Bank raises funds through repurchase agreements and money market instruments both locally and internationally, to support liquidity and meet funding requirements efficiently.

To mitigate uncertainties arising from customer behaviour, the Bank maintains a diversified deposit base across different types and maturities. In addition, a comprehensive contingency funding plan is in place supported by a portfolio of high quality liquid assets that can be readily monetised under liquidity stress, along with assured access to wholesale funding under normal market conditions. These measures strengthen the Bank's ability to manage liquidity risk effectively whilst safeguarding operational continuity.

Measurement and Management of Liquidity Risk

The Bank's liquidity strategy, supported by robust policies and procedures for measuring, managing and controlling liquidity; ensures the availability of sufficient liquidity funds to meet funding obligations as they arise. These strategies, policies and processes are designed to enable the Bank to fund all obligations across planned time horizons, under both normal market conditions and periods of stress.

The Bank's policies and procedures define early warning indicators to identify potential liquidity issues through a range of prudential ratios and monitoring funding concentration levels. Regular measurement and monitoring of liquidity risk are central to ensuring that any emerging funding or liquidity concerns are detected promptly, allowing for timely corrective action.

In terms of measuring liquidity risk, Basel III introduced two minimum standards for measuring adequate funding and liquidity under stressed situations. The Bank measures and manages liquidity risk as per these Basel III standards and requirements.

The Liquidity Coverage Ratio (LCR), presented in the table on page 192, under Basel III computation of LCR enables the Bank to measure the short-term resilience of the Bank's liquidity risk profile. The ratio ensures that the Bank has sufficient High-Quality Liquid Assets (HQLA) to survive a stress scenario lasting 30 days. The Net Stable Funding Ratio (NSFR), shown in table on page 192 under Key Regulatory Ratios, also enables to reduce the funding risk over a one year time horizon by requiring the Bank to fund activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

As set out in the Assets and Liability Management (ALM) policy, the Liquidity Risk is primarily managed through a stock approach, ensuring that the Bank maintains adequate liquidity resources at all times.

In addition, the Bank applies the traditional flow approach commonly known as the 'Gap Analysis' which evaluates the residual maturity and behavioural patterns of assets and liabilities in line with CBSL guidelines and prudential (tolerance) limits for different maturity buckets. Beyond contractual maturities the Bank places significant emphasis on the behavioural patterns of deposits and loans providing a more realistic view of asset - liability mismatches and enabling more effective liquidity risk management.

Market Risk and Liquidity Risk Outlook for 2026

- The Bank is in the process of upgrading its Treasury Management System to a fully integrated modern Treasury Management System. This enhancement is expected to further strengthen Treasury Front Office operations whilst improving Market Risk management controls within the Treasury Middle Office, supporting more efficient and robust risk oversight
- Enhance managing Interest Rate Risk through efficient measurement tools

Risks and Opportunities

Maturity Gap Based on Behavioural Analysis

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2025 LKR '000
Interest Earning Assets						
Loans & Advances	147,714,816	192,737,394	152,249,582	63,594,857	43,505,295	599,801,944
Placements with Banks and Finance Companies	31,104,382	901,734	-	-	-	32,006,116
Government of Sri Lanka Treasury Bills/Bonds, SLISB Restructuring Bonds and US Treasury Bills	46,786,295	43,639,363	63,595,784	50,815,436	17,017,442	221,854,320
Investments in Debentures	16,489	246,345	66,500	66,500	286,006	681,840
Securities Purchased under Resale Agreements	2,127,724	-	-	-	-	2,127,724
Balances with Banks	3,065,870	-	-	-	-	3,065,870
	230,815,576	237,524,836	215,911,866	114,476,793	60,808,743	859,537,814
Non Interest Earning Assets						
Cash In Hand	15,122,727	-	-	-	-	15,122,727
Balances with Central Bank of Sri Lanka	3,279,748	2,828,704	1,495,139	1,233,428	2,381,091	11,218,110
Balances with Banks	13,948	-	-	-	-	13,948
Investments in Equities	604,023	2,882,099	-	-	1,153,602	4,639,724
Group Balances Receivable	-	40,480	-	-	-	40,480
Property, Plant & Equipment/Intangible Assets/ Right of Use Assets	-	-	-	-	12,052,110	12,052,110
Deferred Tax Assets	-	3,431,810	-	-	-	3,431,810
Derivative Financial Instruments	199,990	658	-	-	-	200,648
Other Assets	14,744,283	13	-	64	1,442	14,745,802
	33,964,719	9,183,764	1,495,139	1,233,492	15,588,245	61,465,359
Total Assets	264,780,295	246,708,600	217,407,005	115,710,285	76,396,988	921,003,173

Liabilities & Equity

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2025 LKR '000
Interest Bearing Liabilities						
Financial Liabilities at amortised cost due to Depositors	154,308,256	189,425,657	98,326,148	81,544,294	154,230,382	677,834,737
Financial Liabilities at amortised cost due to Debt Securities Holders	2,178,197	3,025,447	-	-	-	5,203,644
Due to Banks and Other Borrowings	15,422,094	1,240,000	7,253,012	-	-	23,915,106
Debt Securities Issued	243,143	8,279,335	6,609,000	18,750,930	6,249,070	40,131,478
Group Balances Payable	109,977	64,032	47,153	-	-	221,162
Lease Liabilities	96,591	281,995	781,460	681,855	4,188,460	6,030,361
	172,358,258	202,316,466	113,016,773	100,977,079	164,667,912	753,336,488
Non Interest Bearing Liabilities						
Demand Deposits	25,750,955	8,078,678	4,628,617	4,569,143	12,098,249	55,125,642
Other Liabilities	21,954,603	-	-	-	-	21,954,603
Derivative Financial Instruments	6,413	-	-	-	-	6,413
Current Tax Liabilities	8,607,524	-	-	-	-	8,607,524
Dividend Payable	58,293	-	-	-	-	58,293
Group Balances Payable	275	-	-	-	-	275
Equity	-	-	-	-	81,913,935	81,913,935
	56,378,063	8,078,678	4,628,617	4,569,143	94,012,184	167,666,685
Total Liabilities and Equity	228,736,321	210,395,144	117,645,390	105,546,222	258,680,096	921,003,173

Stress Testing

Stress testing is an integral component of our risk and capital management framework. It allows the Bank to assess potential vulnerabilities of the business, models or portfolios. It also helps to understand the sensitivities of the core assumptions in our strategic and capital plans and improve decision making by balancing risk and return.

In addition to the comprehensive internal stress test scenarios which reflect the outcome in the annual ICAAP risk assessment, the Bank also performs regular/quarterly stress test exercises taking into consideration external and internal stress test scenarios for management insight and timely decision making. Stress tests are generally carried out applying static balance sheet assumptions either at a close of a month, quarter or the end of a financial year.

The results of the stress test reaffirm the resilience of our business model and the strength of the Bank's capital base. The Bank remains committed to maintaining a robust Capital Adequacy Ratio (CAR) that exceeds prevailing requirements, while minimising Earnings at Risk. The stress test results are reported to the relevant management committees, such as ALCO, ECRMC, and EMORMC, for decision-making, and are subsequently presented to the BIRMC on a quarterly basis.

The Bank maintains a comprehensive Stress Testing Policy that defines multiple scenarios to assess potential vulnerabilities across Credit Risk, Credit Concentration Risk, Operational Risk, Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk.

During the year the Bank conducted stress tests under various scenarios to evaluate the potential impact on capital, profitability and liquidity ensuring that these exposures remained within acceptable limits and did not materially affect the Bank's financial stability.

No	Particulars	Stress Scenarios
1	Credit Risk	
	Increase in Non Performing Loans (NPL)	NPL is forecasted based on a macro-economic model and a crisis factor is applied to factor in the economic downturn.
	Increase in NPL of top 5 Industries	Deals with an increase in the NPL based on a industry wise classification of facilities and resultant increase in respective provisioning
	Large Borrower Default	Default of the largest borrowers by classifying the credit granted as non-performing
2	Credit Concentration Risk	% increase in Herfindahl-Hirschman Index (HHI) under stress
3	Interest Rate Risk in the Banking Book (IRRBB) EAR and EVE	To assess the long-term impact of changes in interest rates on Bank's Economic Value of Equity (EVE) through changes in the economic value of its Assets and Liabilities and to assessthe immediate impact of changes in interest rates on Bank's earnings through changes in its Net Interest Income (NII)
4	Forex Risk	Change in the value of foreign currency in adverse direction
5	Equity Investment Risk (FVOCI and FVP&L)	Fall in the value of Equity in FVOCI and FVP&L
6	Liquidity Risk – Systemic & Bank specific	1 - Withdrawal of a percentage of the deposits from the bank within a period 2 - Rollover of loans to a period greater than three months 3- Decrease in rollover of interbank borrowings
7	Operational Risk	% increase in loss incidents

Counterparty Credit Risk

Counterparty credit risk arises from the potential default of a counterparty on amounts owned under a transaction. These include financial instruments whose value is derived from assets, interest rates or currency exchange rates such as deposits, debt obligations, swaps, futures and forward contracts.

Counterparty credit risk, is managed and monitored by the Treasury Middle Office (TMO), through a comprehensive limit framework. And this risk primarily associated with Treasury and Trade related transactions. Treasury related transactions include foreign currency contracts, money market transactions, and outright treasury transactions with local and foreign counterparts. The TMO monitors utilisation against prescribed counterparty limits in real time, with daily reports provided to Senior Management to identify and address any exceptions promptly.

Offshore Lending and Country Risk Management

The Bank manages offshore lending and Treasury related dealing transactions through country-specific limits determined by sovereign credit quality and underlying economic fundamentals. These limits are reviewed annually taking into account factors such as sovereign credit ratings, macroeconomic conditions, and growth prospects, with exposures monitored against thresholds aligned to the Bank's foreign currency funding capacity. Focus remains on enhanced due diligence where appropriate and additional collateral requirements for higher-risk jurisdictions. All country limits are approved by the Board of Directors and are subject to continuous monitoring to ensure ongoing alignment with the Bank's risk appetite, liquidity objectives and overall risk management framework.

Risks and Opportunities

Recovery Plan

The Bank has established a policy framework to implement the Business Recovery Plan (RCP) framework for financial institutions, in line with the Banking (Special Provisions) Act Direction No. 01 of 2025 on the Recovery Plans for Licensed Banks.

The RCP framework is designed to establish an effective and efficient process that enhances the Bank's supervisability, recoverability, and resolvability by incorporating the essential elements and key attributes prescribed under the applicable regulatory framework.

The RCP framework is designed to –

- facilitate the preparation and maintenance of a robust recovery plan that serves as a strategic planning tool for the Bank
- integrate with the risk appetite framework thereby reinforcing the effectiveness of the risk management functions and
- strengthen the Bank's ability to establish and execute arrangements to recover from a wide range of potential stress events

The RCP framework is developed in close alignment with the ICAAP, Contingency Funding Plan (CFP) and the BCP of the Bank.

Managing Operational Risk

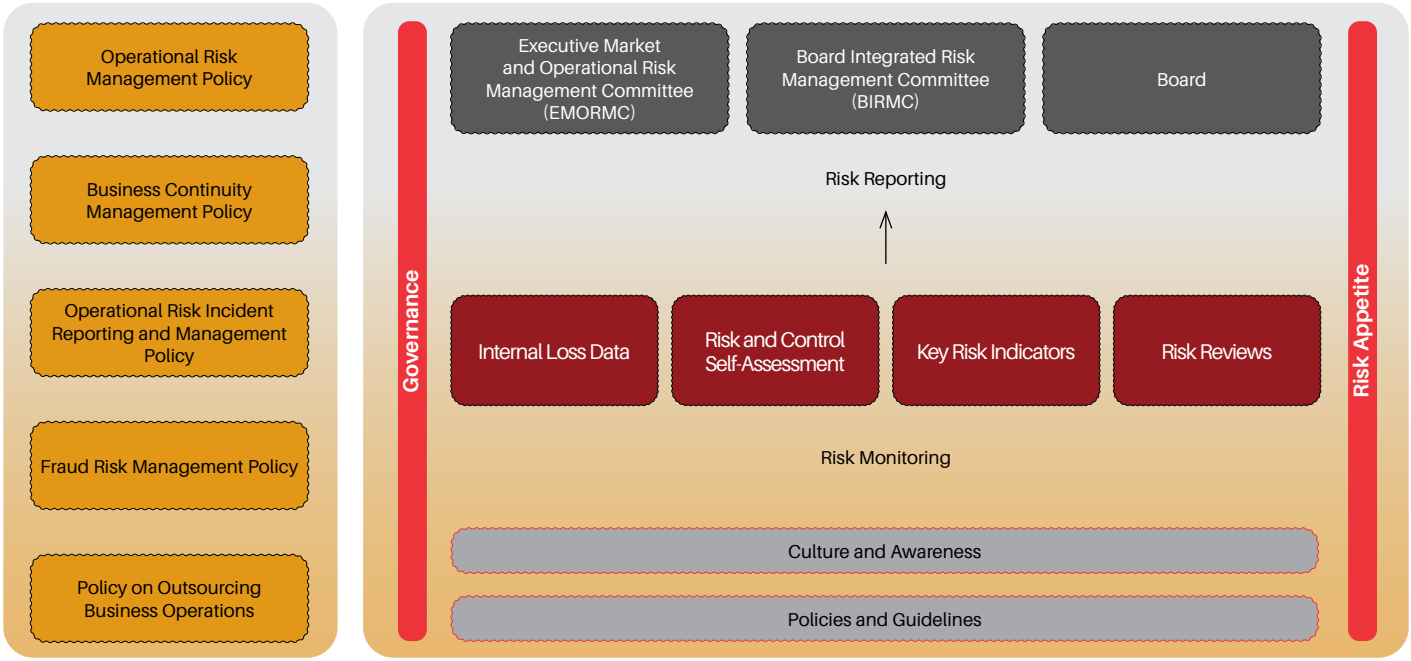
Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events such as natural disasters, social or political events that may impact the Bank. Operational risk includes legal risk but excludes strategic and reputational risks.



The Bank has a well-established Operational Risk Management Policy developed in line with CBSL and Basel guidelines. Under this framework, roles and responsibilities for managing operational risk are clearly defined across all levels of the organisation from the Board of Directors to the management and individual business units, ensuring effective oversight, accountability, and consistent implementation.

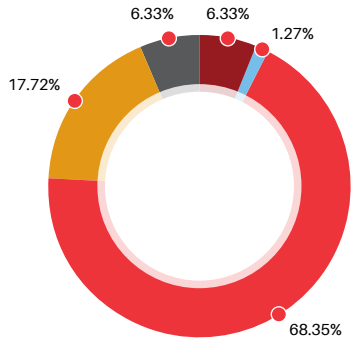
The Board of Directors oversees the major aspects of the Bank's Operational Risk as a distinct risk category and approves periodic reviews of this framework. Being the second line of defence, the RMU has established the Operational Risk Management Unit (ORMU) with the objective of implementing and enforcing an appropriate framework for identification, assessment, monitoring and reporting of operational risks.

The policies and guidelines outlined have been established to support the effective management of operational risk across the Bank. The Operational Risk Management function is embedded within the day-to-day business processes and operates within a predefined framework enabling the consistent identification, assessment, monitoring, and mitigation of operational risks.

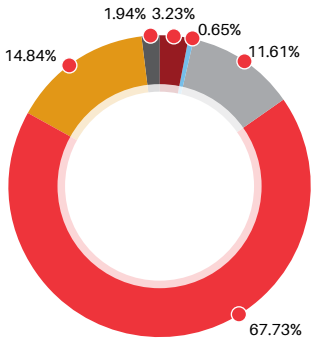


Technique	Management/Mitigation
Risk and Control Self-Assessment (RCSA)	RCSA is defined for key business units of the Bank and is reviewed annually to proactively identify the inherent risks. RCSA is a process through which operational risks and the effectiveness of controls are assessed and examined. Findings from the RCSA exercise are used to manage the residual risks through implementation of proper action plans and control improvements.
Key Risk Indicators (KRIs)	Key risk indicators are metrics used in risk management to provide an early warning signal of increasing risk exposure in various areas of the Bank. KRIs are reported to EMORMC and BIRMC by way of a dashboard and monitored against the corresponding thresholds. The appropriate action plans are directed to mitigate the risks based on those thresholds.
Collecting, Analysing and Reporting Operational Risk Incidents	Incident reporting is encouraged within the Bank and ORMU has developed internal guidelines on incident reporting which is made available on the Intranet for staff members. Furthermore, monthly reminders to report incidents are circulated among the Unit Operational Risk Coordinators (UORC) and branches. Regular trainings are conducted to UORCs and branch staff in order to enhance the awareness on incident reporting. All incidents reported by respective departments and branches are recorded in a database and a root-cause analysis is performed in order to provide recommendations to ensure non-recurrence of the same incidents in the future. Incidents reported are presented to EMORMC and BIRMC periodically to obtain further guidance/advise and to enforce implementation of further controls where necessary. As per CBSL guidelines, loss events exceeding LKR 500,000 are reported on a quarterly basis to the CBSL.

Operational Risk Incidents 2024



Operational Risk Incidents 2025



- Business Disruption and System Failures
- Clients, Products & Business Practices
- Damage to Physical Assets
- Execution, Delivery & Process Management
- External Fraud
- Internal Fraud

Appointment of Unit Operational Risk Coordinators (UORCs')	The ORMU has appointed UORCs for all departments and units of the Bank, outlining their roles and responsibilities. The UORCs are required to report incidents as and when incidents occur, provide information for Key Risk Indicators, and complete the RCSA annually.
Insurance Arrangements	The Bank has taken insurance covers as one form of risk mitigation for high severity, low probability and uncontrollable operational risk events such as natural disasters or fire, as well as internal and external frauds, errors, omissions, hold-ups, employee infidelity. However, insurance has not been considered as a reason to take risks that would otherwise not be undertaken, thereby avoiding moral hazards. These insurance policies are reviewed at regular intervals and enhanced on an ongoing basis to ensure adequate coverage for any plausible losses.
Reviewing New Products/Services/ Processes	The Bank provides risk assurance for newly implemented products through the New Products and Services Policy. This procedure includes proactive risk identification, assessment and introduction of risk mitigation controls for inherent risks of new products, processes, systems and their amended versions as well as for projects that have a material impact on the Bank's operations.

Risks and Opportunities

Technique	Management/Mitigation
Review of existing Products/Services/ Processes	ORMU carries out reviews of existing business Products/ Services/ Processes and recommends further improvements/ controls where necessary to EMORMC and BIRMC for ratification/advise and implementation. This contributes towards closing possible gaps in the existing business processes and mitigating potential operational losses.
Reviewing Information risk, integrity and availability	The Bank is positioned to identify and respond to suspicious information flows and intruder attacks while observing system readiness through its information risk management practices which use tools and techniques such as firewall technologies, intruder detection and hacking prevention systems. The Bank has introduced a sound Data Leakage Prevention (DLP) solution, Data classification software, Security Information and Event Management (SIEM), Web Application Firewall system and Internal Firewall system.
Business Continuity Plan (BCP) and Disaster Recovery (DR)	The BCP ensures the resilience to business disruption that may arise from internal or external events and focuses on reducing any adverse impact on human safety, business operations as well as profitability and reputation of the Bank. The Bank's well-established Disaster Recovery Site and separate Disaster Recovery Operating centres (DROC) carry out DR drills for critical systems including the core banking system in order to verify the readiness of business continuity related issues. The relevant Executive Committees and regulators are updated on outcomes of the BCP and DR drills with the appropriate actions. The Bank has successfully obtained the globally recognised ISO 22301:2019 certification for Business Continuity Management Systems (BCMS) with a comprehensive scope that includes the Bank's Core Business Departments and essential supporting departments.
Managing Outsourcing activities	The Bank has developed and implemented a comprehensive policy on outsourcing in line with CBSL Direction No. 02 of 2012. This covers all aspects of due diligence controls such as comprehensive assessment, complaint handling, service quality, monitoring and review of information security and business continuity plans of service providers.

Operational Risk Outlook for 2026

The Risk Management Unit is in the process of automating the operational risk incident reporting mechanism to enhance efficiency, accuracy, and timeliness. This initiative is expected to streamline data collection, reduce manual intervention and errors, and enable real-time analytics, thereby strengthening proactive risk identification, monitoring, and mitigation across the Bank.

Managing IT Risk

IT risk at Seylan Bank encompasses the business risks arising from the use, ownership, operation, and strategic adoption of information technology, and forms a critical component of operational risk. These risks may arise from system failures, cyber threats, data breaches, technological obsolescence, and evolving fraud vectors, potentially impacting governance, system availability, access controls, change management, physical security, and business continuity. During 2025, the Bank continued to strengthen its IT risk management capabilities amid an increasingly complex and dynamic threat landscape. Investments were made to enhance cybersecurity controls and resilience enabling the secure integration of digital innovations while safeguarding customer and institutional data.

The Bank's IT Risk Management Framework, embedded within the Risk Management Unit (RMU), provides structured governance through the IT Risk Management Unit. Aligned with the Technology Risk Management Policy, the framework leverages tools such as Risk Control Self-Assessments (RCSA), independent reviews, incident analyses, and key IT risk indicators to support proactive identification, assessment, and mitigation. Oversight is provided by the Board Integrated Risk Management Committee (BIRMC) and Executive Market and Operational Risk Management Committee (EMORMC), ensuring compliance with CBSL directives on technology resilience and the Personal Data Protection Act (PDPA).

IT risk mitigation follows a multi-layered defence covering data, applications, networks, and end-user devices. This framework is reinforced by the ISO 27001:2022 certification. The Chief Information Security Officer (CISO), reporting directly to the CEO, has implemented a well-established Information Security Management System (ISMS), based on the Baseline Security Standard that provides a methodical approach to managing the Bank's information security risk. In addition, establishment of a Security Operations Centre (SOC) for real-time threat monitoring, vulnerability assessments, penetration testing, and organisation wide security awareness programs ensures mitigation of IT risks.

Managing Capital Risk

Seylan Bank remains compliant with the minimum Capital Adequacy requirements stipulated under Banking Act Directions No 01 of 2016 on Capital Requirements under Basel III for licensed banks. Total Capital Ratio of the Bank amounts to 17.89% as at 31 December 2025. The Bank continues to strengthen its capital base and regularly evaluates its medium to long term strategies to enhance Capital Adequacy Ratios in line with CBSL's minimum regulatory requirements. Additionally, appropriate measures will be identified to optimise the risk-weighted assets, aiming to enhance the Bank's capital allocation.

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) is established in accordance with CBSL regulations to determine the level of capital required to support all material risks. To assess future capital requirements, the Bank prepares a Capital Augmentation Plan, aligned with its budgetary process and financial forecasts. The Bank has adopted the Standardised Approach (SA) for credit risk capital calculation under Pillar I. Given the nature of the Bank's operations, credit risk continues to represent the largest component of the overall capital charge.

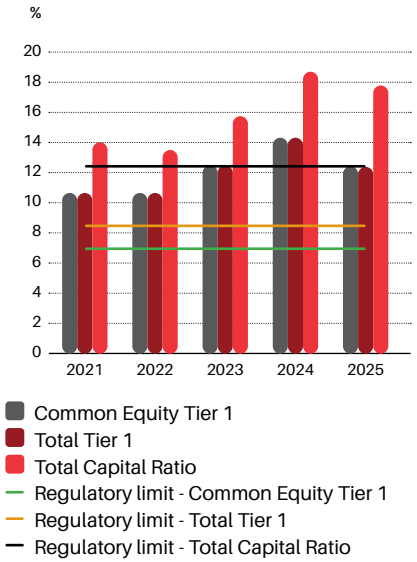
The Bank has adopted the Standardised Measurement Approach (SMA) for market risk capital computation. The resulting capital charge remains relatively low, reflecting the Bank's limited market trading activities and measured exposure to interest rate, equity and foreign exchange risk to a lesser extent. For Operational Risk the Bank applies the Alternate Standardised Approach (ASA) with the approval of CBSL.

Under Pillar II, Credit concentration risk within the corporate loan portfolio is assessed using the Normalised Herfindahl-Hirschman Index (HHI). Capital charges for interest rate risk in the banking book is calculated using the Economic Value of Equity (EVE) approach and the Earnings at Risk (EAR) approach. The Bank's Asset and Liability Management (ALM) process is supported by a range of indicators covering liquidity and interest rate risks and is subject to continuous monitoring. For reputational and strategic risk, structured scorecards have been developed with outcomes calibrated into capital charges to ensure adequate capital coverage.

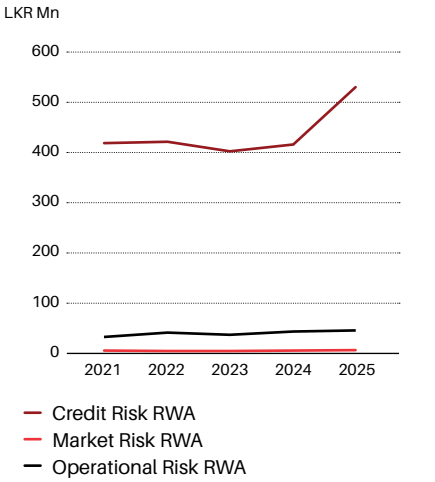
The Board of Directors and Senior Management regularly review the strategic direction of the Bank alongside risk management embedded as an integral component of the strategic planning and decision making process.

Minimum Disclosure Requirements under pillar III of Basel III guidelines have been disclosed in pages 192 to 199.

Capital Adequacy Ratios 2021 - 2025



Risk Weighted Assets 2021-2025



Managing other Risks

Legal Risk

Legal risk refers to the potential for financial or reputational loss arising from non-compliance with statutory and regulatory requirements, internal policies or prescribed best practices as well as from uncertainty in the outcome of litigation and deficiencies in contractual or security documentation.

The Bank manages legal risk through robust monitoring and control mechanisms embedded across all business and support functions. All contractual agreements and security documentation are legally vetted by the legal department to ensure compliance with applicable laws and regulatory requirements. Business units are required to seek guidance from the Legal Department on statutory interpretations relevant to their operations, thereby minimising the risk of legal non-compliance and adverse legal outcomes.

Compliance Risk

Compliance Risk represents risk of financial, reputational or regulatory sanctions arising from the Bank's failure to comply with applicable laws, regulations, rules, or self-regulatory organisational standards. The Compliance Department is responsible for managing compliance risk across the Bank, with a focus on the following key areas.

- Legal and Regulatory Compliance
- Anti-Money Laundering/ Financial Crime Compliance
- Corporate Governance

The Compliance Department plays a critical role in fostering a compliance culture that supports the Bank's longterm sustainability and resilience. It maintains a direct reporting line to the Board Integrated Risk Management Committee (BIRMC), and provides periodic updates to the Board of Directors, including regulatory developments, emerging compliance risks, and the effectiveness of mitigation measures.

The Bank's corporate culture and ethics related matters are specifically dealt by two dedicated Board Sub-committees:

- Board Governance and Compliance Committee
- Related Party Transactions Review Committee

Risks and Opportunities

Strategic Risk

Strategic risk is the risk of impact on earnings or capital arising from flawed strategic decisions, improper or incomplete implementation of strategic initiatives or inability to respond adequately to changes in the external operating environment. The Corporate Management and the Board of Directors are responsible for setting and guiding the Bank's strategic direction ensuring alignment with the Bank's vision and mission. Strategic risk management focuses on minimising potential adverse outcomes arising from inappropriate strategic choices while enhancing the Bank's ability to adapt to evolving market, regulatory and technological conditions.

A comprehensive governance framework supports the effective implementation of strategic initiatives. Key Performance Indicators (KPIs) are established to monitor progress and assess the effectiveness of strategic actions. Clear communication channels, efficient operating systems, and continuous investment in employee training, development, and recognition programmes enhance accountability and support the achievement of strategic objectives.

Reputational Risk

Reputational risk arises from potential losses due to negative perceptions of Seylan Bank PLC by customers, shareholders, investors, regulators, and other internal and external stakeholders, which may adversely affect earnings, asset and liability values, capital position, and brand equity.

As risk mitigating actions, the Bank has established sound policies and procedures including a robust customer complaint management framework and a whistleblowing policy to promote transparency, fairness and ethical conduct. The Bank has established a well-structured customer complaint management process to provide solutions to customers on 24x7 basis.

Key Regulatory Ratios - Capital and Liquidity

Item	Minimum Requirement	Reporting Period 31.12.2025	Previous Reporting Period 31.12.2024
Regulatory Capital (LKR'000)			
Common Equity Tier 1 Capital		73,126,173	66,565,265
Tier 1 Capital		73,126,173	66,565,265
Total Capital		105,578,460	86,836,617
Regulatory Capital Ratios (%)			
Common Equity Tier 1 Capital Ratio	7.00%	12.39%	14.25%
Tier 1 Capital Ratio	8.50%	12.39%	14.25%
Total Capital Ratio	12.50%	17.89%	18.59%
Leverage Ratio	3.00%	7.47%	8.16%
Net Stable Funding Ratio	100.00%	127.25%	144.76%
Regulatory Liquidity			
Liquidity Coverage Ratio			
Liquidity Coverage Ratio - Rupee	100.00%	227.99%	415.75%
Liquidity Coverage Ratio - All Currency	100.00%	229.92%	491.37%

Basel III Computation of Capital Ratios

Item	Amount (LKR'000)	
	Reporting Period 31.12.2025	Previous Reporting Period 31.12.2024
Common Equity Tier I (CETI) Capital after Adjustments	73,126,173	66,565,265
Common Equity Tier I (CET1) Capital	77,569,149	67,540,308
Equity capital (Stated Capital)/Assigned Capital	21,693,370	21,693,370
Reserve fund	3,988,952	3,383,537
Published Retained Earnings/(Accumulated Retained Losses)	50,228,251	41,026,970
Published Accumulated Other Comprehensive Income (OCI)	958,001	735,856
General and Other Disclosed Reserves	700,575	700,575
Unpublished Current Year's Profit/Loss and Gains reflected in OCI		-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		-
Total Adjustments to CET1 Capital	4,442,976	975,043
Goodwill (net)		
Intangible Assets (net)	896,209	669,783
Others	3,546,767	305,260
Additional Tier 1 (AT1) Capital after Adjustments		
Total Additional Tier 1 (AT1) Capital		
Qualifying Additional Tier 1 Capital Instruments		
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to AT1 Capital		
Investment in Own Shares		
Others (Specify)		
Tier 2 Capital after Adjustments	32,452,287	20,271,352
Total Tier 2 Capital	32,452,287	20,271,352
Qualifying Tier 2 Capital Instruments	24,745,214	14,862,159
Revaluation gains	1,056,224	698,403
Loan Loss Provisions (General Provision)	6,650,849	4,710,790
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties		
Total Adjustments to Tier 2		-
Investment in own shares		
Others (Specify)		-
Total Tier 1 Capital	73,126,173	66,565,265
Total Capital	105,578,460	86,836,617
Total Risk Weighted Assets (RWA)	590,018,928	467,186,255
RWAs for Credit Risk	532,067,883	413,638,750
RWAs for Market Risk	9,369,587	7,384,753
RWAs for Operational Risk	48,581,458	46,162,752
CET1 Capital Ratio (including Capital Conservation Buffer, Counter Cyclical Capital Buffer & Surcharge on D-SIBs) (%)	12.39%	14.25%
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Counter Cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	12.39%	14.25%
Total Capital Ratio (including Capital Conservation Buffer, Counter Cyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.89%	18.59%
of which: Capital Conservation Buffer (%)	2.50%	2.50%
of which: Counter Cyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Risks and Opportunities

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

Item	Amount (LKR'000) as at 31 December 2025				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	921,003,173	921,003,173	909,100,241	17,101,321	4,439,253
Cash and Cash Equivalents	18,202,545	18,202,545	18,202,545	-	-
Balances with Central Bank	11,218,110	11,218,110	11,218,110	-	-
Placements with Banks	32,006,116	32,006,116	32,006,116	-	-
Derivative Financial Instruments	200,648	200,648	200,648	-	-
Financial Assets recognised through Profit or Loss - Measure at Fair Value	14,959,447	14,959,447	622,451	14,959,447	-
Securities Purchased under Resale Agreements	2,127,724	2,127,724	2,127,724	-	-
Loans and Receivables to Banks					
Financial Assets at Amortised Cost - Loans and Advances *	599,801,944	599,801,944	606,564,027	-	111,234
Financial Assets measured at Fair Value through Other Comprehensive Income	92,796,261	92,796,261	92,796,261	2,141,874	-
Financial Assets at Amortised Cost - Debt and Other Instruments	118,266,574	118,266,574	118,266,574	-	-
Investments in Subsidiaries	1,153,602	1,153,602	1,153,602	-	-
Investments in Associates and Joint Ventures					
Property, Plant and Equipment	5,672,416	5,672,416	5,672,416	-	-
Investment Properties					
Intangible Assets	896,209	896,209	-	-	896,209
Deferred Tax Assets	3,431,810	3,431,810	-	-	3,431,810
Other Assets	20,269,767	20,269,767	20,269,767	-	
Liabilities	839,089,238	839,089,238	-	-	-
Due to Banks	23,898,752	23,898,752	-	-	-
Derivative Financial Instruments	6,413	6,413	-	-	-
Financial Liabilities at Amortised Cost - Due to Depositors	732,960,379	732,960,379	-	-	
Financial Liabilities at Amortised Cost - Due to Other Borrowers	16,354	16,354	-	-	-
Financial Liabilities at Amortised Cost - Due to Debt Securities Holders	5,203,644	5,203,644	-	-	-
Current Tax Liabilities	8,607,524	8,607,524	-	-	-
Deferred Tax Liabilities					
Other Provisions	8,304,675	8,304,675	-	-	-
Other Liabilities	19,738,582	19,738,582	-	-	-
Due to Subsidiaries	221,437	221,437	-	-	-
Subordinated Term Debts	40,131,478	40,131,478	-	-	-
Off-Balance Sheet Liabilities	347,541,628	347,499,437	-	-	-
Guarantees	68,599,332	68,599,332	-	-	-
Performance Bonds					
Letters of Credit	19,505,416	19,505,416	-	-	-
Foreign Exchange Contracts	54,555,740	54,555,740	-	-	-
Other Contingent Items	19,695,441	19,653,250	-	-	-
Undrawn Loan Commitments	183,985,920	183,985,920	-	-	-
Other Commitments	1,199,779	1,199,779	-	-	-
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	21,693,370	21,693,370	-	-	-
of which Amount Eligible for AT1					-
Retained Earnings	51,237,691	51,237,691	-	-	-
Accumulated Other Comprehensive Income	1,614,071	1,614,071	-	-	-
Other Reserves	7,368,803	7,368,803	-	-	-
Total Shareholders' Equity	81,913,935	81,913,935			

** Loans and Receivables to Other Customers in subject to Credit Risk Framework (C) is reported as the gross of Stage 1 and 2 ECL Provision (LKR 6.8 Bn).*

Credit Risk under Standardised Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Description	Amount (LKR'000) as at 31 December2025						
	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	Total	RWA	RWA Density (ii)
Claims on Central Government and CBSL	215,258,195	-	215,258,195	-	215,258,195	1,426,650	0.66%
Claims on Foreign Sovereigns and their Central Banks	24,719,661	-	24,719,661	-	24,719,661	-	0.00%
Claims on Public Sector Entities	5,973,588	-	5,973,588	-	5,973,588	2,986,794	50.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-
Claims on Banks Exposures	30,374,998	-	30,374,998	-	30,374,998	18,659,481	61.43%
Claims on Financial Institutions	74,266,035	554,800	74,266,035	554,800	74,820,835	48,996,328	65.48%
Claims on Corporates	274,140,812	339,960,455	253,311,194	53,204,728	306,515,922	297,177,290	96.95%
Retail Claims	224,844,230	17,055,095	185,963,603	7,409,697	193,373,300	114,412,443	59.17%
Claims Secured by Residential Property	18,608,767	-	18,608,767	-	18,608,767	8,028,433	43.14%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs)	8,730,596		8,730,596	-	8,730,596	8,986,521	102.93%
Higher-Risk Categories	-	-	-	-	-	-	-
Cash Items and Other Assets	46,520,356	-	46,520,356	-	46,520,356	31,393,943	67.48%
Total	923,437,238	357,570,350	863,726,993	61,169,225	924,896,218	532,067,883	57.53%

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

Description	Amount (LKR'000) as at 31 December 2025 (Post CCF and CRM)									
Risk Weight / Asset Classes	0%	20%	35%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Claims on Central Government and CBSL	208,124,945	7,133,250	-	-	-	-	-	-	-	215,258,195
Claims on Foreign Sovereigns and their Central Banks	24,719,661	-	-	-	-	-	-	-	-	24,719,661
Claims on Public Sector Entities	-	-	-	5,973,588	-	-	-	-	-	5,973,588
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	14,822,953	-	116,423	-	-	15,033,510	402,113	-	30,374,999
Claims on Financial Institutions	-	502,967	-	50,844,268	-	-	23,473,600	-	-	74,820,835
Claims on Corporates	-	6,889,426	-	7,654,183	-	-	291,972,312	-	-	306,515,921
Retail Claims		48,945			20,001,810	87,431,211	36,804,867			144,286,833
Claims Secured by Gold	48,970,002	116,465	-	-	-	-	-	-	-	49,086,467
Claims Secured by Residential Property	-	-	16,277,437	-	-	-	2,331,330	-	-	18,608,767
Claims Secured by Commercial Real Estate		-					-			-
Non-Performing Assets (NPAs)	-	-	-	357,164	-	-	7,504,420	869,013	-	8,730,597
Higher-Risk Categories	-	-	-	-	-	-	-	-	-	
Cash Items and Other Assets	15,126,412	-	-	-	-	-	31,393,943	-	-	46,520,355
Total	296,941,020	29,514,006	16,277,437	64,945,626	20,001,810	87,431,211	408,513,982	1,271,126	-	924,896,218

Risks and Opportunities

Operational Risk Under The Alternative Standardised Approach

Business Lines	Capital Charge Factor	Fixed Factor	Lending Portfolio (LKR'000)	Gross Income (LKR'000) as at 31 December 2025		
				1st Year	2nd Year	3rd Year
The Alternative Standardised Approach						
Trading and Sales	18%			6,194,145	8,586,899	3,023,140
Payment and Settlement	18%			8,947,338	10,510,217	7,222,901
Retail Banking	12%	0.035	275,033,307			
Commercial Banking	15%	0.035	428,278,845			
Capital Charges for Operational Risk (LKR'000)						
The Alternative Standardised Approach	6,072,682					
Risk-Weighted Amount for operational Risk (LKR'000)						
The Alternative Standardised Approach	48,581,458					

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31 December 2025
Capital Charge for Market Risk	1,171,198
(a) Capital Charger Interest Rate Risk	434,668
General Interest Rate Risk	434,668
(i) Net Long or Short Position	434,668
(ii) Horizontal Disallowance	
(iii) Vertical Disallowance	
(iv) Options	
Specific Interest Rate Risk	
(b) Capital Charge for Equity	676,489
(i) General Equity Risk	345,592
(ii) Specific Equity Risk	330,897
(c) Capital Charge for Foreign Exchange & Gold	60,042
Total Risk Weighted Assets on Market Risk [(a)+(b)+(c)]*CAR	9,369,587

Computation of Leverage Ratio

Item	Amount (LKR'000)	
	Reporting Period 31.12.2025	Previous Reporting Period 31.12.2024
Tier 1 Capital	73,126,173	66,565,265
Total Exposures	979,137,246	816,211,801
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	914,346,782	775,112,320
Derivative Exposures	3,621,553	128,413
Securities Financing Transaction Exposures	2,127,724	3,684,374
Other Off-Balance Sheet Exposures	59,041,187	37,286,694
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	7.47%	8.16%

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)					
	Reporting Period - 31.12.2025			Reporting Period - 31.12.2024		
	Total Un-weighted Value	Factor (%)	Total Weighted Value	Total Un-weighted Value	Factor (%)	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)			235,916,518			223,826,704
Total Adjusted Level 1A Assets	228,717,062	100%	228,717,062	206,615,131	100%	206,615,131
Total Adjusted Level 2A Assets	7,999,816	85%	6,799,843	19,995,546	85%	16,996,215
Total Adjusted Level 2B Assets	262,358	50%	131,179	229,167	50%	114,583
Total Cash Outflows			191,866,546			144,582,490
Deposits	522,581,326	10%	52,258,133	486,955,845	10%	48,695,584
Unsecured Wholesale Funding	212,368,487	25% -100%	107,993,592	160,362,864	25% -100%	79,995,794
Secured Funding Transactions						
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	285,300,660	0% -100%	20,826,809	176,061,660	0% -100%	11,601,387
Additional Requirements	10,788,013	100%	10,788,013	4,289,724	100%	4,289,724
Total Cash Inflows			89,256,552			99,030,851
Maturing Secured Lending Transactions Backed by Collateral						
Committed Facilities	604,023					
Other Inflows by Counterparty which are maturing within 30 Days	128,655,378	50%-100%	87,368,092	146,891,114	50%-100%	97,772,630
Operational Deposits	3,086,992	0%		2,574,786	0%	
Other Cash Inflows	3,694,823	50% -100%	1,888,461	2,504,208	50% -100%	1,258,222
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days)*100			229.92			491.37

Risks and Opportunities

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non-Voting Shares	Debenture Isssue - 2018 (7 years & 10 years)	Debenture Isssue - 2021 (5 years)	Debenture Isssue - 2023 (5 years)	Debenture Isssue - 2024(5 years)	Debenture Isssue - 2025(5 years & 10 years)
Issuer	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC	Seylan Bank PLC
Unique Identifier (e., ISIN or Bloombers Identifier for Private Placement)	LK0182N00002	LK0182X00001	LK0182D23963 LK0182D23971	LK0182D24722 LK0182D24730	LK0182D25133 LK0182D25125	LK0182D25380 LK0182D25398 LK0182D25406 LK0182D25414	LK0182D25802 LK0182D25810 LK0182D25828 LK0182D25836
Governing Law (s) of the Instrument	Provisions of the Banking Act, Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007 and the Articles of Association of the Bank	Provisions of the Banking Act, Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007 and the Articles of Association of the Bank	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed	Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, Provisions of the Companies Act No. 7 of 2007, the Articles of Association of the Bank, Prospectus of the Debenture Issue and the Trust Deed
Original Date of Issuance	April 1988	September 2003	29th March 2018	12th April 2021	02nd May 2023	17th July 2024	18th July 2025
Par Value of Instrument	-	-	LKR 100/- each	LKR 100/- each	LKR 100/- each	LKR 100/- each	LKR 100/- each
Prepetual or Dated	-	-	dated	dated	dated	dated	dated
Original Maturity Date, If Applicable	-	-	29th March 2025 and 29th March 2028	12th April 2026	01st May 2028	16th July 2029 and 16th July 2031	18th July 2030 and 18th July 2035
Amount Recognised in Regulatory Capital (in '000 as at the Reporting Date)	13,172,977	8,520,393	724,050	300,000	2,250,000	7,091,676	14,379,488
Accounting Classification (Equity /Liability)	Equity	Equity	Liability	Liability	Liability	Liability	Liability
Issuer call subject to prior Supervisory Approval							
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	-	-	-	-	-	-	-
Subsequent Call Dates, If Applicable	-	-	-	-	-	-	-
Coupons/Dividends							
Fixed or Floating Dividend /Coupon	Dividend as decided by the Board annually	Dividend as decided by the Board annually	Fixed interest rate	Fixed interest rate	Fixed interest rate	Fixed interest rate	Fixed interest rate

Description of the Capital Instrument	Ordinary Voting Shares	Ordinary Non-Voting Shares	Debenture Isssue - 2018 (7 years & 10 years)	Debenture Isssue - 2021 (5 years)	Debenture Isssue - 2023 (5 years)	Debenture Isssue - 2024(5 years)	Debenture Isssue - 2025(5 years & 10 years)
Coupon Rate and any Related Index	As decided by the Board	As decided by the Board	Semi-Annual Interest - 13.20% (for 7 years), Semi-Annual Interest - 13.50% p.a. (for 10 years)	Annual Interest - 9.75% p.a., Quarterly Interest - 9.25% p.a.	Annual Interest - 28.00% p.a., Quarterly Interest - 25.00% p.a.	Annual Interest - 13.25% p.a., Quarterly Interest - 12.60% p.a., Annual Interest – 13.50% p.a., Semi Annual Interest – 13.05% p.a.	Annual Interest - 11.25% p.a., Quarterly Interest - 10.80% p.a., Annual Interest – 11.75% p.a., Semi Annual Interest – 11.40% p.a.
Non-Cumulative or Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or Non-Convertible	Non-Convertible	Non-Convertible	Convertible	Convertible	Convertible	Convertible	Convertible
If Convertible, Conversion Trigger (s)			Convertible in the event of a 'Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event" in terms of the Banking Act Direction No.1 of 2016	Convertible in the event of a 'Trigger Event" in terms of the Banking Act Direction No.1 of 2016
If Convertible, Fully or Partially			when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka	when determined a 'Trigger Event' at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka
If Convertible, Mandatory or Optional			Mandatory in the event of a 'Trigger Event'	Mandatory in the event of a 'Trigger Event'	Mandatory in the event of a 'Trigger Event'	Mandatory in the event of a 'Trigger Event'	Mandatory in the event of a 'Trigger Event'
If Convertible, Conversion Rate			Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.	Simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank (as published by the Colombo Stock Exchange) during the three (03) months period immediately preceding the Trigger Event, as determined by the Monetary Board.

Report of the Board Audit Committee

The Board Audit Committee of Seylan Bank PLC presents its report for the year ended 31 December 2025, which was approved by the Board of Directors ('the Board').

The Board Audit Committee

The Board of Directors of Seylan Bank PLC ('the Bank') in order to fulfil its mandate of establishing effective systems to secure integrity of information and sound internal controls has established the Board Audit Committee ('the BAC' or 'the Committee'). BAC has independent oversight to assess the integrity of the Bank's financial reporting and internal control systems, the adequacy of the internal and external audits, the process for monitoring compliance with laws, regulations and codes of conduct and best practices.

The authority, composition and the scope and responsibilities of the BAC are clearly set out in the Terms of Reference of the BAC, which is reviewed annually and approved by the Board.

Reconstitution of the Committee during 2025 and its Composition as at 31 December 2025

During the year under review, the Committee comprised the following members;

(i) Ms Averil Ludowyke (Independent, Non-Executive Director/Chairperson),

(ii) Mr D.M. Rupasinghe (Independent, Non-Executive Director),

(iii) Justice Buwaneka Aluwihare,PC (Chairman of the Board/Independent, Non-Executive Director),

(iv) Ms Sunjeevani Kotakadeniya (Non-Independent, Non-Executive Director),
(Resigned with effect from 26 December 2025)

(V) Mr Wasantha Batagoda (Non-Independent, Non-Executive Director)
(Appointed with effect from 26 December 2025)

The Chairperson of the Committee, Ms Averil Ludowyke who has over 40 years' experience in auditing, accounting and finance is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK. Directors profiles including their directorships in other entities are given on pages 134 to 137 of the Annual Report.

The Company Secretary functioned as the Secretary to the Committee during the year.

Meetings

The Committee held 11 meetings during the year. The attendance of the Members during the year was satisfactory and a summary of the attendance is presented in the table titled 'Directors' Attendance at Sub-committee Meetings' in the Corporate Governance Report of the Annual Report.

Activities and Responsibilities Discharged by the Committee During 2025

- Discussed the Audit Scope and the Plan presented by the External Auditors for the year 2025 and matters addressed in the presentation by the External Auditors on the year end Audit carried out for 2024
- Reviewed and discussed the Management Letter of the External Auditors in respect of the Audit for the financial year 2024 and further action required to address the matters raised
- Reviewed and discussed the External Auditors presentation relating to the interim special purpose audit carried out on Interim Financial Statements for the 6 months ended 30 June 2025
- Reviewed the terms of engagement of the External Auditors and the effectiveness, performance and objectivity of the External Auditors
- Obtained and reviewed a statement of independence by the External Auditors confirming independence throughout the period of conducting the audits
- Reviewed the interim quarterly financial statements and the annual financial statements including disclosures with the Chief Financial Officer (CFO) and recommended the financial statements to the Board for approval and publication
- Conducted two meetings with the External Auditors, M/s KPMG, without the presence of the management
- Reviewed and discussed the Internal Audit Plan for 2026, providing direction and monitored its progressive achievement
- Conducted regular meetings with Internal Audit and reviewed, discussed and recommended actions reported in the internal audit reports and related updates
- Reviewed and approved a Staff-Related Fraud Risk Assessment Framework to enhance anti-fraud controls relating to staff related fraud risks
- Reviewed and evaluated the performance of the Head of Internal Audit who reports directly to the BAC and the Key Performance Indicators (KPIs) of the Internal Audit Department (IAD) in respect of the year 2024.
- Reviewed and discussed the KPIs agreed by Internal Audit Department for 2025
- Reviewed the effectiveness of the whistleblowing mechanism and the outcome of the assessment carried out on the effectiveness of the Whistleblowing Policy
- Reviewed the Internal Audit Charter
- Conducted the annual review of Policy on Non-Audit services provided by the Independent External Auditors

The Director/CEO, Head of Internal Audit, Chief Risk Officer and the Chief Financial Officer attended the regular meetings of the BAC. Other members of the management and the External Auditors were invited to the meetings as and when the Committee required their presence to report and/ or respond to queries related to financial reporting, audit findings and related matters.

The Committee obtained and reviewed statements of assurance from the Director/ CEO and the CFO confirming that the financial records have been properly maintained and that the financial statements present a true and fair view of the Bank's operations and financial position. The Committee also reviewed a statement of assurance from the Director/CEO and other key management personnel responsible, regarding the adequacy and effectiveness of the Bank's internal control systems.

In accordance with its mandate, the Committee focused on the following areas among others;

Internal Controls

The Committee;

- Assessed the adequacy and effectiveness of the Bank's internal control systems over financial reporting and banking operational aspects based on the reports of the internal audits conducted in line with the scope of the Internal Audit Plan approved by the Committee
- The Committee further reviewed the controls and procedures in place to provide reasonable assurance that the Bank's assets and information are safeguarded and policies, controls and procedures are in place to prevent the unauthorised leakage of information
- Reviewed the effectiveness of controls over information technology security and systems

- IAD conducted control testing on all key controls related to financial reporting, in addition to the regular control testing performed as part of the annual IAD plan. The findings and observations from these control tests were presented for review and addressed by the BAC with appropriate action
- Agreed on the scope of External Auditors' review of internal controls over financial reporting and reviewed their observations, findings and recommendations together with management responses. The External Auditors have issued an Assurance Report on the Directors' Statement on Internal Controls over Financial Reporting, which is published on page 223 of the Annual Report

Internal Audit

The Committee reviewed the independence, objectivity and performance of the internal audit function, the findings of the internal audit reviews and investigations and internal audit's evaluation of the Bank's internal control system.

The Internal Audit Plan for the year was based on the risk assessment carried out on each component of the audit universe of the Bank, which included but not limited to 'Branch Network', 'Centre Operations' and 'Information Systems and Infrastructure'. The progress of audits in relation to the plan was reviewed regularly by the Committee.

IAD executed its responsibilities in accordance with the approved Audit Plan for 2025. The Head of Internal Audit regularly reported to the Committee on the audits conducted and provided updates on the status and progress of resolving audit findings. The Committee reviewed these reports, issued appropriate recommendations where necessary and tasked the IAD with following up, to ensure that the relevant line management addressed and resolved the identified issues.

Effective Internal Control over Financial Reporting

The Management is primarily responsible for the preparation of financial statements and maintaining effective internal controls over financial reporting and assessing the effectiveness of such control systems. The Committee reviewed the assessment of the effectiveness of these controls and the risk management process.

Interim Financial Statements and the Annual Report

The Committee exercised its oversight role in respect of financial reporting with focus on adoption of the accounting standards, assessment of the reasonableness of the underlying assumptions leading to significant estimates and judgements made by the management in the preparation of the financial statements and adequacy of disclosures. The Committee reviewed financial information, in order to monitor the integrity of the financial statements of the Bank, its statutory financial statements and quarterly interim financial statements prepared together with disclosures.

The Committee also assessed the reasonableness and appropriateness of the judgment and estimates applied in the preparation of the financial statements. The assessment took into consideration the current market and economic conditions prevailing in the country and its resultant implications on expected credit loss including the related post model adjustment.

External Audit

The meetings of the Committee with the External Auditors focused on the scope of the external audit plan for the year 2025, discussions on the findings and recommendations arising from the half-year and annual audits carried out and the requirements of the new regulatory circulars and relevant accounting standards and Banking Act Directions.

The 2 meetings held by the Committee with the External Auditors without the presence of executive management and the Director/ CEO, ensured that there was no limitation of scope or incidents that could have a negative impact on the effectiveness of the external audit during the year.

Non-Audit Services

The Committee reviewed the non-audit services provided by the External Auditors and was of the view that such services were not within the category of services identified as restricted under the guidelines issued by the Central Bank of Sri Lanka for External Auditors relating to their statutory duties. The Bank's Policy on Non-Audit Services by the Independent External Auditors was reviewed and recommended by the Committee and approved by the Board during the year.

Rotation and Appointment of External Auditors

M/s KPMG, the Bank's External Auditors have served the Bank for the past several years.

In terms of Section 22 (7B) of the Banking (Amendment) Act No. 24 of 2024, licensed banks are required to ensure the independence and objectivity of the external auditor function through mandatory auditor rotation. The Direction stipulates that the engagement of an external audit firm shall not exceed 6 consecutive years.

In view of the above, M/s KPMG will complete the maximum permissible tenure as external auditors of the Bank with the audit of the financial year ending 31 December 2025 and will accordingly cease to hold office upon the conclusion of the forthcoming Annual General Meeting ('AGM').

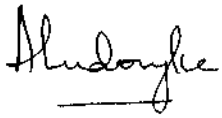
Following a formal evaluation and selection process conducted in accordance with the above Direction, the BAC recommended the appointment of M/s Ernst & Young as the External Auditors of the Bank for the financial year ending 31 December 2026. The said recommendation was subsequently considered and endorsed by the Board of Directors for submission to the shareholders for approval at the forthcoming AGM.

Compliance with the Banking Act Directions on Corporate Governance

Responsibilities executed by the Committee and the extent of compliance with the Banking Act Directions No.05 of 2024 on Corporate Governance are described in the Corporate Governance Report published in the Annual Report.

Evaluation of the Committee

The Committee undertook a self-evaluation of the Committee and appraisal of the effectiveness of executing the responsibilities within the scope of authority of its Terms of Reference and was satisfied that the Committee had carried out its responsibilities effectively during the year 2025.



(Ms). Averil Ludowyke
(Independent Director)
Chairperson - Board Audit Committee

26 February 2026

Report of the Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee of Seylan Bank PLC presents its report for the year ended 31 December 2025, which was approved by the Board of Directors ('the Board').

Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee ('the BHRRC' or 'the Committee') of Seylan Bank PLC ('the Bank') is vested with the power to review, evaluate and make recommendations to the Board on matters that impact or relate to Human Resources ('HR') of the Bank, HR strategies and Policies and determining the remuneration, fees, allowances, special payments or benefits made at the termination or retirement and other financial and non-financial benefits made to Directors, CEO and the Key Management Personnel (KMPs). In doing so, the Committee assists the Board in exercising its oversight role and responsibilities in this regard.

Scope and Terms of Reference of the Committee

The reviewed Terms of Reference (TOR) of the Committee indicated that the requirements set out in the Listing Rules of the Colombo Stock Exchange ('CSE') and the Banking Act Directions No.05 of 2024 on Corporate Governance for Licensed Banks are met.

Directors' fees paid to Non-Executive Directors, which are disclosed in the Corporate Governance Report published hereof was made on a non-discriminatory basis.

Reconstitution of the Committee during 2025 and its Composition as at 31 December 2025

The composition of the Committee changed pursuant to the retirement of Ms Sandya Salgado (Senior Independent Director) on 30 November 2025. Accordingly, the composition of the Committee as at 31 December 2025 was as follows:

(i) Mr Lakshman Silva (Independent, Non-Executive Director/Chairman of the Committee)
(ii) Ms Averil Ludowyke (Independent, Non-Executive Director)
(iii) Mr Krishan Thilakaratne (Non-Executive Director)

The Committee's composition remained a majority of Independent, Non-Executive Directors during the year under review.

*Ms Ramani Samarasundera, Independent, Non-Executive Director was appointed as a member of the Committee on 27 January 2026.

The Director/CEO, Assistant General Manager-Head of Human Resources, Chief Financial Officer and other members of the management attended the meetings of the Committee on invitation and participated in the deliberations, except when matters of their own interest, performance and compensation were discussed.

The Company Secretary functioned as the Secretary to the Committee during the year.

Meetings of the Committee

The BHRRC held 05 Meetings (with management) during the year.

Recommendations made by the Committee were submitted to the Board of Directors for decision.

Details of attendance of the Members at the meetings are presented in the table titled 'Directors' attendance at Sub-committee meetings' in the Corporate Governance Report published in the Annual Report.

Highlights of Activities during 2025

The key activities carried out by the BHRRC during the year included the following:

- Reviewed and recommended the appraisal rating of KMPs for the year 2024
- Reviewed and recommended the Key Performance Indicators (KPIs) of Director/CEO based on budget 2025 and the strategic objectives of the Bank
- Reviewed and recommended the adoption of Human Resources Policies
- Reviewed and recommended the revised Remuneration Policy of the Bank
- Reviewed and recommended the Policy on Claw-back arrangements for Performance-based payments made to Key Management Personnel
- Reviewed and recommended the adoption of the Policy on Training and Development and Policy on Management Trainees
- Reviewed and recommended promotions and salary revisions of KMPs who were eligible during the year
- Reviewed and noted the highlights of HR initiatives implemented and their progress

Remuneration Policy

The Remuneration Policy of the Bank ('Policy') aims to establish a formal and transparent procedure for determining the remuneration, salaries, fees, allowances, special payments and/or benefits and perquisites to Directors, CEO, KMPs and all other employees of the Bank. The Policy and practices are linked to the achievement of the short term and long term strategic goals and operational objectives of the Bank.

Directors' Remuneration and Benefits

The Board as a whole determines the remuneration and/or allowances and fees for both Executive and Non-Executive Directors based on the recommendations of the BHRRC. The TOR of the BHRRC provides that granting of any special payments and/or financial and non-financial benefits to Directors, CEO and KMPs upon their resignation or retirement in addition to normal fees and/or remuneration shall be subject to the recommendation of the Committee and approval of the shareholders. There were no such circumstances during the year that required shareholder approval and/or disclosure in the Annual Report.

Aggregate remuneration to Directors, CEO and the KMPs

Aggregate remuneration paid to the Directors, CEO and the KMPs are disclosed under the table reporting compliance with the Banking Act Directions on Corporate Governance as published in the Annual Report.

Responsibilities of the BHRRC

The responsibilities of the Committee and the extent of compliance with applicable Banking Act Directions on Corporate Governance have been disclosed in the relevant sections of the Corporate Governance Report published in the Annual Report.

Self-Evaluation of the Committee

The BHRRC carried out a self-evaluation of its performance and was satisfied that it had carried out its responsibilities in a satisfactory manner.



Lakshman Silva
Independent Director,
Chairman, Board Human Resources and Remuneration Committee

26 February 2026

Report of the Board Nomination and Governance Committee

The Board Nomination and Governance Committee of Seylan Bank PLC presents its Report for the year ended 31 December 2025, which was approved by the Board of Directors ('the Board').

Board Nomination and Governance Committee

The Board Nomination and Governance Committee ('the BNGC') is a Sub-committee of the Bank vested with the authority to assist the Board relating to the evaluations, nominations/selections, appointments and re-appointments of Directors in addition to the nominations and appointments of Key Management Personnel ('KMPs') through a formal and transparent procedure. The Committee is also vested with the authority to review the overall governance framework of the Bank, corporate governance standards and practices upheld by the Bank and to review that the Bank ensures compliance with the requirements arising from the Banking Act Directions and the Listing Rules of the Colombo Stock Exchange ('CSE') and other relevant regulations.

The reviewed Terms of Reference (TOR) of the Committee set out the authority, composition, scope and responsibilities of the BNGC taking into consideration the corporate governance requirements set out in the Listing Rules of the CSE and the Banking Act Directions on Corporate Governance for Licensed Banks No 05 of 2024 that came into effect from 01 January 2025. The Bank has a Policy Governing Directors' Appointments and Matters Relating to Directors and a Policy on Succession Planning, Selection and Recruitment of Key Positions as adopted by the Board. Both these Policies set out the principles and procedures to be followed in selecting and appointing new Directors to the Board and KMPs of the Bank, emphasising on the requirements relating to qualifications, competencies, experience, etc., and that such appointees should be fit and proper persons to hold office.

Composition of the Committee as at 31 December 2025

The composition of the BNGC as at 31 December 2025, was as follows:

Name of Member	Status	Appointed to the Committee on
Mr D M Rupasinghe	Independent, Non-Executive Director/ Chairman of the Committee	10 September 2024
Ms Averil Ludowyke	Independent, Non-Executive Director	10 September 2024
Mr Lakshman Silva	Independent, Non-Executive Director	10 September 2024
Mr Wasantha Batagoda	Non-Independent, Non-Executive Director	26 December 2025

*Ms Ramani Samarasundera was appointed to the Board as an Independent, Non-Executive Director on 26 January 2026 and was appointed as a Member of the BNGC on 27 January 2026

Ms Sandya Salgado (Senior Independent Director) served on the Committee during the year until she ceased to be a Director on 30 November 2025, in terms of Section 3.2 (b) of the Banking Act Directions No. 05 of 2024 on Corporate Governance for Licensed Commercial Banks in Sri Lanka.

Ms Sunjeevani Kotakadeniya also served on the Committee during the year and was replaced by Mr Wasantha Batagoda upon her resignation from the Board on 26 December 2025.

The Company Secretary functioned as the Secretary to the Committee during the year.

Meetings

The BNGC had 4 meetings during the year. Recommendations of the Committee were submitted to the Board for review and decision.

Director/CEO, Assistant General Manager-Human Resources, Assistant General Manager-Compliance and Senior Manager-Compliance were among the regular invitees to the Meetings of the Committee.

Attendance of the Members for respective meetings is presented in the table titled 'Directors' Attendance at Sub-committee Meetings' of the Corporate Governance Report published in the Annual Report.

Key Activities of the Committee during 2025

- Reviewed and recommended the Affidavits obtained from the Board of Directors for the year 2025 to be submitted to Director, Bank Supervision, Central Bank of Sri Lanka in terms of Section 42 and 76H of the Banking Act No. 30 of 1988 (as amended) for the assessment of fitness and propriety
- Reviewed the Fitness and Propriety Affidavits applicable under Securities and Exchange Commission of Sri Lanka
- Reviewed the fit and proper Affidavits in accordance with Rule 9.7.4 of the Listing Rules of the CSE
- Reviewed the Directors' declarations on the status of independence in terms of revised Rules of the CSE and the Banking Act Directions on Corporate Governance;
- Reviewed the Board Self-Assessment for the year 2024
- Reviewed and recommended the election/re-election of retiring Directors by Shareholders at the AGM of the Bank
- Reviewed and recommended the Policy Governing Directors' Appointments and Matters relating to Directors
- Recommended the appointment of Chief Operating Officer (COO) in the grade of Senior Deputy General Manager
- Reviewed and recommended the Organisation Structure with the introduction of the Chief Operating Officer (COO) role and the Job Description of the COO
- Reviewed and recommended the appointments of Chief Transformation and AI Officer, Head of Internal Audit and Chief Financial Officer of the Bank
- Reviewed and recommended the Promotions of 01 Chief Manager to the grade of Assistant General Manager
- Noted and discussed recent developments in the Banking Industry as required in terms of applicable regulations issued by the Central Bank of Sri Lanka (CBSL)

Report of the Board Nomination and Governance Committee

- Evaluated the proposed nominations to the Board and reviewed their Affidavits for the assessment of fitness and propriety in terms of applicable Banking Act Directions/ Determinations and recommended for approval of the Board prior to the submission of same to the Director, Bank Supervision, CBSL

Independence of the Directors

The Board determined the status of independence of the Independent Directors based on the declarations submitted by respective Directors as per Rule 9.8.5(a) of the Listing Rules of the CSE and the Banking Act Directions on Corporate Governance as applicable. During the year, 5 out of 8 Directors who comprised the Board remained independent up until 30 November 2025 and 4 out of 7 remained independent for the remaining period of the year.

Independent Directors' Meeting

The meeting provided a platform to discuss any important regulatory or business concerns that required attention in light of the Listing Rules of the CSE and the amendments to the Banking Act and the Directions issued thereunder, on Corporate Governance.

Re-election and election of Directors in terms of Articles 82, 83 and 89 of the Articles of Association

The Board, having taken into account the number of directorships held in other entities and other principle commitments, knowledge, experience, performance and overall contribution made to meet the strategic demands of the Bank and the discharge of the Board's overall responsibilities, recommended the re-election of Ms Averil Ludowyke (Independent, Non-Executive Director), who is due to retire by rotation in terms of Article 82 and 83 of the Articles of Association and the Board also recommended the appointments of Mr Wasantha Batagoda (Non-Independent, Non-Executive Director) and Ms Ramani Samarasundera (Independent, Non-Executive Director) in terms of Article 89 of the Articles of Association, subject to obtaining shareholder approval at the forthcoming Annual General Meeting ('AGM').

Information Pertaining to the Director who has been Proposed for Re-election in terms of Article 82 and 83 of the Articles of Association

Description	Ms Averil Ludowyke
Date of first appointment as a Director	17 August 2022
Date of last re-election as a Director at an AGM	30 March 2023
Board Committees served on	• Board Audit Committee (Chairperson) • Board Integrated Risk Management Committee (Member) • Board Human Resources and Remuneration Committee (Member) • Board Nomination and Governance Committee (Member) • Board Related Party Transactions Review Committee (Member)
Directorships/ Chairpersonships in listed entities	Director of Bogala Graphite PLC, Tokyo Cement Company (Lanka) PLC, Chevron Lubricants Lanka PLC
Any relationships including close family relationships between the Director proposed for re-election and the directors, the Bank or its shareholders holding more than ten per- centum (10%) of the shares of the Bank	NIL

Information Pertaining to the Directors who has been Proposed for Election in terms of Article 89 of the Articles of Association.

Description	Mr Wasantha Batagoda
Date of first appointment as a Director	26 December 2025
Date of last re-election as a Director at an AGM	N/A
Board Sub-committees served on	• Board Audit Committee (Member) • Board Nomination and Governance Committee (Member) • Board Marketing, Product Development and Sustainability Committee (Member) • Board Strategic Plan Committee (Member) • Board Information Technology Committee (Member)
Directorships/ Chairpersonships in listed entities	Was a Non-Independent, Non-Executive Director of DFCC Bank until December 2024
Any relationships including close family relationships between the Director proposed for election and the directors, the Bank or its shareholders holding more than ten per-centum (10%) of the shares of the Bank	• Director of Gal Oya Plantation Limited, Fortigrains Private Limited (Singapore), Fortigrains Lanka Private Limited, Ceylon Nano-Diagnostic (Pvt) Ltd, LOLC Asset Holdings Limited, Browns Development Limited, Leapstitch Apparel (Pvt) Ltd, LOLC Geo Technologies (Pvt) Ltd, Browns Agri Solutions (Private) Limited and Browns Properties (Private) Limited, subsidiaries of LOLC Investments Limited, a major shareholder of the Bank. • Chief Legal officer of LOLC Holdings PLC, the parent company of LOLC Investments Limited.

Description	Ms Ramani Samarasundera
Date of first appointment as a Director	26 January 2026
Date of last re-election as a Director at an AGM	N/A
Board Sub-committees served on	Board Marketing, Product Development and Sustainability Committee (Chairperson) Board Human Resources and Remuneration Committee (Member) Board Nomination and Governance Committee (Member) Board Strategic Plan Committee (Member)
Directorships/ Chairpersonships in listed entities	NIL
Any relationships including close family relationships between the Director proposed for election and the directors, the Bank or its shareholders holding more than ten per-centum (10%) of the shares of the Bank	NIL

Board Diversity

During the year 2025, the Bank remained committed to fostering a diverse and inclusive Board. Having reviewed the present composition of the Board, the Committee remains confident that by embracing a variety of experiences, ages, skills and genders, the Bank is better positioned to perform effectively.

The Board of Directors were apprised via regular updates/submissions to the Board and Board Sub-committee meetings of the changes/amendments to corporate governance regulations applicable for licensed commercial Banks and listed entities along with updates on other applicable rules and regulations relating to the Bank. Directors including newly appointed Directors are familiarised through the high-level compliance and governance submissions along with the familiarisation on the key focus areas of the Bank.

The Committee reviews and monitors the Bank's compliance in terms of stipulated requirements under applicable regulations on corporate governance and the implementation of any required actions to ensure further compliance as per the regulatory requirements.

The extent of the Committee's compliance with the Banking Act Directions on Corporate Governance has been disclosed in the Corporate Governance Report published in the Annual Report.

Performance Evaluation of the Committee

The BNGC carried out a Self-Evaluation of its own performance and was satisfied that the Committee had carried out its responsibilities in a satisfactory manner.

The Committee also assessed the overall performance of the Board.



D M Rupasinghe
Independent Director
Chairman - Board Nomination and Governance Committee

26 February 2026

Report of the Board Related Party Transactions Review Committee

The Board Related Party Transactions Review Committee ('the Committee' or 'RPTRC') of Seylan Bank PLC ('the Bank') presents its report for the year ended 31 December 2025, which was approved by the Board of Directors ('the Board').

Scope and Terms of Reference of the Committee

The reviewed Terms of Reference of the Committee set out the scope and objectives of the Committee in accordance with the Listing Rules of the Colombo Stock Exchange (CSE) and the Banking Act Directions on Corporate Governance for Licensed Banks No. 05 of 2024.

The composition of the Committee as at 31 December 2025, was as follows;

(i) Mr Lakshman Silva (Chairman of the Committee/ Independent, Non-Executive Director)

(ii) Ms Averil Ludowyke (Independent Non-Executive Director)

(iii) Justice Buwaneka Aluwihare, PC (Chairman of the Board/Independent, Non-Executive Director)

The Directors' profiles and attendance at the Sub-committee meetings are presented in the table titled 'Directors' Attendance at Sub-committee Meetings' in the Corporate Governance Report published in the Annual Report.

Mr Lakshman Silva, Independent, Non-Executive Director held the position of the Chairman of the Committee and the Committee comprised Independent Directors during the year under review.

The Company Secretary functioned as the Secretary to the Committee during the year.

Director/CEO, Chief Financial Officer, AGM-Compliance and relevant members of the management, who submitted papers to the Committee attended the Meetings of the Committee by invitation.

Meetings of the Committee

The Committee held 05 meetings during the year. Copies of confirmed minutes of the meetings and the recommendations made by the Committee were submitted for approval of the Board.

Methodology Adopted by the Committee

The methodology adopted by the RPTRC is set out in the Terms of Reference of the Committee approved by the Board of Directors, and are in compliance with the requirements under the Listing Rules. As such, the mandate of the Committee consists, *inter alia*, the following:

- Ensuring that a clear policy, procedures and processes are in place for identifying, monitoring and reporting Related Party Transactions ('RPTs') on an on-going basis in line with applicable laws and regulations
- Reviewing the RPTs of the Bank including transactions that have a conflict of interest with a view to avoiding any conflicts of interest that may arise from such transactions
- Reporting to the Board on a quarterly basis the details of related parties, RPTs and economic consequences of the RPTs
- Ensuring that a director abstains from participating in discussions on any Board decision on transactions in relation to the director or any of his/her close relation or a concern in which the director has substantial interest
- Ensuring that the Committee adheres to the provisions set out in Related Party Transactions and Avoidance of Conflict of Interest Policy and Process of the Bank when engaging in transactions with related parties
- Review in advance all proposed RPTs (except those exempt)
- In reviewing RPTs, the Committee shall ensure that the objective and the economic and commercial substance of the RPTs are given precedence over the legal form and technicality
- The Committee shall take into account the interests of shareholders as a whole in reviewing RPTs
- Ensuring that an 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 as the case may be
- Ensuring that the senior management updates the Committee on any proposed material changes in any previously reviewed RPTs in terms of rule 9.14.5 (1) of Listing Rules and seek approval of the Committee for such proposed material changes prior to the completion of the transaction
- Ensuring that they have or have access to knowledge or expertise to assess all aspects of proposed RPTs and where necessary, they should obtain appropriate professional and expert advice from an appropriately qualified person, as per the Bank's Policy on Directors' Seeking Independent Professional Advice
- Formulation of guidelines/policies for the senior management to follow in its ongoing dealings with the Related Party and review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines/policies and that the RPT remains appropriate

Functions of the Committee

Review of RPTs (having taken into account the requirements set out in applicable regulations of the Listing Rules of the CSE and the Banking Act Directions) is a key element of the scope and responsibilities of the Committee as set out in its Terms of Reference. The Committee during such reviews, gave due cognisance to the interests of the shareholders and the commercial substance of such transactions.

Summarised Lists of recurrent RPTs approved by the Board of Directors were presented to the Committee. The aggregate value of the recurrent RPTs entered into with the same related party did not exceed 10% of the gross revenue/income of the Bank during the year requiring disclosure in the Annual Report in terms of Section 9.14.8(2) of the Listing Rules of the CSE.

Further, there was no occurrence of events in terms of Section 9.14.7(1) and 9.14.8(1) of the Listing Rules of the CSE that required disclosures to be made, as specified therein.

Delegated Authority Limits for Granting of Facilities to the Related Parties were reviewed and approved by the Board during the year under review. The Committee reviewed the mechanism/process for recording, monitoring and reporting RPTs of the Bank and provided necessary guidance and advice to ensure the effectiveness of such process. The Committee in particular when reviewing relevant RPTs, considered that the Bank had not engaged in such transactions by way of providing 'more favourable treatment, which was not available for an unaffiliated third party under similar circumstances.

A Director concerned who had any material interest over a related party transaction, which concerned him/her in person or his/her close relation or a concern in which such Director had a substantial interest, which was reviewed by the Committee, or by the Board, was not present when such matter/s were considered and refrained from voting.

The Compliance Unit conducted regular assessments of RPTs carried out by the Bank and reported its observations and findings to the Committee. Awareness sessions on new regulations relating to RPTs were also carried out for staff of the Central Credit Units, Risk Management Unit and Internal Audit Department.

The Committee reviewed the RPTs during the financial year and has communicated its comments/observations to the Board of Directors.

Evaluation of the Committee

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee, and was satisfied that it had carried out its responsibilities in an effective manner.

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.



Lakshman Silva
Independent Director
Chairman - Related Party Transactions Review Committee

26 February 2026

Report of the Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee ("BIRMC" or "the Committee") presents its Report for the year ended 31 December 2025. The Report was approved by the Board of Directors.

Scope and Objective of the Committee

The scope and objective of the BIRMC is to assess on a regular basis through appropriate risk indicators and management information, all risk categories including credit, market, liquidity, operational, technology, information security and strategic risks faced by the Bank and its reputation and to assess the risks faced by its associates and subsidiary companies. The mandate of the BIRMC as defined in its Terms of Reference is to ensure that the Bank implements an approved policy framework with defined procedures and systems for identifying, measuring, monitoring and controlling such risks. A comprehensive set of risk management policies approved by the Board provide a strong administrative framework towards meeting the objectives of the Committee.

Composition of the BIRMC

During the year 2025, the Committee comprised of the following members:

Mr D M Rupasinghe, Independent Director - Chairman of the Committee

Justice Buwaneka Aluwihare, PC, Independent, Non-Executive Director/ Chairman of the Board

Mr R J Jayasekara, Director/Chief Executive Officer

Mr L H A Lakshman Silva, Independent Director

Ms Averil A Ludowyke, Independent Director

Mr L A S Fernando, Deputy General Manager/ Chief Risk Officer

Profiles of the Directors holding membership in the Committee are provided in pages 132 to 137 of the Annual Report.

The Deputy General Manager/Chief Risk Officer (CRO), Mr L A S Fernando as the Head of the Risk Management Unit functioned as the Secretary to the Committee during the year whilst the Company Secretary was in attendance at the special meeting held without the Management. The Key Performance Indicators of CRO were reviewed by the Committee during the first quarter.

Meetings of the BIRMC

Eight regular meetings on a quarterly basis and one special meeting without the management were held during the year. Copies of the confirmed Minutes of meetings were made available to the Board of Directors for information whilst recommendations of the Committee were submitted to the Board for review and appropriate decisions.

Details of attendance of the members at the meetings are presented in the table providing "Directors' attendance at Sub-committee meetings" in the Corporate Governance Report published in the Annual Report. The Head of Compliance who reports directly to the BIRMC and the Chief Financial Officer attended the regular meetings of the Committee whilst other management members were present when invited by the Committee.

Compliance with the Corporate Governance Directions

The execution of responsibilities of the Committee and the extent of the Committee's compliance with the Banking Act Directions on Corporate Governance No. 5 of 2024 have been briefed in the Corporate Governance Report published in the Annual Report.

Risk Management Unit

The Risk Management Unit (RMU) is an independent unit headed by the CRO. The Unit is responsible for creating, managing and implementing a pervasive bank-wide risk culture. The BIRMC reviewed the adequacy of the activities of the RMU and focused on improving communication and implementation of risk management responsibilities at all levels within the Bank. Towards meeting this requirement, the five Sub-committees of the BIRMC, namely, the Executive Credit Risk Management Committee, the Executive Market and Operational Risk Management Committee, the Asset and Liability Management Committee, Information Security Committee and The Recovery Steering Committee continued to function during the year. Minutes of the meetings of these Committees were tabled to the BIRMC whilst recommendations/decisions of these Committees were also submitted by the CRO to the BIRMC's regular quarterly meetings for review and discussion.

A comprehensive Risk Management Report presented by the RMU, disclosing the Bank's level of risk management and assessment including the levels of risk under different risk categories is presented in the Annual Report.

Compliance Function

The Head of Compliance, Ms Chaya Gunarathne reports directly to the BIRMC. She is responsible for ensuring due compliance of the Bank with laws, regulations, internal controls, policies and industry best practices. Periodic updates to the BIRMC were provided by the Head of Compliance on the regulatory developments and their impact to the Bank; outcome of compliance assessments, corrective measures and precautionary measures taken where required; compliance risk dash boards, findings of internal audit, external audit and regulatory audits on compliance function etc. The BIRMC provided advice and recommendations on the compliance risks identified, proposed policies and new developments to the compliance function.

Integrated Risk Management Framework and Implementation

Some of the key and supplementary activities carried out and/or endorsed by the Committee during the year included (but not limited to);

- Assessment of credit, market, liquidity, operational, information security/ technology and strategic risks
- Review and recommend policies related to risk management and compliance

- Review and assessment of the extent of independent credit risk reviews, business continuity planning, disaster recovery testing, information security risk controls, outsourced activities, Risk and Control Self Assessment (RCSA) process
- Review the key risk indicators for credit risk, market risk, operational risk and technology risk on a monthly/quarterly basis and to inquire on any deviations from the Board approved limits
- Ensure conducting of stress testing exercise considering various adverse scenarios to assess materiality and probability of potential losses and their impact on profitability and capital adequacy
- Review of various reports submitted on assessment of compliance risks
- Review and assessment of status updates on the implementation of activities as per the Compliance Activity Calendar
- Review of the risk assessments and controls of the Bank's subsidiary, Seylan Development PLC
- Assessment and impact of the Macroeconomic downturn in the country
- Evaluate and review of the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and Bank's Business Recovery Plan (RCP)
- Provide guidance on the implementation of important regulatory Directions across the Bank
- Review of the Bank's credit risk management framework and set in place an Action Plan to implement an effective Early Warning Indicator monitoring mechanism across the Bank, validate the Bank's SLFRS9 Impairment Models/ Internal Risk Rating Models, further development and improvement of the said Models, arranging to introduce a Risk Based Pricing Methodology and to use Internal Risk Rating Models for the computation of SLFRS9 Impairment amounts
- Evaluation of the Board Integrated Risk Management Committee

The Members of the BIRMC carried out a self-assessment of the Committee's performance. The Committee was satisfied that it had carried out its responsibilities in an effective manner during the year



D M Rupasinghe
Independent Director
Chairman - Board Integrated Risk Management Committee

26 February 2026

Report of the Board of Directors on the State of Affairs of the Company

The Board of Directors of Seylan Bank PLC ('the Board' or 'the Directors') presents its Report on the State of Affairs of Seylan Bank PLC ('the Bank' or 'the Company') together with the audited financial statements of the Bank, the consolidated financial statements of the Group and the Auditors' Report on those financial statements for the financial year ended 31 December 2025. This Report hereinafter will also be referred to as 'the Report' or 'Report of the Directors' or 'Report of the Board of Directors'.

This Report together with the Financial Statements (as aforementioned) which are published in the Annual Report of the Bank for the year ended 31 December 2025 (hereinafter referred to as 'the Annual Report') were reviewed and approved by the Board of Directors on 26 February 2026. A softcopy of this Annual Report of the Bank will be hosted/published on the website of the Bank, www.seylan.lk and also on the website of the Colombo Stock Exchange ('CSE'), www.cse.lk

The disclosures in this Report conform to the requirements of the Companies Act No. 07 of 2007, the Banking Act No. 30 of 1988 as last amended via the Banking (Amendment) Act, No. 24 of 2024, the Directions issued under the Banking Act, the Listing Rules of the CSE and the recommended best practices on Corporate Governance.

In compliance with the requirements under Section 168 of the Companies Act No. 07 of 2007, information and disclosures in respect of the financial year ended 31 December 2025 have been published on the pages/ sections of this Report and/or the pages/ sections of the Annual Report where relevant.

1. About the Bank/ the Company

Seylan Bank PLC is a public limited liability company incorporated in Sri Lanka on 28 August 1987 under the Companies Act No.17 of 1982 and is a licensed commercial bank registered and operating under the Banking Act No. 30 of 1988 as last amended via the Banking (Amendment) Act, No. 24 of 2024. The Company was re-registered under the provisions of the Companies Act No. 07 of 2007 on 30 May 2007 (Company Registration No. PQ 9). The Registered Office and the Head Office of the Bank is "Seylan Towers", 90, Galle Road, Colombo 03.

The Bank was listed on the CSE on 05 January 1989. The Bank's ordinary shares (both voting and non-voting) and its BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures issued in the years 2018, 2021, 2023, 2024 and 2025 were listed in the CSE.

Fitch Ratings upgraded the National Long-Term Ratings of Ten (10) Sri Lankan Banks following the recent sovereign upgrade and recalibration of the agency's Sri Lankan National Rating Scale. Accordingly, the National Long- Term rating of the Bank was upgraded to 'A+ (lka)', from 'A-(lka)' on 21 January 2025. The Outlook remained stable.

The rating of the outstanding Sri Lankan Rupee denominated, BASEL III compliant Subordinated Debt of the Bank was upgraded to A-(lka) from BBB(lka).

2. Principal Activities

The principal activities of the Bank are commercial banking and provision of related financial services, which mainly include acceptance of deposits, personal banking, trade financing, off-shore banking, resident and non-resident foreign currency operations, corporate and retail credit, margin trading, pawn broking, project financing, lease financing, credit card facilities, money remittance services, factoring, dealing in government securities and treasury related products etc. There were no significant changes in the nature of the principal activities of the Bank and its Subsidiary during the financial year under review.

3. Vision and Mission and Corporate Conduct

3.1 Vision and Mission

Vision:
"To be Sri Lanka's leading financial services provider – as recognised by all its stakeholders."

Mission:

- We provide our Customers with financial services that meet their needs in terms of value, pricing, delivery and service
- We will do so through a team of Seylan Bankers who are recognised and rewarded for results orientation
- We will ensure that our efforts translate to meeting the expectations of our shareholders, whilst always acting as responsible corporate citizens.

3.2 Corporate Conduct

The Bank conducts its business activities at a high level of ethical standard in achieving its vision and mission. The Board of Directors of the Bank as well as its employees have pledged to abide by and comply with the Code of Conduct and Ethics of the Bank.

4. Group Structure

The only Subsidiary of the Bank is Seylan Developments PLC ('SDP'). SDP is a public limited liability company incorporated in 1992 and listed on the CSE. The principal activities of SDP are property development and management. The Bank held a 74.69% stake in SDP as at 31 December 2025. Please refer Section 29 of this Report for information on the Board of Directors of SDP. The Bank received a dividend of LKR 114,765,323.20 (Gross Dividend) paid by the Subsidiary during the year under review.

5. Branch Network

As at 31 December 2025, the Bank's branch network comprised of 172 banking centres and 98 Student Savings Centres, islandwide. Locations and details of the banking centres as at the date of this Report as well as locations of off-site ATMs are given in the Annual Report.

6. Review of Performance in 2025 and Future Development Plans

The Chairman's Message, the Chief Executive Officer's Review and the reports that are published in this Annual Report provide an overall assessment and review of the operations and financial performance of the Bank during the year 2025 aligned to the information in the Audited Financial Statements of the Bank for the year ended 31 December 2025. Said reviews and reports set out the Bank's future development plans and such development proposals have been laid out in the Bank's Strategic Plan for 2024-2026 as approved by the Board. Implementation of the Strategic Plan is monitored by the Board Strategic Plan Committee.

7. Financial Statements and Financial Reporting

The Financial Statements of the Bank and the Group have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS) and the Sri Lanka Financial Reporting Standards (SLFRS). The necessary quantifications and disclosures have also been made based on LKAS/SLFRS. The Financial Statements which are published in the Annual Report are followed by the related notes to the Financial Statements and Significant Accounting Policies adopted in the preparation of the Financial Statements.

The Audited Financial Statements for the year ended 31 December 2025 were certified by the Chief Financial Officer and signed by two Directors in terms of Section 151, 152 and 168(1)(b) of the Companies Act No. 07 of 2007 ('Companies Act'). They are published in this Annual Report and form an integral part of this Report. Some of the salient financial information have been disclosed under the relevant headings in this Report.

8. Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Bank to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements and the Notes thereto have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Banking Act No. 30 of 1988 (as last amended via the Banking (Amendment) Act, No. 24 of 2024) and relevant Directions and Determinations thereof and the Listing Rules of the CSE.

The Statement of Directors' Responsibility for Financial Reporting which appears in the Annual Report forms an integral part of this Report of the Directors.

9. Auditors' Report

The Auditors' of the Company, Messrs. KPMG, Chartered Accountants carried out the audit of the consolidated Financial Statements for the financial year ended 31 December 2025 and the Auditors' Report is published in the Annual Report.

10. Financial Results

The income and profit of the Bank and those of the Group for the year ended 31 December 2025 are given in the table below. An analysis of the income is given in the Notes to the Financial Statements published in the Annual Report:

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Gross Income	93,779,434	91,346,608	93,854,227	91,394,364
Operating Income	48,132,737	42,593,696	48,529,325	42,964,847
Profit before Income Tax	19,623,192	16,043,413	19,837,245	16,235,034
Less: Income Tax	7,514,895	5,992,136	7,610,310	6,082,296
Profit after Income Tax	12,108,297	10,051,277	12,226,935	10,152,738
Other Comprehensive Income Net of Tax	1,541,932	684,540	1,577,025	793,610
Total Comprehensive Income for the year	13,650,229	10,735,817	13,803,960	10,946,348

11. Taxation

Provision for taxation has been computed as indicated in Note 17 to the Financial Statements.

12. Capital Expenditure

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment and intangible assets of the Bank and the Group is given below and further described in Notes 31 and 34 to the Financial Statements.

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Property, Plant and Equipment and Intangible Assets	1,691,762	1,189,651	1,702,035	1,193,422
Net book value of freehold properties	3,161,261	3,195,843	5,973,967	5,996,078

Report of the Board of Directors on the State of Affairs of the Company

All freehold land and buildings of the Bank were valued in 2024 by professionally qualified independent valuers (Chartered Valuers/ Licensed Surveyors) engaged by the Bank to its Panel of Valuers and brought into the Financial Statements. Details of freehold properties owned by the Bank are given in Note 31.4 to the Financial Statements.

Capital Expenditure approved and contracted for after the year ended 31 December 2025 is given in Note 55 to the Financial Statements.

13. Donations

During the year, the Bank made donations amounting to LKR 560,000.00 (Donations made in 2024 amounted to LKR 560,000.00).

14. Dividend and Solvency Certification

The Directors have recommended a First and Final Ordinary Dividend, in the form of a Cash Dividend of LKR 4.00 per share (both ordinary voting and ordinary non-voting) for the year ended 31 December 2025. This recommendation is subject to the approval of the shareholders at the Annual General Meeting of the Bank scheduled to be held on 31 March 2026.

The Board of Directors was satisfied that the Bank would meet the solvency test in terms of the provisions of Section 57 of the Companies Act No. 07 of 2007 immediately after the payment of the proposed dividend. A Certificate of Solvency was also obtained by the Bank from the External Auditors in compliance with Section 56(2) of the Companies Act, confirming the Board's declaration of solvency.

The Bank paid a First and Final ordinary dividend, in the form of a Cash Dividend of LKR 3.50 per share (both ordinary voting and ordinary non-voting) for the financial year ended 31 December 2024.

15. Reserves

Total reserves (including Statutory Reserve Fund) as at the end of the financial year of the Bank and the Group, were as follows:

Bank		Group	
2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
60,220,565	48,795,102	62,422,785	50,911,548

16. Stated Capital

The Stated Capital of the Bank as at 31 December 2025 was LKR 21,693,370,000.00 (Stated Capital as at 31 December 2024 was LKR 21,693,370,000.00).

17. Investor Information

Information including earnings, profitability, dividend, net assets and market value per share is given in the Financial Highlights page in the Annual Report. Information pertaining to share prices and debenture prices is given on pages 356 to 361 in the Annual Report.

17.1. Minimum Public Holding Requirement (Voting and Non-Voting)

The Bank was compliant with Section 7.13.1 of the Listing Rules of the CSE in respect of the above as at 31 December 2025 as described below.

Criteria	31 December 2025	
	Voting	Non-Voting
Float adjusted market capitalisation	LKR 17.588 Bn	LKR 11.855 Bn
Public Holding Percentage	54.88%	47.46%
Number of Public Shareholders	11,818	8,517
Option	1	1

17.2. Analysis of the Shareholding Distribution and Major Shareholders

An analysis of the distribution of shareholdings and lists of twenty largest ordinary voting and ordinary non-voting shareholders of the Bank as per the requirement of the Listing Rules of the CSE have been published under Investor Information section of this Annual Report.

18. Debentures

18.1. Debentures in Issue

Value of Debentures as at 01 January 2025	LKR 23,324,000,000.00
Allotment of new Debentures during 2025	LKR 15,000,000,000.00
Redemption of Debentures during 2025	LKR 715,000,000.00
Total value of Debentures as at 31 December 2025	LKR 37,609,000,000.00

Further information on the debentures issued are provided under Investor Information section of this Annual Report.

18.2 Debenture Issue in 2025

The Board of Directors declared the issuance of a maximum of Fifty Million (50,000,000) BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion of Rupees One Hundred (LKR 100.00) each, to raise a maximum sum of Rupees Fifteen Billion (LKR 15,000,000,000.00) in one or more issuances until 31 December 2025 and obtained the approval of the Shareholders at an Extraordinary General Meeting held on 28 March 2025 on same.

Based on Shareholder approvals received, One Hundred Fifty Million (150,000,000) BASEL III compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion of Rupees One Hundred (LKR 100.00) each, were allotted to Qualified Investors on 18 July 2025, following the basis of Preferential Allotments, maximum up to 74.956% of said One Hundred Million (100,000,000) Debentures in accordance with the provisions of the Prospectus issued. Said Debentures were listed on 18 July 2025.

19. Equitable Treatment of Shareholders and Effective Shareholder Communication

The Bank has at all times ensured that Shareholders are treated equitably. The General Meetings of the Bank are the main forums adopted by the Board as well as the Shareholders of the Bank for an effective dialogue with one another while other channels of communication were also being used to ensure that Shareholders and all interested parties have equal access to corporate information in the public domain. Policy on relations with Shareholders and Investors as adopted by the Board is published on its corporate website, the objective of which is to enhance long-term Shareholder value through regular communication with Shareholders.

20. Directorate

20.1 Directors who held office as at 31 December 2025

Name of Director	Status of Directorship
Justice Buwaneka Aluwihare, PC	Chairman/Independent Director
Mr Ramesh Jayasekara	Director/Chief Executive Officer
Mr Krishan Thilakaratne	Non-Executive Director
Mr D M Rupasinghe	Independent Director
Mr Lakshman Silva	Independent Director
Mrs Averil Ludowyke	Independent Director
Mr Wasantha Batagoda	Non-Executive Director

The profiles of the Board of Directors as at the date of this Report including their membership/s in Board Sub-committees are given on pages 200 to 209 of the Annual Report. None of the Directors on the Board exceeded 70 years of age, during the period under review nor at the time of publishing the report.

20.2 Change of Directorate

- Retirement of Independent, Non-Executive Director/ Senior Independent Director, Ms Sandya Salgado from the Board on 30 November 2025
- Resignation of Non-Executive Director, Ms Sunjeevani Kotakadeniya from the Board w.e.f. 26 December 2025
- Appointment of Non-Executive Director, Mr Wasantha Batagoda to the Board w.e.f. 26 December 2025
- Appointment of Ms Ramani Samarasundera to the Board w.e.f. 26 January 2026

20.3 Declarations by Directors – Independent/Non-Independent Status and Declaration of Relevant Relationships

All Independent Directors have submitted signed declarations confirming their independent status in compliance with the CSE Rules on Corporate Governance (revised in October 2023). All Non-Executive Directors have submitted their declarations in terms of Banking Act Directions on Corporate Governance. Director/CEO submitted relevant declaration in terms of Banking Act Directions on Corporate Governance.

20.4 Declarations by Directors – 'Fit and Proper' Status of Continuing Directors

Signed Affidavits in terms of Section 42 of the Banking Act (as amended) issued by the Directors declaring their 'fit and proper' status, prior to the Annual General Meeting 2025 were submitted to the Director, Bank Supervision, Central Bank of Sri Lanka. The Central Bank approved the continuation of office of those Directors.

Affidavits in terms of applicable guidelines issued by the Securities and Exchange Commission of Sri Lanka on Fitness and Propriety are obtained from the Directors, as and when required.

In addition, declarations in relation to the assessment of fitness and propriety of Directors as set out under Section 9.7.4 of the Listing Rules of the CSE (revised) were obtained from all Directors and having reviewed the same the Board noted that those Directors were fit and proper persons to hold said positions.

20.5 List of Directorships of the Directors in other Entities

Directorships held by the Directors in other entities and their substantial/material shareholdings if any, as at 31 December 2025 are provided in the Annexure that follows this Report of the Directors. The list has also identified the status of directorships (Executive/ Non-Executive/ Independent status) and the status where an entity is a listed entity.

Report of the Board of Directors on the State of Affairs of the Company

20.6 Board Evaluation

A performance evaluation designed to improve the Board's effectiveness and that of its Committees was conducted in line with good Corporate Governance practices during the year along with an Evaluation of Performance of the Chairman of the Board. Further, each member of the Board carried out a self-assessment of his/her own effectiveness and the effectiveness as members/chairpersons of the Board and the Board Sub-committees.

21. Re-election/Election of Directors

In terms of Article 82 and 83 of the Articles of Association, Independent, Non-Executive Director, Mrs Averil A Ludowyke retires by rotation at the forthcoming Annual General Meeting ('AGM') of the Bank and offers herself for re-election. The Board Nomination and Governance Committee and the Board having evaluated and satisfied that the said Director is fit and proper person for re-election, recommended the said re-election for shareholder approval.

In terms of Article 89 of the Articles of Association, Mr W D Batagoda who was appointed as a Non-Executive Director to fill a causal vacancy on the Board retires at the forthcoming AGM and will be subjected to election by the shareholders at the forthcoming AGM. The Board nomination and Governance Committee and the Board having evaluated and satisfied that the said Director is fit and proper person for election, recommended the said election for shareholder approval.

In terms of Article 89 of the Articles of Association, Mrs R L Samarasundera who was appointed as an Independent, Non-Executive Director to fill a causal vacancy on the Board retires at the forthcoming AGM and will be subjected to election by the shareholders at the forthcoming AGM. The Board Nomination and Governance Committee and the Board having evaluated and satisfied that the said Director is fit and proper person for election, recommended the said election for shareholder approval.

22. Meetings of the Board of Directors

Twelve regular monthly meetings of the Board of Directors were held during the year.

A schedule of Directors' attendance at Board meetings and a schedule of Directors' attendance at Board Sub-committee meetings have been disclosed in the Corporate Governance Report published in this Annual Report.

23. Directors' Interest in Contracts and Directors' Interest Register

The Bank maintains a Directors' Interest Register as required under Section 168(1)(e) of the Companies Act No. 07 of 2007.

The Directors submitted their declarations to the Board through the Company Secretary disclosing their interests from time to time in accordance with Section 192(2) of the Companies Act No. 07 of 2007 for purposes of identification of their interest in contracts/ transactions that the Bank enters into. Such disclosures are reported to the Board and minuted by the Company Secretary and thereafter recorded in the Directors' Interest Register. The Directors' Interest Register is available for inspection by the Shareholders or their authorised representatives as required under Section 119(1) (d) of the Companies Act No.07 of 2007.

Where relevant, in Board and Board Sub-committee meetings, which dealt with matters concerning related party interest or directorship interest, respective Directors abstained and did not vote on such matters.

The Bank maintained a Register of Directors and Secretaries as required under Section 223(1) of the Companies Act during the period of review.

24. Directors' Interest in Shares and Debentures of the Bank

Directors' holdings in Shares and Debentures of the Bank as at 31 December 2025 and the comparative figures of the previous year are given below:

Name of Director	31.12.2025	31.12.2024	Shares/Debentures
Justice Buwaneka Aluwihare, PC	Nil	Nil	
Mr Ramesh Jayasekara	728	728	Ordinary Voting Shares
	35,174	35,174	Ordinary Non-voting shares
Mr Krishan Thilakaratne	Nil	Nil	
Mr D M Rupasinghe	Nil	Nil	
Mr Lakshman Silva	50,000	50,000	Debenture Issue 2021
	200,000	200,000	Debenture Issue 2024
	100,000		Debenture Issue 2025
Ms Averil Ludowyke	Nil	Nil	
Mr Wasantha Batagoda	Nil	Nil	

Percentage Shareholdings of Directors:

Type of shares	% as at 31.12.2025	% as at 31.12.2024
Ordinary Voting Shares	0.0002%	0.0002%
Ordinary Non-Voting Shares	0.0106%	0.0106%

There were no changes to the above information on Directors' interest in shares and debentures from 01 January 2026 and upto the date of publishing this report of the Board of Directors.

25. Directors' Remuneration

Details of Directors' emoluments paid in respect of the Bank and the Group for the year 2025 are given as a note to the Financial Statements in the Annual Report.

26.Insurance and Indemnity

As authorised by the Articles of Association of the Bank and as approved by the Board of Directors, the Bank obtained a Directors' and Officers' Liability Insurance Cover in respect of the year 2025/2026.

27. Board Sub-committees

The Board is empowered by the Articles of Association to delegate any of its powers to the Board appointed Sub-committees within the scope of the respective Board approved Terms of Reference. The Sub-committees consist of members appointed as the Board thinks fit subject to meeting the criteria specified in the respective Terms of Reference.

The following Board Sub-committees were functional as at 31 December 2025. The respective scope, objective and composition of these Sub-committees have been provided in the Corporate Governance Report published in the Annual Report.

1) Board Audit Committee
2) Board Human Resources and Remuneration Committee
3) Board Nomination and Governance Committee
4) Board Integrated Risk Management Committee
5) Related Party Transactions Review Committee
6) Board Credit Committee
7) Board Strategic Plan Committee
8) Board Information Technology Committee
9) Board Marketing, Product Development and Sustainability Committee

Further information relating to the above Board Sub-committees operated during the year under review, is provided in the Corporate Governance Report published in pages 145 to 175.

28. Related Party Transactions

During the year, the Bank did not carry out any recurrent or non-recurrent related party transactions, which required disclosures as described in sections 9.14.7 and 9.14.8 of the revised CSE Rules.

29. Directorate of the Subsidiary, Seylan Developments PLC

The Board of the Bank's Subsidiary, Seylan Developments PLC comprised the following Directors during the year under review:

- Mr Ramesh Jayasekara – Chairman/ Non-Executive Director
- Mrs Gillian Edwards – Independent Director
- Mr Tilan Wijeyesekera -Independent Director
- Mr Mohamed Najill Ibrahim Farouk -Independent Director
- Mr Ranil Dissanayake - Non-Executive Director
  (Appointed w.e.f. 26.11.2025)
- Mrs Champika Dodanwela – Non-Executive Director
  (Resigned w.e.f. 09.12.2025)
- Mr P Hennayake - Independent Director
  (Resigned w.e.f. 10.01.2025)

30. Human Resources

The Board of Directors and the Board Human Resources and Remuneration Committee ('BHRRC') were involved in providing direction and guidance to craft and formulate the Human Resources Strategic Plan for the next three years. It comprised of many key initiatives, such as, Succession Planning and Leadership Development, Talent Management, Employer Branding, Employee Engagement and Well-being etc.

The BHRRC provided guidance on creating a robust Succession Plan for the Bank to ensure smooth transition of successors to Key Management Personnel (KMPs) and critical job positions of the Bank. It involved deep analysis into identification of potential talent, identification of first and the second level successors to KMPs, assessment of readiness levels and identification of areas for development with Training and Development Initiatives.

The BHRRC provided direction in strengthening the leadership structure by enriching and upgrading selected key positions, empowering with additional responsibilities and accountabilities, creating Leadership/Talent pipelines, management of Top-talent with attractive and customised value propositions.

Further, with a view to enhancing Employee Engagement and strengthen Employee Stickiness the Board encouraged taking sustainable initiatives. Employee Engagement and Wellbeing has also been area of focus whilst formulating meaningful Employee Value proposition initiatives, and boosting Employer Branding of the Bank.

31. Corporate Governance

During the year under review, the Board of Directors played an active role in ensuring that the interests of its various Stakeholders, namely Shareholders, Customers, Employees, Regulators, General Public, etc., were handled in a manner that was consistent with its obligations to these groups focusing on long-term growth and sustainability of the Bank. The Board ensured that the systems and procedures established by the Bank were adequately and practically adopted and followed by the management to achieve the strategic goals and initiatives by the business.

The extent of compliance with applicable regulatory directions, rules and guidelines on Corporate Governance have been disclosed in the Corporate Governance Report published in the Annual Report.

The External Auditors carried out an agreed upon procedure in accordance with the Sri Lanka Related Services Practice Statement (SLRSPS 4750) with regard to the Bank's compliance with the Banking Act Direction No. 11 of 2007 on Corporate Governance and confirmed that the findings were consistent with the matters reported in the Corporate Governance Report in the Annual Report.

Report of the Board of Directors on the State of Affairs of the Company

32. Risk Management and System of Internal Controls

32.1 Risk Management

The Board Integrated Risk Management Committee ('BIRMC') was vested with this responsibility by the Board, and ensured the implementation of a sound Risk Management Framework by means of an ongoing process to identify, evaluate and manage the risks that are faced by the Bank. The Chief Risk Officer reported and updated the status of the Bank's overall risks to the Committee at its regular quarterly meetings. The Report of the BIRMC and a detailed report on Risk Management of the Bank are published in the Annual Report.

Capital Management

The Bank has an ongoing process to evaluate the adequacy of capital in line with strategic aspirations and to comply with the BASEL III guidelines. The detailed review on Capital Management is discussed in the Risk Management Report published in the Annual Report.

32.2 System of Internal Control

The Board recognises that upholding of a robust and effective Internal Control Framework is indispensable due to the resultant positive impact on the Bank's performance and good governance. Internal control is a process, carried out at various levels in the Bank, aiming to provide a reasonable certainty of achievement of the objectives; safeguarding of assets; efficiency and effectiveness of operating activities; reliability of accounting information and compliance with laws and regulations. The Internal Control Framework of the Bank consists of organisational structures; policies; effectively designed, documented and periodically reviewed business processes with inbuilt control mechanisms, instructions and guidelines and duly approved delegated authority levels. An effective Internal Control Framework is a key decisive factor for the sustainability of the Bank in the long run in terms of market share, service quality, profitability and stakeholder confidence.

The Board confirms the existence of an effective system of Internal Controls for managing the risks faced by the Bank by taking timely risk mitigation actions and ensuring operational effectiveness of such Internal Controls, which had been in place throughout the year under review up to the date of approval of this Annual Report and have been consistently reviewed. The Directors' Statement on Internal Control over Financial Reporting is given on pages 221 to 222 of this Annual Report.

33. Compliance with Laws and Regulations

The Bank operates within a robust compliance and governance framework designed to ensure adherence to all applicable statutory and regulatory requirements. Compliance monitoring is carried out through structured reporting mechanisms, with regular updates provided to the Board Integrated Risk Management Committee. Based on confirmations received and reports reviewed during the year, no material regulatory breaches or significant compliance lapses were noted.

The following Policies in conformity with Rule 9.2.1 of the Listing Rules of the CSE were made available in the Bank's website on 01 October 2024, via the link https://www.seylan.lk/bank-policies for reference:

i) Anti-Bribery and Corruption Policy
ii) Asset/Liability Management Policy
iii) Policy on Board Sub-committees
iv) Environmental, Social and Governance (ESG) Policy
v) Policy on Corporate Governance, Nomination and Re-Election
vi) Policy Governing Directors' Appointments and Matters Relating to Directors
vii) Policy on Relations with Shareholders and Investors
viii) Policy on Internal Code of Business Conduct and Ethics - Directors and Employees
ix) Remuneration Policy
x) Whistleblowing Policy
xi) Information Disclosure Policy
xii) Policy on Integrated Risk Management Framework

34. Outstanding Litigations

In the opinion of the Directors and external legal counsels retained by the Bank, litigations currently pending against the Bank as disclosed in Note 53 to the Financial Statements will not have a material impact on the financial position of the Bank or its future operations.

35. Environmental Protection

Seylan Bank remains committed to responsible environmental stewardship in line with applicable local and global laws, rules, regulatory requirements and industry best practices. An Environmental and Social Management System (ESMS) is operationalised within the lending framework, and credit proposals are subject to environmental risk screening and impact assessment where important. Environmental due diligence is exercised accordingly to identify, avoid or mitigate potential adverse impacts arising from financed activities. The Bank operates in accordance with its approved ESG Policy, and environmental considerations are factored into relevant decision-making processes, including lending, procurement and operational activities. The Bank will continue to strengthen its environmental risk management practices progressively in alignment with sustainable banking principles and evolving regulatory requirements.

36. Statutory Payments

The Directors are satisfied that all statutory payments including all taxes, duties and levies payable by the Bank and its Subsidiary, to the Government, Regulatory Institutions and related to the employees have been made or where relevant provided for.

37. Events After the Reporting Date

No events have occurred after the reporting date, which would require adjustments to or disclosure in the Accounts, other than those given in Note 56 to the Financial Statements.

38. Going Concern

The Directors having made appropriate enquiries on the business plans, review of corporate strategy and budget for the ensuing year, stable regulatory and profitability ratios, future prospects and cash flows, potential

implications of uncertainties associated with the prevailing economic conditions and any other matters, which are required to be addressed in terms of applicable Corporate Governance regulations and standards, is of the view that the Bank and its Subsidiary have adequate resources to continue their operations in the foreseeable future, hence Financial Statements of the Bank and the Subsidiary are prepared based on going concern basis.

39. Auditors

The Bank's Auditors during the period under review were Messrs. KPMG, Chartered Accountants. The audit fees and consolidated audit fees for the accounting period are given in Note 15 to the Financial Statements.

Based on the declaration made by Messrs. KPMG and as far as the Directors are aware, the Auditors do not have any relationship with or interest in the Company or its Subsidiary other than the provision of audit and nonaudit and related services as given in the Note 15.

M/s KPMG, who served as the Bank's External Auditors for the past 32 years, will cease to hold office at the conclusion of the forthcoming AGM in line with Corporate Governance Directions No. 05 of 2024 issued by the Central Bank of Sri Lanka.

The Board Audit Committee has recommended the appointment of M/s Ernst and Young as External Auditors for the financial year ending 31 December 2026, which was endorsed by the Board for submission to shareholders for approval at the forthcoming AGM.

40. Independence of the Auditors

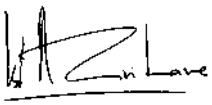
Based on an assessment carried out by the Board Audit Committee, the Board concluded that the External Auditors, Messrs. KPMG can be deemed to be independent for all intents and purposes considering the following factors:

- No partner from the Firm is on the Board of Seylan Bank or on the Board of its Subsidiary
- The audit and non-audit fees paid/ payable to the Auditors are negotiated and are not above industry norms and they do not receive fees from other assignments except as stated in Note 15 to the Financial Statements
- Messrs. KPMG is a firm of high repute and the firm had the necessary skills to competently carry out the non-audit related assignments entrusted to them.

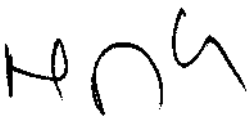
41. Notice of Annual General Meeting

Notice of Meeting relating to the Thirty Ninth (39th) Annual General Meeting of the Bank scheduled to be held on Tuesday, 31 March 2026 at 10.00 a.m. at "The Balmoral", The Kingsbury, 48, Janadhipathi Mawatha, Colombo 01, together with the relevant circulars/ forms will be dispatched to the Shareholders and will be uploaded on the websites of the CSE (www.cse.lk) and that of the Bank (www. seylan.lk) together with the Annual Report of the Bank. Hard copies of the Annual Report will be issued by the Company Secretary to any securities holder on receiving a formal request, in accordance with the Listing Rules of the CSE.

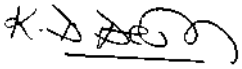
We, the undersigned acknowledge the contents of this Report and its Annexure and have placed our signatures for and on behalf of the Board of Directors of Seylan Bank PLC, at Colombo, this 26 day of February 2026.



Justice Buwaneka Aluwihare PC
Chairman



Ramesh Jayasekara
Director/ Chief Executive Officer



(Mrs) Keshini De Silva
Company Secretary

26 February 2026
Colombo

Annexure to The Report of the Board of Directors on the State of Affairs of the Company

Directors' Interest Register and Directors' Interest in transactions as at 31 December 2025.

The Bank carried out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Bank is the Chairman or a Director of such entities. Please refer Note 57 to the Financial Statements for information on related party transactions.

The entities in which the Directors of the Bank held directorships and substantial shareholdings as at 31 December 2025 are disclosed below.

Justice Buwaneka Aluwihare PC (Chairman / Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
Unlisted Entities		
The Cabinet Appointed Task Force, Monitoring Stakeholder wise Action Plans relating to Money Laundering and Financing of Terrorism	Chairman	-
Board of Management Centre for Study of Human Rights University of Colombo	Member	-
UNDP – Ensuring Access to Justice to Victims – Survivors of SGBV Project	Consultant	-

Mr Ramesh Jayasekara (Director/Chief Executive Officer)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. Seylan Developments PLC	Non-Executive Chairman	-
Unlisted Entities		
2. Esots (Pvt) Ltd	Non-Executive Chairman	-
3. Sesot (Pvt) Ltd	Non-Executive Chairman	-
4. Seyshop (Pvt) Ltd	Non-Executive Chairman	-
5. Seybest (Pvt) Ltd	Non-Executive Chairman	-
6. Seyfest (Pvt) Ltd	Non-Executive Chairman	-
7. Sotse (Pvt) Ltd	Non-Executive Chairman	-
8. Lanka Financial Services Bureau Ltd	Non-Executive Chairman	-
9. Sri Lanka Banks' Association	Director/Vice Chairman	-
10. National Credit Guarantee Institution Limited	Non-Independent Director	-

Mr D M D Krishan Thilakaratne (Non-Executive Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. LOLC Finance PLC	Director/ CEO	-
2. Commercial Factors PLC	Non-Executive Director	-
Unlisted Entities		
3. LOLC Myanmar Micro Finance Company Limited	Non-Executive Director	-
4. LOLC Moliya-Tajikistan	Non-Executive Director	-
5. OJSC Micro finance Company "ABN" Kyrgyzstan	Non-Executive Director	-
6. LOLC Philippines Bank	Independent, Non-Executive Director	-
7. LOLC Micro Finance Bank Pakistan	Non-Executive Director	-
8. LOLC Ventura - Indonesia	Non-Executive Director	-

Mr L H A Lakshman Silva (Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. Panasian Power PLC	Independent Non-Executive Chairman	-
2. HNB Assurance PLC	Independent, Non-Executive Director	-
3. Melstacorp PLC	Independent, Non-Executive Director	-
4. Distilleries Company of Sri Lanka PLC	Independent, Non-Executive Director	-
Unlisted Entities		
5. Panasian Investments (Pvt) Ltd	Non-Executive Chairman	-
6. Powergen One (Pvt) Ltd	Non-Executive Chairman	-
7. Padiyapelella Hydro Power (Pvt) Ltd	Non-Executive Chairman	-
8. Manelwala Hydropower (Pvt) Ltd	Non-Executive Chairman	-
9. Lower Kothmale Oya Power Two (Pvt) Ltd	Non-Executive Chairman	-
10. Panasian Power Zambia Limited	Non-Executive Chairman	-
11. Winsol Renewables (Pvt) Ltd	Non-Executive Chairman	-
12. LankaPay (Pvt) Ltd	Non –Executive Chairman	-
13. Finetech Consultancy (Pvt) Ltd	Independent Director	-
14. R-E-D Capital Aisa Pvt Ltd	Independent, Non-Executive Director	-

Annexure to The Report of the Board of Directors on the State of Affairs of the Company

Mrs Averil A Ludowyke (Independent Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
1. Bogala Graphite PLC	Independent, Non-Executive Director	-
2. Tokyo Cement Company (Lanka) PLC	Independent, Non-Executive Director	-
3. Chevron Lubricants Lanka PLC	Independent, Non-Executive Director	-
Unlisted Entities		
4. Ceylinco Life Insurance Ltd	Independent, Non-Executive Director	-
5. Incorporated Trustee of the Church Ceylon	Member of the Board of Trustees	-
6. Governing Body for Educational Institutions founded by the CMS in Ceylon.	Trustee and Honorary Treasurer	-

Mr W D Batagoda (Non-Executive Director)

Entity	Directorships (Executive/Non- Executive status)	Substantial Shareholding % (if any)
Listed Entities		
Unlisted Entities		
Gal Oya Plantation Limited	Non-Executive Director	-
Fortigrains Private Limited (Singapore)	Non-Executive Director	-
Fortigrains Lanka Private Limited	Non-Executive Director	-
Ceylon Nano – Diagnostic (Pvt) Ltd	Non-Executive Director	-
LOLC Asset Holdings Limited	Non-Executive Director	-
Browns Development Limited	Non-Executive Chairman	-
Leapstitch Apparel (Pvt) Ltd.	Non-Executive Director	-
LOLC Geo Technologies (Pvt) Ltd	Non-Executive Director	-
Browns Agri Solutions (Private) Limited	Non-Executive Director	-
Browns Properties (Private) Limited	Non-Executive Director	-

* Mr D M Rupasinghe (Independent Director) did not hold any Directorships/ Substantial shareholdings in other entities as at 31 December 2025

Directors' Statement on Internal Control

Responsibility

This report on internal control mechanism of the Bank is presented by the Board of Directors in compliance with the Section 9.2 (b) of the Banking Act Direction No. 05 of 2024.

The Board of Directors ("Board") is responsible for the Bank's system of internal controls and for reviewing its design and operating effectiveness. However, such a system will mitigate but may not completely eliminate the risk of failure in achieving the business objectives of the Bank. Hence, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatement of financial information and records.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Bank and this process provides for modifying the system of internal controls in response to changes in business and regulatory environment. The process is reviewed regularly by the Board, taking into account principles for the assessment of the internal control system as given in the Guidance for Directors of Banks on the Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka. The process is in compliance with the requirements set out in this document.

The Management assists the Board in implementation of its policies and procedures on risk and controls by identifying and assessing the relevant risks faced by the Bank and in designing, implementing, operating and monitoring of appropriate internal controls to mitigate and control such risks. The Board is of the view that the system of internal controls over financial reporting is sound and adequate to provide a reasonable assurance on reliability of financial reporting and that the preparation of Financial Statements for external purposes is in accordance with the relevant accounting principles and regulatory requirements.

Key features of the process in place for reviewing the design and effectiveness of the internal controls system over financial reporting.

Key processes that are presently in place for reviewing the design, operating effectiveness and the integrity of the system of internal controls relevant to financial reporting are set out below:

- The Board is assisted by Board Sub Committees established by the Board in ensuring the effectiveness of the Bank's daily operations in terms of alignment with the corporate strategies, objectives and the annual budget and in approving the policies and business directions as required
- The Board Audit Committee (BAC) of the Bank evaluates the adequacy and effectiveness of the risk management and internal control systems and monitors the internal control issues identified by the Regulatory Authorities, Internal Audit Department, External Auditors and the Management. They also review the internal audit function with emphasis on the coverage, scope and the quality of internal audits. Minutes of the BAC meetings are tabled at Board meetings of the Bank on a periodic basis. Activities undertaken by the BAC are set out in the Audit Committee Report on pages 200 to 201
- The Board Integrated Risk Management Committee (BIRMC) is established to assist the Board to oversee the overall management of principal risk areas of the Bank. Executive Risk Management Committees assist the Board through BIRMC on implementation of policies approved by the Board
- Management/ operational committees have also been established with an appropriate level of empowerment to ensure effective management and supervision of the core areas of the Bank's business operations
- The Internal Audit Department of the Bank reviews the effectiveness of the internal control systems and the design of and compliance with the policies and procedures on an on-going basis. Audits are carried out on all business units, functions and branches based on a risk based annual planning mechanism. Frequency and the scope of audits are determined by the level of risk assessed. The key objective of such audits is to provide an independent and objective assessment on operational and management activities of the business units, functions and branches. The annual internal audit plan is reviewed and approved by the Audit Committee and all the findings of the audits are escalated to the Audit Committee
- Policies and procedures for ensuring compliance with internal controls and the relevant laws and regulations are set out in operation manuals, guidelines and the directives issued by the Bank, which are reviewed and updated from time to time.

  Considering the complexity involved in applying different models for the computation of Expected Credit Loss, the Bank will continue to strengthen the process with system-supported procedures in order to minimise the manual intervention

  The Credit risk review unit independently reviews the individually significant loan impairment process at each reporting date. As part of the annual audit plan, Internal Audit Department also conducts control testing of individually significant loan impairment calculations process and testing of impairment calculations on sample basis
- All controls, including the IT General Controls and the branch level application controls, were documented by respective departments, on relevant formats prescribed in the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" in the Sri Lanka Standard on Assurance Engagements 3050, issued by The Institute of Chartered Accountants of Sri Lanka
- In assessing the internal control system over financial reporting, the Management of the Bank captured all procedures and controls that are connected with significant accounts and disclosures in the Financial Statements of the Bank. These are reviewed by the Internal Audit Department for adequacy of design and operating effectiveness on an on-going basis based on a risk based approach

Directors' Statement on Internal Control

Recommendations made by the External Auditors with regard to the internal control system in the financial year ended 31 December 2024 were taken into consideration and appropriate measures were taken to incorporate the recommendations in to the internal controls. Recommendations by the External Auditors with regard to the internal control system made during the financial year ended 31 December 2025 will be addressed in the ensuing year.

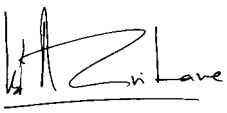
Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance on the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) and regulatory requirements of the Central Bank of Sri Lanka. This confirmation excludes the subsidiary of the Bank.

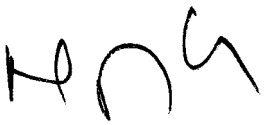
Review of the statement by External Auditors

The External Auditors have reviewed the above Directors' Statement on Internal Control of the Bank for the year ended 31 December 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the above Statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system over financial reporting of the Bank. Their report to the Board is disclosed on page 223 of this Annual Report.

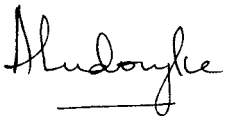
By order of the Board of Directors of Seylan Bank PLC.



Justice Buwaneka Aluwihare PC
Chairman



Ramesh Jayasekara
Director/ Chief Executive Officer



(Ms) Averil Ludowyke
Chairperson-Board Audit Committee

26 February 2026
Colombo

Assurance Report on the Directors' Statement on Internal Control

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Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Seylan Bank PLC ("Bank") to provide assurance on the Directors' Statement on Internal Control ("Statement") included in the annual report for the year ended 31st December 2025.

Management's Responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the Section 9.2 of the Schedule 1 "Regulatory Requirements on Corporate Governance for Licensed Banks" issued in compliance with the Banking Act Direction No. 05 of 2024, by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies Sri Lanka Standard on Quality Management 1 , which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3050 (revised), Assurance Report for Banks on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed and audit or review of the financial information.

Summary of Work Performed

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the system of internal control for the Bank.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

(a) Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the annual report.

(b) Reviewed the documentation prepared by the Directors to support their Statement made.

(c) Related the Statement made by the Directors to our knowledge of the Bank obtained during the audit of the financial statements.

(d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.

(e) Attended meetings of the Audit Committee at which the annual report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

(f) Considered whether the Directors' Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3050 (revised) does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (revised) also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 221 to 222 of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Bank.

Chartered Accountants
Colombo
26 February 2026

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C.P. Jayatilake FCA, Ms. S. Joseph FCA, R.M.D.B. Rajapakse FCA, M.N.M. Shameel FCA, Ms. P.M.K. Sumanasekara FCA, T.J.S. Rajakarier FCA, W.K.D.C. Abeyrathne FCA, Ms. B.K.D.T.N. Rodrigo FCA, Ms. C.T.K.N. Perera ACA, R. G. H. Raddella ACA, W.W.J.C. Perera FCA, G.A.U. Karunaratne FCA, R.H. Rajan FCA, A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Zyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne



SMART SOLUTIONS STRONG SYNERGY

Our people power progress. Through collaboration, accountability, and ethical conduct, our professional teams translate strategy into measurable outcomes. By strengthening capabilities and aligning performance with clear targets, we embed sustainability and responsible banking into daily operations, transforming collective expertise into enduring results.

Financial Statements

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FINANCIAL CALENDAR - 2025

	Released to the Colombo Stock Exchange (CSE)
Interim Financial Statements (Audited) for the 4th Quarter/Year ended 31 December 2024	25 February 2025
Final Audited Financial Statements for the Year ended 31 December 2024 and Annual Report 2024	28 February 2025
1st Quarter/Three months ended 31 March 2025	24 April 2025
2nd Quarter/Six months ended 30 June 2025	29 Jul 2025
3rd Quarter/Nine months ended 30 September 2025	28 Oct 2025
38th Annual General Meeting (AGM)	Held on Friday, 28 March 2025 at 10.00 a.m. at 'The Balmoral' of The Kingsbury Hotel, 48, Janadhipathi Mawatha, Colombo 01
First and Final Ordinary Dividend for the year ended 31 December 2024	Cash dividend of LKR 3.50 per share (both voting and non-voting)

The Interim Financial Statements were also published in the newspapers as per the requirements of the Central Bank of Sri Lanka.

PROPOSED FINANCIAL CALENDAR - 2026

		Proposed Date
Interim Financial Statements (Audited) for the 4th Quarter/Year ended 31 December 2025	To be released to the Colombo Stock Exchange (CSE)	In February 2026
Final Audited Financial Statements for the Year ended 31 December 2025 and Annual Report 2025	To be released to the CSE	On or before 9 March 2026
39th Annual General Meeting (AGM)	Scheduled to be held at 'The Balmoral' of The Kingsbury Hotel, 48, Janadhipathi Mawatha, Colombo 01	On Tuesday, 31st March 2026 at 10.00 a.m.
First and Final Ordinary Dividend for the year ended 31 December 2025	Subject to the approval of the shareholders at the AGM	In April 2026 (as per the Listing Rules of the CSE)
Interim (unaudited or audited) Financial Statements	Statements in respect of the four quarters of 2026 will be released as per the Listing Rules of the CSE and will be published in the newspapers as per the requirements of the Central Bank of Sri Lanka	

Statement of Directors' Responsibility for Financial Reporting

The Statement of Responsibility of the Directors of Seylan Bank PLC ('Bank') in relation to the Financial Statements of the Bank and the Consolidated Financial Statements of the Group is set out in this Report in terms of the provisions of the Companies Act No. 07 of 2007 and the amendments thereto, Banking Act Direction No.11 of 2007 (as amended).

Directors' Statement on Internal Controls, Independent Assurance Report and Report of the Board of Directors on the State of Affairs of the Company are provided on pages 221 to 222, page 223 and pages 210 to 217 respectively.

The responsibilities of the External Auditors, Messrs. KPMG, Chartered Accountants in relation to the Financial Statements are set out in the "Independent Auditor's Report" given on pages 229 to 234.

CONFIRMATION OF DIRECTORS' RESPONSIBILITY

The Directors of Seylan Bank PLC confirm that to the best of their knowledge:

- The Financial Statements prepared and published on pages 235 to 352 of this Annual Report in terms of Sections 150 (1), 151, 152 (1) and 153 (1) of the Companies Act, give a true and fair view of the state of affairs of the Bank and the Group and the profit for the year ended 31 December 2025;
- The Bank maintains proper books of account of all its transactions so as to enable the financial position of the Bank to be determined with reasonable accuracy at any time, to enable the preparation of Financial Statements of the Bank in accordance with applicable regulations and enable the Financial Statements of the Bank to be readily and properly audited. The Financial Statements for the year ended 31 December 2025 presented in this Annual Report are consistent with the underlying books of account of the Bank and are in conformity with the Sri Lanka Accounting Standards (SLFRS/ LKAS), Companies Act No. 07 of 2007 and the amendments thereto, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Banking Act No. 30 of 1988 (last amended via Banking (Amendment) Act, No. 24 of 2024), Directions and Guidelines of the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance published by the Institute of Chartered Accountants of Sri Lanka and other relevant financial reporting related regulations and requirements;
- In preparing the Financial Statements for the year ended 31 December 2025, appropriate accounting policies, major judgmental areas, adjustments and estimates required to be made, review of related party transactions, compliance with relevant accounting standards and legal requirements have been considered and applied on a consistent basis with material departures if any, disclosed in the Financial Statements together with the rationale for same; The Directors have also taken into consideration the Bank's solvency position, risk management and internal controls, long-term sustainability, profitability and potential risks to the business and macro-economic factors such as stabilising financial market, activities to address prevailing economic concerns. The accounting policies/systems and the internal control framework have been reviewed with a view to ensure greater transparency and integrity of the Bank's financial reporting process and the adequacy of accounting and other internal controls;
- The financial information of the bank have been reviewed in order to monitor the integrity of the financial statements of the Bank, its Annual Report, accounts and quarterly reports prepared for disclosure and the significant financial reporting judgements contained therein

STATEMENT OF COMPLIANCE

The Directors further confirm that:

- The Bank's Interim and Audited Financial Statements were also reviewed by the Board Audit Committee and the Board prior to the said statements being released and published. The financial reporting system was reviewed by the Board through the management accounts submitted monthly at Board Meetings
- The assurance from the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) that the financial records of the Bank have been properly maintained and that the financial statements provide a true and fair view of the Bank's operations and financial status was obtained and reviewed by the Board Audit Committee
- The Financial Statements of the Bank and the Group have been certified by the Bank's CFO being the person responsible for their preparation and signed on behalf of the Board of Directors, by two Directors of the Bank on 26 February 2026

EXTERNAL AUDITORS' REVIEWS AND OPINIONS

The Bank's Auditors, Messrs. KPMG, Chartered Accountants was engaged to carry out reviews and sample checks on the effectiveness of the systems of internal control as they consider appropriate and necessary in providing their opinion on the Financial Statements. Messrs. KPMG, Chartered Accountants have examined the Financial Statements made available together with all other financial records, Minutes of Meetings of the Board and the Board Sub-committees and related information and have expressed their opinion which appears on pages 229 to 234 of this Annual Report.

INTERNAL CONTROL MECHANISM OVER FINANCIAL REPORTING

The Board is also responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Bank's assets and ensure continuity of operations. To this end, the Board has identified principal risks and implemented a system to continually assess such risks and established an appropriate control environment for ensuring proper monitoring of effectiveness of internal controls and correction of deficiencies.

The Board's Statement on the effectiveness of the Bank's internal control mechanism over financial reporting, prepared in accordance with the Guidelines issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with Section 3(8) (ii) (b) of the Banking Act Direction No.11 of 2007 (as amended) is published on pages 221 to 222

and Bank's Independent Auditor's Report on the assessment of Bank's internal controls over financial reporting is published on page 223 of this Annual Report.

SOLVENCY

The Board of Directors confirm that they have authorised the distribution of the proposed dividend having been satisfied that the Bank would meet the solvency test in terms of the provisions of Section 56(2) of the Companies Act No.07 of 2007 immediately after the proposed dividend payment. The Board has obtained a statement of solvency from the External Auditors which confirm that the Bank satisfies the Solvency as per Section 57 of the Companies Act.

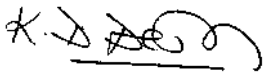
The Directors confirm that to the best of their knowledge and belief, all statutory payments due and payable to all statutory and regulatory authorities as at the reporting date, have been paid by the Bank and its Subsidiary or where relevant provided for.

GOING CONCERN

The Directors having made appropriate enquiries on the business plans, review of corporate strategy and budget for ensuing year, stable regulatory and profitability ratios, future prospects and cash flows and any other matters which required to be addressed in terms of applicable corporate governance regulations and standards, is of the view that the Bank and its Subsidiary have adequate resources to continue their operations in the foreseeable future, hence financial statements of the Bank and the Subsidiary are prepared based on going concern basis.

The Directors are of the view that they have discharged their obligations as set out in this statement.

By Order of the Board of Directors



(Mrs) Keshini De Silva
Company Secretary

26 February 2026
Colombo

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements of Seylan Bank and the Group for the year ended 31 December 2025 are prepared in compliance with the below requirements.

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka
- The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com

The formats used in the Financial Statements and disclosures are in conformity with the specified formats prescribed by the CBSL, which are also in compliance with the disclosure requirements of the Sri Lanka Accounting Standard - LKAS 1 (Presentation of Financial Statements).

The Group presents the financial results to its shareholders on a quarterly basis.

The Material Accounting Policies and Estimates that involved a high degree of judgment and complexity were discussed with the External Auditors and the Board Audit Committee. Comparative information has been amended to comply with the current presentation, where applicable.

The Board of Directors and Management of the Bank accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Bank's state of affairs. To ensure this, the Bank has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds 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 of the Bank were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

We continue to adopt the 'Going Concern' basis in preparing the Financial Statements, based on the assessment carried out taking into consideration the changes in the economic conditions prevail in the country, the associated uncertainties and the potential implication on the business environment and are of the view that there are reasonable grounds to believe that the Group has adequate resources to continue in operation.

The Financial Statements of the Bank and the Group were audited by Messrs. KPMG, Chartered Accountants, and their report is given on pages 229 to 234 of this Annual Report. The Audit Committee of the Bank meets periodically with the Internal Auditors and the External Auditors to review the manner in which these Auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Audit Committee pre-approves the audit and non-audit services provided by Messrs. KPMG in order to ensure that the provision of such services does not impair Messrs. KPMG's independence.

It is also declared and confirmed that the Bank has complied with and ensured compliance by the Auditors with the guidelines for the audit of listed companies, where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

We confirm that to the best of our knowledge:

- The Bank and its Subsidiary have complied with all applicable laws, regulations and guidelines and there are no material litigations against the Group, other than those disclosed in Note 53 of the Financial Statements in this Annual Report
- All Taxes, duties, levies and all statutory payments payable by the Bank and its Subsidiary as at 31 December 2025 have been paid, or where relevant provided for.



Mr Ramesh Jayasekara
Director/ Chief Executive Officer



Mr Shanuka Jayarathna
Chief Financial Officer

26 February 2026
Colombo

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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TO THE SHAREHOLDERS OF SEYLAN BANK PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seylan Bank PLC("the Bank") and the consolidated financial statements of the Bank and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st December 2025, and the income statement, the statement of profit and loss and other comprehensive income , statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 235 to 352 of this Annual Report.

In our opinion, the accompanying financial statements of the Bank and the Group give a true and fair view of the financial position of the Bank and the Group as at 31st 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our 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.

Allowances for Expected Credit Losses

Refer to Note 3 (Use of Estimates and judgements), Note 14 (Impairment charges/ (reversals) and Note 26 Financial assets at amortised cost - loans and advances), to these financial statements.

Risk Description	Our Responses
As disclosed in Note 26 to these financial statements, the Bank has recorded loans and advances to customers measured at amortised cost, of Rs. 599,802 Mn as at 31st December 2025. High degree of complexity and judgments are involved in estimating the Expected Credit Loss of Rs. 63,939 Mn as at the reporting date.	Our audit procedures to assess the allowances for ECL included the following: Testing key controls of the Bank in relation to: • The ECL model governance and validation processes which involved the assessment of model performance • The assessment and approval of the forward-looking macro-economic assumptions and scenario weightages applied through internal governance processes

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Independent Auditor's Report

Allowances for Expected Credit Losses

Refer to Note 3 (Use of Estimates and judgements), Note 14 (Impairment charges/(reversals) and Note 26 Financial assets at amortised cost - loans and advances), to these financial statements.

Risk Description

Allowance for expected credit losses (ECL) is a key audit matter due to the significance of the loans and receivables balance to the financial statements and the inherent complexity of the ECL models used by the Bank to measure ECL allowances.

These models are reliant on data and estimates including multiple economic scenarios and key assumptions such as defining a significant increase in credit risk (SICR). SICR identification is a key judgement within the ECL methodology, as this criterion determines if a forward-looking 12 months or lifetime allowance is recorded.

SLFRS 9 Financial Instruments requires the Bank to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post model adjustments are considered to address known ECL model limitations or emerging trends in the loan portfolios. Additional subjectivity and judgement are required due to uncertainty associated with the post model adjustments, increasing our audit effort thereon.

Additionally, allowances for loans exceeding specific thresholds are individually assessed. The assessment of allowances for these specific customers based on the expected future cash repayments and estimated proceeds from the value of the collateral held in respect of these loans requires exercising judgement over nature and knowledge of the borrowers and facilities granted.

Our Responses

- Reconciliation of data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems.
- IT system controls which calculate days past due (DPDs) of loans, and classification of non-performing loans.
- SICR assessment including the review and approval of the identified customer concentrations.

Assessing adequacy of impairment for individually significant customers (ISL)

This included the following procedures.

- Evaluating management's assessment of the recoverability of forecasted cash flows by comparing them to the historical performance of the customers, their financial position and the expected future performance where applicable.
- Assessing external collateral valuer's credentials and comparing external valuations to values used in management's impairment assessments.
- Exercising our judgment using our understanding of relevant industries and the macroeconomic environment and comparing with the data and assumptions used by the Bank in recoverability assessment. Where relevant, we assessed the forecasted timing of future cash flows in the context of underlying valuations, business plans and evaluating the key assumptions in the valuations.
- Testing the implementation of the Bank's SICR methodology by re-performing the staging calculation for a sample of loans.
- Comparing a sample of forecasted timing of future cash flows in the context of underlying valuations and business plans against the Bank's internally approved methodology.
- For a sample of customer loans which were not identified as displaying indicators of impairment by management, we reassessed the conclusions made by the management by reviewing the historical performance of the customers and formed our own view on whether any impairment indicators were present.

Allowances for Expected Credit Losses

Refer to Note 3 (Use of Estimates and judgements), Note 14 (Impairment charges/(reversals) and Note 26 Financial assets at amortised cost - loans and advances), to these financial statements.

Risk Description	Our Responses
Disclosures regarding the Bank's application for SLFRS 9 are key to explaining the key judgements and material inputs to the SLFRS 9 ECL results.	*Assessing the adequacy of collectively assessed impairment* This included the following procedures; • Obtaining an understanding of the processes to determine collectively assessed impairment allowances of the Bank, evaluating the model and methodologies of the Bank and comparing against established market practices and criteria in the accounting standards by engaging our Financial Risk Management (FRM) Specialists. • Recomputing the probability of default (PDs) and loss given default (LGD) for a sample of product categories and comparing with the Bank's computed PDs and LGDs used in the collectively assessed impairment calculation. • Challenging the Bank's forward-looking macroeconomic assumptions and scenarios incorporated in the ECL models by comparing the economic factors used with relevant publicly available macro-economic information by engaging our Financial Risk Management (FRM) specialists. • Assessing the ongoing effectiveness of the use of SICR criteria in the collectively assessed portfolio and independently checking the staging of loans to determine whether a SICR criteria has been applied accurately. *Assessing the adequacy of post model adjustments* This included the following procedures; • Obtaining an understanding of the processes followed by the Bank to determine the extent of post – model adjustments required. • Assessing the reasonableness of post-model adjustments against the ECL model of the Bank, particularly in light of the volatility in economic scenarios due to impact from "Ditwah" by engaging our Financial Risk Management (FRM) specialists. • Comparing data used in the underlying loan portfolio characteristics of recent loss experience, current market conditions and specific risks in the loan portfolios of the Bank. We also assessed the appropriateness of the related disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.

Independent Auditor's Report

IT Systems and controls over financial reporting

Risk Description	Our Responses
The Group's businesses utilise many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. The controls over access, changes to and operation of IT systems are key to the recording of financial information and the preparation of financial statements which provide a true and fair view of the Group's financial position and performance. The IT systems and controls over financial reporting, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effectiveness of the operation of Group's IT controls.	We worked with our internal IT specialists to perform audit procedures to test the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included: *General IT controls design, observation and operation* • Assessing the governance and high-level controls in place across the IT Environment, including those regarding policy design, policy review and awareness, and IT Risk Management practices. • Obtaining an understanding and testing operating effectiveness of the sample of key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, monitor system integrity, program development and computer operations. • Testing the data integrity of critical reporting system used by us in our audit to select samples and analyse data used by management to generate financial statements. *Application controls* • Testing design and operating effectiveness of key automated business process controls including those relating to enforcing segregation of duties to avoid conflicts from inappropriate role combinations within IT applications. • On sample basis, re-performed selected automated computations and compared our results with those from the system and the general Ledger. *User access controls operation* • Assessing the management's evaluation of access rights granted to applications relevant to financial accounting and reporting systems. • Evaluating the design and operating effectiveness of IT controls, including those related to user access and change management. • Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights. • Where our testing identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative audit procedures, including consideration of mitigating controls.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

Independent Auditor's Report

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Bank.

The Bank's financial position is in compliance with the provisions of the Banking Act No.30 of 1988 and the Banking (Amendment) Act No.24 of 2024 relating to the issuance of financial statements and disclosure provisions and, we have not noted any instance to call for an explanation or any information from any officer or agent of the Bank in relation to Section 39 (1A).

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants
Colombo, Sri Lanka
26 February 2026

Income Statement

For the Year ended 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR '000	Bank Change %	Group 2025 LKR '000	Group 2024 LKR '000	Group Change %
Gross Income	8	**93,779,434**	91,346,608	2.66	**93,854,227**	91,394,364	2.69
Interest Income		**82,373,934**	84,304,050	(2.29)	**82,427,925**	84,362,808	(2.29)
Less: Interest Expense		**44,120,296**	47,597,119	(7.30)	**43,794,324**	47,273,174	(7.36)
Net Interest Income	9	**38,253,638**	36,706,931	4.21	**38,633,601**	37,089,634	4.16
Fee and Commission Income		**9,869,690**	8,327,513	18.52	**9,869,551**	8,327,205	18.52
Less : Fee and Commission Expense		**1,526,401**	1,155,793	32.07	**1,530,578**	1,156,343	32.36
Net Fee and Commission Income	10	**8,343,289**	7,171,720	16.34	**8,338,973**	7,170,862	16.29
Net Gains / (Losses) from Trading	11	**249,178**	461,390	(45.99)	**249,178**	461,390	(45.99)
Net Gains / (Losses) from Derecognition of Financial Assets	12						
- at Fair Value through Other Comprehensive Income		**197,790**	265,181	(25.41)	**197,790**	265,181	(25.41)
- Loss on Restructuring of Sri Lanka International Sovereign Bonds (SLISBs)		**-**	(2,712,020)	(100.00)	**-**	(2,712,020)	(100.00)
Other Operating Income	13	**1,088,842**	700,494	55.44	**1,109,783**	689,800	60.88
Total Operating Income		**48,132,737**	42,593,696	13.00	**48,529,325**	42,964,847	12.95
Less : Impairment Charges / (Reversals)	14						
- Loans and Advances and Other Financial Assets and Credit related Commitments		**601,130**	6,288,237	(90.44)	**601,130**	6,287,126	(90.44)
- Sri Lanka International Sovereign Bonds (SLISBs)		**148,405**	(4,861,753)	103.05	**148,405**	(4,861,753)	103.05
Net Operating Income		**47,383,202**	41,167,212	15.10	**47,779,790**	41,539,474	15.02
Less : Operating Expenses	15						
Personnel Expenses	16	**11,255,561**	10,195,645	10.40	**11,303,507**	10,241,581	10.37
Depreciation and Amortisation Expenses		**1,415,387**	1,310,877	7.97	**1,465,322**	1,365,646	7.30
Other Expenses		**8,758,309**	8,238,275	6.31	**8,842,963**	8,318,211	6.31
Total Operating Expenses		**21,429,257**	19,744,797	8.53	**21,611,792**	19,925,438	8.46
Operating Profit before Taxes		**25,953,945**	21,422,415	21.15	**26,167,998**	21,614,036	21.07
Less : Value Added Tax on Financial Services		**5,558,710**	4,723,033	17.69	**5,558,710**	4,723,033	17.69
Less : Social Security Contribution Levy		**772,043**	655,969	17.70	**772,043**	655,969	17.70
Profit before Income Tax		**19,623,192**	16,043,413	22.31	**19,837,245**	16,235,034	22.19
Less : Income Tax Expense	17	**7,514,895**	5,992,136	25.41	**7,610,310**	6,082,296	25.12
Profit for the Year		**12,108,297**	10,051,277	20.47	**12,226,935**	10,152,738	20.43
Profit Attributable to:							
Equity Holders of the Bank		**12,108,297**	10,051,277	20.47	**12,167,860**	10,113,406	20.31
Non-controlling Interest		**-**	-	-	**59,075**	39,332	50.20
Profit for the Year		**12,108,297**	10,051,277	20.47	**12,226,935**	10,152,738	20.43
Basic / Diluted Earnings per Share (LKR)	18	**19.05**	15.81	20.47	**19.14**	15.91	20.31

Notes on pages 244 to 352 form an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR '000	Bank Change %	Group 2025 LKR '000	Group 2024 LKR '000	Group Change %
Profit for the Year		**12,108,297**	10,051,277	20.47	**12,226,935**	10,152,738	20.43
Other Comprehensive Income, net of Tax							
Items that are or may be reclassified to Income Statement in Subsequent Periods							
Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	50.4	**520,903**	786,665	(33.78)	**515,411**	813,415	(36.64)
Deferred Tax effect Relating to Items that are or may be reclassified to Income Statement		**(156,271)**	(236,000)	33.78	**(154,623)**	(244,025)	36.64
Items that will never be reclassified to Income Statement in Subsequent Periods							
Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	50.4	**807,267**	219,276	268.15	**807,267**	219,276	268.15
Revaluation of Property, Plant and Equipment	50.2	-	995,140	(100.00)	**54,266**	1,122,364	(95.17)
Actuarial Gains / (Losses) on Defined Benefit Obligations	43.8	**394,217**	(761,544)	151.77	**395,168**	(760,264)	151.98
Deferred Tax Effect Relating to Items that will never be reclassified to Income Statement		**(24,184)**	(318,997)	92.42	**(40,464)**	(357,156)	88.67
Other Comprehensive Income for the Year, net of Tax		**1,541,932**	684,540	125.25	**1,577,025**	793,610	98.72
Total Comprehensive Income for the Year		**13,650,229**	10,735,817	27.15	**13,803,960**	10,946,348	26.11
Total Comprehensive Income Attributable to:							
Equity Holders of the Bank		**13,650,229**	10,735,817	27.15	**13,736,003**	10,879,411	26.26
Non-controlling Interest		-	-	-	**67,957**	66,937	1.52
Total Comprehensive Income for the Year		**13,650,229**	10,735,817	27.15	**13,803,960**	10,946,348	26.11

Notes on pages 244 to 352 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR '000	Bank Change %	Group 2025 LKR '000	Group 2024 LKR '000	Group Change %
Assets							
Cash and Cash Equivalents	21	18,202,545	17,384,396	4.71	18,202,585	17,384,436	4.71
Balances with Central Bank of Sri Lanka	22	11,218,110	8,719,115	28.66	11,218,110	8,719,115	28.66
Placements with Banks and Finance Companies	23	32,006,116	50,156,002	(36.19)	32,006,116	50,156,002	(36.19)
Derivative Financial Instruments	24	200,648	17,398	1,053.28	200,648	17,398	1,053.28
Financial Assets recognised through Profit or Loss							
- Measured at Fair Value	25	14,959,447	21,454,098	(30.27)	14,959,447	21,454,098	(30.27)
Financial Assets at Amortised Cost							
- Loans and Advances	26	599,801,944	462,950,751	29.56	599,801,944	462,950,751	29.56
- Debt and Other Instruments	27	120,394,298	136,224,930	(11.62)	120,489,193	136,314,858	(11.61)
Financial Assets measured at Fair Value through Other Comprehensive Income	28	92,796,261	56,248,530	64.98	93,167,635	56,615,939	64.56
Investment in Subsidiary	29	1,153,602	1,153,602	-	-	-	-
Group Balances Receivable	30	40,480	40,300	0.45	-	-	-
Property, Plant and Equipment	31	5,672,416	5,100,594	11.21	8,502,813	7,923,121	7.32
Right-of-use Assets	32	5,483,485	5,189,444	5.67	3,117,002	2,784,310	11.95
Investment Properties	33	-	-	-	825,593	857,391	(3.71)
Intangible Assets	34	896,209	669,783	33.81	897,908	669,783	34.06
Deferred Tax Assets	35	3,431,810	205,963	1,566.23	2,731,914	-	-
Other Assets	36	14,745,802	14,174,933	4.03	14,789,172	14,219,975	4.00
Total Assets		921,003,173	779,689,839	18.12	920,910,080	780,067,177	18.06
Liabilities							
Due to Banks	37	23,898,752	8,141,795	193.53	23,898,752	8,141,795	193.53
Derivative Financial Instruments	24	6,413	809	692.71	6,413	809	692.71
Financial Liabilities at Amortised Cost							
- Due to Depositors	38	732,960,379	646,817,333	13.32	732,960,379	646,817,333	13.32
- Due to Debt Securities Holders	39	5,203,644	1,461,944	255.94	5,203,644	1,461,944	255.94
- Due to Other Borrowers	40	16,354	23,731	(31.09)	16,354	23,731	(31.09)
Group Balances Payable	41	221,437	98,942	123.80	-	-	-
Debt Securities Issued	42	40,131,478	25,128,383	59.71	40,131,478	25,128,383	59.71
Retirement Benefit Obligations	43	3,626,538	3,600,641	0.72	3,621,329	3,596,003	0.70
Current Tax Liabilities	44	8,607,524	1,489,697	477.80	8,634,268	1,523,304	466.81
Deferred Tax Liabilities	35	-	-	-	-	456,468	(100.00)
Lease Liabilities	32	6,030,361	5,613,107	7.43	2,838,264	2,430,915	16.76
Other Provisions	45	4,678,137	5,843,574	(19.94)	4,707,631	5,865,788	(19.74)
Other Liabilities	46	13,708,221	10,981,411	24.83	13,675,453	10,944,892	24.95
Total Liabilities		839,089,238	709,201,367	18.31	835,693,965	706,391,365	18.30
Equity							
Stated Capital	47	21,693,370	21,693,370	-	21,693,370	21,693,370	-
Statutory Reserve Fund	48	3,988,952	3,383,537	17.89	3,988,952	3,383,537	17.89
Retained Earnings	49	51,237,691	41,525,916	23.39	52,132,637	42,360,589	23.07
Other Reserves	50	4,993,922	3,885,649	28.52	6,301,196	5,167,422	21.94
Total Equity Attributable to Equity Holders of the Bank		81,913,935	70,488,472	16.21	84,116,155	72,604,918	15.85
Non-controlling Interest	51	-	-	-	1,099,960	1,070,894	2.71
Total Equity		81,913,935	70,488,472	16.21	85,216,115	73,675,812	15.66
Total Equity and Liabilities		921,003,173	779,689,839	18.12	920,910,080	780,067,177	18.06
Contingent Liabilities and Commitments	52	292,985,888	180,816,364	62.04	293,010,210	180,821,071	62.04
Net Assets Value per Share (LKR)		128.87	110.89	16.21	132.33	114.22	15.86
Memorandum Information							
No. of Employees		3,243	3,211	1.00	3,261	3,227	1.05
No. of Banking Centres		172	170	1.18	172	170	1.18

Notes on pages 244 to 352 form an integral part of these Financial Statements.

Certification
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Shanuka Jayarathna
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board.

Justice Buwaneka Aluwihare PC
Chairman

Ramesh Jayasekara
Director/Chief Executive Officer

26 February 2026
Colombo

Statement of Changes In Equity

	Bank	Note	Stated Capital	
			Ordinary Shares - Voting LKR '000	Ordinary Shares - Non Voting LKR '000
1	**Balance as at 01 January 2024**		**12,794,664**	**8,114,009**
	Total Comprehensive Income for the Year			
	Profit for the Year		-	-
	Other Comprehensive Income (net of tax)			
	- Actuarial Losses on Defined Benefit Obligations	43.8	-	-
	- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Revaluation of Property, Plant and Equipment		-	-
2	**Total Comprehensive Income for the Year**		**-**	**-**
	Transactions with Equity Holders, Recognised Directly In Equity			
	Cash / Scrip Dividend	19	378,313	406,384
	Transferred to Statutory Reserve Fund*	48	-	-
	Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	50.4	-	-
	Transferred to Special Reserve	50.5	-	-
3	**Total Transactions with Equity Holders**		**378,313**	**406,384**
	Balance as at 31 December 2024 (1+2+3)		**13,172,977**	**8,520,393**
1	**Balance as at 01 January 2025**		**13,172,977**	**8,520,393**
	Total Comprehensive Income for the Year			
	Profit for the Year		-	-
	Other Comprehensive Income (net of tax)			
	- Actuarial Gains on Defined Benefit Obligations	43.8	-	-
	- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income		-	-
2	**Total Comprehensive Income for the Year**		**-**	**-**
	Transactions with Equity Holders , Recognised Directly In Equity			
	Cash Dividend	19	-	-
	Transferred to Statutory Reserve Fund*	48	-	-
	Transferred from Investment Fund Reserve	50.6	-	-
	Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	50.4	-	-
	Transferred to Special Reserve	50.5	-	-
3	**Total Transactions with Equity Holders**		**-**	**-**
	Balance as at 31 December 2025 (1+ 2 + 3)		**13,172,977**	**8,520,393**

** Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax).*

*** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve*

**** Special Reserve was created for Restuctured International Sovereign Bonds as per CBSL instructions (02/17/500/0819/016) dated 13 Feb 2025 and included in the other reserves.*

Notes on pages 244 to 352 form an integral part of these Financial Statements.

	Statutory Reserve Fund* LKR '000	Retained Earnings LKR '000	Other Reserves: Revaluation Reserve LKR '000	Other Reserves: FVOCI Reserve** LKR '000	Other Reserves: Special Reserve*** LKR '000	Other Reserves: Other Reserves LKR '000	Total LKR '000
	2,880,973	**34,846,140**	**1,374,219**	**(203,999)**	-	**700,575**	**60,506,581**
	-	10,051,277	-	-	-	-	10,051,277
	-	(761,544)	-	-	-	-	(761,544)
	-	-	-	550,665	-	-	550,665
	-	-	-	198,821	-	-	198,821
	-	-	696,598	-		-	696,598
	-	**9,289,733**	**696,598**	**749,486**	**-**	**-**	**10,735,817**
	-	(1,538,623)	-	-	-	-	(753,926)
	502,564	(502,564)	-	-	-	-	-
	-	14,727	-	(14,727)	-	-	-
	-	(583,497)	-	-	583,497	-	-
	502,564	**(2,609,957)**	**-**	**(14,727)**	**583,497**	**-**	**(753,926)**
	3,383,537	**41,525,916**	**2,070,817**	**530,760**	**583,497**	**700,575**	**70,488,472**
	3,383,537	**41,525,916**	**2,070,817**	**530,760**	**583,497**	**700,575**	**70,488,472**
	-	**12,108,297**	**-**	**-**	**-**	**-**	**12,108,297**
	-	394,217	-	-	-	-	394,217
	-	-	-	364,632	-	-	364,632
	-	-	-	783,083	-	-	783,083
	-	**12,502,514**	**-**	**1,147,715**	**-**	**-**	**13,650,229**
	-	(2,224,766)	-	-	-	-	(2,224,766)
	605,415	(605,415)	-	-	-	-	-
	-	51,874	-	-	-	(51,874)	-
	-	64,404	-	(64,404)	-	-	-
	-	(76,836)	-	-	76,836	-	-
	605,415	**(2,790,739)**	**-**	**(64,404)**	**76,836**	**(51,874)**	**(2,224,766)**
	3,988,952	**51,237,691**	**2,070,817**	**1,614,071**	**660,333**	**648,701**	**81,913,935**

Statement of Changes In Equity

	Group	Note	Stated Capital	
			Ordinary Shares - Voting LKR'000	Ordinary Shares - Non Voting LKR '000
1	**Balance as at 01 January 2024**		**12,794,664**	**8,114,009**
	Total Comprehensive Income for the Year			
	Profit for the Year		-	-
	Other Comprehensive Income (net of tax)			
	- Actuarial Losses on Defined Benefit Obligations	43.8	-	-
	- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Revaluation of Property, Plant and Equipment		-	-
2	**Total Comprehensive Income for the Year**		**-**	**-**
	Transactions with Equity Holders , Recognised Directly In Equity			
	Cash / Scrip Dividend	19	378,313	406,384
	Transferred to Statutory Reserve Fund*	48	-	-
	Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	50.4	-	-
	Transferred to Special Reserve	50.5	-	-
	Changes in Ownership Interests in Subsidiaries			
	Acquisition of Non-Controlling Interest		-	-
3	**Total Transactions with Equity Holders**		**378,313**	**406,384**
	Balance as at 31 December 2024 (1+2+3)		**13,172,977**	**8,520,393**
1	**Balance as at 01 January 2025**		**13,172,977**	**8,520,393**
	Total Comprehensive Income for the Year			
	Profit for the Year		-	-
	Other Comprehensive Income (net of tax)			
	- Actuarial Gains on Defined Benefit Obligations	43.8	-	-
	- Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income		-	-
	- Revaluation of Property, Plant and Equipment		-	-
2	**Total Comprehensive Income for the Year**		**-**	**-**
	Transactions with Equity Holders, Recognised Directly In Equity			
	Cash Dividend		-	-
	Transferred to Statutory Reserve Fund*	48	-	-
	Transferred from Investment Fund Reserve	50.6	-	-
	Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	50.4	-	-
	Transferred to Special Reserve	50.5	-	-
3	**Total Transactions with Equity Holders**		**-**	**-**
	Balance as at 31 December 2025 (1+2+3)		**13,172,977**	**8,520,393**

** Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)*

*** FVOCI Reserve - Fair Value through Other Comprehensive Income Reserve*

**** Special Reserve was created for Restuctured International Sovereign Bonds as per CBSL instructions (02/17/500/0819/016) dated 13 Feb 2025 and included in the other reserves.*

Notes on pages 244 to 352 form an integral part of these Financial Statements.

			Other Reserves						
	Statutory Reserve Fund* LKR '000	Retained Earnings LKR '000	Revaluation Reserve LKR '000	FVOCI Reserve** LKR '000	Special Reserve*** LKR '000	Other Reserves LKR '000	Total LKR '000	Non-Controlling Interest LKR '000	Total Equity LKR '000
	2,880,973	**35,540,973**	**2,329,017**	**(233,618)**	**-**	**955,788**	**62,381,806**	**1,316,044**	**63,697,850**
	-	10,113,406	-	-	-	-	10,113,406	39,332	10,152,738
	-	(760,582)	-	-	-	-	(760,582)	326	(760,256)
	-	-	-	564,651	-	-	564,651	4,739	569,390
	-	-	-	198,821		-	198,821	-	198,821
	-	-	763,115	-	-	-	763,115	22,540	785,655
	-	**9,352,824**	**763,115**	**763,472**	**-**	**-**	**10,879,411**	**66,937**	**10,946,348**
	-	(1,538,623)	-	-	-	-	(753,926)	(35,355)	(789,281)
	502,564	(502,564)	-	-	-	-	-	-	-
	-	14,727	-	(14,727)	-	-	-	-	-
	-	(583,497)	-	-	583,497	-	-	-	-
	-	76,749	151	(1,227)	-	21,954	97,627	(276,732)	(179,105)
	502,564	**(2,533,208)**	**151**	**(15,954)**	**583,497**	**21,954**	**(656,299)**	**(312,087)**	**(968,386)**
	3,383,537	**42,360,589**	**3,092,283**	**513,900**	**583,497**	**977,742**	**72,604,918**	**1,070,894**	**73,675,812**
	3,383,537	**42,360,589**	**3,092,283**	**513,900**	**583,497**	**977,742**	**72,604,918**	**1,070,894**	**73,675,812**
	-	12,167,860	-	-	-	-	12,167,860	59,075	12,226,935
	-	394,927	-	-	-	-	394,927	241	395,168
	-	-	-	361,761	-	-	361,761	(973)	360,788
	-	-	-	783,083	-	-	783,083	-	783,083
	-	-	28,372	-	-	-	28,372	9,614	37,986
	-	**12,562,787**	**28,372**	**1,144,844**	**-**	**-**	**13,736,003**	**67,957**	**13,803,960**
	-	(2,224,766)	-	-	-	-	(2,224,766)	(38,891)	(2,263,657)
	605,415	(605,415)	-	-	-	-	-	-	-
	-	51,874	-	-	-	(51,874)	-	-	-
	-	64,404	-	(64,404)	-	-	-	-	-
	-	(76,836)	-	-	76,836	-	-	-	-
	605,415	**(2,790,739)**	**-**	**(64,404)**	**76,836**	**(51,874)**	**(2,224,766)**	**(38,891)**	**(2,263,657)**
	3,988,952	**52,132,637**	**3,120,655**	**1,594,340**	**660,333**	**925,868**	**84,116,155**	**1,099,960**	**85,216,115**

Statement of Cash Flows

For the Year ended 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR'000	Group 2025 LKR '000	Group 2024 LKR'000
Cash Flows from Operating Activities					
Interest Receipts		81,090,393	88,929,014	81,144,384	88,987,772
Interest Payments		(36,226,670)	(48,060,998)	(35,900,698)	(47,738,329)
Net Fee and Commission Receipts	10	8,343,289	8,014,396	8,338,973	8,013,538
Trading Income		219,646	47,272	219,646	47,272
Payments to Employees		(11,024,372)	(8,796,090)	(11,072,773)	(8,842,905)
VAT and SSCL on Financial Services Paid		(6,289,743)	(4,896,689)	(6,289,743)	(4,896,689)
Receipts from Other Operating Activities		1,715,316	964,057	1,856,234	1,057,696
Payments on Other Operating Activities		(9,500,061)	(9,079,901)	(9,577,435)	(9,160,887)
Repayment of Interest Portion of Lease Liabilities		(559,386)	(541,373)	(240,721)	(224,154)
Operating Profit before Changes in Operating Assets and Liabilities [Note (a)]		27,768,412	26,579,688	28,477,867	27,243,314
(Increase) / Decrease in Operating Assets :					
Balances with Central Bank of Sri Lanka		(2,498,995)	(1,690,834)	(2,498,995)	(1,690,834)
Financial Assets at Amortised Cost - Loans and Advances		(137,207,586)	(33,946,730)	(137,207,586)	(33,946,730)
Other Assets		(1,084,022)	(524,450)	(1,120,819)	(508,045)
Increase / (Decrease) in Operating Liabilities :					
Financial Liabilities at Amortised Cost - Due to Depositors		82,914,437	58,664,594	82,914,437	58,664,594
Financial Liabilities at Amortised Cost - Due to Debt Securities Holders		3,673,806	(5,407,094)	3,673,806	(5,407,094)
Financial Liabilities at Amortised Cost - Due to Other Borrowers		(7,377)	7,580	(7,377)	7,580
Other Liabilities		2,462,810	(2,899,099)	1,996,377	(3,471,165)
Due to Banks		15,756,957	(3,954,961)	15,756,957	(3,954,961)
Cash Generated from Operating Activities before Income Tax		(8,221,558)	36,828,694	(8,015,333)	36,936,660
Income Tax Paid	44	(3,742,771)	(4,771,981)	(3,781,625)	(4,811,694)
Net Cash Generated from / (Used in) Operating Activities		(11,964,329)	32,056,713	(11,796,958)	32,124,966
Cash Flows from Investing Activities					
Purchase of Property , Plant and Equipment	31	(1,258,221)	(865,718)	(1,266,736)	(869,489)
Proceeds from Sale of Property , Plant and Equipment		5,052	3,563	5,052	3,563
Improvements in Investment Properties	33	-	-	(4,059)	(4,496)
Proceeds from Sale of Investment Properties		-	-	2,241	-
Net Cash Flow from Financial Assets - FVTPL		7,057,737	6,784,624	7,057,737	6,784,624
Net Cash Flow from Debt Instruments at Amortised Cost		14,129,716	(24,464,173)	14,129,716	(24,282,949)
Net Cash Flow from Financial Assets - FVOCI		(35,125,109)	(15,210,706)	(35,134,041)	(15,339,961)
Reverse Repurchase Agreements		1,556,650	(2,867,224)	1,556,650	(2,867,224)
Net Purchase of Intangible Assets	34	(433,541)	(323,933)	(435,299)	(323,933)
Dividend Received from Investment in Subsidiaries		97,550	88,682	-	-
Dividend Received from Other Investments		29,534	29,134	29,534	29,134
Net Cash Used in Investing Activities		(13,940,632)	(36,825,751)	(14,059,205)	(36,870,731)
Cash Flows from Financing Activities					
Net Proceeds from the Issue of Subordinated Debt		15,000,000	10,000,000	15,000,000	10,000,000
Repayment of Subordinated Debt		(715,000)	(5,000,000)	(715,000)	(4,971,000)
Interest Paid on Subordinated Debt		(3,587,044)	(2,956,671)	(3,587,044)	(2,955,395)
Dividend Paid to Non-Controlling Interest		-	-	(38,893)	(35,355)
Dividend Paid to Shareholders of the Bank	19	(1,891,051)	(544,768)	(1,891,051)	(544,768)
Repayment of Principal Portion of Lease Liabilities		(327,847)	(297,985)	(337,752)	(316,179)
Net Cash Generated from Financing Activities		8,479,058	1,200,576	8,430,260	1,177,303
Net Increase / (Decrease) in Cash and Cash Equivalents		(17,425,903)	(3,568,462)	(17,425,903)	(3,568,462)
Cash and Cash Equivalents at Beginning of the Year		67,641,922	71,210,384	67,642,460	71,210,922
Cash and Cash Equivalents at End of the Year (Note b)		50,216,019	67,641,922	50,216,557	67,642,460

Note (a) Reconciliation of Operating Profit before Changes in Operating Assets and Liabilities

For the Year ended 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR'000	Group 2025 LKR '000	Group 2024 LKR'000
Profit before Income Tax		**19,623,192**	16,043,413	**19,837,245**	16,235,034
Accrual for Interest Income		**(1,283,541)**	4,624,964	**(1,283,541)**	4,624,964
Accrual for Interest Expenses		**4,306,582**	(3,420,551)	**4,306,582**	(3,420,551)
Interest Portion of Lease Liabilities		**(559,386)**	(541,373)	**(240,721)**	(224,154)
Fair Value Adjustment on Derivative Financial Instruments		**(178,355)**	39,230	**(178,355)**	39,230
(Gains) / Losses on Revaluation of Foreign Exchange		**583,247**	(183,445)	**583,247**	(183,445)
Dividend Income		**(149,511)**	(138,607)	**(29,534)**	(34,275)
Fair Value (Gains) / Losses on Financial Assets recognised at Fair Value Through Profit / Loss	11	**148,823**	(453,348)	**148,823**	(453,348)
Loss on Restructuring of SLISBs	12	**-**	2,712,020	**-**	2,712,020
Profit from Sale of Property, Plant and Equipment	13	**(5,052)**	(3,563)	**(5,052)**	(3,563)
Depreciation of Property, Plant and Equipment	15	**686,399**	641,642	**741,310**	702,628
Depreciation of Right-of-Use Assets	15	**521,873**	478,096	**483,222**	439,445
Depreciation of Investment Properties	15	**-**	-	**33,616**	32,435
Amortisation of Intangible Assets	15	**207,115**	191,139	**207,174**	191,139
Impairment charges on Loans and Receivable		**858,095**	6,241,089	**858,095**	6,241,089
Amortisation of Pre Paid Staff Cost	16	**315,314**	312,247	**315,430**	312,247
Accrual for VAT and SSCL on Financial Services		**41,010**	482,313	**41,010**	482,313
Accrual for Employee Retirement Benefits Liability		**(84,125)**	1,087,308	**(84,696)**	1,086,429
Impairment Charges - other than Loans and Advances		**(108,560)**	(4,490,609)	**(108,560)**	(4,491,720)
Accrual for Leave Encashment Provision	45.1	**(79,946)**	135,500	**(79,946)**	135,500
Accrual for Other Expenses		**(661,806)**	(134,448)	**(654,527)**	(135,500)
Interest Paid to Debt Security Holders		**3,587,044**	2,956,671	**3,587,044**	2,955,396
Operating Profit before Changes in Operating Assets and Liabilities		**27,768,412**	26,579,688	**28,477,867**	27,243,314

Note (b) Reconciliation of Cash and Cash Equivalents

For the Year ended 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR'000	Group 2025 LKR '000	Group 2024 LKR'000
Cash in Hand - Local Currency	21	**14,606,346**	13,565,013	**14,606,386**	13,565,053
Cash in Hand - Foreign Currency	21	**516,381**	454,613	**516,381**	454,613
Balances with Local Banks	21	**9,677**	694	**9,677**	694
Balances with Foreign Banks	21	**3,075,128**	3,461,975	**3,075,128**	3,461,975
Placements with Banks and Finance Companies	23	**32,008,487**	50,159,627	**32,008,985**	50,160,125
		50,216,019	67,641,922	**50,216,557**	67,642,460

Notes on pages 244 to 352 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. REPORTING ENTITY

Seylan Bank is a Licensed Commercial Bank (LCB) regulated under the Banking Act No, 30 of 1988 with amendments, Banking Act No. 24 of 2024 and listed on the Colombo Stock Exchange as a public limited liability company. The Bank was incorporated on 28 August 1987 and is domiciled in Sri Lanka. The registered office of the Bank is situated at No. 90, Galle Road, Colombo 03. The shares of the Bank have a primary listing on the Colombo Stock Exchange (CSE).

The consolidated Financial Statements comprises the Bank and its subsidiary (together referred to the Group).

The Bank does not have an identifiable parent of its own. The Bank is the ultimate parent of the Group.

The total number of employees of the Bank as at 31 December 2025 is 3,243 (2024 – 3,211). The total number of employees of the Group as at 31 December 2025 is 3,261 (2024 – 3,227).

1.1 PRINCIPAL ACTIVITIES AND NATURE OF THE BUSINESS

The Bank

The principal activities of the Bank are banking and related activities such as accepting deposits, personal banking, trade financing, off-shore banking, resident and non-resident foreign currency operations, travel related services, corporate and retail credit, project financing, lease financing, rural credit, issuing of local and international debit and credit cards, internet banking, mobile banking, money remittance facilities, salary remittance packages, pawning, margin trading, factoring, digital banking services, bancassurance, Islamic banking products and services, dealing in Government Securities, etc.

Subsidiary

The Subsidiary, Seylan Developments PLC, situated at No. 90, Galle Road, Colombo 03, is in the business of development, administration and maintenance of property.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

2.2 Approval of Financial Statements by Directors

The Financial Statements as at 31 December 2025 were authorised for issue by the Board of Directors on 26 February 2026.

2.3 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items, which are measured on the following alternative basis on each reporting date.

- Derivative financial instruments and non-derivative financial instruments held at Fair Value through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value.
- Land and buildings are measured at cost at the time of acquisition and subsequently at revalued amounts less accumulated depreciation and impairment losses.
- Investment properties measured at cost at the time of acquisition and subsequently at fair value.
- Liability for defined benefit obligations is measured as the present value of the defined benefit obligation less the fair value of the plan assets.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Bank's / Group's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

There was no change in the Bank's / Group's presentation and functional currency during the year under review.

2.5 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 too are presented separately unless they are immaterial. The understandability of the Financial Statements is not compromised.

2.6 Comparative Information

The comparative information is reclassified whenever necessary to conform with the current year's presentation and to be in compliance with the Circular No. 5 of 2024 issued by Central Bank of Sri Lanka on publication of Annual and Quarterly Financial Statements and other disclosures by licensed banks in order to provide a better presentation (Refer Note 61).

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs / LKASs) requires management to make judgements, 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have

the most significant effect on the amounts recognised in the Financial Statements are described in the following notes.

Economic Environment
The domestic economic environment in 2025 was shaped by moderating inflation, cautious monetary policy, and ongoing structural reforms aimed at supporting inclusive growth. However, economic activities were disrupted by Ditwa Cyclone, which brought severe flooding, infrastructure damage, and supply chain interruptions across several regions. The cyclone negatively affected agricultural output, retail trade, and SME operations, while increasing short-term credit demand for reconstruction and working capital support. Despite these headwinds, the banking sector remained resilient, supported by prudent risk management, adequate capital buffers, and coordinated policy responses that facilitated recovery efforts and stabilised market confidence.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses. The impact of the economic conditions on each of these estimates is discussed further in the relevant notes of these financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(I) JUDGEMENTS

(a) Classification of Financial Assets

The Group used judgements when assessing of the business model within which the assets are held and assessment whether the contractual terms of the financial assets are solely payments of principal and interest (SPPI) on the principal amount of the outstanding.

(b) Determination of Fair Value of Financial Instruments when there is no Observable Market Data.

This is as explained in Note 7.1

(c) Assessment of Credit Risk

The Group also used judgements when establishing the criteria for determining whether credit risk on the financial assets has increased significantly (SICR) since initial recognition, determining methodology for incorporating forward looking information into measurement of Expected Credit Losses (ECL) and selection and approval of models to measure ECL.

(d) Determination of Control over Employee Share Option Scheme and Share Trusts

The judgement applied by management over determination of control over Employee Share Option Scheme and Share Trusts is set out in Note 5.1.5.

(e) Classification of investment properties

This is as explained in Note 33.

(II) ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Going Concern
The Directors have made an assessment of the Bank's / Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future.

The Assessment took into consideration the current economic developments in order to make projections for the future based on uncertainties associated with the economic conditions and its potential impact on the economic and business environment in which the Group operates. The main factors that cause uncertainties regarding the application of this principle relate to uncertainties in the local economic environment, despite the improvements in the economic indicators, which in turn impact the creditworthiness of the corporates and individuals resulting in non-performing loans and recognition of impairment losses by the Bank. Based on the above and taking into consideration the Group's capital adequacy and the ability of the Bank to access liquidity mechanism, the Board of Directors are confident that the conditions for the application of the going concern principle for the preparation of the financial statements are met (Refer Note 6 for going concern to liquidity risk and capital management section).

The Board is not aware of any material uncertainties that may cast significant doubt on the Bank's / Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Impairment of Financial Instruments
Fair Value of Financial Instruments:
When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

The Bank uses estimates when determining impairment of financial instruments: determination of inputs into the Expected Credit Loss (ECL) measurement model including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

Measurement of the Fair Value of Financial Instruments with Significant Unobservable Inputs This includes an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the change of which can result in different levels of impairment allowances.

Deferred Tax Assets
Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

Measurement of Defined Benefit Obligations
The costs of the defined benefit plans are determined using an actuarial valuation. The actuarial valuation involves making assumptions about mortality rates, staff turnover, disability rate, retirement age, rate of discount, salary increments, etc.

Useful life time
Useful life time of property, plant and equipment, intangible assets and right-of use assets - As described In Notes 5.9.6, 5.7.3 and 5.10 respectively. The Management believes that the useful life of property plant and equipment is reasonable as at the reporting date.

Notes to the Financial Statements

Contingencies
The management has made judgements as to the likelihood of any claim succeeding, in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

A. Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

The requirements will be effective for annual reporting periods beginning on or after 01 January 2026, with early application permitted, and are related to:

- recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.
- The Group is in the process of assessing the impact of of the amendments.

B. SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 01 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements.

5. MATERIAL ACCOUNTING POLICIES

The Accounting Policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

The Accounting Policies have been applied consistently by Group entities.

5.1 Basis of Consolidation

5.1.1 Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure

of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

5.1.2 Subsidiaries

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of the Subsidiary are included in the Financial Statements from the date that control effectively commences until the date that control effectively ceases.

The accounting policies of the Subsidiary have been changed when necessary to align them with the policies adopted by the Group. The Group Financial Statements comprise a consolidation of the Financial Statements of the Bank and its subsidiary incorporated in Sri Lanka, Seylan Developments PLC (74.69%).

The total profit/loss of the Subsidiary is included in the Consolidated Income Statement, and the proportion of the profit or loss after taxation applicable to outside shareholders is shown under the heading 'Non-Controlling Interest'. All assets and liabilities of the Bank and its subsidiary are included in the Consolidated Statement of Financial Position. The interest of the outside shareholders in the net assets of the Group is stated separately in the Consolidated Statement of Financial Position within Equity under the heading 'Non-Controlling Interest'.

There are no significant restrictions on the ability of the Subsidiary to transfer funds to the Bank in the form of cash dividend or repayment of loans and advances.

5.1.3 Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the Subsidiary, any non-controlling interest and the other components of equity related to the Subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous Subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

5.1.4 Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

5.1.5 Employee Share Option Schemes and Share Trusts

The Trusts are treated as external entities due to the uncertainties relating to the formation of the trusts and beneficial ownership.

5.1.6 Non-Controlling Interest

Non-controlling interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

5.1.7 Non-Uniform Accounting Policies

The impact of non-uniform accounting policies adopted by the Subsidiary has been adjusted in the Consolidated Financial Statements and disclosed in Note 60.

5.2 Foreign Currency Translations and Balances

Transactions in foreign currencies are translated to Sri Lankan Rupees at the middle rate of exchange prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees at the middle rate of exchange prevailing at the reporting date. 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 exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Sri Lankan Rupees at the exchange rates prevailing at the date that the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The following are the middle rate of exchange as at 31 December 2025.

Currency	LKR Value (per 1 Unit of Each Currency)
Great Britain Pound	417.5080
United States Dollar	310.0000
Euro	364.1880
Japanese Yen	1.9807
Australian Dollar	207.7620

5.3 Statutory Deposit with Central Bank

The Monetary Law Act requires that all commercial banks operating in Sri Lanka maintain reserves against all deposit liabilities denominated in Sri Lankan Rupees.

5.4 Financial Assets and Financial Liabilities

5.4.1 Recognition and Initial Measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

5.4.2 Classification

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-Recourse Loans

In some cases, loans granted by the Group that are secured by collateral of the borrower, limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement;

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;

- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets and;
- whether the Group will benefit from any upside from the underlying assets;

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in circumstances where the Group changes its business model for managing financial assets.

5.4.3 Derecognition

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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 the 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.

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.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modification of Financial Assets and Liabilities

Financial Assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (refer write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Notes to the Financial Statements

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

5.4.4 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on 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 wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. 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.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

5.4.5 Impairment

Recognition of ECL

The Bank recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL;

- financial assets that are debt instruments
- lease receivables
- financial guarantee contracts issued and
- undrawn credit commitments

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL

- debt investment securities that are determined to have low credit risk at the reporting date and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Financial Instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Life-time ECL are the ECL that result from all possible events which increase the significant credit risk over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive)
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover

Restructured Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-Impaired Financial Assets

Definition of Default

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is past due for a period more than 90 days considered as credit impaired.

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities;
- debt instruments measured at FVOCI: no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the FVOCI reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment charges / (Reversal)' in the Income Statement.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the Financial Statements

Recognition of expected credit loss provision on government securities
Bank does not recognise impairment provision in respect of rupee denominated government securities while recognition of impairment on foreign currency denominated government securities are generally determined based on applicable exposure of default, probability of default and loss given default.

5.5 Securities Purchased Under Resale Agreements

These are loans collateralised by the purchase of Treasury Bills and/or Guaranteed Commercial Papers from the counterparty to whom the loans are granted. The sale by the counterparty is subject to a commitment by the Bank to sell back the underlying debt securities to the borrower at a predetermined price.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

5.6 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins in hand and highly liquid financial assets with original maturities of three months or less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

5.7 Intangible Assets

5.7.1 Software

Software purchased by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

5.7.2 Subsequent Expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

5.7.3 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is as follows;

	Useful Life (years)
Seylan Bank PLC (Banking Software)	6
Seylan Developments PLC (Accounting Software)	5

5.8 Investment Properties

Investment property is land or buildings held to earn rental income and/or for capital appreciation, rather than for use in the Group's own operations or for sale in the ordinary course of business.

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is completed. The Group applies the cost model for investment properties in accordance with LKAS 40 - 'Investment Property'. Accordingly, land classified as investment properties are stated at cost and buildings classified as investment properties are stated at cost, less any accumulated depreciation and any accumulated impairment losses. Fair values of these properties are disclosed in Note 33 to the Financial Statements. Seylan Developments PLC, the Subsidiary of the Bank, applies the fair value model in accordance with the above standard. Accordingly, investment properties are stated at fair value and an external independent valuation company having an appropriate recognised professional qualification values the portfolio annually. Any gain or loss arising from a change in fair value is recognised in profit or loss. Adjustment for non-uniform accounting policy is reported in Note 60.

When an item of Property, Plant and Equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised in profit or loss immediately.

If an investment property becomes owner-occupied, it is reclassified as Property, Plant and Equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the Company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured, based on fair value model, and is not reclassified as Property, Plant and Equipment during the redevelopment.

A leasehold property under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Company holds it to earn rentals or for capital appreciation or both.

5.8.1 Derecognition

Investment properties are derecognised when disposed of, or permanently withdrawn from use because no future economic benefits are expected. Transfers are made to and from investment properties only when there is a change in use.

5.8.2 Investment Property Leased within the Group

Any property leased out to parent or subsidiary is considered as owner-occupied from the perspective of the Group and adjustments are made for consolidation purposes and changes are disclosed in Note 60 to the Financial Statements.

5.9 Property, Plant and Equipment

Property, plant and equipment (PPE) – aligned to a bank refers to tangible assets that the bank holds for use in its operations to provide banking services and administrative support, and which are expected to be used for more than one financial period.

5.9.1 Recognition and Measurement

Items of Property and Equipment are measured at cost or revaluation, less accumulated depreciation and accumulated impairment losses except for land. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and 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 that 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 and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

5.9.2 Cost Model

The Bank applies cost model to Property, Plant and Equipment except for Land and Buildings and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

5.9.3 Revaluation Model

The Bank applies the revaluation model for the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings of the Bank are revalued within five years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in Equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Income Statement. In this circumstance, 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 Income Statement or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to Retained Earnings on retirement or disposal of the asset.

Reclassification to Investment Property

When the use of property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

5.9.4 Subsequent Costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

5.9.5 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Income Statement when the item is derecognised.

5.9.6 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term or their useful lives. Land is not depreciated.

Depreciation is provided on a straight line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal.

	Useful Life (Years)	Depreciation Rate
Freehold Buildings	40	2.5%
Motor Vehicles	5	20%
Computer Equipment	6	16.67%
Office Machine, Equipment, Furniture and Fittings	3 - 10	33 1/3% - 10%
Freehold Buildings on Lease hold Lands	Remaining leased period or 40 years whichever is shorter	

Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted appropriately.

Notes to the Financial Statements

Seylan Developments PLC

Property, Plant and Equipment are recorded at cost of purchase or valuation together with any incidental expenses thereon. The assets are stated at cost or valuation less accumulated depreciation which is provided for on the basis specified below.

Depreciation of common types of assets within the Group is in line with the Group policy disclosed above. Freehold land is not depreciated. The depreciation of other assets that are unique to Seylan Developments PLC is provided on the straight-line method at varying rates per annum based on their useful lives as follows:

	Useful Life (Years)	Depreciation Rate
furniture and fittings	10	10%
Office Machine, Equipment	05	20%
Tools	03	33.3%

5.9.7 Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation.

5.10 Leases

This policy is applied to contracts entered into (or changed) on or after 01 January 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

(a) Group Acting as a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

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 at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. 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 that are 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 Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 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 and lease liabilities separately in the Statement of Financial Position.

Short-Term Leases and Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments

associated with these leases as an expense on a straight-line basis over the lease term.

(b) Group Acting as a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices

When the Group acts as a lessor, it determines at lease inception whether the 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 of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

5.11 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU, subject to an operating segment ceiling test.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

5.12 Inventories

Inventory mainly consists of stationery, consumables, pre-printed material, Tikiri gifts and electronic cards. Bank accounts the inventory of stationery, consumables, pre-printed material and Tikiri gifts at first in first out method, and the electronic plastic cards at cost.

5.13 Liabilities and Provisions

5.13.1 Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of funding.

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("Repo"), the arrangement is accounted for as a Financial liabilities at Amortised cost, and the underlying asset continues to be recognised in the Group's Financial Statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

5.13.2 Dividend Payable

Provision for final dividend is recognised at the time the dividend is recommended and declared by the Board of Directors and is approved by the shareholders. Interim dividend payable is recognised when the Board approves such dividend in accordance with the Companies Act No. 7 of 2007.

5.14 Employee Retirement Benefits

5.14.1 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank operates an approved Gratuity Fund to facilitate the payments for permanent staff of the Bank.

The Bank's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on Government Bonds that have maturity dates approximating to the terms of the Bank's obligations. The calculation is performed by a qualified actuary using the Projected Unit Credit Method - Sri Lanka Accounting Standard (LKAS 19) - 'Employee Benefits'.

Actuarial gains and losses occur when the actual plan experience differs from the assumed. The Bank recognises the total actuarial gains and losses that arise in calculating the Bank's obligation in respect of the Plan in Other Comprehensive Income during the period in which it occurs.

When the calculations above result in a benefit to the Bank, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. In order to calculate

Notes to the Financial Statements

the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Bank if it is realisable during the life of the plan or on settlement of the plan liabilities.

Monthly provision is made by the Bank for the Gratuity Fund, based on a percentage of the basic salary of employees. The percentage of contributions is determined by the same actuary and retirement benefits are provided to all permanent staff. The Bank carries out an actuarial valuation of the Gratuity Fund in December each year to ascertain the full liability of the Fund. The valuation method used by the actuary to value the Fund is the 'Projected Unit Credit Method', the method recommended by LKAS 19. The demographic assumptions underlying the valuation are mortality, staff turnover, disability, retirement age specified by the Bank, etc.

As per the Parliament Act 28 of 2021 Minimum Retirement Age of Workers, the retirement age has been changed to a range of 57 years to 60 years from 55 years. Earlier the Bank's retirement age of employees was increased to 57 years in 2017 from 55 years. These revisions in retirement age has been considered in estimating the provision for defined benefit obligations and leave encashment provision as changes in estimates.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

Changes to Gratuity Policy

The Board has resolved to pay an additional half a month basic salary (last drawn) over and above the statutory gratuity entitlement for each year of service for eligible existing employees and ex-employees who joined before 5 March 2009 and retired/resigned after 5 March 2009 having completed uninterrupted and unblemished service period of ten years in the Bank, subject to the entering into a Memorandum of Settlement which confers on them the said entitlement to the additional payment and giving the right to the Bank to settle the said liability by disposal of the shares in the Share Trust companies.

All employees who joined on or after 5 March 2009 are entitled to receive a Gratuity of half a month basic salary (last drawn) for each completed year of service in terms of Gratuity Act No. 12 of 1983.

The Subsidiary has performed the calculation using the Projected Unit Credit Method based on Sri Lanka Accounting Standard (LKAS) 19 - "Employee Benefits", and the provisions have been made accordingly.

The gratuity liabilities are externally funded through plan assets of the Gratuity Trust Fund.

Other Long-Term Employee Benefits – (Termination Benefit -Leave Encashment)

The Bank's net obligation in respect of long-term employee benefits other than gratuity funds is the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Government Bonds that have maturity dates approximating to the terms of the Bank's obligations. The calculation is performed using the Projected Unit Credit Method.

Any actuarial gains and losses are recognised in profit or loss in the period in which they arise. The Bank's liability towards the portion of the accumulated leave which is expected to be utilised beyond one year from the end of the reporting period is treated as other long-term employee benefits.

Past Service Cost and Gain / Loss on Settlement

Before determining past service cost or gain or loss on settlements, the Bank re-measures the net defined benefit liability/(asset) using the current fair value of plan assets and current actuarial assumptions reflecting the benefits offered under the plan before the plan amendment, curtailment or settlement.

A plan amendment occurs when an entity introduces, or withdraws a defined benefit plan or changes the benefits payable under an existing defined benefit plan. The past service cost or gain or loss on settlement is calculated net of any related asset transferred and recognised in profit or loss.

Termination Benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.14.2 Defined Contribution Plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the Income Statement as and when they are due.

5.14.2(a) Employees' Provident Fund

The Bank and employees contribute 12% and a minimum of 8% respectively on the salary of each employee to the approved private Provident Fund. Similarly, the Subsidiary and its employees contribute at the same respective rates to the Employees' Provident Fund.

5.14.2(b) Employees' Trust Fund

The Bank contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense to the Bank for contribution to ETF is disclosed in the Note 16 to Financial Statements.

5.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

5.16 Financial Guarantees

Financial guarantees are contracts that require the Group 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 terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable.

5.17 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Bank's share of any contingencies and capital commitments of a Subsidiary, for which the Bank is also liable severally or otherwise are also included with appropriate disclosures.

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.

Income Statement

5.18 Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

When a financial asset becomes credit impaired and 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 calculate interest income on gross basis.

Interest income and expense presented in the Income Statement include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;

Fair value changes on other derivatives held for risk management purposes, and all other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments at fair value through profit or loss in the Income Statement.

Interest income on FVOCI investment securities calculated on an effective interest basis is also included in interest income.

Fee, Commission and Other Income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received. Fee and commission expenses are recognised on a cash basis.

Net Gains from Trading

This income comprises gains less losses related to trading / FVTPL assets and includes all realised and unrealised fair value changes.

Dividend Income

Dividend income is recognised in the Income Statement when the Bank's right to receive the dividend is established. Usually this is the ex-dividend date for equity securities. Dividend Income presented in other operating income.

Accounting for Finance Lease Income

Assets leased to customers to whom the Bank transfers substantially all the risks and rewards associated with ownership other than the legal title are classified as finance leases. Amounts receivable under finance leases are included under 'Lease Rental Receivable'. Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received.

The excess of aggregate rentals receivable over the cost of the leased assets constitutes the total unearned income. The unearned income is taken into revenue over the term of the lease, commencing from the month in which the lease is executed in proportion to the remaining receivable balance of the lease.

Profits / Losses from Sale of Property, Plant and Equipment

Any profits or losses from sale of property, plant and equipment are recognised in

Notes to the Financial Statements

the period in which the sale occurs and is classified as other operating income.

Profits / Losses from Sale of Investment Properties

Any profits or losses on retirement or disposal of investment properties are recognised in the month of retirement or disposal.

Rental Income

Rental income is recognised on an accrual basis.

5.19 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income. According to Inland Revenue (Amendment) Act No. 45 of 2022, income tax rate applicable for companies is 30%. However, Profits from instruments denominated in foreign currency and profits from offshore banking business are taxed at 15%. (2024- 0%)

5.19.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years. The details of the Income Tax expenses are given in the Note 17 pages 292 to 294.

5.19.2 Deferred Tax

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.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the rates enacted or substantively enacted on the reporting date.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.
- Any permanent differences which are strictly prescribed by the tax statutes or any procedural guidelines.
- Any temporary difference not specifically recognised by an Act or an Act substantively enacted.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax asset is created on foreseen futuristic realisation of a tax deduction, which is taxed in the current period, and vice versa, a deferred tax liability shall be created for a foreseen futuristic realisation of a tax payment, which is not taxed in the current period. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced or increased in accordance with the existence of taxing probabilities in the future.

Details of the deferred tax assets and liabilities as at the reporting date are given in Note 17.3 and in Note 35 including the sub notes.

Bank has already recognised the deferred tax liability for the revaluation surplus of land in accordance with the related tax provisions introduced by the Inland Revenue Act No 24 of 2017 by considering all the lands as business assets. The total related deferred tax charge was recognised in the Other Comprehensive Income.

5.19.3 Advance Income Tax (AIT) on Dividends

Dividend distributed out of profits after 01 January 2023 are be subject to 15% AIT where shareholders shall receive dividend net of AIT. AIT deducted on dividend shall be final tax and will attract no further tax in the hands of the shareholders.

With the introduction of the Inland Revenue Amendment Acts No 10 of 2021 and No. 45 of 2022, any dividend paid out of the dividend received, shall be exempted from income tax net of the cost of funds. In addition, if a resident company pays the dividend to a non-resident person (including a company) such would be totally exempt from income tax.

5.19.4 Value Added Tax on Financial Services

The value base for Value Added Tax (VAT) for the Bank is the adjusted accounting profit before tax, emoluments of employees and economic depreciation computed for the owned fixed assets. The total value addition arrived for the entire bank has to be apportioned in accordance to the applicable turnover; turnover has to be quantified in line with the turnover applicable for general VAT and VAT on Financial Services. The Value Addition Attributable for Financial Services" shall be derived with the application of the turnover ratio distinguishing general VAT and VAT on Financial Services.

5.19.5 Social Security Contribution Levy (SSCL)

Refer to the Social Security Contribution Levy (SSCL) Act. No 25 of 2022, the bank is liable to pay SSCL on Financial Services at the rate of 2.5%

In addition, turnover, liable for General VAT too shall be chargeable with SSCL. Bank is required to pay SSCL on the General VAT liable turnover at the rate of 2.5%.

5.19.6 Crop Insurance Levy

Section 14 of the Finance Act No. 12 of 2013 impose a crop insurance levy on institutions under the purview of:

- Banking Act No. 30 of 1988 and amendments thereon (Including Banking Act No.24 of 2024)
- Finance Companies Act No. 78 of 1988
- Regulation of Insurance Industry Act No. 43 of 2000

Accordingly, Bank is required to pay 1% of the profit after tax for a year of assessment to the National Insurance Trust Fund with effect from 1 April 2013.

5.19.7 Advance Income Tax (AIT)/ Withholding Tax (WHT)

According to the prevailing Advance Income Tax (AIT) Act of Inland Revenue (Amendment)

Act No. 02 of 2025 effecting from 01 of April 2025 AIT shall be charged on the interest paid or credit from the interest-bearing deposit accounts denominated in Sri Lankan Rupees at the rate of 10% where the 5% was effected up to 31 of March 2025 as per the previous Act of Inland Revenue (Amendment) No. 45 of 2022. Interest received on interest bearing foreign currency accounts, "Special Deposit Accounts" and Diplomatic accounts are exempted from AIT.

The Services Fees paid to Individuals and the Rent paid any person under the Inland Revenue (Amendment) Act No. 45 of 2022 are liable for AIT. If any individual including a sole proprietorship is paid with a service related fees as provided under the Section 85 - (1C) of the Inland Revenue (Amendment) Act No. 45 of 2022, the Withholding Tax agent or the service recipient has to deduct Withholding Tax at the rate of 5% on the total gross amount if such payment exceeds LKR 100,000.00 per calendar month.

Withholding Tax on Rent expenses paid to any person if such aggregate gross rent income surpasses or equal to LKR 100,000.00 for a calendar month at the rate of 10%.

5.20 Earnings per Share

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Weighted average number of ordinary shares has been calculated as per LKAS 33 considering the theoretical ex-rights value per share and the adjustment factor applicable for Rights Issue.

5.21 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group comprises the following major operating segments - Banking, Treasury and Property/Investments.

5.22 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the LKAS 7 "Statement of Cash Flows".

For the purpose of the Statement of Cash Flows, cash and cash equivalents include notes and coins on hand and highly liquid financial assets which are subject to insignificant risk of changes in their value, and are used by the Bank in the management of its short-term commitments.

5.23 Deposit Insurance Scheme

All Licensed Commercial Banks are required to insure their deposit liabilities in the "Sri Lanka Deposit Insurance Scheme" in terms of the Banking (Special Provisions) Act Direction No. 1 of 2023, issued on 15 November 2023.

Each Member Institutions shall pay a premium calculated on the eligible deposits inclusive of any interest accrued.

Banks are required to pay a premium of 0.10% on eligible deposit liabilities if the Bank maintains a capital adequacy ratio of 14% or above as at the end of the immediately preceding financial year or a premium of 0.125% on eligible deposit liabilities for all other Licensed Commercial Banks calculated on the total amount of eligible deposits as at the end of the quarter within a period of 15 days from the end of the quarter.

5.24 Reserves

5.24.1 Statutory Reserve Fund

The Statutory Reserve Fund is maintained as required in terms of the section 20 (1) and (2) of the Banking Act No. 30 of 1988. Accordingly, the Bank should transfer a sum equivalent not less than 5% out of net profit after taxation but before any dividend is declared to the Statutory Reserve Fund until the Statutory Reserve Fund is equal to 50% of the paid-up capital.

5.24.2 Capital Reserve

This reserve has been created in 1991 and the Debenture Redemption Reserve Fund was transferred to Capital Reserve in 2004.

5.24.3 Revaluation Reserve

This reserve has been created on revaluation of Land and Buildings of the Bank.

5.24.4 General Reserve

Consist of LKR 25 Mn. transferred in 1995 to General Reserve, LKR 2.7 Mn. transferred from Bad Debts Reserve and LKR 6 Mn. transferred from Contingency Reserve in 2002 to General Reserve.

5.24.5 Investment Fund Reserve

As per the Value Added Tax (Amendment) Act No. 09 of 2011 and Inland Revenue (Amendment) Act No. 22 of 2011, Bank transferred 8% on Value Addition attributable to Financial Services and 5% of taxable profits, from retained profits to Investment Fund Reserve with effect from 01 January 2011.

Operations of the investment fund account ceased with effect from 1 October 2014. With effect from 1 July 2014 guidelines on the operations of investment fund account shall not be applicable for the utilisation of capital funds recovered through loan repayments and maturity proceeds of long term Government Securities. Hence the Bank is required to reduce the value of the fund by an amount equivalent to capital funds recovered from loans and proceeds received from Government Securities at maturity with effect from 1 July 2014.

5.24.6 Fair Value Through Other Comprehensive Income Reserve

This represent the fair value changes of Available for Sale Investments prior to 01 January 2018 and fair value changes of Financial assets measured at fair value through other comprehensive income (FVOCI) since 01 January 2018.

Considering the unprecedented changes in the macro-economic conditions, in 2022 the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" which provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVTOCI) to Amortised cost.

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The Bank has adopted the above SoAT and re-classified its Debt Portfolio from Fair Value Through Other Comprehensive Income (FVOCI) to Amortised Cost (AC) with effect from 01 April 2022.

5.24.7 Special Reserve

The Special Reserve was created as per CBSL instructions (02/17/500/0819/016) dated February 13, 2025. The reserve is equal to 15% of the amortised value of the USD Step-up Bonds received as part of the settlement for the restructured SLISBs. This reserve is excluded from regulatory capital requirements.

5.25 Events after the Reporting Period

Events occurring after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

All material and important events which occur after the reporting date have been considered and disclosed in Note 56 to the Financial Statements or adjusted as applicable.

6. FINANCIAL RISK MANAGEMENT

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Introduction and Overview

The Bank has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Banks' risk management framework. The Board discharges its governance responsibility through the Board Integrated Risk Management Committee, the Board Audit Committee and the Board Credit Committee. Board Integrated Risk Management Committee consists of non-executive members who report regularly to the Board of Directors on their activities. There are several executive management sub committees such as the Executive Market and Operational Committee, Asset and Liability Committee (ALCO), Executive Credit Management Committee and IT Steering Committee, which focus on specialised risk areas that support the Board Integrated Risk Management Committee.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and the Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures. The Board Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

6.1 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 Bank's loans and advances to customers and other banks, and investment in debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on financial assets measured at fair value through profit or loss is managed independently and information thereon is disclosed below. The market risk in respect of changes in fair value in financial assets measured at fair value through profit or loss arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk, further details are provided in market risk section.

Management of Credit Risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Board Credit Committee. Bank Credit Risk Monitoring Unit reporting to the Executive Credit Risk Management Committee through the Chief Risk Officer is responsible for management of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing credit risk. Heads of Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Heads of Credit who may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.
- Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

6.1.1 Exposure to Credit Risk

The table below set out information about credit quality of financial assets and allowance for impairment / expected credit losses held by the Group against those assets. This table does not include off-balance sheet commitments (undrawn balances) and contingent facilities.

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Credit Quality Analysis	2025				2024
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Financial Assets at Amortised Cost : Loans and Advances					
Gross Loans and Advances	584,242,548	15,567,428	63,930,732	663,740,708	528,361,202
Expected Credit Loss Allowance	(3,978,213)	(4,760,425)	(55,200,126)	(63,938,764)	(65,410,451)
Total Net Loans and Advances	580,264,335	10,807,003	8,730,606	599,801,944	462,950,751
Financial Assets at Amortised Cost : Debt and Other instruments					
Government Securities - Treasury Bills	12,978,710	-	-	12,978,710	35,580,934
Government Securities - Treasury Bonds	89,914,613	-	-	89,914,613	84,394,956
USD Step up Bonds / PDI Bonds	4,402,213	2,925,642	-	7,327,855	4,750,053
United States - Treasury Bills	7,719,826	-	-	7,719,826	7,295,068
Quoted Debentures	213,269	-	-	213,269	213,269
Unquoted Debentures	468,721	-	-	468,721	503,119
Securities Purchased under Resale Agreements	2,127,724	-	-	2,127,724	3,684,374
Total Financial Investments Measured at Amortised Cost	117,825,076	2,925,642	-	120,750,718	136,421,773
Expected Credit Loss Allowance	(150)	(261,375)	-	(261,525)	(106,915)
Net Financial Investments Measured at Amortised Cost	117,824,926	2,664,267	-	120,489,193	136,314,858
Cash and Cash Equivalents (Balances with Banks)					
Balances with Local Banks	9,677	-	-	9,677	694
Balances with Foreign Banks	3,075,128	-	-	3,075,128	3,461,975
Total Balances with Banks	3,084,805	-	-	3,084,805	3,462,669
Expected Credit Loss Allowance	(4,987)	-	-	(4,987)	(97,899)
Net Balances with Banks	3,079,818	-	-	3,079,818	3,364,770
Other Assets					
Other Assets	14,775,386	136,244	147,894	15,059,526	14,644,950
Expected Credit Loss Allowance	-	(122,460)	(147,894)	(270,354)	(424,975)
Net Other Assets	14,775,386	13,784	-	14,789,172	14,219,975
Placements with Banks and Finance Companies					
Term Deposits with Banks	32,008,985	-	-	32,008,985	50,160,125
Expected Credit Loss Allowance	(2,869)	-	-	(2,869)	(4,123)
Net Placements with Banks and Finance Companies	32,006,116	-	-	32,006,116	50,156,002

6.1.2 Assessment of Expected Credit Losses on Financial Assets

Analysis of the Gross Loans and Impairment for Expected Credit Losses

The following tables show reconciliation from the opening to closing balance of the gross carrying amounts of loans and advances,

	Stage 1		Stage 2		Stage 3		Total	
	Gross Carrying Value LKR '000	ECL LKR '000	Gross Carrying Value LKR '000	ECL LKR '000	Gross Carrying Value LKR '000	ECL LKR '000	Gross Carrying Value LKR '000	ECL LKR '000
Financial Assets measured at Amortised Cost - Loans and Advances								
As at 01 January 2025	433,258,574	2,362,674	23,759,517	4,696,232	71,343,111	58,351,545	528,361,202	65,410,451
Transfer to stage 1	7,960,115	68,721	(6,944,780)	(348,094)	(1,015,335)	(597,820)	-	(877,193)
Transfer to stage 2	(3,659,401)	(49,122)	5,608,480	1,334,745	(1,949,079)	(1,439,822)	-	(154,199)
Transfer to stage 3	(1,059,836)	(12,683)	(757,875)	(97,562)	1,817,711	1,022,362	-	912,117
Remeassurement of financial asset and impairement	(19,569,869)	(269,191)	(354,290)	(121,942)	(2,980,928)	(644,326)	(22,905,087)	(1,035,459)
New assets originated or purchased	399,727,079	3,001,961	7,241,594	1,607,172	12,164,457	7,610,845	419,133,130	12,219,978
Financial assets derecognised or repaid (excluding write - offs)	(236,333,142)	(1,154,415)	(13,016,539)	(2,321,711)	(12,818,289)	(6,576,902)	(262,167,970)	(10,053,028)
Write - offs	-	-	-	-	(3,141,443)	(3,141,443)	(3,141,443)	(3,141,443)
Foreign exchange adjustments	3,919,028	30,268	31,321	11,585	510,527	615,687	4,460,876	657,540
As at 31 December 2025	584,242,548	3,978,213	15,567,428	4,760,425	63,930,732	55,200,126	663,740,708	63,938,764

	Stage 1		Stage 2		Stage 3		Total	
	Gross Carrying Value LKR '000	ECL LKR '000	Gross Carrying Value LKR '000	ECL LKR '000	Gross Carrying Value LKR '000	ECL LKR '000	Gross Carrying Value LKR '000	ECL LKR '000
Financial Assets measured at Amortised Cost - Loans and Advances								
As at 1 January 2024	401,810,674	3,170,520	24,226,722	7,884,411	71,167,813	51,566,221	497,205,209	62,621,152
Transfer to stage 1	6,658,913	297,660	(4,248,666)	(638,383)	(2,410,247)	(1,085,047)	-	(1,425,770)
Transfer to stage 2	(6,967,090)	(79,452)	7,732,360	2,098,588	(765,270)	(419,973)	-	1,599,162
Transfer to stage 3	(2,374,810)	(257,508)	(1,537,448)	(441,878)	3,912,258	2,768,588	-	2,069,202
Remeassurement of financial asset and impairement	(26,333,943)	(1,072,536)	(1,026,335)	(319,513)	(3,823,220)	482,227	(31,183,498)	(909,822)
New assets originated or purchased	279,290,916	1,366,929	11,515,826	1,548,795	22,284,121	18,539,815	313,090,863	21,455,539
Financial assets derecognised or repaid (excluding write - offs)	(214,703,724)	(1,045,117)	(12,831,760)	(5,432,147)	(15,344,496)	(10,070,308)	(242,879,980)	(16,547,571)
Write - offs	-	-	-	-	(2,568,102)	(2,568,102)	(2,568,102)	(2,568,102)
Foreign exchange adjustments	(4,122,362)	(17,822)	(71,182)	(3,641)	(1,109,746)	(861,876)	(5,303,290)	(883,339)
As at 31 December 2024	433,258,574	2,362,674	23,759,517	4,696,232	71,343,111	58,351,545	528,361,202	65,410,451

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The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the year contributed to changes in expected credit loss allowance.

	2025				2024
	Impact: Increase / (Decrease)				Impact: Increase / (Decrease)
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	Total LKR '000
Financial Assets at Amortised Cost : Loans and Advances - Expected Credit Loss					
Increase in ECL on Portfolio (Including Rescheduled / Restructured / Stress Tested Facilities)	2,978,450	1,297,316	1,276,606	5,552,372	14,165,006
Loans and Advances Recoveries	(243,882)	(959,132)	(1,767,912)	(2,970,926)	(4,815,210)
Bucket Net Movements and Changes in Loss Rates	(1,149,297)	(285,575)	(134,358)	(1,569,230)	(3,108,707)
Financial Assets at Amortised Cost : Debt and Other Instruments					
Movement in Carrying Value / Change in Loss Rates	5	148,405	-	148,410	(4,861,983)
Cash and Cash Equivalents (Balances with Banks)					
Movement in Carrying Value / Change in Loss Rates	(92,912)	-	-	(92,912)	(83,131)
Placements with Banks and Finance Companies					
Movement in Carrying Value / Change in Loss Rates	(1,254)	-	-	(1,254)	(109,914)
Undrawn Credit Commitments and Financial Guarantees					
Movement in Carrying Value / Change in Loss Rates	39,552	(14,507)	(338,708)	(313,663)	170,374
Other Assets					
Movement in Carrying Value / Change in Loss Rates	-	(105,321)	(49,300)	(154,621)	424,975

6.1.2.1 Measurement of Expected Credit Losses (ECL)

Inputs, assumptions and techniques used for estimating impairment under SLFRS 9 is disclosed under Accounting Policies Note 5.4.5.

6.1.2.2 Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information.

The Bank assesses Significant Increase in Credit Risk (SICR) using a combination of quantitative and qualitative factors, supported by forward-looking information. More than 30 days past due are considered to have experienced a significant increase in credit risk. However, this serves only as a backstop. The assessment also incorporates changes in the borrower's internal risk rating, current financial position, future earning capacity, cash flow projections, and the outlook of the sector in which the customer operates. Based on this comprehensive evaluation, credit facilities are categorised into appropriate risk grades to determine whether a transfer from Stage 1 to Stage 2 is required.

The Bank continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or Lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

6.1.2.3 Incorporation of Forward-Looking Information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk are GDP growth, unemployment rates, inflation, exchange rates and interest rates.

The bank estimates each key driver for credit risk over the active forecast period of five years. This is followed by a period of mean revision of between two and four years, depending on the product and geographical market.

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the five-year forecast period. The assumptions represent the absolute percentage for interest rates and unemployment rates and year-on-year percentage change for GDP and inflation.

As at 31 December	2025					2024				
	GDP Change	Inflation (YoY) (NCPI)	Interest Rate (RF)	Exchange Rate - Dep (YOY)	Unemployment	GDP Change	Inflation (YoY) (NCPI)	Interest Rate (RF)	Exchange Rate - Dep (YOY)	Unemployment
Base Case										
5 Year Average	3.06%	5.08%	9.97%	4.53%	4.40%	3.00%	5.30%	10.60%	3.62%	4.40%
Peak*	3.10%	5.40%	10.90%	5.97%	4.40%	3.10%	5.80%	11.44%	5.52%	4.40%
Best Case										
5 Year Average	3.56%	4.58%	9.47%	4.03%	3.90%	3.50%	4.80%	10.10%	3.12%	3.90%
Peak*	3.60%	4.90%	10.40%	5.47%	3.90%	3.60%	5.30%	10.94%	5.02%	3.90%
Worst Case										
5 Year Average	2.06%	6.08%	10.97%	5.53%	5.40%	1.00%	7.30%	11.60%	5.62%	5.40%
Trough*	1.90%	6.00%	9.40%	3.83%	5.40%	0.70%	7.00%	10.18%	2.60%	5.40%

** The peak (for upside scenarios) and trough (for downside scenarios) represent the cumulative change from the reporting date for GDP and inflation. For interest rates and unemployment rate, the peak and trough represent the highest or lowest rate after the reporting date.*

To ensure completeness and accuracy, the Group obtains the above data primarily from the Central Bank of Sri Lanka (CBSL). Other third party sources such as World Bank and International Monetary Fund etc.

The Bank formulates multiple economic scenarios to reflect base case, best case and worst case.

To reflect the recent economic outlook in the calculation of expected credit losses, the Group also revisited the weightages assigned for multiple economic scenarios during the year. Weightages assigned for each scenario is given below.

	2025	2024
Base Case	50%	15%
Best Case	5%	5%
Worst Case	45%	80%

6.1.2.4 Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

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LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

6.1.3 Sensitivity of factors used to determine impairment provisions

Management judgement is involved in the determination of impairment allowance for loans and advances. Key variables such as PD, LGD, EFA are affected by management judgment and changes in any such variables can result in different levels of impairment allowance. The following table demonstrate the sensitivity of the impairment allowance of the Bank to the changes in the above variables, as at 31 December 2025 and 31 December 2024.

	Sensitivity effect on Statement of Financial Position [Increase /(Decrease) in impairment provision]				Sensitivity effect on Income Statement [Increase / (Decrease) in operating profit before tax]
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	LKR '000
As at 31 December 2025					
Changes in Probability of Default (PD)					
Increase existing PD by 1% across all age buckets	32,796	5,721	297	38,814	(38,814)
Decrease existing PD by 1% across all age buckets	(32,796)	(5,721)	(297)	(38,814)	38,814
Change in Loss Given Default (LGD)					
1% increase	32,442	5,610	43,686	81,738	(81,738)
1% decrease	(32,442)	(5,610)	(43,686)	(81,738)	81,738
Changes in weightages used for Economic Factor Adjustment (EFA)					
worse case 5% increase, best case 5% decrease, base case constant	29,414	7,298	1,090	37,802	(37,802)
worse case 5% decrease, best case 5% increase, base case constant	(29,414)	(7,298)	(1,090)	(37,802)	37,802
As at 31 December 2024					
Changes in Probability of Default (PD)					
Increase existing PD by 1% across all age buckets	22,849	8,610	325	31,784	(31,784)
Decrease existing PD by 1% across all age buckets	(22,849)	(8,610)	(325)	(31,784)	31,784
Change in Loss Given Default (LGD)					
1% increase	22,441	8,476	41,819	72,736	(72,736)
1% decrease	(22,441)	(8,476)	(41,819)	(72,736)	72,736
Changes in weightages used for Economic Factor Adjustment (EFA)					
worse case 5% increase, best case 5% decrease, base case constant	39,977	11,833	1,166	52,976	(52,976)
worse case 5% decrease, best case 5% increase, base case constant	(39,977)	(11,833)	(1,166)	(52,976)	52,976

6.1.3.1 Key Judgements and Estimates used in ECL Computation

In estimating collectively assessed Expected Credit Loss (ECL), the Bank makes judgements and assumptions in relation to:

- the selection of an estimation technique or modelling methodology, noting that the modelling of the Bank's ECL estimates are complex; and
- the selection of inputs for those models, and the interdependencies between those inputs.

The following table summarises the key judgements and assumptions used by the Bank in relation to the ECL model inputs, the interdependencies between those inputs, and highlights the significant changes during the current year.

The judgements and associated assumptions have been made within the context of the impact of prevailing economic conditions and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. In relation to the impact of prevailing economic conditions, judgements and assumptions include the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy. Accordingly, the Bank's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Judgement / Assumption	Description	Considerations for the year ended 31 December 2025
Determining when a Significant Increase in Credit Risk (SICR) has occurred	In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from 'Stage 1' to 'Stage 2'. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses.	The Bank has assessed the impact of the economic conditions on its customer portfolio and assessments have been carried out based on the discussions with the customers on the future business cashflows, financial position, the sectors in which the businesses operate, and ability to recommence loan repayments to conclude whether there is SICR. The Bank also takes into consideration the current economic developments in order to assess cashflow projections for future recoveries . The main factors that cause uncertainties regarding this application relate to the economic environment prevailing in the country and the resultant implications on the creditworthiness of the borrowers .
Measuring both 12- month and lifetime credit losses	The probability of default (PD), loss given default (LGD) and exposure at default (EAD) credit risk parameters used in determining ECL are point-in time measures reflecting the relevant forward looking information determined by management. Judgement is involved in determining which forward-looking information variables are relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity.	The PD, EAD and LGD models are subject to the Bank's policy on impairment model that stipulates periodic Model monitoring, periodic revalidation and the approval procedures and authorities according to model materiality. There were no material changes to the policies during the year ended 31 December 2025. PDs and LGDs have been computed based on the actual stage movements and historic patterns to better reflect the adequacy of ECL.
	In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility to be used in measuring ECL.	There were no material changes to behavioural lifetime estimates during the year ended 31 December 2025.
Base case economic forecast	The Bank derives a forward-looking "base case" economic scenario which reflects it's view of the most likely future macro-economic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs in the current year. As at 31 December 2025, the base case assumptions have been updated to reflect the rapidly evolving situation with respect to the emerging economic conditions prevailing in the country, the economic factor adjustments were incorporated into the model by using the historical economic factor provided by Central Bank of Sri Lanka (CBSL) and the economic forecast provided by the International Monetary Fund (IMF) and based on forecast model techniques.
Probability weighting of each economic scenario (base case, best and worst scenarios)	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date.	The key consideration for probability weightings in the current period is the continuing impact of the prevailing emerging economic conditions . Due to the emerging economic condition of the country, and the improvements in the macro economic factors the Bank has reassessed the weightages given to the multiple economic scenarios during the year as explained above.
Post model adjustments (Management overlay)	Post model adjustments to the ECL allowance are used in circumstances where it is judged that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to Bank's lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of post model adjustments may impact the amount of ECL recognised.	Management have applied adjustments to the modeled ECL on post model adjustment which are explained below. The Bank's estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) as at December 31, 2025 and Economic Factor Adjustment (EFA) applying the recent forecasts and projections. During the year, the Bank recognised a post-model adjustment to expected credit losses (ECL) reflecting the potential economic effects of the cyclone "Ditwah" on the portfolio. Management identified exposures that are potentially vulnerable to adverse outcomes based on factors such as geographic concentration of customer operations in directly impacted areas and the nature of the customers' operations. The adjustment reflects management judgement that existing model parameters do not fully capture the immediate and short-term deterioration in credit risk for these exposures. The adjustment was determined using available loss experience updated for stressed recovery expectations for affected exposures. Management continues to monitor developments and will update ECL as information becomes available.

The Group has internal governance frameworks and controls in place to assess the appropriateness of all judgmental adjustments. The aim of the bank is to incorporate these adjustments into the ECL model, where possible, as part of the periodic recalibration and model assessment procedures.

Notes to the Financial Statements

6.1.4 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 and advances and based on external credit ratings for other financial assets.

Bank	High Grade				Standard Grade				Sub Standard Grade			
As at 31 December 2025	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000
Cash and Cash Equivalents	3,079,818	-	-	15,122,727	-	-	-	-	-	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	11,218,110	-	-	-	-	-	-	-	-
Placements with Banks and Finance Companies	27,295,180	-	-	4,710,936	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	200,466	-	-	-	-	-	-	-	-
Securities Purchased under Resale Agreements	-	-	-	-	-	-	-	-	-	-	-	-
Customer Loans and Advances	304,929,374	3,983,393	1,093,582	-	132,957,363	1,873,255	1,453,095	-	47,296,859	4,178,785	2,325,372	-
Debt Instruments	-	-	-	-	468,663	-	-	-	213,177	-	-	-
Equity Instruments	-	-	-	2,587,903	-	-	-	-	-	-	-	7,040
Government Securities	214,735,029	-	-	-	-	-	-	-	-	-	-	-
Group Balances Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-

Bank	High Grade				Standard Grade				Sub Standard Grade			
As at 31 December 2024	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000
Cash and Cash Equivalents	3,364,770	-	-	14,019,626	-	-	-	-	-	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	8,719,115	-	-	-	-	-	-	-	-
Placements with Banks and Finance Companies	41,069,135	-	-	9,086,867	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	14,505	-	-	-	-	-	-	-	-
Securities Purchased under Resale Agreements	-	-	-	-	-	-	-	-	-	-	-	-
Customer Loans and Advances	200,046,429	2,506,755	1,683,274	-	111,359,498	4,979,719	1,149,386	-	43,984,449	10,511,060	4,555,199	-
Debt Instruments	503,057	-	-	-	-	-	-	-	213,186	-	-	-
Equity Instruments	-	-	-	1,423,594	-	-	-	-	-	-	-	19,420
Government Securities	202,600,618	-	-	-	-	-	-	-	-	-	-	-
Group Balances Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-

	Low Grade				Unrated				Exposures not subject to Rating				Total
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	LKR '000
	-	-	-	-	-	-	-	-	-	-	-	-	18,202,545
	-	-	-	-	-	-	-	-	-	-	-	-	11,218,110
	-	-	-	-	-	-	-	-	-	-	-	-	32,006,116
	-	-	-	-	182	-	-	-	-	-	-	-	200,648
	-	-	-	-	2,127,724	-	-	-	-	-	-	-	2,127,724
	30,178	11,575	3,570,494	-	23,450,447	324,435	216,926	-	71,600,112	435,560	71,138	-	599,801,944
	-	-	-	-	-	-	-	-	-	-	-	-	681,840
	-	-	-	-	-	-	-	891,179	-	-	-	-	3,486,122
	-	7,119,291	-	-	-	-	-	-	-	-	-	-	221,854,320
	-	-	-	-	-	-	-	40,480	-	-	-	-	40,480
	-	-	-	-	-	-	-	-	-	13,784	-	8,983,967	8,997,551

	Low Grade				Unrated				Exposures not subject to Rating				Total
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Exposures not subject to ECL LKR '000	LKR '000
	-	-	-	-	-	-	-	-	-	-	-	-	**17,384,396**
	-	-	-	-	-	-	-	-	-	-	-	-	**8,719,115**
	-	-	-	-	-	-	-	-	-	-	-	-	**50,156,002**
	-	-	-	-	-	-	-	2,893	-	-	-	-	**17,398**
	-	-	-	-	3,684,374	-	-	-	-	-	-	-	**3,684,374**
	56,548	17,482	5,205,396	-	20,061,710	398,747	336,213	-	55,387,266	649,522	62,097	-	**462,950,751**
	-		-	-	-	-	-	-	-	-	-	-	**716,243**
	-		-	-	-	-	-	733,256	-	-	-	-	**2,176,270**
	3,889,980	860,073	-	-	-	-	-	-	-	-	-	-	**207,350,671**
	-		-	-	-	-	-	40,300	-	-	-	-	**40,300**
	-		-	-	-	-	-	-	-	432,045	-	8,618,633	**9,450,678**

Notes to the Financial Statements

6.1.4.1 Credit Impaired Financial Assets

Breakdown of loans classified under stage 2

Loans classified under the stage 2 includes contractually past due loans and loans which have been shifted to stage 2 based on the criteria specified in the Note 5.4.5.

Bank	As at 31 December 2025				As at 31 December 2024			
	Not Contractually Past Due	Contractually Past Due			Not Contractually Past Due	Contractually Past Due		
	0 - 30 Days LKR '000	31 - 60 Days LKR '000	61 - 90 Days LKR '000	Total LKR '000	0 - 30 Days LKR '000	31 - 60 Days LKR '000	61 - 90 Days LKR '000	Total LKR '000
Overdraft	1,905,818	531,556	176,666	2,614,040	545,446	525,294	547,461	1,618,201
Term Loans	6,466,670	3,701,102	150,034	10,317,806	10,437,105	7,802,750	343,874	18,583,729
Import Loans	1,084,293	95,234	34,524	1,214,051	1,768,628	22,518	12,611	1,803,757
Others	119,724	1,221,552	80,255	1,421,531	58,740	1,537,401	157,689	1,753,830
	9,576,505	5,549,444	441,479	15,567,428	12,809,919	9,887,963	1,061,635	23,759,517

Breakdown of loans classified under stage 3

Loans classified under the stage 3 includes contractually past due loans and loans which have been shifted to stage 3 based on the criteria specified in the Note 5.4.5.

Bank	As at 31 December 2025					As at 31 December 2024				
	Not Contractually Past Due			Contractually Past Due		Not Contractually Past Due			Contractually Past Due	
	0 - 30 Days LKR '000	31 - 60 Days LKR '000	61 - 90 Days LKR '000	above 90 Days LKR '000	Total LKR '000	0 - 30 Days LKR '000	31 - 60 Days LKR '000	61 - 90 Days LKR '000	above 90 Days LKR '000	Total LKR '000
Overdraft	33,493	8,156	108,069	10,906,193	11,055,911	755,469	35,793	36,249	11,822,447	12,649,958
Term Loans	77,399	224,819	308,334	44,567,692	45,178,244	1,432,122	2,940,691	140,665	45,804,224	50,317,702
Import Loans	400,753	47,072	6,775	5,609,841	6,064,441	431,162	124,640	136,087	5,536,766	6,228,655
Others	1,594	-	-	1,630,542	1,632,136	42,337	25,068	-	2,079,391	2,146,796
	513,239	280,047	423,178	62,714,268	63,930,732	2,661,090	3,126,192	313,001	65,242,828	71,343,111

6.1.5 Collateral Held and other Credit Enhancement

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are updated regularly. The amount of collateral taken, is based on management's credit evaluation of the counterparty.

6.1.5.1 Net Exposure to Credit Risk

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.

As at 31 December	Note	2025 Maximum Exposure to the credit risk LKR '000	2025 Net Exposure LKR '000	2024 Maximum Exposure to the credit risk LKR '000	2024 Net Exposure LKR '000
Financial Assets					
Cash and Cash equivalents	21	18,207,532	3,084,805	17,482,295	3,462,669
Placements with Banks and Finance Companies	23	32,008,487	32,008,487	50,159,627	50,159,627
Derivative Financial Instruments	24	200,648	200,648	17,398	17,398
Financial Assets recognised through profit and loss-Measured at fair value	25	14,959,447	14,959,447	21,454,098	21,383,432
Financial assets at amortised cost					
- Loans and advances	26	663,740,708	377,991,641	528,361,202	327,220,830
- Debt and other instruments	27	120,655,823	120,655,823	136,331,845	136,331,845
Financial Assets recognised through other comprehensive income	28	92,796,261	92,542,161	56,248,530	55,328,108
Other Financial assets	20	8,997,551	8,997,551	9,450,678	9,450,678
		951,566,457	650,440,563	819,505,673	603,354,587

6.1.5.2 Stage - wise Analysis of collateral held against Loan and Advances

The following table sets out the principal types of collateral held by the Bank / Group against loan and advances. For each loan, the value of the collateral is capped at the amortised cost of the loan.

	2025 Mix %	2025 Amortised Cost LKR '000	2024 Mix %	2024 Amortised Cost LKR '000
Stage 1				
Cash and Cash Equivalents	15%	88,441,317	10%	44,197,812
Gold	8%	48,960,458	8%	36,075,450
Mortgages	24%	139,085,382	22%	95,275,789
Motor Vehicles	7%	39,961,852	5%	22,252,705
Others*	15%	86,181,791	31%	134,114,123
Unsecured	31%	181,611,748	24%	101,342,695
	100%	584,242,548	100%	433,258,574
Stage 2				
Cash and Cash Equivalents	7%	1,016,957	2%	557,011
Gold	1%	221,430	1%	349,048
Mortgages	37%	5,808,688	26%	6,128,944
Motor Vehicles	0%	-	5%	1,235,757
Others*	18%	2,790,383	51%	12,012,435
Unsecured	37%	5,729,970	15%	3,476,322
	100%	15,567,428	100%	23,759,517
Stage 3				
Cash and Cash Equivalents	2%	1,375,106	0%	321,698
Gold	0%	34,148	0%	35,500
Mortgages	54%	34,488,959	48%	34,249,084
Motor Vehicles	0%	-	2%	1,686,525
Others*	23%	14,854,857	23%	16,368,876
Unsecured	21%	13,177,662	27%	18,681,428
	100%	63,930,732	100%	71,343,111

** Other securities include quoted and unquoted shares, factoring agreements, personal guarantees and corporate guarantees.*

Notes to the Financial Statements

The table below sets out Principal types of collateral and their approximate collateral percentages that are held against different types of financial assets.

Type of Credit Exposure	Principal type of Collateral Held for Secured Lending	Percentage of Exposure that is subject to an Arrangement that Requires Collateralisation 2025	2024
Derivative Financial Instruments	None	-	-
Loans and Advances to Banks			
Securities Purchased under Resale Agreements	Marketable Securities	100%	100%
Placements with Banks and Finance Companies	None	-	-
Loans and Advances to Retail Customers			
Mortgage Lending	Residential Property	100%	100%
Credit Cards	None	-	-
Personal Loans	None / Guarantors	-	-
Loans and Advances to Other Customers			
Finance Leases	Motor Vehicles And Equipment	100%	100%
Other Lending to Other Customers	Commercial Property, Floating Charges Over Other Loans and Advances	70%	77%
Securities Purchased under Resale Agreements	Marketable Securities	100%	100%

Details of financial and non-financial assets obtained by the Bank as at 31 December 2025 by taking possession of collateral held as security (foreclosed) against loans and advances as well as calls made on credit enhancements and held as at the year-end are shown below.

	2025		2024	
	Loans and Advances LKR '000	Forced Sale Value of Foreclosed Collateral LKR '000	Loans and Advances LKR '000	Forced Sale Value of Foreclosed Collateral LKR '000
Balance as at 01 January	**9,331,637**	**15,818,084**	7,778,280	11,131,658
Additions During the Year	**1,768,620**	**2,459,704**	2,218,118	5,901,953
Disposal During the Year	**(1,123,029)**	**(1,405,631)**	(664,761)	(2,828,025)
Valuation Changes	**-**	**(637,566)**	-	1,612,498
Balance as at 31 December	**9,977,228**	**16,234,591**	9,331,637	15,818,084

The Bank's policy is to pursue timely realisation of the collateral in an orderly manner.

6.1.6 Concentrations of Credit Risk

The Bank monitors concentrations of credit risk by industry and by geographic location.

An analysis of concentrations of credit risk of loans and advances by industry at the reporting date is shown in Note 26.1.3 to the Financial Statements. Credit related off-balance sheet commitments are disclosed in Note 52 to the Financial Statements.

Concentration by location for loans and advances, contingent liabilities and commitments are measured based on the location of the Branch entity holding the asset, which has a high correlation with the location of the borrower. These are given in Geographical Analysis (Refer Page 366).

6.2 Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

6.2.1 Management of Liquidity Risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses to the Bank.

Bank Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Bank Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of business units and subsidiary are met through short-term loans from Bank and Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

All liquidity policies and procedures are subject to review and approval by Assets and Liability Management Committee. Daily reports cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Bank relies on deposits from customers and banks, and debt securities and subordinated liabilities as its primary sources of funding. While the Bank's debt securities and subordinated liabilities have maturities of five years, deposits from customers and banks generally have shorter maturities and a large proportion of them are repayable on demand. The short-term nature of these deposits increases the Bank's liquidity risk and the Bank actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

6.2.2 Exposure to Liquidity Risk

The key measure used by the Bank for managing liquidity risk is the ratio of liquid assets to deposits from customers and other liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market. A similar calculation is used to measure the Bank's compliance with the liquidity limit established by the, Central Bank of Sri Lanka.

Maturity analysis for the financial liabilities is shown below with their undiscounted contractual cash flows over the future periods.

To manage the liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents and Government Securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements.

	Financial Liabilities - 2025 Bank					
	Carrying Amount LKR '000	Undiscounted Contractual Cash Flows LKR '000	Less than 3 month LKR '000	3 Months to 1 Year LKR '000	1 -5 Years LKR '000	More than 5 Years LKR '000
Non - Derivative Liabilities						
Due to Banks and Other Borrowers	23,915,106	25,528,737	15,507,178	1,322,412	8,699,147	-
Financial Liabilities at Amortised Cost Due to Depositors	732,960,379	763,101,456	432,975,318	250,040,616	66,337,722	13,747,800
Debt Securities Issued	40,131,478	50,111,788	247,183	8,630,207	32,908,720	8,325,678
Financial Liabilities at Amortised Cost Due to Debt Securities Holders	5,203,644	5,316,548	2,190,364	3,126,184	-	-
Lease Liabilities	6,030,361	7,824,957	98,196	300,737	1,845,711	5,580,313
Derivative Liabilities						
Derivative Financial Instruments	6,413	6,413	6,413	-	-	-

Notes to the Financial Statements

	Financial Liabilities – 2024 Bank					
	Carrying Amount LKR '000	Undiscounted Contractual Cash Flows LKR '000	Less than 3 month LKR '000	3 Months to 1 Year LKR '000	1 -5 Years LKR '000	More than 5 Years LKR '000
Non - Derivative Liabilities						
Due to Banks and Other Borrowers	8,165,526	9,858,824	1,319,025	-	8,539,799	-
Financial Liabilities at Amortised Cost due to Depositors	646,817,333	683,832,919	289,972,852	330,280,058	49,049,230	14,530,779
Debt Securities Issued	25,128,383	33,553,070	950,887	1,717,597	29,377,055	1,507,531
Financial Liabilities at Amortised Cost due to Debt Securities Holders	1,461,944	1,482,161	1,452,533	29,628	-	-
Lease Liabilities	5,613,107	7,704,202	81,342	236,100	1,645,507	5,741,253
Derivative Liabilities						
Derivative Financial Instruments	809	809	809	-	-	-

6.2.3 Liquidity Reserve

The table below sets out the components of Bank's liquid assets that are held for the liquidity purpose.

	2025	
	Carrying value LKR '000	Fair value LKR '000
Cash and Cash Equivalents*	**18,202,545**	**18,202,545**
Placements with Banks and Finance Companies*	**32,006,116**	**32,006,116**
Balances with Central Bank of Sri Lanka*	**11,218,110**	**11,218,110**
Treasury Bills / Bonds net of Repos	**219,039,775**	**222,404,266**
Bills Purchased*	**4,117,258**	**4,117,258**
Total Liquidity Reserve	**284,583,804**	**287,948,295**

** The carrying amounts approximate their fair values as they are short term in nature (less than twelve months).*

6.2.3.1 Liquidity Coverage Ratio

The Bank has a Liquidity Coverage Ratio (LCR) as defined by the regulator. The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30-day period. The ratio is defined as the amount of High Quality Liquid Assets (HQLA) that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both actual and contingent exposures, in a stressed scenario.

The LCR complements the Bank's stress testing framework. By maintaining a ratio in excess of minimum regulatory requirements, the LCR seeks to ensure that the Bank holds adequate liquidity resources to mitigate a short-term liquidity stress.

All commercial banks maintained Liquidity Coverage Ratios (LCR) as prescribed by CBSL in respect of Rupee Liquidity Minimum Requirement for local currency operations and All Currency Liquidity Minimum Requirement for the overall operations effective from 01 January 2019 onwards at 100%.

The following were the Liquidity Coverage Ratios (%) of the Bank as at 31 December:

	2025 %	2024 %
Rupee Liquidity Requirement for Local Currency Operations	227.99	415.75
All Currency Liquidity Requirement for the Overall Operations	229.92	491.37

The table below sets out the availability of financial and non-financial assets held by the Bank on the basis of being encumbered or unencumbered as of 31 December:

	2025			2024		
	Encumbered LKR '000	Unencumbered LKR '000	Total LKR ' 000	Encumbered LKR '000	Unencumbered LKR '000	Total LKR '000
Cash and Cash Equivalents	-	18,202,545	18,202,545	-	17,384,396	17,384,396
Placements with Banks and Finance Companies	-	32,006,116	32,006,116	-	50,156,002	50,156,002
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value	-	14,959,447	14,959,447	70,666	21,383,432	21,454,098
Financial Assets at Amortised Cost - Loans and Advances	-	599,801,944	599,801,944	-	462,950,751	462,950,751
Financial Assets at Amortised Cost - Debt and other Instruments	5,141,814	115,252,484	120,394,298	1,120,804	135,104,126	136,224,930
Financial Assets measured at Fair Value through Other Comprehensive Income	254,100	92,542,161	92,796,261	920,422	55,328,108	56,248,530
Others	-	42,842,562	42,842,562	-	35,271,132	35,271,132
Total Assets	5,395,914	915,607,259	921,003,173	2,111,892	777,577,947	779,689,839

* *Financial asset values pledged against Repos.*

6.2.4 Contingency Funding Plan

The Bank has put in place a comprehensive Contingency Funding Plan (CFP) to be used during a liquidity crisis to endure adverse situations.

The CFP helps to monitor liquidity risk, ensure that an appropriate amount of liquid assets are maintained and ensure funding requirements can be met at various scenarios, and manage access to funding sources.

In a stress situation, management has little time to plan its strategy, and as such the management understands importance to have a well-developed contingency liquidity funding plan prior to a stress occurring.

Notes to the Financial Statements

6.3 Market Risk

6.3.1 Exposures to Market Risk

Market risk is the risk that changes in market Factors, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

	2025			2024		
	Carrying Amount LKR '000	Trading Portfolios LKR '000	Non-Trading Portfolios LKR '000	Carrying Amount LKR '000	Trading Portfolios LKR '000	Non-Trading Portfolios LKR '000
Assets Subject to Market Risk						
Financial Assets recognised through Profit or Loss - Measured at Fair Value	**14,959,447**	**14,959,447**	**-**	21,454,098	21,454,098	-
Derivative Financial Instruments	**200,648**	**200,648**	**-**	17,398	17,398	-
Placements with Banks and Finance Companies	**32,006,116**	**-**	**32,006,116**	50,156,002	-	50,156,002
Financial Assets at Amortised Cost - Loans and Advances	**599,801,944**	**-**	**599,801,944**	462,950,751	-	462,950,751
Financial Assets at Amortised Cost - Debt and Other Instruments	**120,394,298**	**-**	**120,394,298**	136,224,930	-	136,224,930
Financial Assets measured at Fair Value through Other Comprehensive Income	**92,796,261**	**-**	**92,796,261**	56,248,530	-	56,248,530
	860,158,714	**15,160,095**	**844,998,619**	727,051,709	21,471,496	705,580,213
Liabilities Subject to Market Risk						
Derivative Financial Instruments	**6,413**	**6,413**	**-**	809	809	-
Due to Depositors	**732,960,379**	**-**	**732,960,379**	646,817,333	-	646,817,333
Debt Securities Issued	**40,131,478**	**-**	**40,131,478**	25,128,383	-	25,128,383
Due to Banks	**23,898,752**	**-**	**23,898,752**	8,141,795	-	8,141,795
Due to Other Borrowers	**16,354**	**-**	**16,354**	23,731	-	23,731
Due to Debt Securities Holders	**5,203,644**	**-**	**5,203,644**	1,461,944	-	1,461,944
	802,217,020	**6,413**	**802,210,607**	681,573,995	809	681,573,186

6.3.2 Management of Market Risk

Market Risk Management reporting creates transparency on the risk profile and facilitates understanding of core market risk drivers to all levels in the Bank. The Management and Board Committees receives regular reporting, as well as ad hoc reporting on market risk and liquidity risk and the impact on capital and Earnings through stress testing. The Risk Committees Executive Market and Operation Risk Management Committee (EMORMC) and Asset and Liability Committee (ALCO) receive risk information at a number of frequencies, besides the monthly and quarterly reporting.

Additionally, Market Risk Management produces daily and weekly Market Risk specific reports and daily limit utilisation reports for the risk exposures generated through Treasury and other business Units.

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are held by the Bank's Treasury Department, and include positions arising from market making and also held with a view to earn a profit of financial assets and liabilities that are managed on a fair value basis.

The overall authority for market risk is vested in ALCO. The Bank's Market Risk Management Unit is responsible for the development of detailed market risk management policies which is overseen by the EMORMC or ALCO and is subject to review by BIRMC and approved by the Board.

6.3.2.1 Managing Market Risk

The effects of various policies and regulations, which were put into place from time to time to mitigate the adverseness of the economic conditions continued somewhat through 2025. Monetary Policy decisions

were taken in order to maintain price stability and liquidity flows. Thus the Central Bank, during the year, took a number of measures to support and sustain domestic economic activities in the context of maintaining inflationary targets and a stable interest rate regime.

As a result, the Bank prudently managed the portfolios' exposed to interest rate and price risk which stemmed due to economic conditions.

6.3.2.2 Non-trading Market Risk

Non trading market risk arises primarily from outside activities of trading units, in the banking book and from certain off-balance sheet items. Significant market risk factors the Bank is exposed to and are overseen by risk management committees are:

- Interest rate risk (including risk embedded in behavioural patterns for certain product types)
- Market risks from off-balance sheet items such as foreign exchange risk of the hedging instruments such as SWAPs.

6.3.3 Interest Rate Risk

Typically, interest rate risk is split into two components: traded interest rate risk and non-traded interest rate risk. While the traded interest rate risk is relevant to trading activities and its affects, the latter is often referred to as interest rate risk on the balance sheet or to the banking book and arises from the Banks core banking activities.

6.3.3.1 Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book is the risk to both the Bank's capital and earnings, arising from movements in interest rates, which affect the banking book exposures. This includes maturity mis-matches of the interest bearing assets and liabilities, which describes the impact of relative changes in interest rates for financial instruments that are priced using different interest rate curves.

IRRBB is considered as an essential tool to monitor the risk of product repricing and the impact it has on Earnings as well as Equity. In this sense the Bank manages the Interest Rate Risk in the Banking Book (IRRBB) exposures using both Earnings at Risk (EAR) and Economic Value of Equity (EVE) measures. Economic value based measures look at the change in economic value of assets, liabilities and off-balance sheet exposures in the banking book resulting from interest rate movements, independent of the accounting treatment. Thereby the Bank measures the change in Economic Value of Equity (EVE) of the banking book under standard scenarios as defined by Basel Committee on Banking Supervision. The Bank's primary focus is to achieve the desired overall interest rate profile which may change over time based on management's short and longer term view of interest rates and economic conditions.

The interest rate position of the Bank is that the duration of the liabilities to some extent is lesser than the duration of the assets in the shorter tenors of the reprising profile. Given this mismatch, under normal circumstances increasing interest rates will have a negative impact on the interest income of the Bank. On the other hand, in a decreasing interest scenario, as liabilities re-price more quickly than assets, this would then support the Banks' net interest income.

The Bank manages the interest rate risk primarily through interest sensitive assets and liability repricing gap analysis, which distributes rate sensitive assets and liabilities into the relevant repricing maturity buckets. Board defined limits are in place for interest rate gaps and positions, which are monitored on a periodic basis to ensure compliance to the prescribed limits. The interest rate risk is also managed using the re-pricing maturity mis-match gaps by using Funds Transfer Pricing (FTP) techniques to take advantage in optimal gains. Through the FTP; portfolios are hedged; and the Bank ensures that interest rate risk between lending and funding in each time bucket remains low. The majority of the Bank's interest rate risk, therefore, stems from the unhedged portion of assets and liabilities.

The Treasury division is delegated to manage the interest rate risk centrally on an ongoing basis, where Risk Management Unit acts as the second line of defence on an independent oversight function.

Earnings-based measures look at the expected change in Net Interest Income (NII), compared to some defined benchmark scenarios, over a defined time horizon resulting from interest rate movements. Thereby the Bank measures the sensitivity of the Bank's interest sensitive assets and liabilities to a parallel shift to various interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) and a 200 bp parallel fall or rise in all yield curves over a period of 12 months' horizon.

Interest Rate Benchmark Reforms Interest rate benchmarks such as Inter-Bank Offered Rates (IBORs) play an important role in global as well as local financial markets. A fundamental reform of major interest rate benchmarks was undertaken globally, replacing some IBORs with alternative nearly risk-free rates (referred to as 'IBOR reform').

Notes to the Financial Statements

The Projected Impact Analysis on EAR as at 31 December 2025 is depicted in the table below:

	100 bp Parallel Increase LKR 'Mn	100 bp Parallel Decrease LKR 'Mn	200 bp Parallel Increase LKR 'Mn	200 bp Parallel Decrease LKR 'Mn
Sensitivity of Projected Net Interest Income 2026 (EAR)				
As at 31 December 2025	1,176	(1,176)	2,351	(2,351)
Impact on NII (%)	3.07	(3.07)	6.15	(6.15)

6.3.3.2 Maturity Gaps

The Management and Board defines the liquidity and funding risk strategy for the Bank, as well as the risk appetite, based on recommendations made by the Risk Committee. At least annually the Board Risk Management Committee reviews and approves the limits which are applied to the Bank to measure and control liquidity risk as well as the short term and long-term funding plan.

While such risk monitoring is mainly based on the stock approach through ratios and risk levels approved as per the risk appetite of the Bank, another method of managing and monitoring liquidity risk is using the flow approach tools which is the popular maturity mis-match or Maturity Gap analysis.

A summary of the Bank's total assets and liabilities, based on the respective Cash flow / Maturity dates together with the maturity gaps as at 31 December 2025 are given below.

31 December 2025	Carrying Amount LKR '000	Less than 3 Months LKR '000	3-12 Months LKR '000	1-5 Years LKR '000	More than 5 Years LKR '000
Interest Earning Assets					
Placements with Banks and Finance Companies	32,006,116	31,104,382	901,734	-	-
Loans and Advances	599,801,944	248,690,447	155,519,753	177,650,227	17,941,517
Financial Assets recognised through Profit or Loss / Financial Assets at Amortised Cost – Debt and Other Instruments / Financial Assets measured at Fair Value through Other Comprehensive Income excluding Equities	222,536,160	46,802,784	43,885,708	114,544,220	17,303,448
Securities Purchased under Resale Agreements	2,127,724	2,127,724	-	-	-
Balances with Banks	3,065,870	3,065,870	-	-	-
Non-Interest Earning Assets	61,465,359	41,903,081	6,355,060	64	13,207,154
Total Assets	921,003,173	373,694,288	206,662,255	292,194,511	48,452,119
Interest Bearing Liabilities					
Due to Depositors	677,834,737	374,439,795	238,580,876	54,495,271	10,318,795
Due to Banks and Other Borrowers	23,915,106	15,422,094	1,240,000	7,253,012	-
Due to Debt Securities Holders	5,203,644	2,178,197	3,025,447	-	-
Debt Securities Issued	40,131,478	243,143	8,279,335	25,359,930	6,249,070
Group Balances Payable	221,162	109,977	64,032	47,153	-
Lease Liabilities	6,030,361	96,591	281,995	1,463,315	4,188,460
Non-Interest Bearing Liabilities	167,666,685	85,752,750	-	-	81,913,935
Total Liabilities	921,003,173	478,242,547	251,471,685	88,618,681	102,670,260
Gaps	-	(104,548,259)	(44,809,430)	203,575,830	(54,218,141)

31 December 2024	Carrying Amount LKR '000	Less than 3 months LKR '000	3-12 months LKR '000	1-5 Years LKR '000	More than 5 years LKR '000
Interest Earning Assets					
Placements with Banks and Finance Companies	50,156,002	50,156,002	-	-	-
Loans and Advances	462,950,751	218,199,549	118,499,270	109,901,985	16,349,947
Financial Assets recognised through Profit or Loss / Financial Assets at Amortised Cost – Debt and Other Instruments / Financial Assets measured at Fair Value through Other Comprehensive Income excluding Equities	208,066,914	49,474,410	46,966,938	99,541,403	12,084,163
Securities Purchased under Resale Agreements	3,684,374	3,684,374	-	-	-
Balances with Banks	2,344,229	2,344,229	-	-	-
Non-Interest Earning Assets	52,487,569	37,950,141	2,382,582	148	12,154,698
Total Assets	779,689,839	361,808,705	167,848,790	209,443,536	40,588,808
Interest Bearing Liabilities					
Due to Depositors	601,885,121	241,914,625	311,202,744	38,458,579	10,309,173
Due to Banks and Other Borrowers	8,165,526	1,310,104	-	6,855,422	-
Due to Debt Securities Holders	1,461,944	1,433,812	28,132	-	-
Debt Securities Issued	25,128,383	931,808	1,587,575	21,539,450	1,069,550
Group Balances Payable	98,667	30,408	3,528	64,731	-
Lease Liabilities	5,613,107	79,710	218,227	1,241,915	4,073,255
Non-Interest Bearing Liabilities	137,337,091	66,848,619	-	-	70,488,472
Total Liabilities	779,689,839	312,549,086	313,040,206	68,160,097	85,940,450
Gaps	-	49,259,619	(145,191,416)	141,283,439	(45,351,642)

6.3.4 Share Investment and Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of share indices and the value of individual stocks. These losses could arise because of changes in the value of listed shares held directly by the Bank under each investment category.

Based on the Bank's policies, Risk Management Unit ensures monitoring and reporting the risk in respect of share investments and its valuation methodologies are appropriate and consistent, and assesses the potential impact on earnings and capital.

Market risk limits for share investments are the framework to guide the share investments and for stop-losses. These limits are binding and monitored on a daily basis. Timely and accurate reporting helps the Treasury Investment Committee (TIC) to exercise exit strategies within the stop-loss limits and the Management Action Trigger limits (MAT limits).

The sensitivity analysis of the share investments helps the TIC to understand and mitigate the risk the Bank is exposed to due to the vulnerability of price risk.

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An impact analysis of the Share Investments applying shock levels of 20%, 35% and 50%, for a drop in prices on the current share prices and the impact on Income Statement and Capital is shown in the table below.

	Sensitivity of the Equity Trading (FVOCI) Exposures as of 31 December 2025					
	Invested Value LKR '000	Equity Carrying Value LKR '000	Specific Capital Charge LKR '000	General Capital Charge LKR '000	Total Capital Required LKR '000	Current CAR
Equity Position (Prior to stress)	2,476,715	2,142,201	267,775	267,775	535,550	17.89%

Scenario		Equity Position After Stress Test					
		Equity Net Position LKR '000	Impact on P&L LKR '000	Specific Capital charge LKR '000	General Market Capital Charge LKR '000	Total Capital Charge LKR '000	Net Impact on CAR
Minor	-20%	1,713,761	428,440	214,220	214,220	428,440	-0.02%
Moderate	-35%	1,392,431	749,770	174,054	174,054	348,108	-0.03%
Major	-50%	1,071,101	1,071,101	133,888	133,888	267,775	-0.04%

	Sensitivity of the Equity Trading (FTPL) Exposures as of 31 December 2025					
	Invested Value LKR '000	Equity Carrying Value LKR '000	Specific Capital Charge LKR '000	General Capital Charge LKR '000	Total Capital Required LKR '000	Current CAR
Equity Position (Prior to stress)	604,023	622,532	68,565	77,817	146,382	17.89%

Scenario		Equity Position After Stress Test					
		Equity Net Position LKR '000	Impact on P&L LKR '000	Specific Capital charge LKR '000	General Market Capital Charge LKR '000	Total Capital Charge LKR '000	Net Impact on CAR
Minor	-20%	498,026	124,506	54,852	62,253	117,105	-0.01%
Moderate	-35%	404,646	217,886	44,567	50,581	95,148	-0.03%
Major	-50%	311,266	311,266	34,283	38,908	73,191	-0.01%

6.3.5 Foreign Currency Risk

Foreign exchange rate risk arises from the movement of the rate of exchange of one currency against another, leading to an adverse impact on the Bank's earnings or equity. The Bank is exposed to foreign exchange rate risk that the value of a financial instrument or the investment in its foreign assets, may fluctuate due to changes in foreign exchange rates.

The Bank ensures all market risk measures are adhered as laid down in the latest directions published by the Central Bank as well as according to best market practices followed locally and globally.

Given below are the foreign currency exposures and their rupee equivalent in the major currencies, in which the Bank trades in.

	In Original Foreign Currency		Functional Currency of the Bank	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Net Foreign Currency Exposure				
Great Britain Pound	1.08	0.23	452.47	85.54
United States Dollar	1,313.31	(5,925.68)	407,125.73	(1,736,224.24)
Euro	6.16	(1.12)	2,242.79	(342.90)
Japanese Yen	509.21	594.46	1,008.60	1,113.17
Australian Dollar	0.61	2.00	127.48	365.23

An impact analysis of the foreign currency Net Open Position (NOP) was carried out applying shock levels of 5%, 10% and 15%, for depreciation on the current exchange rate and the impact on the overall foreign currency NOP (in USD) and the impact on Income Statement is shown in the table below.

NOP as on 31 December 2025			NOP as on 31 December 2024		
	USD '000	LKR '000		USD '000	LKR '000
NOP	1,548	479,987	NOP	(5,773)	(1,691,528)
At Shock Levels of	Revised Rupee Position LKR '000	Effect on Income Statement LKR '000	At Shock Levels of	Revised Rupee Position LKR '000	Effect on Income Statement LKR '000
5%	503,986	23,999	5%	(1,776,104)	84,576
10%	527,986	47,999	10%	(1,860,681)	169,153
15%	551,985	71,998	15%	(1,945,264)	253,736

6.3.6 Policy on Repurchase Agreements (Repo) and Reverse Repurchase Agreements (Reverse Repo)

The Bank enters in to Repo and Reverse Repo agreements which are often short term money market instruments. Repurchase agreements are designed to minimise counterparty credit risk during their term. Changes in the market value of these positions can give rise to a "margin deficit" or a "margin excess". Treasury Back Office does a daily Mark to Market of the Securities received and the Securities allocated under Repo and Reverse Repo facilities. This in turn is cross checked by the Treasury Middle Office and if a short fall is observed Treasury is alerted on the required Margin Calls.

Outstanding Repurchase and Reverse Repurchase Facilities as at 31 December 2025 are given below:

	2025	
	Financial Assets measured at Fair Value LKR '000	Outstanding Balance LKR '000
Securities sold under Repo	5,768,354	5,203,644
	Market Value of Securities Received LKR '000	Outstanding Balance LKR '000
Securities purchased under Reverse Repo	2,439,440	2,127,724

The Bank possess a haircut policy which is used to manage and monitor all Repo and Reverse Repo facilities against these haircut policies. The said policy specifies that all transactions should be covered by Government Securities with specified haircuts to cover price variations.

Notes to the Financial Statements

6.3.6.1 Reverse Repurchase Facilities

To cover the market risk in accepting Government Securities as collateral for Reverse Repo transactions the undernoted haircut policy is adopted:

Treasury Bonds and Bills	Reverse Repo	
	Up to 1 week	More than 1 week
Maturing within 5 years	10.00 %	17.50 %
Maturing between 5 – 10 years	12.50 %	20.00 %
Maturing between 10 – 15 years	17.50 %	22.50 %
Maturing between 15 – 20 years	22.50 %	25.00 %
Maturing between 20 – 30 years	27.50 %	30.00 %

6.3.6.2 Repurchase Facilities

Repo Facilities are accepted against collateral of Government Securities. To cover the market risk in allocating Government Securities as collateral for Repo transactions, the undernoted haircut policy is adopted:

Remaining Term to Maturity of the Eligible Security	Minimum Haircut
Up to 1 year	6%
More than 1 year and up to 3 years	8%
More than 3 years and up to 5 years	10%
More than 5 years and up to 8 years	10%
More than 8 years	12%

In case of interbank Repo and Reverse Repo transactions; Based on the Direction, No. 1 of 2019 issued under Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance on "Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills" the following minimum haircut policy will be adopted:

Remaining Term to Maturity of the Eligible Security	Minimum Haircut
Up to 1 year	4%
More than 1 year and up to 3 years	6%
More than 3 years and up to 5 years	8%
More than 5 years and up to 8 years	10%
More than 8 years	12%

6.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions; or
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board Audit Committee.

6.4.1 Capital Management

Capital Adequacy is a measure of a commercial bank's ability to withstand the associated risks of its business. Regulators find it necessary that every bank holds adequate capital to absorb unexpected losses as a going concern, while they price their products and services to take care of expected risks. Capital Adequacy Ratio (CAR) is measured under Basel II till 30 June 2017 and thereafter Basel-III and takes into account the Credit, Market and Operations risks. Keeping with the international standards of Basel Committee on Banking Regulations and Supervisory Practices, Sri Lanka has been following Basel III CAR calculation from 1 July 2017.

6.4.1.1 Available Capital

Basel III accord recognises three capital elements, namely CET 1 Capital, Additional Tier1 Capital and Tier 2 capital.

CET 1 capital includes equity capital, reserve fund, published retained earnings (accumulated retained losses), general and other reserves, and unpublished current year's profit/ (losses) and gains reflected in OCI. Goodwill (net), other intangible assets, revaluation losses of PPE, deferred tax assets, cash flow hedge reserve, shortfall of the cumulative impairment to specific provisions, defined benefit pension fund assets, investments in own shares, investments in the capital of banking and financial institutions and other adjustments as per the regulatory directions are deducted as applicable in arriving at CET 1 capital.

Additional Tier 1 capital includes qualifying instruments as per the regulatory directions. Investments in own shares, investments in the capital of banking and financial institutions and other adjustments as per the regulatory directions are deducted as applicable in arriving at Additional Tier I capital.

Tier 2 capital includes qualifying tier 2 capital instruments, revaluation gains, and general provisions etc. Investments in own shares, investments in the capital of banking and financial institutions and other adjustments as per the regulatory directions are deducted as applicable in arriving at Tier 2 capital.

As per the Banking Act Direction No 01 of 2016 dated 29 December 2016 on Capital Requirements under BASEL III which was effective from 1 July 2017 and the amendments thereto under Directions No 11 of 2019 dated 20 December 2019, the minimum required capital ratios to be maintained by the Bank are as follows.

- Every licensed bank shall maintain, at all times, the minimum capital ratios prescribed in the table below and shall ensure compliance with Schedule I to the Banking Act Directions No 01 of 2016 on Capital Requirements under Basel III for licensed banks.
- Licensed banks which are determined as Domestic Systemically Important Banks (D-SIBs) from time to time shall maintain Higher Loss Absorbency (HLA) requirements as specified by the Monetary Board in the form of Common Equity Tier 1(CET1), as given in the table below.

Components of Capital	Capital Adequacy Ratio to be maintained by Licensed Banks	Capital Adequacy Ratio to be maintained by Licensed Banks determined as D-SIBs
Common Equity Tier 1 including Capital Conservation Buffer	7.00%	7.00% + HLA
Total Tier 1 including Capital Conservation Buffer	8.50%	8.50% + HLA
Total Capital Ratio including Capital Conservation Buffer	12.50%	12.50% + HLA

HLA requirements as the minimum capital surcharge on D-SIBs are given below.

Bucket	HLA Requirement (CET1 as a % of risk- weighted assets)
3	2.0
2	1.5
1	1.0

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As per the extraordinary regulatory measures implemented by the Central Bank of Sri Lanka in March 2020, due to the COVID-19 pandemic situation Domestic Systemically Important Banks (D-SIBs) and non D-SIBs are permitted to draw down their Capital Conservation Buffers by 100bps and 50bps out of the total of 250bps, respectively.

The Bank and the Group Capital Adequacy (Basel III) details as at 31 December are given below.

	Basel III 2025		Basel III 2024	
	Bank LKR Mn	Group LKR Mn	Bank LKR Mn	Group LKR Mn
Assets				
Total Risk Weighted Amount (including Off- Balance Sheet Items)	**590,019**	**590,401**	467,186	467,554
Risk Weighted Amount of Off-Balance Sheet Exposure	**61,169**	**61,169**	37,981	37,981
Capital				
Common Equity Tier 1 Capital	**73,126**	**74,904**	66,565	67,793
Total Tier 1 Capital	**73,126**	**74,904**	66,565	67,793
Total Capital	**105,578**	**107,356**	86,837	88,064
Capital Adequacy Ratios				
Common Equity Tier 1 Capital Ratio (%)	**12.39%**	**12.69%**	14.25%	14.50%
Tier 1 Capital Ratio (%)	**12.39%**	**12.69%**	14.25%	14.50%
Total Capital Ratio (%)	**17.89%**	**18.18%**	18.59%	18.84%

7 FAIR VALUE OF FINANCIAL INSTRUMENTS

7.1 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy Note No 5.4.4. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The fair value hierarchy of financial instruments is given below:

- **Level 1** – fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** – fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

7.1.1 Valuation Models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other risk premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates and equity.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as foreign exchange forward contracts that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is sensitive to the specific events and general conditions in the financial markets.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity and the counterparty risk.

Valuation Framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes an oversight by the Market Risk function, which is independent of front office management. Market Risk has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models involving both product control and group market risk;
- Quarterly calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of level 3 instruments compared with the previous period.

When third party information, such as broker quotes or pricing services, is used to measure fair value, market risk assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRSs/LKASs. This includes:

- Verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of Financial Instrument;
- Understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If a number of quotes for the same Financial Instrument have been obtained, then how fair value has been determined using those quotes.

Financial Instruments Measured at Fair Value - Fair Value Hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

	2025			2024		
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets measured at Fair Value through Profit or Loss and Fair Value through Other Comprehensive Income						
Financial Assets recognised through Profit or Loss - measured at Fair Value	14,959,447	-	-	21,454,098	-	-
Derivative Financial Instruments	-	200,648	-	-	17,398	-
Financial Assets measured at Fair Value through Other Comprehensive Income	92,074,464	-	721,797	55,607,347	-	641,183
Financial Liabilities measured at Fair Value through Profit or Loss						
Derivative Financial Instruments	-	6,413	-	-	809	-

i. Level 3 Fair Value Measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2025 LKR '000	2024 LKR '000
Financial Assets measured at Fair Value through Other Comprehensive Income (Level 3)		
Balance as at 01 January	641,183	421,853
Additions during the year	-	151,145
Total Fair Value Gain in Other Comprehensive Income	80,614	68,185
Balance as at 31 December	721,797	641,183

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ii. Unobservable Inputs used in measuring Fair Value

The table below sets out information about significant unobservable inputs used as at 31 December 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair Values as at 31 December 2025 LKR '000	Valuation Technique / Significant Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Investment in Unquoted Equities	721,797	Net Assets Value (NAV) Per Share	10% increase of NAV would increase the fair value by 10%

7.1.2 Financial Instruments not measured at Fair Value

The table below show a comparison of the carrying amounts, as reported on the Statement of Financial Position, and fair values of all financial assets and liabilities carried at amortised cost.

	31 December 2025		31 December 2024	
	Carrying Value LKR '000	Fair Value LKR '000	Carrying Value LKR '000	Fair Value LKR '000
Financial Assets				
Cash and Cash Equivalents	18,202,545	18,202,545	17,384,396	17,384,396
Balances with Central Bank of Sri Lanka	11,218,110	11,218,110	8,719,115	8,719,115
Placements with Banks and Finance Companies	32,006,116	32,006,116	50,156,002	50,156,002
Financial Assets at Amortised Cost - Loans and Advances	599,801,944	597,839,695	462,950,751	459,842,467
Financial Assets at Amortised Cost - Debt and Other instruments	120,394,298	124,016,510	136,224,930	144,603,697
Other Financial Assets	8,997,551	8,997,551	9,450,678	9,450,678
Financial Liabilities				
Due to Banks	23,898,752	23,898,752	8,141,795	8,141,795
Due to Depositors	732,960,379	732,960,379	646,817,333	646,817,333
Due to Debt Securities Holders	5,203,644	5,203,644	1,461,944	1,583,593
Due to Other Borrowers	16,354	16,354	23,731	23,731
Debt Securities Issued	40,131,478	39,400,177	25,128,383	25,097,278
Lease Liabilities	6,030,361	6,030,361	5,613,107	5,613,107
Other Financial Liabilities	9,821,584	9,821,584	8,101,357	8,101,357

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all of the Bank's financial instruments can be exchanged in an active trading market. The Bank obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted market prices are not available, the Bank obtains the fair value by means of discounted cash flows and other valuation techniques that are commonly used by market participants. These techniques address factors such as interest rates, credit risk and liquidity.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2025	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets				
Cash and Cash Equivalents	-	18,202,545	-	18,202,545
Balances with Central Bank of Sri Lanka	-	11,218,110	-	11,218,110
Placements with Banks and Finance Companies	-	32,006,116	-	32,006,116
Financial Assets at Amortised Cost - Loans and Advances	-	-	597,839,695	597,839,695
Financial Assets at Amortised Cost - Debt and Other instruments	111,112,889	12,436,724	466,896	124,016,509
Other Financial Assets	-	-	8,997,551	8,997,551
Financial Liabilities				
Due to Banks	-	-	23,898,752	23,898,752
Due to Depositors	-	-	732,960,379	732,960,379
Due to Debt Securities Holders	-	5,203,644	-	5,203,644
Due to Other Borrowers	-	-	16,354	16,354
Debt Securities Issued	-	39,400,177	-	39,400,177
Lease Liabilities			6,030,361	6,030,361
Other Financial Liabilities	-	-	9,821,584	9,821,584

Given below are the methodologies and assumptions used in fair value estimates.

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents, approximate their fair value as those are short-term in nature and are receivable on demand.

Securities Purchased under Resale Agreements

These are short term reverse repurchase contracts which will be matured within twelve months from the reporting date and thus the carrying amounts of such contracts approximate to their fair values.

Loans and Advances

Approximately 67% of the total portfolio of loans and advances to customers has a remaining contractual maturity of less than one year.

The fair value of loans and advances with a maturity of more than one year is the present value of future cash flows expected to be received from such loans and advances calculated based on interest rates at the reporting date for similar types of loans and advances. Such loans include both fixed and floating rate loans. Majority of the floating rate loans can be re priced while for fixed rate loans, the loan contract allows the Bank to change the contracted rate if there is a material difference between the contracted rate and the market interest rate.

The Bank calculated the fair value of the leasing advances with a fixed interest rate and that will have a maturity of more than 12 months from the reporting date. Fair value of such leases as at 31 December 2025 was LKR 34,867 Mn as against the carrying value which amounted to LKR 36,829 Mn.

Debt Securities at Amortised Cost

For the disclosure purpose the Bank has calculated the fair value of debt securities measured at amortised cost based on price formula applicable to such instruments at the reporting date. For the debentures measured at amortised cost fair value has been calculated using the market rate applicable for each instrument based on the remaining maturity period.

Liabilities

Bank and Other Borrowings

Approximately 70% of the amounts due to banks and others as at the reporting date have a remaining contractual maturity of less than one year. Majority of the balance amount comprised of floating rate instruments. Therefore, fair value of amounts due to banks approximate to the carrying value as at the reporting date.

Deposits

More than 91% of the customer deposits are either repayable on demand or have a remaining contractual maturity of less than one year. Customer deposits with a contractual maturity of more than one year are subject to pre mature upliftment. Amounts paid to customers in the event of pre mature upliftment would not be materially different to its carrying value as at date. Therefore, fair value of customer deposits approximates to their carrying value as at the reporting date.

Securities Sold under Repurchase Agreement

Securities sold under repurchase agreements have a remaining contractual maturity of less than twelve months. Accordingly, carrying value of these borrowings would not be materially different to their fair values as at the reporting date.

Debentures

Debentures include fixed rate debentures. Fair value has been determined by discounting the future cash flows by the interest rates prevailing as at the reporting date for similar instruments. Accordingly, the total debentures had a fair value of LKR 39,400 Mn as at 31 December 2025 as against its carrying value which amounted to LKR 40,131 Mn.

Notes to the Financial Statements

8. GROSS INCOME

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest Income (Note 9.1)	82,373,934	84,304,050	82,427,925	84,362,808
Fee and Commission Income (Note 10.1)	9,869,690	8,327,513	9,869,551	8,327,205
Net Gains / (Losses) from Trading (Note 11)	249,178	461,390	249,178	461,390
Net Gains / (Losses) from Derecognition of Financial Assets (Note 12)	197,790	(2,446,839)	197,790	(2,446,839)
Other Operating Income (Note 13)	1,088,842	700,494	1,109,783	689,800
Total Gross Income	93,779,434	91,346,608	93,854,227	91,394,364

9 NET INTEREST INCOME

9.1 Interest Income

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Placements with Banks	1,772,634	3,231,604	1,772,634	3,231,604
Financial Assets recognised through Profit or Loss - Measured at Fair Value				
Government Securities	372,891	1,680,269	372,891	1,680,269
Financial Assets at Amortised Cost				
Loans and Advances*	55,569,207	56,546,862	55,569,132	56,546,778
Interest Accrued on Impaired Loans and Advances	201,532	297,511	201,532	297,511
Debt and Other instruments				
- Government Securities	15,309,628	14,960,122	15,363,317	15,018,338
- Debt Instruments	57,366	72,617	57,366	72,617
Financial Assets measured at Fair Value through Other Comprehensive Income				
Government Securities	9,090,676	7,515,065	9,090,676	7,515,065
Other	-	-	377	626
Total Interest Income**	82,373,934	84,304,050	82,427,925	84,362,808

** Interest Income adjustment of LKR 280,803,861/- in 2025 (LKR 283,643,633/- for 2024) on staff loans at preferential interest rates that included in interest income has been recognised as a staff benefit under personnel expenses.*
*** Total Interest income was recognised at effective interest rate.*

9.2 Interest Expenses

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Due to Banks	957,063	963,445	957,431	963,995
Financial Liabilities at Amortised Cost				
- Due to Depositors	37,966,389	42,871,631	37,959,003	42,866,131
- Due to Debt Securities Holders (Note 9.3)	331,702	134,793	331,413	134,292
- Due to Other Borrowers	618	599	618	599
Debt Securities Issued	4,305,138	3,085,278	4,305,138	3,084,003
Lease Liabilities	559,386	541,373	240,721	224,154
Total Interest Expenses	44,120,296	47,597,119	43,794,324	47,273,174
Net Interest Income	38,253,638	36,706,931	38,633,601	37,089,634

9.3 Net Interest Income from Government Securities

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest Income from Sri Lanka Government Securities	24,115,200	23,760,659	24,168,889	23,818,875
Less : Interest Expenses	331,702	134,793	331,413	134,292
Net Interest Income from Sri Lanka Government Securities	23,783,498	23,625,866	23,837,476	23,684,583
Interest Income from United States - Treasury Bills	657,995	394,797	657,995	394,797
Net Interest Income from Government Securities	24,441,493	24,020,663	24,495,471	24,079,380

10 NET FEE AND COMMISSION INCOME

10.1 Fee and Commission Income

For the Year ended 31 December	Banking		Treasury		Property / Investment		Unallocated / Eliminations		Total	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Comprising;										
Loans	1,692,911	1,315,654	-	-	-	-	-	-	1,692,911	1,315,654
Cards	2,875,365	2,498,534	-	-	-	-	-	-	2,875,365	2,498,534
Trade and Remittances	2,550,406	2,028,823	-	-	-	-	-	-	2,550,406	2,028,823
Deposits	404,560	419,919	-	-	-		-	-	404,560	419,919
Guarantees	909,194	772,087	-	-	-	-	-	-	909,194	772,087
Other Financial Services	1,418,581	1,276,081	11,582	1,885	-	-	7,091	14,530	1,437,254	1,292,496
Total Fee and Commission Income - Bank	9,851,017	8,311,098	11,582	1,885	-	-	7,091	14,530	9,869,690	8,327,513
Subsidiary										
Deposits	-	-	-	-	-	-	(139)	(308)	(139)	(308)
Total Fee and Commission Income - Group	9,851,017	8,311,098	11,582	1,885	-	-	6,952	14,222	9,869,551	8,327,205

10.2 Fee and Commission Expenses

Comprising ;										
Brokerage Fees	32,580	18,892	906	136	-	-	-	-	33,486	19,028
Loans / Cards	1,347,712	998,722	-	-	-	-	-	-	1,347,712	998,722
Other Financial Services	107,539	119,316	37,664	18,727	-	-	-	-	145,203	138,043
Total Fee and Commission Expenses - Bank	1,487,831	1,136,930	38,570	18,863	-	-	-	-	1,526,401	1,155,793
Subsidiary										
Brokerage Fees	-	-	-	-	4,177	550	-	-	4,177	550
Total Fee and Commission Expenses - Group	1,487,831	1,136,930	38,570	18,863	4,177	550	-	-	1,530,578	1,156,343
Total Net Fee and Commission Income - Bank	8,363,186	7,174,168	(26,988)	(16,978)	-	-	7,091	14,530	8,343,289	7,171,720
Total Net Fee and Commission Income - Group	8,363,186	7,174,168	(26,988)	(16,978)	(4,177)	(550)	6,952	14,222	8,338,973	7,170,862

Notes to the Financial Statements

11 NET GAINS / (LOSSES) FROM TRADING

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Derivative Financial Instruments (Note 13.1)				
From Banks	180,619	(50,587)	180,619	(50,587)
From Other Customers	(2,906)	11,357	(2,906)	11,357
Financial Assets recognised through Profit or Loss - Measured at Fair Value				
Government Securities				
Net Fair Value Gains / (Losses)	(148,823)	453,348	(148,823)	453,348
Net Capital Gains	189,298	47,272	189,298	47,272
Equities				
Net Fair Value Gains	18,427	-	18,427	-
Net Capital Gains	12,563	-	12,563	-
Total Net Gains / (Losses) from Trading	249,178	461,390	249,178	461,390

12 NET GAINS / (LOSSES) FROM DERECOGNITION OF FINANCIAL ASSETS

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Financial Assets measured at Fair Value through Other Comprehensive Income				
Government Securities - Treasury Bills and Bonds	197,790	265,181	197,790	265,181
Financial Assets at Amortised Cost				
Loss on Restructuring of SLISBs	-	(2,712,020)	-	(2,712,020)
Total Net Gains / (Losses) from Derecognition of Financial Assets	197,790	(2,446,839)	197,790	(2,446,839)

13 OTHER OPERATING INCOME

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Dividend Income				
- Equity Investments measured at Fair Value through Other Comprehensive Income - Quoted	5,075	6,345	5,075	6,345
- Equity Investments measured at Fair Value through Other Comprehensive Income - Unquoted	29,671	27,930	29,671	27,930
- Subsidiary - Seylan Developments PLC	114,765	104,332	-	-
Profit on Sale of Property, Plant and Equipment	5,052	3,563	5,052	3,563
Profit on Sale of Investment Property	-	-	46,134	-
Foreign Exchange Income (Note 13.1)	934,279	558,324	939,289	551,546
Rent and Other Income	-	-	84,562	100,416
Total Other Operating Income - Net	1,088,842	700,494	1,109,783	689,800

13.1 Foreign Exchange Income

Foreign exchange income represents both revaluation gain / (loss) on the Bank's net open position and realised exchange gain / (loss) on foreign currency transactions. Mark to market gain on derivative financial instruments amounting to LKR 178 Mn. (2024: Loss LKR 39 Mn.) is reported under Note 11, 'Net Gains / (Losses) from Trading' as required by the Sri Lanka Accounting Standard SLFRS 9 (Financial Instruments) and foreign exchange income amounting to LKR 934 Mn. (2024: LKR 558 Mn.) is reported under Note 13, 'Other Operating Income'. Accordingly, the corresponding gains on derivative financial instruments are included in the foreign exchange income, total foreign exchange income of the Bank for the year ended 31 December 2025 amounted to LKR 1,112 Mn. (2024: LKR 519 Mn.).

14 IMPAIRMENT CHARGES / (REVERSALS)

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Loans and Advances (Note 14.1)	1,012,216	6,241,089	1,012,216	6,241,089
Financial Investments Measured at Amortised Cost - Debt and Other instruments (Note 27.5.1)				
- Sri Lanka International Soverign Bonds	148,405	(4,861,753)	148,405	(4,861,753)
- Others	5	(230)	5	(230)
Cash and Cash Equivalents (Note 21.1)	(92,912)	(83,131)	(92,912)	(83,131)
Placements with Banks and Finance Companies (Note 23.1)	(1,254)	(109,914)	(1,254)	(109,914)
Undrawn Credit Commitments and Financial Guarantees (Note 45.2)	(313,663)	170,374	(313,663)	170,374
Other Assets (Note 36.1)	(154,621)	424,975	(154,621)	424,975
Property, Plant and Equipment	-	(6,728)	-	(7,839)
Recovery of Loans Written-Off	(154,121)	(323,997)	(154,121)	(323,997)
Others	305,480	(24,201)	305,480	(24,021)
Total Impairment Charge	749,535	1,426,484	749,535	1,425,373

14.1 Loans and Advances

Impairment Charges - Stage 1 (Note 26.3.1)	1,585,271	(790,024)	1,585,271	(790,024)
Impairment Charges - Stage 2 (Note 26.3.1)	52,609	(3,184,538)	52,609	(3,184,538)
Impairment Charges - Stage 3 (Note 26.3.1)	(625,664)	10,215,651	(625,664)	10,215,651
Total Impairment Charges - Loans and Advances	1,012,216	6,241,089	1,012,216	6,241,089

Impairment charges recognised against loans and advances include the post model adjustments made outside the ECL model using various stress testing techniques in order to address the potential implications of Ditwah Cyclone in 2025.

15 OPERATING EXPENSES

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Operating Expenses include the following :				
Directors' Emoluments*	145,444	117,728	150,494	122,778
Auditors' Remunerations				
Audit Fees and Expenses	20,925	19,508	22,630	21,116
Audit-Related Fees and Expenses	9,422	8,260	9,422	8,384
Non-Audit Services	1,168	9,437	1,302	9,437
Depreciation - Freehold Property, Plant and Equipment (Note 31)	686,399	641,642	741,310	702,627
Depreciation - Right-of-use Assets (Note 32)	521,873	478,096	483,222	439,445
Depreciation - Investment Properties (Note 33)	-	-	33,616	32,435
Amortisation of Intangible Assets (Note 34)	207,115	191,139	207,174	191,139
Donations	560	560	2,666	1,740
Legal Expenses	204,002	238,314	204,018	240,029
Sri Lanka Deposit Insurance Fund Contribution	656,551	595,211	656,551	595,211
Crop Insurance Levy	117,739	99,027	117,739	99,027

** Directors' Emoluments include the salaries, fees and benefits paid to Executive and Non-Executive Directors of the Bank and the Group.*

Notes to the Financial Statements

16. PERSONNEL EXPENSES

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Personnel Expenses include the Following:				
Salaries and Bonuses	7,845,888	8,145,844	7,876,233	8,174,677
Contribution to Employees' Provident Fund	747,409	668,317	750,566	671,411
Contribution to Employees' Trust Fund	187,011	167,098	187,800	167,872
Provision for Defined Benefit Obligations (Note 43.6)	738,376	624,781	738,756	625,183
Enhanced Gratuity Expense and Fair Value Change in Shares Held (Note 43.6)	(5,019)	(1,264,583)	(5,019)	(1,264,583)
Amortisation of Prepaid Staff Cost*	315,314	312,247	315,430	312,449
Other Staff Related Expenses	1,426,582	1,541,941	1,439,741	1,554,572
Total Personnel Expenses	11,255,561	10,195,645	11,303,507	10,241,581

* *Includes prepaid staff cost on both staff loans and staff deposits.*

17. INCOME TAX EXPENSE

17.1 Income Tax Expense recognised in Income Statement

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
17.1.1 Current Tax Expense				
Tax on Current Year's Profits (Note 17.2)	9,238,957	3,581,406	9,305,375	3,657,087
(Over Provision) / Under Provision	-	-	(24)	(1,129)
Provision for Assessments (Note iv)	1,682,240	-	1,682,240	-
Capital Gain Tax	-	-	6,188	-
	10,921,197	3,581,406	10,993,779	3,655,958
17.1.2 Deferred Taxation				
Charge / (Reversal) on temporary differences (Note 17.3)	(3,406,302)	2,410,730	(3,383,469)	2,426,338
Total Income Tax Expense	7,514,895	5,992,136	7,610,310	6,082,296
Effective income tax rate (%)	38	37	38	37

i According to the Inland Revenue (Amended) Act No.45 of 2022, the standard rate of income tax is 30%. The Bank and Group have computed the current and deferred tax at the rate of 30%.

ii As per Section 66(2) and 66(3) of the Inland Revenue Act No. 24 of 2017, the Commissioner General of Inland Revenue has specified the amount of impairment charges that can be deducted in accordance with the directives of Central Bank of Sri Lanka. Accordingly, the Gazette Notification issued under the reference of 2303/05 dated 2022.10.25 specifies that impairment charges for stage 3 credit facilities calculated in accordance with the Sri Lanka Accounting Standards (SLFRS 9) is considered as allowable subject to the conditions laid out therein.

iii Interest income received from instruments denominated in foreign currency (FCY), have been considered as income on lower rate of tax at 15% subject to attributable cost. In addition, profits from offshore banking business also considered as income on lower rate of tax at 15% as per the provisions of the Inland Revenue Act No. 24 of 2017 and its subsequent amendments (2024 - 0%).

iv As disclosed in Note 52 and Note 54 to the Financial Statements for the years ended 31 December 2024 and 31 December 2025, respectively, the Bank has received tax assessments relating to certain unresolved tax years. Based on the best available information and the status of these assessments as at the reporting date, the Bank recognised a provision of LKR 1.68 billion in respect of these assessments.
The provision has been determined considering the potential exposure arising from the matters under consideration. The Bank will continue to monitor the progress of these assessments, and the provision will be reviewed and adjusted, if necessary, upon the final determination of the respective tax positions.

v Based on the current legislative provision applicable for the income tax payments of Sri Lanka, the Bank considered the loss on derecognition of SLISBs as a permanent difference for the period ended 31 December 2024. Therefore, no Deferred Tax was recognised on the same.

vi The bank recorded a reversal in the Impairment provision for stage 3 loans and advances for the year ended 31 December 2025 as a result no impairment provision on account of stage 3 loans and advances were allowed in the calculation of taxable profits for the year.

17.2 Reconciliation of the Accounting Profit to Income Tax Expense

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit before Income Tax	19,623,192	16,043,413	19,837,245	16,235,034
Add : Disallowable Expenses				
- Impairment on Loans and Advances	4,476,821	6,241,089	4,476,821	6,241,089
- Impairment other than Loans and Advances	(108,560)	371,145	(108,560)	371,145
- Other Disallowable Expenses	10,156,700	10,649,158	10,213,755	10,896,210
Less : Allowable Expenses				
- Impairment on Loans and Advances (Stage 03) (Note vi)	-	10,546,878	-	10,546,878
- Other Allowable Expenses	3,007,263	8,447,064	3,055,323	8,632,416
Less : Exempt Income - Profit on instruments denominated FCY (Note iii)	-	2,440,044	-	2,440,044
Assessable Income from Business	31,140,890	11,870,819	31,363,938	12,124,140
Assessable Income from Investments (Dividend Receipts)	4,464	134,402	4,464	134,402
Less: Qualifying payments - Donation to government	-	-	1,655	1,050
Total Taxable Income	31,145,354	12,005,221	31,366,747	12,257,492
Taxable Income from Business - Taxable at 30%	30,447,696	11,870,819	30,669,089	12,123,090
Taxable Income at lower rate 15% (Exempt Income in 2024)	693,194	-	693,194	-
Taxable Income from Investments (Dividend Receipts) - Taxable at 15%	4,464	134,402	4,464	134,402
Total Taxable Income	31,145,354	12,005,221	31,366,747	12,257,492
Tax on Business Income at 30%	9,134,308	3,561,246	9,200,726	3,636,927
Tax on Business Income at 15% - Profit on instruments denominated FCY (Note iii)	103,979	-	103,979	-
Tax on Investment Income (Dividend Receipts) at 15%	670	20,160	670	20,160
Tax on Total Taxable Income (Note 17.1)	9,238,957	3,581,406	9,305,375	3,657,087

Notes to the Financial Statements

17.3 Deferred Tax Charge / (Reversal)

For the Year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deferred Tax - Liabilities				
Property , Plant and Equipment	49,111	(22,016)	49,017	(22,216)
Lease Receivables	(28,550)	(27,882)	(28,550)	(27,882)
Revaluation Gain on Property, Plant and Equipment	-	-	21,935	22,863
Right-to-use Assets	88,213	22,478	88,213	22,478
Other Temporary Differences	-	-	992	(7,055)
	108,774	(27,420)	131,607	(11,812)
Deferred tax - Assets				
Leave Encashment Provision	33,006	(40,650)	33,006	(40,650)
Other Provisions	-	1,232	-	1,232
Enhanced Gratuity Provision	(507,415)	(107,200)	(507,415)	(107,200)
Lease Liabilities	(125,174)	(61,110)	(125,174)	(61,110)
Expected Credit Loss Allowances	(2,915,493)	2,645,878	(2,915,493)	2,645,878
	(3,515,076)	2,438,150	(3,515,076)	2,438,150
Deferred Tax Charge / (Reversal)	(3,406,302)	2,410,730	(3,383,469)	2,426,338

17.4 Reconciliation of Effective Tax Rate

	Bank				Group			
	2025 Total		2024 Total		2025 Total		2024 Total	
	%	LKR '000	%	LKR '000	%	LKR '000	%	LKR '000
Profit Before Income Tax		19,623,192		16,043,413		19,837,245		16,235,034
Income Tax in Standard Rate	30	5,886,958	30	4,813,024	30	5,951,174	30	4,870,510
Tax effect of expenses that are not deductible for tax purposes	22	4,357,488	32	5,178,417	22	4,374,604	32	5,252,533
Tax effect of expenses that are deductible for tax purposes	(5)	(902,179)	(35)	(5,698,182)	(5)	(916,597)	(35)	(5,753,788)
Tax effect of expenses at the lower rate (Income is exempt for tax in 2024)	(1)	(103,980)	(5)	(732,013)	(1)	(103,979)	(5)	(732,013)
Qualifying Payments (Donation to the Government)	-	-	-	-	-	(497)	-	(315)
(Over) / under Provision in Respect of Previous Years	-	-	-	-	-	(24)	-	(1,129)
Provision for Assessments	9	1,682,240	-	-	8	1,682,240	-	-
Capital Gain Tax	-	-	-	-	-	6,188	-	-
Dividend - 15% tax rate	-	670	-	20,160	-	670	-	20,160
Deferred Taxation	(17)	(3,406,302)	15	2,410,730	(16)	(3,383,469)	15	2,426,338
Total Income Tax Expense (Note 17.1)	38	7,514,895	37	5,992,136	38	7,610,310	37	6,082,296

18. BASIC / DILUTED EARNINGS PER SHARE

Basic Earnings per Share has been calculated by dividing Profit after tax attributable to Equity Holders of the Bank by the weighted average number of Ordinary Shares in issue (Both Voting and Non-Voting) during the year ended 31 December 2025 and 2024.

Diluted Earnings per Share and the Basic Earnings per Share is the same due to non-availability of potentially dilutive Ordinary Shares.

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Total Profit after Tax Attributable to Equity Holders of the Bank (LKR '000)	**12,108,297**	10,051,277	**12,167,860**	10,113,406
Weighted Average Number of Ordinary Shares as at 31 December ('000) (Note 18.1)	**635,647**	635,647	**635,647**	635,647
Basic / Diluted Earnings Per Share (LKR)	**19.05**	15.81	**19.14**	15.91

18.1 Weighted Average Number of Ordinary Shares for Earnings per Share

	2025		2024	
	Outstanding	Weighted Average	Outstanding	Weighted Average
Number of Shares held as at 01 January	**635,647,335**	**635,647,335**	615,449,058	615,449,058
Add: Number of Shares issued - Scrip Dividend - 2024	-	-	20,198,277	20,198,277
Number of Shares held as at 31 December	**635,647,335**	**635,647,335**	635,647,335	635,647,335
Weighted Average Number of Ordinary Shares as at 31 December		**635,647,335**		635,647,335

19. DIVIDEND

Ordinary Share Dividend	Bank / Group	
	2025 LKR '000	2024 LKR '000
Net Dividend Paid		
Cash Dividend	**1,891,051**	**544,768**
Scrip Dividend	-	**784,697**
Tax Deducted at Source	**333,715**	**209,158**
Gross Dividend	**2,224,766**	**1,538,623**

Proposed Dividend

The Board of Directors of the Bank has recommended the payment of a final dividend of LKR 4.00 per share for both voting and non-voting ordinary shareholders of the Bank to be paid by way of LKR 4.00 cash dividend per share for the year ended December 31,2025 (Final dividend of LKR 3.50 per share for 2024 by way of cash).

The total dividend recommended by the Board of Directors is to be approved at the forthcoming Annual General Meeting to be held on 31 March 2026. Final dividend proposed for the year 2025 amounts to LKR 2,542,589,340.00 (LKR 2,224,765,672.50 for 2024).

In accordance with provisions of the Sri Lanka Accounting Standard (LKAS 10) – Events after the Reporting Period, the proposed final dividend has not been recognised as a liability as at year end.

As required by Section 56 of the Companies Act No 07 of 2007, the Board of Directors of the Bank satisfied the solvency test in accordance with the section 57, prior to recommending the final dividend.

Notes to the Financial Statements

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

20.1 Bank

As at 31 December	2025			
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Assets				
Cash and Cash Equivalents	-	-	18,202,545	18,202,545
Balances with Central Bank of Sri Lanka	-	-	11,218,110	11,218,110
Placements with Banks and Finance Companies	-	-	32,006,116	32,006,116
Derivative Financial Instruments	200,648	-	-	200,648
Securities Purchased under Resale Agreements	-	-	2,127,724	2,127,724
Customer Loans and Advances	-	-	599,801,944	599,801,944
Debt Instruments	-	-	681,840	681,840
Equity Instruments	622,451	2,863,671	-	3,486,122
Government Securities	14,336,996	89,932,590	117,584,734	221,854,320
Group Balances Receivable	-	-	40,480	40,480
Other Financial Assets	-	-	8,997,551	8,997,551
Total Financial Assets	15,160,095	92,796,261	790,661,044	898,617,400

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Liabilities			
Due to Banks	-	23,898,752	23,898,752
Derivative Financial Instruments	6,413	-	6,413
Due to Depositors	-	732,960,379	732,960,379
Securities Sold under Repurchase Agreements	-	5,203,644	5,203,644
Due to Other Borrowers	-	16,354	16,354
Group Balances Payable	-	221,437	221,437
Debt Securities Issued	-	40,131,478	40,131,478
Lease Liabilities	-	6,030,361	6,030,361
Other Financial Liabilities	-	9,821,584	9,821,584
Total Financial Liabilities	6,413	818,283,989	818,290,402

As at 31 December	2024			
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Assets				
Cash and Cash Equivalents	-	-	17,384,396	17,384,396
Balances with Central Bank of Sri Lanka	-	-	8,719,115	8,719,115
Placements with Banks and Finance Companies	-	-	50,156,002	50,156,002
Derivative Financial Instruments	17,398	-	-	17,398
Securities Purchased under Resale Agreements	-	-	3,684,374	3,684,374
Customer Loans and Advances	-	-	462,950,751	462,950,751
Debt Instruments	-	-	716,243	716,243
Equity Instruments	-	2,176,270	-	2,176,270
Government Securities	21,454,098	54,072,260	131,824,313	207,350,671
Group Balances Receivable	-	-	40,300	40,300
Other Financial Assets	-	-	9,450,678	9,450,678
Total Financial Assets	21,471,496	56,248,530	684,926,172	762,646,198

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Liabilities			
Due to Banks	-	8,141,795	8,141,795
Derivative Financial Instruments	809	-	809
Due to Depositors	-	646,817,333	646,817,333
Securities Sold under Repurchase Agreements	-	1,461,944	1,461,944
Due to Other Borrowers	-	23,731	23,731
Group Balances Payable	-	98,942	98,942
Debt Securities Issued	-	25,128,383	25,128,383
Lease Liabilities	-	5,613,107	5,613,107
Other Financial Liabilities	-	8,101,357	8,101,357
Total Financial Liabilities	809	695,386,592	695,387,401

Notes to the Financial Statements

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD.)

20.2 GROUP

As at 31 December	2025			
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Assets				
Cash and Cash Equivalents	-	-	18,202,585	18,202,585
Balances with Central Bank of Sri Lanka	-	-	11,218,110	11,218,110
Placements with Banks and Finance Companies	-	-	32,006,116	32,006,116
Derivative Financial Instruments	200,648	-	-	200,648
Securities Purchased under Resale Agreements	-	-	2,127,724	2,127,724
Customer Loans and Advances	-	-	599,801,944	599,801,944
Debt Instruments	-	-	681,840	681,840
Equity Instruments	622,451	2,863,671	-	3,486,122
Government Securities	14,336,996	90,303,964	117,679,629	222,320,589
Other Financial Assets	-	-	9,018,613	9,018,613
Total Financial Assets	15,160,095	93,167,635	790,736,561	899,064,291

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Liabilities			
Due to Banks	-	23,898,752	23,898,752
Derivative Financial Instruments	6,413	-	6,413
Due to Depositors	-	732,960,379	732,960,379
Securities Sold under Repurchase Agreements	-	5,203,644	5,203,644
Due to Other Borrowers	-	16,354	16,354
Debt Securities Issued	-	40,131,478	40,131,478
Lease Liabilities	-	2,838,264	2,838,264
Other Financial Liabilities	-	9,887,552	9,887,552
Total Financial Liabilities	6,413	814,936,423	814,942,836

As at 31 December	2024			
	Financial Assets Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) LKR '000	Financial Assets Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Assets				
Cash and Cash Equivalents	-	-	17,384,436	17,384,436
Balances with Central Bank of Sri Lanka	-	-	8,719,115	8,719,115
Placements with Banks and Finance Companies	-	-	50,156,002	50,156,002
Derivative Financial Instruments	17,398	-	-	17,398
Securities Purchased under Resale Agreements	-	-	3,684,374	3,684,374
Customer Loans and Advances	-	-	462,950,751	462,950,751
Debt Instruments	-	-	716,243	716,243
Equity Instruments	-	2,176,270	-	2,176,270
Government Securities	21,454,098	54,439,669	131,914,241	207,808,008
Other Financial Assets	-	-	9,485,230	9,485,230
Total Financial Assets	21,471,496	56,615,939	685,010,392	763,097,827

	Financial Liabilities Measured at Fair Value through Profit or Loss (FVTPL) LKR '000	Financial Liabilities Measured at Amortised Cost (AC) LKR '000	Total LKR '000
Liabilities			
Due to Banks	-	8,141,795	8,141,795
Derivative Financial Instruments	809	-	809
Due to Depositors	-	646,817,333	646,817,333
Securities Sold under Repurchase Agreements	-	1,461,944	1,461,944
Due to Other Borrowers	-	23,731	23,731
Debt Securities Issued	-	25,128,383	25,128,383
Lease Liabilities	-	2,430,915	2,430,915
Other Financial Liabilities	-	8,148,829	8,148,829
Total Financial Liabilities	809	692,152,930	692,153,739

21. CASH AND CASH EQUIVALENTS

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash in Hand - Local Currency	**14,606,346**	13,565,013	**14,606,386**	13,565,053
Cash in Hand - Foreign Currency	**516,381**	454,613	**516,381**	454,613
Balances with Local Banks	**9,677**	694	**9,677**	694
Balances with Foreign Banks	**3,075,128**	3,461,975	**3,075,128**	3,461,975
Total Cash and Cash Equivalents	**18,207,532**	17,482,295	**18,207,572**	17,482,335
Expected Credit Loss Allowance (Note 21.1)	**(4,987)**	(97,899)	**(4,987)**	(97,899)
Total Cash and Cash Equivalents - Net	**18,202,545**	17,384,396	**18,202,585**	17,384,436

Notes to the Financial Statements

21. CASH AND CASH EQUIVALENTS (CONTD.)

21.1 Movement in Expected Credit Loss Allowance During the year

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 1				
Balance as at 01 January	**97,899**	181,030	**97,899**	181,030
Reversal to Income statement (Note 14)	**(92,912)**	(83,131)	**(92,912)**	(83,131)
Balance as at 31 December	**4,987**	97,899	**4,987**	97,899

22. BALANCES WITH CENTRAL BANK OF SRI LANKA

As required by Section 93 of the Monetary Law Act, a cash balance to fulfil the statutory reserve requirement of 2% of the rupee deposit liabilities to be maintained with Central Bank of Sri Lanka.

As at 31 December	Bank / Group	
	2025 LKR '000	2024 LKR '000
Balances with the Central Bank of Sri Lanka	**11,218,110**	8,719,115

23. PLACEMENTS WITH BANKS AND FINANCE COMPANIES

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Term Deposits with Banks				
DZ Bank AG, Singapore	**8,064,843**	7,932,277	**8,064,843**	7,932,277
Emirates NDB Bank PJSC, Singapore	**7,763,479**	4,414,997	**7,763,479**	4,414,997
The Commercial Bank (PSQC) Doha,Qatar	**6,216,718**	5,882,789	**6,216,718**	5,882,789
Central Bank of Sri Lanka	**4,710,936**	9,086,867	**4,710,936**	9,086,867
Commerzbank AG,Frankfurt	**2,790,256**	-	**2,790,256**	-
Nations Trust Bank PLC	**1,552,239**	2,000,438	**1,552,239**	2,000,438
Commercial Bank of Ceylon PLC	**645,300**	646,036	**645,300**	646,036
Commerzbank Aktiengesellschaft	**127,246**	106,490	**127,246**	106,490
United Overseas Bank Limited, Singapore	**121,277**	108,478	**121,277**	108,478
Bank of China (Hong Kong) Limited	**16,193**	14,650	**16,193**	14,650
Doha Bank Doha, Qatar	**-**	10,270,039	**-**	10,270,039
Standard Chartered Bank, London	**-**	9,696,566	**-**	9,696,566
Total Term Deposits with Banks	**32,008,487**	50,159,627	**32,008,487**	50,159,627
Term Deposits with Finance Companies	**-**	-	**498**	498
Total Placements with Banks and Finance Companies	**32,008,487**	50,159,627	**32,008,985**	50,160,125
Expected Credit Loss Allowance (Note 23.1)	**(2,371)**	(3,625)	**(2,869)**	(4,123)
Total Placements with Banks and Finance Companies - Net	**32,006,116**	50,156,002	**32,006,116**	50,156,002

23.1 Movement in Expected Credit Loss Allowance During the year

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 1				
Balance as at 01 January	**3,625**	113,539	**4,123**	114,037
Reversal to Income statement (Note 14)	**(1,254)**	(109,914)	**(1,254)**	(109,914)
Balance as at 31 December	**2,371**	3,625	**2,869**	4,123

24. DERIVATIVE FINANCIAL INSTRUMENTS

24.1 Derivative Assets

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Foreign Currency Derivatives		
Forward Foreign Exchange Contracts	**200,648**	17,398
	200,648	17,398

24.2 Derivative Liabilities

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Foreign Currency Derivatives		
Forward Foreign Exchange Contracts	**6,413**	809
	6,413	809

The Bank uses derivatives not designated in a qualifying hedge relationship such as forward foreign exchange contracts to manage its exposure to foreign currency.

25. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Government Securities - Treasury Bills	**830,930**	12,193,662
Government Securities - Treasury Bonds	**13,506,066**	9,260,436
Quoted Equities (Note 25.1)	**622,451**	-
Total Financial Assets Measured at FVTPL	**14,959,447**	21,454,098

Notes to the Financial Statements

25. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL) (CONTD.)

25.1 Quoted Equities

	2025		
	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000
Banks , Finance and Insurance			
Commercial Bank of Ceylon PLC	448,149	81,692	89,966
Sampath Bank PLC	750,000	99,001	109,875
National Development Bank PLC	49,717	7,079	7,023
DFCC Bank PLC	303,637	48,704	44,938
Hatton National Bank PLC	161,637	64,356	64,412
People's Leasing Finance PLC	474,637	12,693	11,866
Cooperative Insurance Company PLC	1,600,000	6,930	7,040
LOLC Finance PLC	2,839,529	18,045	16,185
Vallibel Finance PLC	175,862	17,941	18,378
Diversified Holdings			
Browns Investment PLC	10,544,385	74,514	69,593
Hemas Holdings PLC	576,069	17,976	19,990
Sunshine Holdings	50,000	1,393	1,755
Capital Alliance Holdings PLC	1,461,015	25,416	26,152
CIC Holdings PLC	442,917	14,834	15,414
Hayleys PLC	57,883	10,690	11,331
John Keells Holdings PLC	500,000	10,450	10,850
Vallibel One PLC	6,992	675	691
Construction			
Access Engineering PLC	310,000	21,968	22,723
Manufacturing			
Tokyo Cement PLC	200,000	16,067	22,700
Royal Ceramics Lanka PLC	167,000	7,010	7,682
Teejay Lanka PLC	358,785	14,980	12,522
Sierra Cables PLC	320,000	9,530	11,295
Hotels and Travels			
Waskaduwa Beach Resort PLC	1,500,000	3,300	3,000
Power and Energy			
Vallibel Power Erathna PLC	1,153,416	18,779	17,070
Total Quoted Equity Investments Measured at FVTPL - Bank / Group		604,023	622,451

25.2 Analysis of Financial Assets Measured at FVTPL

25.2.1 By Currency

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Sri Lankan Rupee	14,959,447	21,454,098
Total Financial Assets Measured at FVTPL	14,959,447	21,454,098

25.2.2 By Collateralisation

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Pledged as Collateral	-	70,666
Unencumbered	14,959,447	21,383,432
Total Financial Assets Measured at FVTPL	14,959,447	21,454,098

25.3 Financial Assets Measured at FVTPL Consists of

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Total Cost / Amortised Cost	14,720,120	21,065,948
Marked to Market Valuation Gain / (Losses)*	239,327	388,150
Total Fair Value	14,959,447	21,454,098

** Net Fair Value gains / (losses) of financial assets measured at fair value through profit or loss is included in Net Gains / (Losses) from Trading (Note 11).*

26. FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Gross Loans and Advances under;		
Stage 1	584,242,548	433,258,574
Stage 2	15,567,428	23,759,517
Stage 3	63,930,732	71,343,111
Gross Loans and Advances	663,740,708	528,361,202
Less: Expected Credit Loss Allowance under; (Note 26.3)		
Stage 1	3,978,213	2,362,674
Stage 2	4,760,425	4,696,232
Stage 3	55,200,126	58,351,545
Total Expected Credit Loss Allowance for Loans and Advances	63,938,764	65,410,451
Total Loans and Advances - Net	599,801,944	462,950,751

Notes to the Financial Statements

26. FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES (CONTD.)

26.1 Analysis of Gross Loans and Advances

26.1.1 By Product

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Local Currency		
Export Bills	46,964	17,098
Import Bills	416,676	110,578
Local Bills	11,216	16,620
Lease Rentals Receivable (Note 26.2)	36,829,284	24,820,964
Overdrafts	63,054,131	56,501,802
Revolving Import Loans	36,218,200	16,131,041
Packing Credit Loans	6,473,683	4,479,089
Staff Loans	8,338,417	7,522,523
Housing Loans	17,695,857	16,492,249
Pawning Receivables	49,203,725	36,450,802
Refinance Loans	8,563,067	9,320,159
Credit Cards	9,642,294	8,544,316
Margin Trading	16,498,690	9,643,481
Factoring	1,680,629	1,702,997
Term Loans	328,644,599	273,109,722
Total Gross Loans and Advances - Local Currency	583,317,432	464,863,441
Foreign Currency		
Export Bills	2,967,020	2,976,376
Import Bills	675,382	517,770
Overdrafts	1,357,646	800,828
Revolving Import Loans	191,756	415,427
Packing Credit Loans	14,348,582	13,018,121
Housing Loans	60,579	92,778
Term Loans	60,822,311	45,676,461
Total Gross Loans and Advances - Foreign Currency	80,423,276	63,497,761
Total Gross Loans and Advances	663,740,708	528,361,202

26.1.2 By Currency

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Sri Lankan Rupee	583,317,432	464,863,441
United States Dollar	79,040,001	62,534,142
Australian Dollar	923,874	634,913
Great Britain Pound	296,385	295,436
Japanese Yen	88,449	-
Euro	74,567	33,270
Total Gross Loans and Advances	663,740,708	528,361,202

26.1.3 By Industry

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Agriculture, Forestry and Fishing	**69,404,253**	53,301,574
Manufacturing	**97,077,896**	80,541,051
Tourism	**15,481,028**	16,397,722
Transportation and Storage	**18,574,734**	20,868,254
Construction	**77,940,686**	65,525,441
Infrastructure Development	**23,200,787**	16,840,228
Wholesale and Retail Trade	**78,214,417**	66,396,380
Information Technology and Communication Services	**3,115,137**	6,235,369
Financial Services	**96,924,267**	41,264,843
Professional, Scientific and Technical Activities	**5,332,038**	4,225,917
Arts, Entertainment and Recreation	**4,970,373**	1,018,943
Education	**1,890,122**	722,543
Healthcare, Social Services and Support Services	**18,874,379**	10,836,860
Consumption	**121,959,748**	124,157,551
Lending to Overseas Entities	**30,780,843**	20,028,526
Total Gross Loans and Advances	**663,740,708**	528,361,202

26.2 Lease Rentals Receivable

As at 31 December	Bank / Group 2025 Gross Lease Rentals Receivables LKR '000	2025 Unearned Income LKR '000	2025 Total LKR '000	2024 Gross Lease Rentals Receivables LKR '000	2024 Unearned Income LKR '000	2024 Total LKR '000
Lease Rentals Receivable within One Year	**16,193,626**	**(3,855,434)**	**12,338,192**	13,152,031	(2,998,458)	10,153,573
Lease Rentals Receivable Later than One Year and Not Later than Five Years	**28,734,461**	**(4,257,956)**	**24,476,505**	17,335,361	(2,668,472)	14,666,889
Lease Rentals Receivable Later than Five Years	**16,314**	**(1,727)**	**14,587**	536	(34)	502
Total Lease Rentals Receivable	**44,944,401**	**(8,115,117)**	**36,829,284**	30,487,928	(5,666,964)	24,820,964

26.3 Movements in Expected Credit Loss Allowance on Loans and Advances

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Balance as at 01 January	**65,410,451**	62,621,152
Charge / (Reversal) to Income Statement (Note 14.1)	**1,012,216**	6,241,089
Reversal for Write-Off during the Year	**(3,141,443)**	(2,568,451)
Exchange Rate Movements	**657,540**	(883,339)
Balance as at 31 December	**63,938,764**	65,410,451

Notes to the Financial Statements

26. FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES (CONTD.)

26.3 Movements in Expected Credit Loss Allowance on Loans and Advances (Contd.)

26.3.1 Stagewise Movements in Expected Credit Loss Allowance during the year

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Stage 1		
Balance as at 01 January	2,362,674	3,170,520
Charge / (Reversal) to Income Statement (Note 14.1)	1,585,271	(790,024)
Exchange Rate Movements	30,268	(17,822)
Balance as at 31 December	3,978,213	2,362,674
Stage 2		
Balance as at 01 January	4,696,232	7,884,411
Charge / (Reversal) to Income Statement (Note 14.1)	52,609	(3,184,538)
Exchange Rate Movements	11,584	(3,641)
Balance as at 31 December	4,760,425	4,696,232
Stage 3		
Balance as at 01 January	58,351,545	51,566,221
Charge / (Reversal) to Income Statement (Note 14.1)	(625,664)	10,215,651
Reversal for Write-Off during the Year	(3,141,443)	(2,568,451)
Exchange Rate Movements	615,688	(861,876)
Balance as at 31 December	55,200,126	58,351,545

27. FINANCIAL ASSETS MEASURED AT AMORTISED COST - DEBT AND OTHER INSTRUMENTS

	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Government Securities - Treasury Bills	12,883,815	35,491,006	12,978,710	35,580,934
Government Securities - Treasury Bonds	86,804,849	81,279,746	86,804,849	81,279,746
ISB Restructured Bonds	10,437,619	7,865,263	10,437,619	7,865,263
United States - Treasury Bills	7,719,826	7,295,068	7,719,826	7,295,068
Quoted Debentures (Note 27.1)	213,269	213,269	213,269	213,269
Unquoted Debentures (Note 27.2)	468,721	503,119	468,721	503,119
Securities Purchased under Resale Agreements	2,127,724	3,684,374	2,127,724	3,684,374
Total Financial Assets Measured at Amortised Cost	120,655,823	136,331,845	120,750,718	136,421,773
Expected Credit Loss Allowance (Note 27.5)	(261,525)	(106,915)	(261,525)	(106,915)
Net Financial Assets Measured at Amortised Cost	120,394,298	136,224,930	120,489,193	136,314,858

27.1 Quoted Debentures

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Ceylon Electricity Board (2,000,000 Debentures of LKR 100/- each)	213,269	213,269	213,269	213,269
Total Quoted Debentures Measured at Amortised Cost	213,269	213,269	213,269	213,269

27.2 Unquoted Debentures

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
HNB Finance PLC	468,721	503,119	468,721	503,119
Total Unquoted Debentures Measured at Amortised Cost	468,721	503,119	468,721	503,119

27.3 Analysis of Financial Assets Measured at Amortised Cost - Debt and Other instruments

27.3.1 By Currency

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lankan Rupee	102,498,378	121,171,514	102,593,273	121,261,442
United States Dollar	18,157,445	15,160,331	18,157,445	15,160,331
Total Financial Assets Measured at Amortised Cost	120,655,823	136,331,845	120,750,718	136,421,773

27.3.2 By Collateralisation

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Pledged as Collateral	5,141,814	1,120,804	5,141,814	1,120,804
Unencumbered	115,514,009	135,211,041	115,608,904	135,300,969
Total Financial Assets Measured at Amortised Cost	120,655,823	136,331,845	120,750,718	136,421,773

27.4 Reconciliation for Financial Assets Measured at Amortised Cost - Debt and Other Instruments

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	136,224,930	104,354,510	136,314,858	104,625,662
Net acquisitions and maturities during the year	(15,682,222)	27,008,437	(15,677,255)	26,827,213
Expected Credit Loss Allowance (Charge) / Reversal during the year (Note 27.5)	(148,410)	4,861,983	(148,410)	4,861,983
Balance as at 31 December	120,394,298	136,224,930	120,489,193	136,314,858

Notes to the Financial Statements

27. FINANCIAL ASSETS MEASURED AT AMORTISED COST - DEBT AND OTHER INSTRUMENTS (CONTD.)

27.5 Movements in Expected Credit Loss During the year

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	106,915	6,289,733	106,915	6,289,733
Charge / (Reversal) to Income statement (Note 14)	148,410	(4,861,983)	148,410	(4,861,983)
Exchange Rate Movement	6,200	(1,320,835)	6,200	(1,320,835)
Balance as at 31 December	261,525	106,915	261,525	106,915

27.5.1 Stage wise Movements in Expected Credit Loss During the year

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 1				
Balance as at 01 January	145	375	145	375
Charge / (Reversal) to Income statement	5	(230)	5	(230)
Balance as at 31 December	150	145	150	145
Stage 2				
Balance as at 01 January	106,770	6,289,358	106,770	6,289,358
Charge / (Reversal) to Income statement	148,405	(4,861,753)	148,405	(4,861,753)
Exchange Rate Movement	6,200	(1,320,835)	6,200	(1,320,835)
Balance as at 31 December	261,375	106,770	261,375	106,770

27.6 Reclassification of Debt Portfolio

Considering the unprecedented changes in the macro-economic conditions, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" which provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVOCI) to Amortised cost.

The Bank has adopted the above SoAT and re-classified its Financial instruments in debt securities from Fair Value through Other Comprehensive Income (FVOCI) to Amortised Cost (AC) with effect from 01 April 2022. No reclassifications were made during the year.

As at 31 December	Bank / Group 2022 LKR '000
Fair value of financial assets as at reclassification date	22,832,303
Accumulated fair value loss as at reclassification date	2,056,941
Total Financial Assets reclassified to Financial Assets Measured at Amortised Cost - Debt and Other instruments	24,889,244

If the assets lying in the current portfolio had continued to be measured as Fair Value through Other Comprehensive Income, the fair value and the cumulative mark to market loss as at 31 December 2025 would have been LKR 572,268,093.55 (LKR 1,722,633,791.49.00 for 2024) and LKR 29,067,778.37 (LKR 58,052,548.60 for 2024) respectively.

28. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Quoted Equities (Note 28.1)	2,141,874	1,535,087	2,141,874	1,535,087
Unquoted Equities (Note 28.2)	721,797	641,183	721,797	641,183
Government Securities - Treasury Bills	1,707,899	14,851,358	1,707,899	14,851,358
Government Securities - Treasury Bonds	71,224,856	34,982,305	71,596,230	35,349,714
United States - Treasury Bills	16,999,835	4,238,597	16,999,835	4,238,597
Total Financial Assets Measured at FVOCI	92,796,261	56,248,530	93,167,635	56,615,939

28.1 Quoted Equities

The Bank designated certain investments shown in the following table as Equity Investments at FVOCI.

	2025			2024		
	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000
Banks ,Finance and Insurance						
The Finance Company PLC	1,003,163	29,393	-	1,003,163	29,393	-
Cooperative Insurance Co PLC	-	-	-	50,000	155	155
Commercial Bank of Ceylon PLC	-	-	-	40,000	5,400	5,790
Sampath Bank PLC	-	-	-	25,000	2,688	2,956
Diversified Holdings						
John Keells Holdings PLC	-	-	-	4,150,000	74,149	93,790
Hemas Holdings PLC	-	-	-	74,187	5,641	7,660
CIC Holdings PLC	-	-	-	79,550	6,558	7,478
Financial Services						
HNB Finance PLC	281,489,926	2,475,170	2,139,323	233,200,000	2,332,000	1,305,920
Hotels and Travels						
John Keells Hotels PLC	125,641	1,545	2,551	1,317,311	16,203	27,137
Jetwing Symphony PLC	-	-	-	3,328,749	49,931	40,611
Manufacturing						
Chevron Lubricants Lanka PLC	-	-	-	120,407	19,329	19,265
Dipped Products PLC	-	-	-	98,468	5,301	5,366
Royal Ceramics Lanka PLC	-	-	-	100,000	3,840	4,350
Haycarb PLC	-	-	-	25,000	2,125	2,132
Power and Energy						
Lanka IOC PLC	-	-	-	-	-	-
Vallibel Power Erathna PLC	-	-	-	935,000	7,587	10,752
Construction						
Access Engineering PLC	-	-	-	50,000	1,270	1,725
Total Quoted Equity Investments Measured at FVOCI - Bank / Group		2,506,108	2,141,874		2,561,570	1,535,087

Notes to the Financial Statements

28. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (CONTD.)

28.2 Unquoted Equities

	2025			2024		
	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000	No. of Ordinary Equities	Cost LKR '000	Fair Value LKR '000
Bank						
Credit Information Bureau of Sri Lanka	2,900	290	72,649	2,900	290	68,382
Lanka Pay (Pvt) Limited	1,006,601	11,163	393,583	1,006,601	11,163	336,914
Lanka Financial Services Bureau Limited	500,000	5,000	51	500,000	5,000	102
Transnational Lanka Records Solutions (Pvt) Limited	1,000,000	10,000	92,126	1,000,000	10,000	84,640
National Credit Guarantee Institution Ltd	15,114,475	151,145	163,388	15,114,475	151,145	151,145
Total Unquoted Equity Investments Measured at FVOCI - Bank		177,598	721,797		177,598	641,183
Subsidiary						
Standard Credit Finance Limited	8,040,969	44,041	-	8,040,969	44,041	-
Total Unquoted Equity Investments Measured at FVOCI - Subsidiary		44,041	-		44,041	-
Total Unquoted Equity Investments Measured at FVOCI - Group		221,639	721,797		221,639	641,183

Fair value is based on Net Assets per Share Basis as per the Audited Financial Statements of these Companies as at following dates:

- Credit Information Bureau of Sri Lanka - 31 December 2024
- Lanka Pay (Pvt) Limited - 31 March 2025
- Lanka Financial Services Bureau Limited - 31 March 2025
- Transnational Lanka Records Solutions (Pvt) Limited - 30 June 2025
- National Credit Guarantee Institution Ltd - 30 September 2025

Dividend received from Quoted and Unquoted Equities Investments measured at FVOCI is disclosed in Note 13.

28.3 Analysis of Financial Assets Measured at FVOCI

28.3.1 By Currency

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lankan Rupee	75,796,426	52,009,933	76,167,800	52,377,342
United States Dollar	16,999,835	4,238,597	16,999,835	4,238,597
Total Financial Assets Measured at FVOCI	92,796,261	56,248,530	93,167,635	56,615,939

28.3 Analysis of Financial Assets Measured at FVOCI

28.3.2 By Collateralisation

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Pledged as Collateral	254,100	920,422	254,100	920,422
Unencumbered	92,542,161	55,328,108	92,913,535	55,695,517
Total Financial Assets Measured at FVOCI	92,796,261	56,248,530	93,167,635	56,615,939

28.4 Financial Assets Measured at FVOCI Consists of

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Total Cost / Amortised Cost	90,334,348	55,050,381	90,732,965	55,437,820
Accumulated Fair Value Change recognised through				
- Other comprehensive income (Note 28.5)	2,461,913	1,198,149	2,434,670	1,178,119
Total Financial Assets Measured at FVOCI	92,796,261	56,248,530	93,167,635	56,615,939

28.5 Accumulated Fair Value Change

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	1,198,149	206,935	1,178,119	160,155
Fair value change during the year	1,263,764	991,214	1,256,551	1,017,964
Balance as at 31 December	2,461,913	1,198,149	2,434,670	1,178,119

28.6 Derecognition of Equity Investments Measured at FVOCI

	2025		2024	
	Fair value as at Disposal Date LKR '000	Cumulative Gain or (Loss) on Disposal LKR '000	Fair value as at Disposal Date LKR '000	Cumulative Gain or (Loss) on Disposal LKR '000
Bank				
John Keells Holdings PLC	95,248	21,098	35,351	5,898
Jetwing Symphony PLC	59,836	9,905	-	-
John Keells Hotels PLC	27,298	12,640	-	-
Chevron Lubricants Lanka PLC	19,911	581	-	-
CIC Holdings PLC	17,297	6,420	-	-
Browns Investments PLC	16,600	675	-	-
Dipped Products PLC	10,519	1,908	-	-
Vallibel Power Erathna PLC	12,024	4,438	8,942	2,329
Royal Ceramics Lanka PLC	8,923	938	-	-
Hemas Holdings PLC	8,144	2,504	-	-
Commercial Bank of Ceylon PLC	6,943	1,543	-	-
Teejay Lanka PLC	4,480	(2,118)	-	-
Access Engineering PLC	4,112	1,466	9,005	2,398
Sampath Bank PLC	3,601	914	-	-
HNB Finance PLC	3,484	904	-	-
Haycarb PLC	2,255	130	-	-
Cooperative Insurance Company PLC	1,540	425	-	-
ACL Cables PLC	1,471	163	-	-
Waskaduwa Beach Resort PLC	1,300	(130)	-	-
Lanka IOC PLC	-	-	4,723	2,898
Lanka Milk Foods PLC	-	-	1,628	142
Sunshine Holdings PLC	-	-	7,425	1,062
Total Derecognition of Equity Investments Measured at FVOCI-Bank / Group	304,986	64,404	67,074	14,727

Notes to the Financial Statements

29. INVESTMENT IN SUBSIDIARY

	Primary Activity	2025 No. of Ordinary Equities	2025 Holding %	2025 Cost LKR '000	2025 Market Value LKR '000	2024 No. of Ordinary Equities	2024 Holding %	2024 Cost LKR '000	2024 Market Value LKR '000
Seylan Developments PLC	Property Development / Management	**104,332,112**	**74.69**	**1,153,602**	**3,140,397**	104,332,112	74.69	1,153,602	2,608,303

30 GROUP BALANCES RECEIVABLE

	Bank 2025 LKR '000	Bank 2024 LKR '000
Seylan Developments PLC	**40,480**	40,300
Balance as at 31 December	**40,480**	40,300

31 PROPERTY, PLANT AND EQUIPMENT

31.1 Bank

	Freehold Land LKR '000	Freehold Buildings LKR '000	Computer Equipment LKR '000	Office Machines and Equipment LKR '000	Fixtures, Fittings and Furniture LKR '000	Motor Vehicles LKR '000	Leased Assets LKR '000	2025 Total LKR '000	2024 Total LKR '000
Cost / Valuation									
Balance as at 01 January	2,701,728	494,115	5,948,148	1,543,542	2,443,600	148,971	48,065	**13,328,169**	11,638,981
Additions and Improvements	-	-	997,994	67,935	192,292	-	-	**1,258,221**	865,718
Net Surplus on Revaluation	-	-	-	-	-	-	-	-	942,889
Disposals / Write-Offs	-	-	(387,988)	(173,759)	(255,673)	(1,261)	(815)	**(819,496)**	(119,419)
Balance as at 31 December	2,701,728	494,115	6,558,154	1,437,718	2,380,219	147,710	47,250	**13,766,894**	13,328,169
Accumulated Depreciation									
Balance as at 01 January	-	-	4,414,311	1,406,217	2,210,843	148,139	48,065	**8,227,575**	7,764,331
Charge for the Year	-	34,582	528,660	36,996	85,580	581	-	**686,399**	641,642
Revaluation Adjustment on Accumulated Depreciation	-	-	-	-	-	-	-	-	(58,979)
Disposals / Write-Offs	-	-	(387,988)	(173,759)	(255,673)	(1,261)	(815)	**(819,496)**	(119,419)
Balance as at 31 December	-	34,582	4,554,983	1,269,454	2,040,750	147,459	47,250	**8,094,478**	8,227,575
As at 31 December 2025 Net Carrying Amount	**2,701,728**	**459,533**	**2,003,171**	**168,264**	**339,469**	**251**	-	**5,672,416**	
As at 31 December 2024 Net Carrying Amount	2,701,728	494,115	1,533,837	137,325	232,757	832	-		5,100,594

Market value of freehold land and buildings were estimated as a revalued amount less subsequent depreciation, the details of which has been provided in Note 31.4. The Board of Directors are of the view that there are no significant changes in the fair value of freehold land and buildings compared to last revaluation date.

There were no capitalised borrowing costs pertaining to the acquisition of Property, Plant and Equipment of the Bank during the year 2025 (2024- Nil).

A case is pending in District Court Bandarawela with regard to a property at Bandarawela branch premises owned by the Bank.

Other than the property mentioned above, there are no restrictions on the title of the Property, Plant and Equipment of the Bank as at the reporting date. Further, there were no items pledged as securities for liabilities.

31.2 Group

	Freehold Land LKR '000	Freehold Buildings LKR '000	Computer Equipment LKR '000	Office Machines and Equipment LKR '000	Fixtures, Fittings and Furniture LKR '000	Motor Vehicles LKR '000	Leased Assets LKR '000	2025 Total LKR '000	2024 Total LKR '000
Cost / Valuation									
Balance as at 01 January	2,701,728	3,294,350	5,956,893	1,759,802	2,461,442	148,971	48,065	**16,371,251**	14,591,568
Additions and Improvements	-	-	1,005,417	68,662	192,657	-	-	**1,266,736**	869,489
Transfers for the Year	-	-	(1,811)	-	-	-	-	**(1,811)**	-
Net Surplus on Revaluation	-	12,471	-	-	-	-	-	**12,471**	1,029,613
Disposals / Write-Offs	-	-	(387,988)	(173,759)	(255,673)	(1,261)	(815)	**(819,496)**	(119,419)
Balance as at 31 December	2,701,728	3,306,821	6,572,511	1,654,705	2,398,426	147,710	47,250	**16,829,151**	16,371,251
Accumulated Depreciation									
Balance as at 01 January	-	-	4,421,823	1,604,397	2,225,708	148,137	48,065	**8,448,130**	7,964,401
Charge for the Year	-	76,377	529,650	48,076	86,626	581	-	**741,310**	702,627
Transfers for the Year	-	-	(1,811)	-	-	-	-	**(1,811)**	-
Revaluation Adjustment on Accumulated Depreciation	-	(41,795)	-	-	-	-	-	**(41,795)**	(99,479)
Disposals / Write-Offs	-	-	(387,988)	(173,759)	(255,673)	(1,261)	(815)	**(819,496)**	(119,419)
Balance as at 31 December	-	34,582	4,561,674	1,478,714	2,056,661	147,457	47,250	**8,326,338**	8,448,130
As at 31 December 2025 Net Carrying Amount	2,701,728	3,272,239	2,010,837	175,991	341,765	253	-	**8,502,813**	
As at 31 December 2024									
Net Carrying Amount	2,701,728	3,294,350	1,535,070	155,405	235,734	834	-		7,923,121

Market value of freehold land and buildings were estimated as a revalued amount less subsequent depreciation, the details of which has been provided in Note 31.4. The Board of Directors are of the view that there are no significant changes in the fair value of freehold land and buildings compared to last revaluation date.

Investment property rented to Seylan Bank PLC by its subsidiary, Seylan Developments PLC has been classified as Property, Plant and Equipment in the Group Financial Statements.

31.3 Fully Depreciated / Amortised Assets

The initial cost of Fully Depreciated Property, Plant and Equipment and Fully Amortised Intangible Assets (software and software related) as at 31 December which are still in use as follows;

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Computer Equipment	**3,499,349**	2,902,434	**3,499,710**	2,904,606
Office Machines and Equipment	**1,178,694**	1,324,991	**1,280,220**	1,395,995
Fixtures, Fittings and Furniture	**1,887,612**	2,036,253	**1,900,016**	2,046,732
Motor Vehicles	**147,130**	120,491	**147,130**	120,491
Leased Assets	**47,250**	48,065	**47,250**	48,065
Total Fully Depreciated Property, Plant and Equipment	**6,760,035**	6,432,234	**6,874,326**	6,515,889
Total Fully Amortised Intangible Assets	**2,425,021**	2,267,837	**2,426,832**	2,267,837
Total Fully Depreciated / Amortised Assets	**9,185,056**	8,700,071	**9,301,158**	8,783,726

Notes to the Financial Statements

31 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

31.4 Freehold Land and Buildings

The Bank has revalued its land and buildings and the valuations were made on the basis of market values for existing use. Such valuations were carried out by an independent professionally qualified valuer, Mr. T H D W Hewage (AIV Sri Lanka). The effective date of the revaluation is 31 December 2024 and subsidiary revalues its land and buildings annually.

The book values of the properties were adjusted to the revalued amount and the resultant surplus or deficit was transferred to the revaluation reserve or Income Statement respectively.

					Cost / Valuation			
	Address	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent	Land LKR '000	Building LKR '000	Accumulated Depreciation LKR '000	Net Book Value LKR '000
1	**Mt. Lavinia** 198, Galle Road, Dehiwala-Mount Lavinia	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 5,000,000 p.p LKR 2,000 p.sq.ft to LKR 6,500 p.sq.ft	36.30 P	181,000	25,000	1,935	**204,065**
2	**Badulla** 10, Cocowatte Road, Badulla	**Market Comparable Method** Price per perch for land Price per square foot for building Depreciation Rate	LKR 7,140,000 p.p LKR 7,000 p.sq.ft 20%	1 R 5.50 P	325,000	41,000	1,976	**364,024**
3	**Kochchikade** 66, Chilaw Road, Kochchikade	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 4,000,000 p.p LKR 6,500 p.sq.ft	8.00 P	32,000	22,000	2,047	**51,953**
4	**Avissawella** 71, Rathnapura Road, Avissawella	**Market Comparable Method** Price per perch for land Price per square foot for building Depreciation Rate	LKR 6,000,000 p.p LKR 7,000 p.sq.ft to LKR 7,500 p.sq.ft 15%	18.92 P	113,000	33,000	3,023	**142,977**
5	**Grandpass** 401,Prince of Wales Avenue, Colombo 14	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 5,750,000 p.p LKR 4,000 p sq. ft to LKR 4,900 p.sq.ft	1R 6.00 P	264,000	47,000	4,780	**306,220**
6	**Bandarawela** 240, Bandarawela Bypass road, Bandarawela	**Market Comparable Method** Price per perch for land Price per square foot for building Depreciation Rate	LKR 6,000,000 p.p LKR 2,500 p.sq.ft to LKR 4,000 p.sq.ft 10%	27.01P	162,000	25,000	2,308	**184,692**
7	**Sarikkamulla** 97, Old Galle Road, Sarikkamulla	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 5,000,000 p.p LKR 4,905 p.sq.ft	19.50 P	97,500	17,000	907	**113,593**
8	**Raddolugama** 171, National Housing Scheme, Raddolugama	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 1,750,000 p.p LKR 4,500 p.sq.ft	12.80 P	22,500	14,500	1,061	**35,939**

	Address	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent	Cost / Valuation			
					Land LKR '000	Building LKR '000	Accumulated Depreciation LKR '000	Net Book Value LKR '000
9	**Nuwara-Eliya** 61, Haddon Hill Road, Nuwara-Eliya	**Market Comparable Method**						
		Price per perch for land	LKR 1,000,000 p.p					
		Price per square foot for building	LKR 4,000 p.sq.ft					
		Depreciation Rate	20%	1 R 36.00 P	76,000	14,000	1,585	**88,415**
10	**Maradagahamula** 150, Divulapitiya Road, Maradagahamula	**Market Comparable Method**						
		Price per perch for land	LKR 1,000,000 p.p to LKR 1,500,000 p.p					
		Price per square foot for building	LKR 6,500 p.sq.ft					
		Depreciation Rate	25%	35.00 P	45,000	38,000	2,731	**80,269**
11	**Anuradhapura** 23-A1, Anuradhapura	**Market Comparable Method**						
		Price per perch for land	LKR 2,000,000 p.p	1 R 3.65 P	87,000	-	-	**87,000**
12	**Embilipitiya** 73, New Town Cinema Hall Road, Embilipitiya.	**Market Comparable Method**						
		Price per perch for land	LKR 4,000,000 p.p					
		Price per square foot for building	LKR 5,000 p.sq.ft to LKR 7,000 p.sq.ft					
		Depreciation Rate	15% - 25%	22.10 P	88,000	48,000	3,254	**132,746**
13	**Nugegoda** 211, High Level Road, Nugegoda	**Market Comparable Method**						
		Price per perch for land	LKR 10,000,000 p.p					
		Price per square foot for building	LKR 2,500 p.sq.ft to LKR 6,500 p.sq.ft					
		Depreciation Rate	20%	16.00 P	160,000	42,000	2,301	**199,699**
14	**Ratnapura** 6,Goods Shed Road, Ratnapura	**Market Comparable Method**						
		Price per perch for land	LKR 6,000,000 p.p					
		Price per square foot for building	LKR 6,500 p.sq.ft					
		Depreciation Rate	20%	11.312 P	68,000	23,000	1,290	**89,710**
15	**Balangoda** Pettigala Road, Balangoda	**Market Comparable Method**						
		Price per perch for land	LKR 250,000 p.p to LKR 650,000 p.p	3 R 30.44 P	54,000	-	-	**54,000**
16	**Deal Place** 2,Deal Place - A, Colombo 3	**Market Comparable Method**						
		Price per perch for land	LKR 20,000,000 p.p	19.56 P	391,000	-	-	**391,000**
17	**Gampola** 44,Kandy Road, Gampola	**Market Comparable Method**						
		Price per perch for land	LKR 2,450,000 p.p					
		Price per square foot for building	LKR 4,900 p.sq.ft	13.50 P	33,000	22,000	1,119	**53,881**
18	**Koggala** 9, Export Processing Zone, Koggala	**Market Comparable Method**						
		Price per square foot for building	LKR 5,500 p.sq.ft					
		Depreciation Rate	30%	20.00 P	-	11,500	1,302	**10,198**

Notes to the Financial Statements

	Address	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent	Cost / Valuation			
					Land LKR '000	Building LKR '000	Accumulated Depreciation LKR '000	Net Book Value LKR '000
19	**Negombo** 141,Rajapaksa Broadway, Negombo.	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 5,000,000 p.p LKR 3,450 p.sq.ft	29.15 P	146,000	34,000	1,369	**178,631**
20	**Kandana** 99, Station Road, Kandana	**Market Comparable Method** Price per perch for land Price per square foot for building	LKR 800,000 p.p to LKR 2,500,000 p.p LKR 3,000 p.sq.ft to LKR 3,500 p.sq.ft	1A 1 R 9.84 P	356,728	37,115	1,594	**392,249**
	Total Freehold Land and Buildings-Bank				2,701,728	494,115	34,582	**3,161,261**
21	**Seylan Towers - East Tower** 90,Galle Road, Colombo 3	**Investment Method** Estimated rent income per month per square foot for building	LKR 222 p.sq.ft		-	2,812,706	-	**2,812,706**
	Total Freehold Buildings-Subsidiary				-	2,812,706	-	**2,812,706**
	Total Freehold Land and Buildings-Group				2,701,728	3,306,821	34,582	**5,973,967**

Descriptions of the above valuation techniques together with narrative description on sensitivity of the fair value measurement to changes in significant unobservable inputs are given below:

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land Price per square foot for building Depreciation rate for building	Estimated fair value would get increased / (decreased) if; Price per perch would get higher / (lower) Price per square foot would get higher / (lower) Depreciation rate for building would get lower / (higher)
Investment Method This method involves the capitalisation of the expected rental income at an appropriate rate of years purchased currently characterised by the real estate market.	Gross annual rentals Years of purchase	Estimated fair value would get increased / (decreased) if; Gross annual rentals would get higher / (lower) Years of purchase would get higher / (lower)
Depreciated Replacement Cost Method This method involves the capitalisation of the expected cost of construction at an appropriate remaining life of the building.	Cost of construction Full life of building Remaining life of building	Estimated fair value would get increased (decreased) if; Cost of construction would get higher / (lower)

31.5 Revaluation - Freehold Land and Buildings

The fair value measurements for all of the freehold land and buildings have been categorised as Level 3 fair value measurements.

If freehold land and buildings were stated at historical cost , the amounts would have been as follows:

	Bank					
	2025			2024		
Properties Revalued	Land LKR '000	Buildings LKR '000	Total LKR '000	Land LKR '000	Buildings LKR '000	Total LKR '000
Cost	462,558	126,197	588,755	462,558	126,197	588,755
Accumulated Depreciation	-	(67,731)	(67,731)	-	(64,599)	(64,599)
Carrying Value	462,558	58,466	521,024	462,558	61,598	524,156

32 RIGHT-OF-USE ASSETS

SLFRS 16 - "Leases", requires lessee to recognise leases on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets.

32.1 Lease Payable as Lessee

Group has obtained certain branches and office premises under Lease. The leases generally run for a period of 10 years, with an option to renew the lease after that date. The Bank's subsidiary, Seylan Developments PLC had entered in to a 99-year lease with the Urban Development Authority (UDA) with the view to set up / conduct and operate a business for the construction of an office and an apartment complex on the year of 1992. The Company pays a nominal rent to the UDA for occupying the land.

	Bank		Group	
	2025 LKR '000	2024 LKR'000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	5,189,444	5,114,518	2,784,310	2,735,963
Additions for the Year	980,648	560,238	980,648	495,008
Depreciation Charge for the Year	(521,873)	(478,096)	(483,222)	(439,445)
Reversal on Early Termination / Others	(164,734)	(7,216)	(164,734)	(7,216)
Balance as at 31 December	5,483,485	5,189,444	3,117,002	2,784,310

32.1.1 Lease Liabilities

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	5,613,107	5,409,418	2,430,915	2,245,420
Additions for the Year	910,059	519,711	910,059	519,711
Accretion of Interest	559,386	541,373	240,721	224,154
Payments	(887,233)	(839,358)	(578,473)	(540,333)
Reversal on Early Termination / Others	(164,958)	(18,037)	(164,958)	(18,037)
Balance as at 31 December	6,030,361	5,613,107	2,838,264	2,430,915

Notes to the Financial Statements

32 RIGHT-OF-USE ASSETS (CONTD.)

32.1.2 Amounts Recognised in Income Statement

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest on Lease Liabilities	559,386	541,373	240,721	224,154
Recognised in Interest Expenses	559,386	541,373	240,721	224,154
Expenses relating to Short - Term and Low- Value Assets	16,087	11,324	16,087	11,324
Depreciation - Right-of-use-Assets	521,873	478,096	483,222	439,445
Recognised in Operating Expenses	537,960	489,420	499,309	450,769
Total Amount recognised in Income Statement	1,097,346	1,030,793	740,030	674,923

32.2 Lease Receivable as Lessor

The Group rents its own properties through its subsidiary. Seylan Developments PLC leases out its investment property held under operating leases to its tenants.

Maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date as follows;

Maturity Analysis - Contractual Undiscounted Cash Flows	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Less than one year	-	-	50,017	34,859
Between one and five years	-	-	13,719	12,673
	-	-	63,736	47,532

33 INVESTMENT PROPERTIES

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cost				
Balance as at 01 January	-	-	1,291,748	1,287,252
Additions during the Year	-	-	4,059	4,496
Disposals during the Year	-	-	(2,241)	-
Cost as at 31 December (Note 33.1)	-	-	1,293,566	1,291,748
Provision for Impairment	-	-	(70,351)	(70,351)
Cost less Impairment as at 31 December	-	-	1,223,215	1,221,397
Accumulated Depreciation				
Balance as at 01 January	-	-	364,006	331,571
Charge for the Year	-	-	33,616	32,435
Balance as at 31 December	-	-	397,622	364,006
Carrying Value as at 31 December	-	-	825,593	857,391

33.1 Investment Properties (Group) - 2025

Address	Group			
	Extent	Date of Valuation	Cost LKR '000	Market Value LKR '000
Seylan Towers -West Tower 90, Galle Road, Colombo 3	111,191sq.ft	31/12/2025	**1,222,095**	**1,529,350**
Moratuwa Lake Villas, St.Peter's Road, Moratuwa	15 P	31/12/2025	**1,120**	**51,000**
Ja-Ela Commercial Complex*			**70,351**	-
			1,293,566	

** Full provision for impairment has been made.*

Group has recorded LKR 63,946,616.00 (2024: LKR 87,906,528.57) as rental income for the year ended 31 December 2025.

Group has incurred LKR 44,580,978.00 (2024: LKR 29,238,883.00) as direct operating expenses and LKR 11,457,311.00 (2024: LKR 7,543,632.00) as repair and maintenance for the year ended 31 December 2025.

There were no direct expenses incurred for the properties which do not generate rental income.

Methods and Assumptions used in the Fair Valuation of Investment Properties

Subsidiary - Seylan Developments PLC

Property	Name and Qualifications of the Valuer	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between key Unobservable Inputs and Fair Value Measurement
Seylan Towers -West Tower 90, Galle Road, Colombo 3	Sunil Fernando and Associates (Pvt) Ltd. Chartered Valuation Surveyors	Market rental based Income Method of valuation and Depreciated Replacement Value basis of valuation have been adopted. As the subject property is of two mix uses, Commercial and Residential, a prudent investor is expected to make his bid to purchase on two different yields based on two different risks attached to the commercial and residential uses of the property.	Rentals of two similar residential apartment Buildings have been taken as comparable residential market rents (LKR 575,000 and LKR 600,000).	There is a direct relationship between the estimated fair value and market rents.
			All risk rates for residential segment of the subject property has been taken at 4% and 6%.	There is an inverse relationship between the estimated fair value and all risk rates.
			Current replacement cost of construction is estimated as LKR 34,500 per sq. ft.	Estimated fair value of Building would increase if replacement cost gets higher.
			Full life of the Building is taken as 100 years and the remaining life is taken as 63 years limiting them to the conditions in lease agreement.	Increase in lifetime of the Building will result in to increase in the estimated fair value.
			Land Value is taken at LKR 20,200,000 per perch.	Estimated fair value of Land would increase if the market value of the Land get higher.
Moratuwa Lake Villas, St.Peter's Road, Moratuwa.	Sunil Fernando and Associates (Pvt) Ltd. Chartered Valuation Surveyors	The valuation based on; • Observable inputs such as ARR, cost of sale, interest rates and cost of construction • The interest rate for capitalisation derived from the market sector and the risk yield a third party market participant accepts for such an investment.	The available evidence of Land values in the locality was considered.	Estimated fair value would increase if the market value of the Land gets higher.

Notes to the Financial Statements

34 INTANGIBLE ASSETS

Software and Software Related	Bank		Group	
	2025 LKR '000	2024 LKR'000	2025 LKR '000	2024 LKR'000
Cost				
Balance as at 01 January	**3,415,508**	3,091,985	**3,415,508**	3,091,985
Additions for the Year	**433,541**	323,933	**435,299**	323,933
Transfers for the Year	**-**	-	**1,811**	-
Write-Offs	**(25,957)**	(410)	**(25,957)**	(410)
Balance as at 31 December	**3,823,092**	3,415,508	**3,826,661**	3,415,508
Accumulated Amortisation				
Balance as at 01 January	**2,745,725**	2,554,996	**2,745,725**	2,554,996
Amortisation for the Year	**207,115**	191,139	**207,174**	191,139
Transfers for the Year	**-**	-	**1,811**	-
Write-Offs	**(25,957)**	(410)	**(25,957)**	(410)
Balance as at 31 December	**2,926,883**	2,745,725	**2,928,753**	2,745,725
Net Carrying Amount	**896,209**	669,783	**897,908**	669,783

35 DEFERRED TAX LIABILITIES / (ASSETS)

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**(205,963)**	(3,171,806)	**456,468**	(2,571,168)
Recognised in the Profit or Loss				
Charge / (Reversal) for the Year	**(3,406,302)**	2,410,730	**(3,383,469)**	2,426,338
	(3,406,302)	2,410,730	**(3,383,469)**	2,426,338
Recognised in Other Comprehensive Income				
Effect on Revaluation of Property, Plant and Equipment	**-**	298,542	**-**	336,709
Effect on Net Fair Value Losses/(Gains) on Financial Investment measured at FVOCI	**180,455**	256,571	**195,087**	264,589
	180,455	555,113	**195,087**	601,298
Balance as at 31 December (Notes 35.1)	**(3,431,810)**	(205,963)	**(2,731,914)**	456,468

35.1 Analysis of Deferred Tax Assets and Liabilities

	Bank				Group			
	2025		2024		2025		2024	
	Temporary Difference LKR '000	TAX LKR '000	Temporary Difference LKR '000	TAX LKR '000	Temporary Difference LKR '000	TAX LKR '000	Temporary Difference LKR '000	TAX LKR '000
Deferred Tax - Liabilities								
Property, Plant and Equipment	1,038,206	311,462	874,504	262,351	1,185,575	355,673	998,668	299,601
Lease Receivables	250,403	75,121	345,568	103,670	250,398	75,120	345,565	103,669
Provision for Gratuity	-	-	-	-	(16,227)	(4,868)	-	-
Revaluation Gain	-	-	-	-	1,668,118	500,435	1,595,001	478,500
Unrealised Exchange (Gain) / Loss	-	-	-	-	(3,983)	(1,195)	-	-
Reserve on Land Revaluation	1,429,211	428,763	1,429,211	428,763	1,494,433	448,330	1,494,432	448,330
Reserve on Building Revaluation	314,111	94,233	314,111	94,233	325,101	97,530	325,102	97,530
Revaluation Surplus on Non-Depreciable Assets	828,531	248,559	828,531	248,559	828,531	248,559	828,531	248,559
Right-of-Use Assets	5,483,483	1,645,045	5,189,444	1,556,833	1,393,207	417,962	1,099,166	329,750
Fair value changes recognised through OCI	2,826,146	847,844	2,224,631	667,389	3,050,344	915,103	2,400,053	720,016
	12,170,091	3,651,027	11,206,000	3,361,798	10,175,497	3,052,649	9,086,518	2,725,955
Deferred Tax - Assets								
Leave Encashment Provision (Note 45.1)	382,792	114,838	492,814	147,844	382,792	114,838	492,814	147,844
Enhanced Gratuity Provision	4,207,298	1,262,189	2,515,912	754,774	4,207,297	1,262,189	2,515,914	754,774
Lease Liabilities	6,030,361	1,809,108	5,613,115	1,683,934	1,575,801	472,740	1,158,554	347,566
Expected Credit Loss Allowances	12,989,006	3,896,702	3,270,696	981,209	12,989,008	3,896,702	3,270,698	981,209
Reversal of Revaluation Loss on Property, Plant and Equipment	-	-	-	-	126,980	38,094	126,980	38,094
	23,609,457	7,082,837	11,892,537	3,567,761	19,281,878	5,784,563	7,564,960	2,269,487
Net (Taxable) / Deductible Temporary Differences	(11,439,366)	(3,431,810)	(686,537)	(205,963)	(9,106,381)	(2,731,914)	1,521,558	456,468

Notes to the Financial Statements

35 DEFERRED TAX LIABILITIES / (ASSETS) (CONTD.)

35.1 Analysis of Deferred Tax Assets and Liabilities (Contd.)

35.1.1 Movement in Temporary Difference

	Bank							
	2025				2024			
	Balance as at 01 January	Recognised in profit or loss	Recognised in Other Comprehensive Income	Balance as at 31 December	Balance as at 01 January	Recognised in profit or loss	Recognised in Other Comprehensive Income	Balance as at 31 December
Taxable Temporary Differences								
Property, Plant and Equipment	874,504	163,702	-	1,038,206	947,890	(73,386)	-	874,504
Lease Receivables	345,568	(95,165)	-	250,403	438,506	(92,938)	-	345,568
Reserve on Land Revaluation	1,429,211	-	-	1,429,211	640,288	-	788,923	1,429,211
Reserve on Building Revaluation	314,111	-	-	314,111	107,894	-	206,217	314,111
Revaluation Surplus on Non-Depreciable Assets	828,531	-	-	828,531	828,531	-	-	828,531
Right-of-use Assets	5,189,444	294,039	-	5,483,483	5,114,518	74,926	-	5,189,444
Fair value changes recognised through OCI	2,224,631	-	601,515	2,826,146	1,369,394	-	855,237	2,224,631
	11,206,000	362,576	601,515	12,170,091	9,447,021	(91,398)	1,850,377	11,206,000
Deductible Temporary Differences								
Leave Encashment Provision (Note 45.1)	492,814	(110,022)	-	382,792	357,314	135,500	-	492,814
Other Provisions	-	-	-	-	4,105	(4,105)	-	-
Enhanced Gratuity Provision	2,515,912	1,691,386	-	4,207,298	2,158,579	357,333	-	2,515,912
Lease Liabilities	5,613,115	417,246	-	6,030,361	5,409,418	203,697	-	5,613,115
Expected Credit Loss Allowances	3,270,696	9,718,310	-	12,989,006	12,090,289	(8,819,593)	-	3,270,696
	11,892,537	11,716,920	-	23,609,457	20,019,705	(8,127,168)	-	11,892,537
Net (Taxable) / Deductible Temporary Differences	(686,537)	(11,354,344)	601,515	(11,439,366)	(10,572,684)	8,035,770	1,850,377	(686,537)

35.1.2 Movement in Temporary Difference

	Group							
	2025				2024			
	Balance as at 01 January	Recognised in profit or loss	Recognised in Other Comprehensive Income	Balance as at 31 December	Balance as at 01 January	Recognised in profit or loss	Recognised in Other Comprehensive Income	Balance as at 31 December
Taxable Temporary Differences								
Property, Plant and Equipment	1,022,185	163,390	-	1,185,575	1,096,239	(74,054)	-	1,022,185
Lease Receivables	345,565	(95,167)	-	250,398	438,503	(92,938)	-	345,565
Provision for Gratuity	(16,227)	-	-	(16,227)	-	(16,227)	-	(16,227)
Revaluation Gain	1,595,001	73,117	-	1,668,118	1,595,001	-	-	1,595,001
Unrealised Exchange (Gain) / Loss	(7,290)	3,307	-	(3,983)	-	(7,290)	-	(7,290)
Reserve on Land Revaluation	1,494,433	-	-	1,494,433	640,288	65,222	788,923	1,494,433
Reserve on Building Revaluation	325,101	-	-	325,101	107,894	10,990	206,217	325,101
Revaluation Surplus on Non-Depreciable Assets	828,531	-	-	828,531	828,531	-	-	828,531
Right-of-Use Assets	1,099,166	294,041	-	1,393,207	1,024,240	74,926	-	1,099,166
Fair value changes recognised through OCI	2,400,053	-	650,291	3,050,344	1,390,867	-	1,009,186	2,400,053
	9,086,518	438,688	650,291	10,175,497	7,121,563	(39,371)	2,004,326	9,086,518
Deductible Temporary Differences								
Leave Encashment Provision (Note 45.1)	492,814	(110,022)	-	382,792	357,314	135,500	-	492,814
Other Provisions	-	-	-	-	4,107	(4,107)	-	-
Enhanced Gratuity Provision	2,515,914	1,691,383	-	4,207,297	2,158,581	357,333	-	2,515,914
Lease Liabilities	1,158,554	417,247	-	1,575,801	954,857	203,697	-	1,158,554
Expected Credit Loss Allowances	3,270,698	9,718,310	-	12,989,008	12,090,291	(8,819,593)	-	3,270,698
Reversal of Revaluation Loss on Property, Plant and Equipment	126,980	-	-	126,980	126,980	-	-	126,980
	7,564,960	11,716,918	-	19,281,878	15,692,130	(8,127,170)	-	7,564,960
Net (Taxable) / Deductible Temporary Differences	1,521,558	(11,278,230)	650,291	(9,106,381)	(8,570,567)	8,087,799	2,004,326	1,521,558

Notes to the Financial Statements

36 OTHER ASSETS

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deposits and Prepayments	1,630,250	1,297,624	1,650,878	1,317,802
Clearing House Balance	3,237,740	3,264,742	3,237,740	3,264,742
Inventories	188,596	218,800	195,299	229,289
Sundry Debtors	3,764,669	3,945,697	3,764,670	3,945,697
Other Receivables	136,244	684,027	136,244	684,027
Due from Trust Companies	4,463	3,333	4,463	3,333
Prepaid Staff Cost	1,540,236	1,493,355	1,540,403	1,493,649
Other Debtors	4,513,958	3,692,330	4,529,829	3,706,411
Total Other Assets	15,016,156	14,599,908	15,059,526	14,644,950
Expected Credit Loss Allowance (Note 36.1)	(270,354)	(424,975)	(270,354)	(424,975)
Total Other Assets-Net	14,745,802	14,174,933	14,789,172	14,219,975

36.1 Movements in Expected Credit Loss During the year

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	424,975	-	424,975	-
Charge / (Reversal) to Income statement (Note 14)	(154,621)	424,975	(154,621)	424,975
Balance as at 31 December	270,354	424,975	270,354	424,975

36.1.1 Stage wise Movements in Expected Credit Loss during the Year

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Stage 2				
Balance as at 01 January	227,781	-	227,781	-
Charge / (Reversal) to Income statement	(105,321)	227,781	(105,321)	227,781
Balance as at 31 December	122,460	227,781	122,460	227,781
Stage 3				
Balance as at 01 January	197,194	-	197,194	-
Charge / (Reversal) to Income statement	(49,300)	197,194	(49,300)	197,194
Balance as at 31 December	147,894	197,194	147,894	197,194

37 DUE TO BANKS

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Refinance Borrowings	7,265,044	6,862,696
Borrowings from Local Banks	1,003,714	730,432
Borrowings from Foreign Banks	870,001	428,641
Call Money Borrowings	14,759,993	120,026
Total Due to Banks	23,898,752	8,141,795

38 FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO DEPOSITORS

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Total Due to Depositors	732,960,379	646,817,333

38.1 Analysis of Due to Depositors

38.1.1 By Product

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Local Currency		
Demand Deposits	47,027,482	39,072,142
Savings Deposits	144,512,468	123,126,928
Time Deposits	398,795,088	373,712,110
Certificates of Deposit	655,700	836,590
Margin Accounts	1,673,059	1,145,269
Total Due to Depositors - Local Currency	592,663,797	537,893,039
Foreign Currency		
Demand Deposits	6,405,838	4,688,338
Savings Deposits	21,500,913	19,139,176
Time Deposits	112,370,568	85,070,317
Margin Accounts	19,263	26,463
Total Due to Depositors - Foreign Currency	140,296,582	108,924,294
Total Due to Depositors by Product	732,960,379	646,817,333

Notes to the Financial Statements

38 FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO DEPOSITORS (CONTD.)

38.1.2 By Currency

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Sri Lankan Rupee	592,663,797	537,893,039
United States Dollar	124,802,841	95,476,110
Great Britain Pound	4,277,927	4,760,735
Euro	5,463,976	3,733,739
Australian Dollar	3,209,095	3,554,690
Japanese Yen	1,459,960	474,162
Canadian Dollar	356,424	248,212
Singapore Dollar	568,464	517,745
Other currencies	157,895	158,901
Total Due to Depositors by Currency	732,960,379	646,817,333

38.1.3 By Customer Category

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Banks	17,539,052	17,539,052
Finance Companies	2,632,654	2,632,654
Other Customers	712,788,673	626,645,627
Total Due to Depositors by Customer Category	732,960,379	646,817,333

38.1.4 By Maturity

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Due within One Year	668,146,313	598,049,581
Due after One Year	64,814,066	48,767,752
Total Due to Depositors by Maturity	732,960,379	646,817,333

39 FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO DEBT SECURITIES HOLDERS

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Securities Sold under Repurchase Agreements (Repo)	5,203,644	1,461,944
	5,203,644	1,461,944

40 FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO OTHER BORROWERS

As at 31 December	Bank / Group 2025 LKR '000	Bank / Group 2024 LKR '000
Refinance Borrowings - Other Institutions (Coconut Cultivation Board)	16,354	23,731
	16,354	23,731

41. GROUP BALANCES PAYABLE

As at 31 December	Bank 2025 LKR '000	Bank 2024 LKR '000
Seylan Developments PLC	221,437	98,942
	221,437	98,942

42. DEBT SECURITIES ISSUED

42.1 Fixed Rate Debentures

Issue	Interest Rate	Colombo Stock Exchange Listing	Subordinated / Unsubordinated	Interest Payable Frequency	Allotment Date	Maturity Date	Face Value LKR '000	Bank / Group Amortised Cost 2025 LKR '000	Bank / Group Amortised Cost 2024 LKR '000
2018 - 2025	13.20% p.a	Listed	Subordinated	Semi - Annually	29.03.2018	28.03.2025	-	-	739,306
2018 - 2028	13.50% p.a	Listed	Subordinated	Semi - Annually	29.03.2018	28.03.2028	1,609,000	1,664,940	1,664,940
2021- 2026	9.75% p.a	Listed	Subordinated	Annually	12.04.2021	12.04.2026	5,352,020	5,729,447	5,729,447
2021- 2026	9.25% p.a	Listed	Subordinated	Quarterly	12.04.2021	12.04.2026	647,980	661,281	661,281
2023- 2028	28.00% p.a	Listed	Subordinated	Annually	02.05.2023	02.05.2028	3,851,882	4,572,870	4,572,870
2023- 2028	25.00% p.a	Listed	Subordinated	Quarterly	02.05.2023	02.05.2028	1,148,118	1,195,301	1,195,301
2024-2029	13.25%p.a	Listed	Subordinated	Annually	17.07.2024	17.07.2029	7,666,650	8,134,211	8,134,211
2024-2029	12.60%p.a	Listed	Subordinated	Quarterly	17.07.2024	17.07.2029	1,263,800	1,296,957	1,296,957
2024-2031	13.50% p.a	Listed	Subordinated	Annually	17.07.2024	17.07.2031	133,550	141,848	141,848
2024-2031	13.05%p.a	Listed	Subordinated	Semi - Annually	17.07.2024	17.07.2031	936,000	992,222	992,222
2025-2030	11.25% p.a	Listed	Subordinated	Annually	18.07.2025	18.07.2030	8,408,180	8,840,971	-
2025-2030	10.80% p.a	Listed	Subordinated	Quarterly	18.07.2025	18.07.2030	1,412,300	1,443,641	-
2025-2035	11.75% p.a	Listed	Subordinated	Annually	18.07.2025	18.07.2035	5,064,520	5,336,790	-
2025-2035	11.40% p.a	Listed	Subordinated	Semi - Annually	18.07.2025	18.07.2035	115,000	120,999	-
Total Fixed Rate Debentures							37,609,000	40,131,478	25,128,383

Notes to the Financial Statements

42. DEBT SECURITIES ISSUED (CONTD.)

42.2 Debentures Due

As at 31 December	Bank / Group			
	2025		2024	
	Face Value LKR '000	Amortised Cost LKR '000	Face Value LKR '000	Amortised Cost LKR '000
- Payable within one year	6,000,000	6,390,729	715,000	739,306
- Payable after one year	31,609,000	33,740,749	22,609,000	24,389,077
Total	37,609,000	40,131,478	23,324,000	25,128,383

42.3 Utilisation of funds raised through Debentures issued in July 2025 is as follows:

Objective Number	Objective as per Prospectus	Proposed Date of Utilisation as per Prospectus	Amount allocated as per Prospectus in LKR	Amount Allocated from Proceeds in LKR (A)	% of Total Proceeds	Amount utilised in LKR (B)	% of Utilised against allocation (B/A)	Details if not fully Utilised
1	To strengthen the Tier 2 Capital base of the Bank as per BASEL III requirements.	With effect from the Date of Allotment	15 Bn (Initial issue of LKR 5 Bn and a maximum issue of LKR 15 Bn)	15 Bn	100%	15 Bn	100%	N/A
2	Grow the Lending Portfolio, especially in segments such as Small and Medium Enterprises (SME) and Export Oriented Industries.	Over a period of twelve (12) months from the Date of Allotment						
3	Reduce Maturity Gaps in the Assets and Liabilities of the Bank							

43 RETIREMENT BENEFIT OBLIGATIONS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank operates an approved Gratuity Fund to facilitate the payments for permanent staff of the Bank.

Refer to the note 5.14.1 to the Financial Statements on “Defined Benefit Plan”. The shares acquired by the Gratuity Trust Fund for the settlement of enhanced gratuity liabilities have been recorded under plan assets .

Based on the Sri Lanka Accounting Standard (LKAS) 19 – “Employee Benefits” the Group has adopted the Actuarial Valuation Method. Accordingly provisions have been made based on the above method.

An actuarial valuation was carried out as at 31 December 2025 by Mr. M. Poopalanathan, AIA, Messers Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries. The gratuity liabilities are externally funded through plan assets of the Gratuity Trust Fund.

43.1 The Amount Recognised in the Statement of Financial Position

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Present Value of Defined Benefit Obligations (Note 43.3)	8,815,235	7,984,930	8,833,233	8,001,183
Fair Value of Plan Assets (Note 43.4)	(5,188,697)	(4,384,289)	(5,211,904)	(4,405,180)
Provision for Defined Benefit Obligations	3,626,538	3,600,641	3,621,329	3,596,003

43.2 Plan Assets

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance with Banks	325,993	236,340	326,226	236,494
Investment in Treasury Bills, Bonds and Repo	2,734,086	2,573,156	2,752,383	2,587,156
Investments in Fixed Deposits	-	-	4,677	6,737
Expected Proceeds from Sale of Shares to be Transferred (Note 43.7)	-	8,244	-	8,244
Investment in Shares	2,128,618	1,566,549	2,128,618	1,566,549
	5,188,697	4,384,289	5,211,904	4,405,180

Plan Assets are held by an approved external Gratuity Trust Fund.

43.3 Movement in the Present Value of Defined Benefit Obligations (PV DBO)

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Liability for Defined Benefit Obligations as at 01 January	7,984,930	5,965,787	8,001,183	5,980,262
Current Service Cost	377,487	300,482	378,331	301,333
Interest Cost	798,493	769,586	800,117	771,323
Actuarial (Gains) / Loss on PV DBO (Note 43.5)	74,975	1,575,311	74,252	1,575,337
Benefits Paid by the Plan	(420,650)	(626,236)	(420,650)	(627,072)
Liability for Defined Benefit Obligations as at 31 December	8,815,235	7,984,930	8,833,233	8,001,183

43.4 Movement in Plan Assets

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Fair Value of Plan Assets as at 01 January	4,384,289	3,452,454	4,405,180	3,470,689
Expected Return on Plan Assets	437,604	445,287	439,692	447,473
Expected Proceeds from Sale of Trust Company Shares (Note 43.7)	-	8,244	-	8,244
Less: Reversal of Expected Proceeds from Sale of Shares to be Transferred	(8,244)	(615)	(8,244)	(615)
Contribution Paid into Plan*	326,506	291,388	326,506	291,388
Benefits Paid by the Plan	(420,650)	(626,236)	(420,650)	(627,072)
Actuarial Gains / (Losses) on Plan Assets (Note 43.5)	469,192	813,767	469,420	815,073
Fair Value of Plan Assets as at 31 December	5,188,697	4,384,289	5,211,904	4,405,180

* *Expected contribution for 2026 - LKR 357.52 Mn*

Notes to the Financial Statements

43 RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

43.5 Actuarial (Gains) or Losses

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Actuarial (Gains) / Losses for Year - Obligation	**74,975**	1,575,311	**74,252**	1,575,337
Actuarial (Gains) / Losses for Year - Plan Assets	**(469,192)**	(813,767)	**(469,420)**	(815,073)
	(394,217)	761,544	**(395,168)**	760,264

43.6 Amount Recognised in the Income Statement

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current Service Cost	**377,487**	300,482	**378,331**	301,333
Interest Cost	**798,493**	769,586	**800,117**	771,323
Expected Return on Plan Assets	**(437,604)**	(445,287)	**(439,692)**	(447,473)
Amount recognised in the income statement as Personnel Expenses (Note 16)	**738,376**	624,781	**738,756**	625,183
Amount Recognised in the Income Statement for enhanced Gratuity and fair value change in shares held (Note 16 / Note 43.7)	**(5,019)**	(1,264,583)	**(5,019)**	(1,264,583)
	733,357	(639,802)	**733,737**	(639,400)

43.7 Amount Recognised in the Income Statement for Enhanced Gratuity and fair value change in shares held

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Payments made to Ex. Staff Members	**8,241**	25,796	**8,241**	25,796
Provision for unclaimed enhanced gratuity by Ex. Staff Members	**(10,455)**	(24,458)	**(10,455)**	(24,458)
Expected Proceeds from Sale of Shares to be transferred	-	(8,244)	-	(8,244)
(Increase) / Decrease in fair value of shares held by the Gratuity Trust Fund	**(2,805)**	(1,257,677)	**(2,805)**	(1,257,677)
	(5,019)	(1,264,583)	**(5,019)**	(1,264,583)

43.8 Amount Recognised in the Other Comprehensive Income

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Actuarial Gains / (Losses) Recognised in the year	**394,217**	(761,544)	**395,168**	(760,264)
	394,217	(761,544)	**395,168**	(760,264)

43.9 Actuarial Assumptions

	Bank / Group	
	2025	2024
Demographic Assumptions		
Mortality in service	A 1967/70 Mortality Table issued by the Institute of Actuaries London	A 1967/70 Mortality Table issued by the Institute of Actuaries London
Retirement Age*	60 Years	60 Years
Financial Assumptions**		
Discount Rate***	10%	10%
Salary Increment	9.50% (Subsidiary 10%)	10%
	Next increment due on 01 January 2026	Next increment due on 01 January 2025

** As per the Minimum Retirement Age of Workers Act No 28 of 2021.*
*** Will be re-visited based on Market condition.*
**** Based on the Treasury Bonds/ Bills average market yield of weighted average duration.*

43.10 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Income Statement and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Income Statement and employment benefit obligation for the year.

Bank			
2025			
Increase / (Decrease) in Discount Rate %	Increase / (Decrease) in Salary Increment Rate %	Sensitivity Effect on Other Comprehensive Income Statement Increase/ (Decrease) in Charge for the year (LKR '000)	Sensitivity Effect on Employment Benefit Obligation Increase /(Decrease) in the Liability (LKR '000)
1	**	(518,455)	(518,455)
(1)	**	573,515	573,515
*	1	617,622	617,622
*	(1)	(566,492)	(566,492)

** Discount Rate is Fixed at 10%*
*** Salary Increment is 9.50%*

Notes to the Financial Statements

43 RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

43.10 Sensitivity of Assumptions Employed in Actuarial Valuation (Contd.)

Subsidiary			
2025			
Increase / (Decrease) in Discount Rate %	Increase / (Decrease) in Salary Increment Rate %	Sensitivity Effect on Other Comprehensive Income Statement Increase / (Decrease) in Charge for the year (LKR '000)	Sensitivity Effect on Employment Benefit Obligation Increase / (Decrease) in the Liability (LKR '000)
1	**	(889)	(889)
(1)	**	966	966
*	1	1,045	1,045
*	(1)	(977)	(977)

** Discount Rate is Fixed at 10%*
*** Salary Increment is 10%*

43.11 Maturity Profile of the Defined Benefit Obligation

Bank

Future Working Life Time	Defined Benefit Obligation LKR '000
Within next 12 months	928,077
Between 1-2 years	1,222,143
Between 2-5 years	2,063,750
Between 5-10 years	3,367,682
Beyond 10 Years	1,233,582
Total	8,815,235
Weighted Average Duration of Defined Benefit Obligation	6.7 years

Subsidiary

Future Working Life Time	Defined Benefit Obligation LKR '000
Within next 12 months	1,274
Between 1-2 years	3,746
Between 2-5 years	5,502
Between 5-10 years	5,879
Beyond 10 Years	1,598
Total	17,999
Weighted Average Duration of Defined Benefit Obligation	5.6 Years

44. CURRENT TAX LIABILITIES

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	1,489,697	2,688,253	1,523,304	2,719,843
Charge for the Year (Note 17.1.1)	9,238,957	3,581,406	9,305,375	3,657,087
(Over) / Under Provisions	-	-	(24)	(1,129)
Provisions for Assesments	1,682,240	-	1,682,240	-
Payments	(3,742,771)	(4,771,981)	(3,781,625)	(4,811,694)
WHT credits	(60,599)	(7,981)	(95,002)	(40,803)
Balance as at 31 December	8,607,524	1,489,697	8,634,268	1,523,304

45. OTHER PROVISIONS

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Accrued Expenses	2,891,276	3,633,028	2,920,770	3,655,242
Leave Encashment Provision (Note 45.1)	382,792	492,814	382,792	492,814
Expected Credit Loss Allowance on Undrawn Credit Commitments and Financial Guarantees (Note 45.2)	1,404,069	1,717,732	1,404,069	1,717,732
Total Other Provisions	4,678,137	5,843,574	4,707,631	5,865,788

45.1 Leave Encashment Provision

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	492,814	357,314	492,814	357,314
Leave Encashment during the year	(30,076)	-	(30,076)	-
Amount Charged / (Reversed) to Income Statement during the year	(79,946)	135,500	(79,946)	135,500
Balance as at 31 December	382,792	492,814	382,792	492,814

45.1.1 Actuarial Assumptions

	Bank / Group	
	2025	2024
Demographic Assumptions		
Mortality in service	A 1967/70 Mortality Table issued by the Institute of Actuaries London	A 1967/70 Mortality Table issued by the Institute of Actuaries London
Retirement Age*	60 Years	60 Years
Financial Assumptions**		
Discount Rate***	10%	10%
Salary Increment	9.50% (Subsidiary 10%)	10%
	Next increment due on 01 January 2026	Next increment due on 01 January 2025

** As per the Minimum Retirement Age of Workers Act No 28 of 2021.*
*** Will be re-visited based on Market condition.*
**** Based on the Treasury Bonds / Bills average market yield of weighted average duration.*

Notes to the Financial Statements

45. OTHER PROVISIONS (CONTD.)

45.1 Leave Encashment Provision (Contd.)

45.1.2 Sensitivity of Assumptions Employed in Actuarial Valuation

Bank			
2025			
Increase / (Decrease) in Discount Rate %	Increase / (Decrease) in Salary Increment Rate %	Sensitivity Effect on Other Comprehensive Income Statement Increase / (Decrease) in Charge for the year (LKR '000)	Sensitivity Effect on Employment Benefit Obligation Increase / (Decrease) in the Liability (LKR '000)
1	**	(25,427)	(25,427)
(1)	**	28,676	28,676
*	1	30,677	30,677
*	(1)	(27,599)	(27,599)

** Discount Rate is Fixed at 10%*
*** Salary Increment is 9.50%*

45.2 Expected Credit Loss Allowance on Undrawn credit commitments and financial guarantees

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	1,717,732	1,547,358
Charge / (Reversal) to Income Statement (Note 14)	(313,663)	170,374
Balance as at 31 December	1,404,069	1,717,732

45.2.1 Stage wise Movements in Expected Credit Loss Allowance during the year

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Stage 1		
Balance as at 01 January	1,067,011	855,118
Charge / (Reversal) to Income Statement	39,552	211,893
Balance as at 31 December	1,106,563	1,067,011
Stage 2		
Balance as at 01 January	58,443	66,101
Charge / (Reversal) to Income Statement	(14,507)	(7,658)
Balance as at 31 December	43,936	58,443
Stage 3		
Balance as at 01 January	592,278	626,139
Charge / (Reversal) to Income Statement	(338,708)	(33,861)
Balance as at 31 December	253,570	592,278

45.2.2 Analysis of Credit Related Undrawn credit commitments and financial guarantees

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Stage 1	274,594,671	164,859,537
Stage 2	883,344	1,070,225
Stage 3	659,979	1,767,549
Balance as at 31 December	276,137,994	167,697,311

46. OTHER LIABILITIES

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deposit Funding Accounts	3,252,770	3,178,707	3,252,770	3,178,707
Dividend Payable	58,293	27,558	92,867	56,655
Sundry Creditors	3,132,615	2,439,328	3,132,615	2,439,328
Value Added Tax and Other Statutory Payables	1,651,341	1,261,887	1,656,347	1,266,662
Cheques Payable	1,306,904	799,546	1,306,904	799,546
Other Creditors	4,306,298	3,274,385	4,233,950	3,203,994
Total Other Liabilities	13,708,221	10,981,411	13,675,453	10,944,892

47. STATED CAPITAL

	Bank / Group					
	2025 LKR '000			2024 LKR '000		
	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total
Balance as at 01 January	13,172,977	8,520,393	21,693,370	12,794,664	8,114,009	20,908,673
Issued for Scrip Dividend	-	-	-	378,313	406,384	784,697
Balance as at 31 December	13,172,977	8,520,393	21,693,370	13,172,977	8,520,393	21,693,370

A cash dividend of LKR 3.50 per share for the year 2024 was paid in 2025. (A scrip dividend of LKR 1.50 per share for the year 2023 was paid in 2024).

Notes to the Financial Statements

47. STATED CAPITAL (CONTD.)

47.1 Movements in Number of Shares

	Bank / Group					
	2025			2024		
	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total	Ordinary Shares - Voting	Ordinary Shares - Non-Voting	Total
Balance as at 01 January	305,236,937	330,410,398	635,647,335	296,716,366	318,732,692	615,449,058
Issued for Scrip Dividend	-	-	-	8,520,571	11,677,706	20,198,277
Balance as at 31 December	305,236,937	330,410,398	635,647,335	305,236,937	330,410,398	635,647,335

48 STATUTORY RESERVE FUND

	Bank / Group	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	3,383,537	2,880,973
Transferred during the Year*	605,415	502,564
Balance as at 31 December	3,988,952	3,383,537

** 5% of Net Profit after Tax.*

Statutory Reserve Fund represents the statutory requirement in terms of the Section 20 (1) and (2) of the Banking Act No. 30 of 1988.

49 RETAINED EARNINGS

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	41,525,916	34,846,140	42,360,589	35,540,973
Profit for the year	12,108,297	10,051,277	12,167,860	10,113,406
Actuarial Gains / (Losses) on Defined Benefit Obligations	394,217	(761,544)	394,927	(760,582)
Transfers to other reserves	(565,973)	(1,071,334)	(565,973)	(994,585)
Cash / Scrip Dividend	(2,224,766)	(1,538,623)	(2,224,766)	(1,538,623)
Balance as at 31 December	51,237,691	41,525,916	52,132,637	42,360,589

50. OTHER RESERVES

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Capital Reserve (Note 50.1)	418,021	418,021	695,188	695,188
Revaluation Reserve (Note 50.2)	2,070,817	2,070,817	3,120,655	3,092,283
General Reserve (Note 50.3)	33,787	33,787	33,787	33,787
Fair Value through Other Comprehensive Income Reserve (Note 50.4)	1,614,071	530,760	1,594,340	513,900
Special Reserve (Note 50.5)	660,333	583,497	660,333	583,497
Investment Fund Reserve (Note 50.6)	196,893	248,767	196,893	248,767
Total Other Reserves	4,993,922	3,885,649	6,301,196	5,167,422

50.1 Movement in Capital Reserve

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**418,021**	418,021	**695,188**	673,234
Acquisition of Non-Controlling Interest	-	-	-	21,954
Balance as at 31 December	**418,021**	418,021	**695,188**	695,188

Bank - Capital Reserve consists of the Debenture Redemption Reserve Fund of LKR 400 Mn. transferred to Capital Reserve in 2004. Debenture Redemption Reserve Fund was created for the redemption of five year Debentures amounting to LKR 400 Mn. issued in November 1999. Balance consisting of LKR 18 Mn. was transferred to Capital Reserve in 1991.

Subsidiary - Capital Redemption Reserve Fund, which was created at the time of redeeming the Preference Shares of Seylan Developments PLC (Transferred to Capital Reserve in 2011).

50.2. Movement in Revaluation Reserve

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**2,070,817**	1,374,219	**3,092,283**	2,329,017
Surplus / (Deficit) on Revaluation during the Year	-	995,140	**54,266**	1,122,364
Deferred Tax Impact on Revaluation (Surplus) / Deficit during the Year	-	(298,542)	**(16,280)**	(336,709)
Transferred to Non-Controlling Interest	-	-	**(9,614)**	(22,540)
Acquisition of Non-Controlling Interest	-	-	-	151
Balance as at 31 December	**2,070,817**	2,070,817	**3,120,655**	3,092,283

In addition to the Bank's Revaluation Reserve, Group includes the surplus on revaluation of Property, Plant and Equipment of the Subsidiary.

50.3 Movement in General Reserve

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**33,787**	33,787	**33,787**	33,787
Balance as at 31 December	**33,787**	33,787	**33,787**	33,787

General Reserve consists of LKR 25 Mn. transferred in 1995 to General Reserve, LKR 2.7 Mn. transferred from Bad Debts Reserve and LKR 6 Mn. transferred from Contingency Reserve in 2002 to General Reserve.

Notes to the Financial Statements

50. OTHER RESERVES (CONTD.)

50.4 Movement in Fair Value through Other Comprehensive Income Reserve

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**530,760**	(203,999)	**513,900**	(233,618)
Net Gains on investments in debt instruments measured at fair value through other comprehensive income	**520,903**	786,665	**515,411**	813,415
Net Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	**807,267**	219,276	**807,267**	219,276
Deferred Tax Impact on Net Fair Value (Gain) / Loss	**(180,455)**	(256,455)	**(178,807)**	(264,480)
Net Gains on Disposal Equity Investments transferred to Retained Earnings (Note 28.6)	**(64,404)**	(14,727)	**(64,404)**	(14,727)
Transferred to Non-Controlling Interest	-	-	**973**	(4,739)
Acquisition of Non-Controlling Interest	-	-	-	(1,227)
Balance as at 31 December	**1,614,071**	530,760	**1,594,340**	513,900

50.5. Movement in Special Reserve

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**583,497**	-	**583,497**	-
Transferred from Retained Earnings	**76,836**	583,497	**76,836**	583,497
Balance as at 31 December	**660,333**	583,497	**660,333**	583,497

The Special Reserve was created as per CBSL instructions (02/17/500/0819/016) dated February 13, 2025. The reserve is equal to 15% of the amortised value of the USD Step-up Bonds received as part of the settlement for the restructured SLISBs. This reserve is excluded from regulatory capital requirements.

50.6 Movement in Investment Fund Reserve

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	**248,767**	248,767	**248,767**	248,767
Transferred to Retained Earnings	**(51,874)**	-	**(51,874)**	-
Balance as at 31 December	**196,893**	248,767	**196,893**	248,767

As per the Value Added Tax (Amendment) Act No. 09 of 2011 and Inland Revenue (Amendment) Act No. 22 of 2011 , Bank transferred 8% on Value Addition attributable to Financial Services and 5% of Taxable Profits, from retained profits to Investment Fund Reserve with effect from 01 January 2011. The requirement of this transfer ceased with effect from 01 October 2014.

Transfers to the Investment Fund Reserve	LKR '000
8% on the Value addition attributable to Financial Services	1,257,105
5% of Taxable Profits	409,598
	1,666,703

Utilisation of Investment Fund Reserve

Qualifying Investments

Long Term Government Securities with maturity period over 7 Years	Maturity Value (LKR)	Date of Maturity	Interest Rate %
Treasury Bond	230,000,000	01.07.2028	9.00
Total Investment in Government Securities	230,000,000	-	-

51. NON-CONTROLLING INTEREST (NCI) IN SUBSIDIARY, SEYLAN DEVELOPMENTS PLC

	2025 LKR '000	2024 LKR '000
NCI (%)	25.31	25.31
Total Assets	6,794,616	6,599,316
Total Liabilities	1,123,236	1,078,552
Net Assets	5,671,380	5,520,764
Carrying Amount of NCI (Note 51.1)	1,099,960	1,070,894
Revenue	416,651	404,796
Profit	307,167	350,811
Total Comprehensive Income	304,274	369,983
Profit Allocated to NCI	59,075	39,332
Cash Flow from Operating Activities	191,060	164,679
Cash Flow from Investing Activities	(30,968)	(121,959)
Cash Flow from Financing Activities - Before Dividend to NCI	(114,766)	(104,333)
Cash Flow from Financing Activities - Cash Dividend to NCI	(38,891)	(35,355)
Cash Flow from Financing Activities - Share Repurchase	-	(179,105)
Net Increase / (Decrease) in Cash and Cash Equivalents	6,435	(276,073)

51.1 Carrying Amount of Non Controlling Interest (NCI)

	2025 LKR '000	2024 LKR '000
Balance as at 01 January	1,070,894	1,316,044
Profit for the year	59,075	39,332
Other Comprehensive Income, net of Tax	8,882	27,606
Other Transactions with Equity Holders, Recognised Directly in Equity	(38,891)	(312,088)
Balance as at 31 December	1,099,960	1,070,894

Notes to the Financial Statements

52 CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
52.1. Contingencies				
Acceptances	**12,839,660**	10,427,859	**12,839,660**	10,427,859
Standby Letters of Credit	**140,058**	132,377	**140,058**	132,377
Guarantees	**68,599,332**	57,381,283	**68,599,332**	57,381,283
Documentary Credit	**19,365,358**	10,488,234	**19,365,358**	10,488,234
Bills for Collection	**6,813,590**	5,820,864	**6,813,590**	5,820,864
Forward Exchange Contracts (Net)	**42,191**	15,069	**42,191**	15,069
Total Contingent Liabilities	**107,800,189**	84,265,686	**107,800,189**	84,265,686
52.2 Commitments				
Undrawn Credit commitments	**183,985,920**	95,846,040	**183,985,920**	95,846,040
Capital Commitments (Note 55.1)	**1,199,779**	704,638	**1,224,101**	709,345
Total Commitments	**185,185,699**	96,550,678	**185,210,021**	96,555,385
Total Contingent Liabilities and Commitments	**292,985,888**	180,816,364	**293,010,210**	180,821,071

53. CASES AGAINST THE BANK

Due to the nature of the business, litigation is a common aspect of the banking industry. The bank has its procedures set out for managing all legal actions which are instituted by the Bank as well as against the Bank. Ongoing legal actions are reviewed periodically and the following list includes certain unresolved matters due to the uncertainty of the outcome. Additionally, some legal cases are not listed below as their potential impact is deemed immaterial to the bank's operations.

A. Civil Cases

A (1) The Cases and Claims Filed against the Bank

No	Plaintiff / Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
1	Customer	Appeal	Commercial High Court 14/98(1) - SC Appeal 26A/2005 SC APP 26/2005	4.27	Both the Bank and the Customer appealed on the Commercial High Court Judgement.	Judgement Reserved	
2	Ex Staff member	Damages	District Court of Ampara 356/Damages	50.00	The plaintiff who is an ex-staff member of the Bank filed action for termination from work.	Answer	18 May 2026

No	Plaintiff / Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
3	1. Customer 2. Director of the Customer	Appeal	1. Supreme Court SC/HC/LA/18/2022 (CHC 90/2020/MR, DC Colombo 1674/15/DMR) 2. Supreme Court SC/HC/LA/100/2022 (CHC 713/19/MR, DC Colombo 1675/15/DMR)	50.00	The plaintiff company and its Director have filed two cases claiming damages from the Bank with regard to the particular Director of the company being remanded. Company's action was dismissed on 11 February 2022, which has been appealed under the Appeal No SC/HC/LA/18/2022. Bank appealed to Supreme Court under SC/HC/LA/100/2022 against the Order delivered by Commercial High Court in the Director's case.	Granting of Leave	12 May 2026
4	Customer	Money Recovery	Commercial High Court HC CIVIL 518/12/MR (SC CHC Appeal 40/2022)	49.02	Case filed against the Bank as well as the cross claim filed by the Bank were dismissed. Both parties appealed against the judgement.	Argument	16 June 2026
5	Customer	Money Recovery	Commercial High Court 253/17/MR	212.16	Plaintiff obtained a stay order preventing the Bank from making payment on a Letter of Credit.	Pre Trial against the bank, Notice of decree returnable against 3rd defendant	26 March 2026
6	Customer	Money Recovery	DC Kalmunai M 6029/17	2.00	Plaintiff claim on withdrawal of funds while her pass book and the passport was in custody of a Foreign Employment Agency.	Trial	08 May 2026
7	Customer	Money Recovery	Commercial High Court HC Civil 144/2018 MR	601.40	Plaintiff claims that the Bank has acted in contrary to their Swift instructions on a remittance.	Further Trial	17 March 2026
8	Customer	Money Recovery	District Court of Colombo DMR 4237/18	200.00	A case was filed by the Bank to recover interest due to the Bank from the customer and later withdrawn. Customer filed this case claiming damages for instituting the said case.	Further Trial	10 March 2026
9	Customer	Special	District Court of Matara SPL/1151	18.00	Plaintiff filed this action to get a court declaration that there had been an agreement between him and the Bank to purchase a property acquired by the Bank, which had been released to the owner upon settlement.	Trial	27 March 2026
10	Third party	Special	District Court of Colombo DSP 220/22	120.40	The property on which the Bank hold an additional Mortgage Bond had been acquired by Bank of Ceylon under a Certificate of Sale. Bank of Ceylon filed this action against the Bank to get the said additional Mortgage Bond cancelled.	Pre Trial	27 March 2026
11	Third party	Special	District Court of Colombo DSP 486/2022	13.00	This case has been instituted seeking a court direction on the Bank to honour the claim made by the plaintiff on a Letter of Gurantee which was not made on the original issued by the Bank.	Trial	19 May 2026
12	Customer	Money Recovery	Commercial High Court CHC/347/2022 MR	475.19	Due to the scarcity of the foreign exchange in the country, in 2022 bank was unable to sell foreign exchange to the customer to settle the customer's import liabilities. Customer filed this case against the Bank claiming damages for exchange losses.	Trial	01 June 2026

Notes to the Financial Statements

No	Plaintiff / Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
13	Customer	Money Recovery	District Court of Nugegoda M/5308/23	8.45	Plaintiffs initiated this action to recover further interest on the fixed deposits uplifted Prematurely.	Trial	06 March 2026
14	Customer	Money Recovery	District Court of Panadura 37/2023/SC 38/2023/SC 39/2023/SC	0.52	Joint deposit holders have withdrawn funds while the Plaintiffs were Minors although jointly held the Fixed deposits. Minor (now being majors) had filed separate cases claiming the withdrawn amount. Bank has been made a party alleging that bank had allowed the said withdrawal.	Trial	13 May 2026
15	Customer	Money Recovery	District Court of Colombo DMR 342/23	30.00	The cheque deposited by the Paintiff had got returned, and debited to a different account. Due to this reason the cheque return had been posted to the Plaintiff's account subsequently and not on the same day. Client is claiming the total cheque value.	Pre Trial Conference	12 May 2026
16	Customer	Money Recovery	District Court of Colombo DMR 1730/2023	25.00	Plaintiff filed this case against the Bank claiming damages for the delay occurred when transferring the funds during an execution of a writ under a different court action.	Pre Trial Conference	20 March 2026
17	Customer	Money Recovery	District Court of Kuliyapitiya 7326 M	32.88	Bank had been able to sell foreign exchange to the plaintiff as and when it received/ collected foreign exchange to settle the import liabilities in 2022 due to the scarcity of foreign exchange. Client filed this action to prevent the Bank recovering any further funds from the Plaintiff, other than the amount deposited initially for the LC settlement.	Consideration for Settlement	09 March 2026
18	Customer	Writ	Court of Appeal CA(WRIT) 124/21	44.01	Petitioner has filed this action seeking a writ of mandamus and a prohibition on releasing the compensation on the property that had been acquired by the Land Development Authority. (Where a portion has been mortgaged to Seylan Bank and the facilities related to same being overdue).	Argument	30 June 2026
19	Customer	Money Recovery	Commercial High Court 293/2022 MR	34.91	Due to non availability of foreign exchange during the period 2022 there had been a delay in settlement of LC and the foreign exchange rate has been increased by the time the foreign exchange was available and bank has demanded higher amount for the settlement on which the customer has disputed and filed this action.	Trial	06 May 2026

No	Plaintiff / Appellant	Nature of the case	Courts and Case No	Value of the action (LKR Mn)	Description of the case	Step	Next date
20	Ex Staff member	Money Recovery	District Court of Colombo 1998/2023/DMR	10,000.00	Plaintiff of this action was an ex-staff member. Due to a fraud taken place in 1993 the Bank had made a complaint to CID. On that he had been indicted in the High Court of Colombo. After the Trial the accused ex-staff member had been acquitted. The reason stated in the judgement is that the State had not been able to prove the charges against the accused beyond reasonable doubt.Since he was acquitted from the criminal case,he filed this case claiming compensation.	Case was transferred to High Court of Colombo and next date not informed yet.	
21	Bank	Money Recovery	District Court of Rathnapura 12734/M	0.23	Defendant has made a cross claim against the Bank.	Trial	11 May 2026
22	Customer	Special	DC GAM 226/25/SPL	70.00	Customer has received unauthorised credits.Supporting information requested to release the MBDs.Customer filed this case for not releasing the MBDs.	Answer	17 March 2026
23	Third party	Money Recovery	District Court Anuradhapura-155/25M	500.00	Property purchased by the Plaintiff's husband at the Parate Auction has been the subject property in Anuradhapura DC case L 20431. Court has declared nullity of the Deed related to the mortgage where the Plaintiff's husband (Deceased) purchased at the auction.Plaintiff is claiming LKR 500Mn. as damages from the Bank.	Answer	13 March 2026
A (2) Appeals filed by the Bank							
24	Bank	Appeal	Commercial High Court 157/2007/MR (SC/ CHC appeal 34/12)	9.85	Action filed against the Bank for collecting a forged cheque to an account of a client and for unjust enrichment Judgement delivered in favour of the Plaintiff. Bank has appealed to the Supreme Court against the judgement.	Written Submissions	09 March 2026
	Apart from the above cases, there are appeals filed against the Bank, Land related cases and Partition cases filed over the properties mortgaged to the Bank, Winding up actions filed against the customers who have been enjoying credit facilities with the Bank, Claim cases filed over the properties seized under court action, Testamentary Cases filed over the estate of deceased clients who have been enjoying credit facilities, writ applications filed in Court of Appeal, appeals filed on eviction orders, appeal filed against the defamation case filed by the Bank and cases filed against the Bank on other matters.						
B. Labour related Cases							
25	Cases Against Share Owning Trust Companies and the Bank,Cases filed by Ex-employees and Bank against orders of Commissioner General of Labour and other Court Orders.						
25.1	Ex-staff member	Trust case	District Court Colombo DTR 03/2016 to DTR 06/2016	-	Filed against the Share owning Trust companies Seybest (Private) Limited, Seyfest (Private) Limited, Sesot (Private) Limited and Seyshop (Private) Limited and the Bank in District Court Colombo.Relief sought is for the implementation of the Trust Deeds to submit a report regarding trust properties from the date the trust was established. No financial relief sought.	Trial	DTR 03/2016 and DTR 04/2016 on 03 March 2026 DTR 05/2016 and DTR 06/2016 on 11 May 2026

Notes to the Financial Statements

Apart from the above, there is a matter referred to arbitration on retirement age and matters on termination of employment, seeking reinstatement and appeals thereof including appeals against orders for payment of additional gratuity and surcharge. An ex-employee has filed an action claiming the amount offered as voluntary retirement scheme where he has resigned from the services while a disciplinary inquiry was proceeding against him.

Based on the available information and current status of the above cases, the Bank is not in a position to quantify the potential financial impact if any, as at the reporting date. However, the Board of Directors are of the opinion that the outcome of any action will not have a material effect on the financial position of the Bank.

54 TAX ASSESSMENTS RECEIVED BY THE BANK

- Bank has received Income Tax Assessments under the assessment numbers 0201617002, 0201819002, 0201920002 commencing from the year of assessment 2016/2017 to 2019/2020. Bank has partly resolved the assessed values through the appellate procedure and the remaining exposure are being followed up.

- Bank has also received VAT on Financial Services Assessments (7501920002, 7502223002), NBT on Financial Service Assessments (NBTFS/ BFSU/2022/819, NBTFS/BFSU/2022/820, NBTFS/BFSU/2022/821, NBTFS/ BFSU/2022/822), Debt Repayment Levy (DRL) Assessments (DRL/ ASMT/1920/37/D-3613). These assessments are for the financial years 2019 and 2022. Some of the assessments have been partly cleared while others are to be sorted through the appellate procedure.

Having considered the current status of open tax assessments, the Bank has estimated a provision based on the best available information and recognised in the financial statements as at 31 December 2025.

55. CAPITAL COMMITMENTS

Capital expenditure approved by the Board of Directors for which provision, has not been made in these Financial Statements amounted to approximately;

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
55.1 Approved and Contracted for				
Approved and Contracted for	1,199,779	704,638	1,224,101	709,345
55.2 Approved but not Contracted for				
Approved but not Contracted for	1,301	98,919	3,172	98,919

56. EVENTS AFTER THE REPORTING PERIOD

Proposed final dividend

The Board of Directors of the Bank recommended a final dividend of LKR 4.00 per share on both voting and non- voting shares of the Bank, to be paid by way of LKR 4.00 cash dividend per share for the financial year 2025.

Further, this dividend is to be approved at the Annual General Meeting to be held on 31 March 2026. This proposed final dividend has not been recognised as a liability as at 31 December 2025. Final dividend proposed for the year 2025 amounts to LKR 2,542,589,340.00.

Compliance with Sections 56 and 57 of Companies Act No 7 of 2007- As required by Section 56 of the Companies Act No 07 of 2007, the Board of Directors of the Bank satisfied the solvency test in accordance with the section 57, prior to recommending the final dividend.

57. RELATED PARTY TRANSACTIONS

The Bank/Group carried out transactions in the ordinary course of business with parties who are defined as related parties as per the Sri Lanka Accounting Standard -LKAS 24 -"Related Party Disclosure", other than transactions that are the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rate.

57.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS 24 - 'Related Party Disclosures' , Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director (whether executive or otherwise) of that entity. Accordingly,the Board of Directors, Director/Chief Executive Officer, Key Employees of the Bank holding directorships in Subsidiary company have been classified as Key Management Personnel (KMP) of the Bank. As the Bank is the Ultimate Parent of its Subsidiary mentioned in Note 57.2 and the Board of Directors of the Bank has the authority and responsibility for planning, directing and controlling the activities of the Group. Accordingly, the Board of Directors of the Bank is also KMP of the Group.

57.1.1 Compensation of KMP

For the Year ended 31 December	Bank		Group	
	2025 LKR Mn	2024 LKR Mn	2025 LKR Mn	2024 LKR Mn
Short -Term Employment Benefits	162.46	130.37	172.79	135.42
Post- Employment Benefits	11.04	9.79	11.04	9.79
Total	173.50	140.16	183.83	145.21
Other Non - Cash Benefits to KMP	5.44	0.66	5.44	0.66

57.1.2 Transactions, Arrangements and Agreements Involving KMP and their CFM

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Bank. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependants of the KMP or the KMP's domestic partner. CFM are related parties to the Bank/Group.

Notes to the Financial Statements

57. RELATED PARTY TRANSACTIONS (CONTD.)

57.1 Transactions with Key Management Personnel (Contd.)

57.1.2.1 Statement of Financial Position - Bank / Group

As at 31 December	2025 LKR Mn	2024 LKR Mn
ASSETS		
Loans and Advances	11.84	17.83
Credit Cards	1.34	0.64
Securities Purchased Under Resale Agreement	-	-
Total	13.18	18.47
LIABILITIES		
Deposits	169.28	249.86
Other Investments	0.60	0.50
Total	169.88	250.36

57.1.2.2 Contingencies and Commitment - Bank / Group

As at 31 December	2025 LKR Mn	2024 LKR Mn
Undrawn facilities	18.82	11.53
Total	18.82	11.53

Expected credit loss allowance (Stage 01) as at 31.12.2025 related to the outstanding Loans and advances, credit cards and undrawn balances of KMPs' and CFMs' is an insignificant amount.

At the time of evaluating accommodations, the Board Credit Committee considered the adequacy of securities proposed for the acommodations.

57.1.2.3 Accommodation as a percentage of Bank's Regulatory capital

As at 31 December	2025	2024
Direct and Indirect Accommodation (%)*	0.03	0.03

* *Includes Securities Purchased Under Resale Agreements*

57.1.2.4 Income Statement - Bank / Group

For the Year ended 31 December	2025 LKR Mn	2024 LKR Mn
Income (Interest and Other)	1.07	1.98
Interest Expenses	30.03	51.21
Compensation to KMP - Bank	178.94	140.82
Compensation to KMP - Group	189.27	145.87

57.1.2.5 Shareholding of KMP and CFM

As at 31 December	2025	2024
Investment in Bank Shares - Voting (No.of Shares)	2,702	2,732
Investment in Bank Shares - Non Voting (No.of Shares)	35,174	35,174
Dividend Paid (LKR Mn)	0.11	0.08

57.2 Other Related Party Transactions

The Bank / Group had the following financial dealings during the year 2025 with its related parties and unless otherwise stated, transactions were carried out in the ordinary course of business at commercial rates.

The parties given below are considered related parties mainly due to significant influence arising as a result of common directorships and through shareholdings.

57.2.1 Transactions with Other Related Parties / Common Directorships

57.2.1.1 Statement of Financial Position - Bank / Group

	Subsidiary		Share Trust Companies and Post- Employment Benefit Plans*		State Institutions		Shareholders with Significant Influence		Common Directorship Entities	
As at 31 December	2025 LKR Mn	2024 LKR Mn	2025 LKR Mn	2024 LKR Mn	2025 LKR Mn	2024 LKR Mn	2025 LKR Mn	2024 LKR Mn	2025 LKR Mn	2024 LKR Mn
ASSETS										
Loans and Advances	-	-	-	-	-	-	8,854.96	15,081.49**	-	218.30
Other Receivable-Rent Deposit	40.48	40.30	-	-	-	-	-	-	-	-
Interest and Other Receivable	-	-	79.46	3.33	-	-	7.58	40.37	-	0.85
Total	40.48	40.30	79.46	3.33	-	-	8,862.54	15,121.86	-	219.15
LIABILITIES										
Deposit	213.89	96.79	1,035.28	942.61	12.64	-	2,767.36	6,823.93	3,779.19	2,994.87
Securities Sold Under Repurchase Agreements	-	-	457.67	627.98	-	-	-	-	-	-
Other Instruments including Debentures	-	-	17,299.62	15,078.91	33.46	5.50	-	-	-	-
Interest and Other Payable	7.54	2.15	726.83	472.59	-	-	16.54	41.02	120.46	41.71
Total	221.43	98.94	19,519.40	17,122.09	46.10	5.50	2,783.90	6,864.95	3,899.65	3,036.58
57.2.1.2 Contingencies and Commitment - Bank / Group										
Non - Funded Facilities	-	-	-	-	-	-	175.13	1,038.78	1,186.55	30.33
Undrawn Facilities	175.00	175.00	-	-	-	-	1,761.50	4,295.39	3,287.46	2,298.67
Total	175.00	175.00	-	-	-	-	1,936.63	5,334.17	4,474.01	2,329.00
57.2.1.3 Accommodation as a Percentage of Bank's Regulatory Capital										
Direct and Indirect Accommodation(%)	0.17	0.20	-	-	-	-	10.22	23.51	4.24	2.93
57.2.1.4 Income Statement - Bank / Group										
Income	114.98	105.22	-	-	42.53	26.86	956.13	1,338.81	94.77	98.18
Expenses	325.14	312.16	2,242.99	2,137.65	193.04	241.97	741.66	715.55	334.67	316.37
57.2.1.5 Other Transactions - Bank / Group										
Other Payments (43.4)	-	-	326.51	291.39	-	-	-	-	-	-
57.2.1.6 Shareholding of Other Related Parties										
Investment in Bank Shares - Voting (No.of Shares)	-	-	20,439,206	20,439,206	98,605,187	99,859,756	71,506,301	71,506,301	-	-
Investment in Bank Shares - Non Voting (No.of Shares)	-	-	-	-	19,600,927	24,541,698	173,543,399	173,543,399	-	-
Dividend Paid (LKR Mn)	-	-	60.81	42.92	359.03	279.54	677.33	465.28	-	-

* *Includes Seylan Bank Employees' Provident Fund and Gratuity Trust Fund.*
** *Includes LKR 5.76 Bn Cash back facility in 2024.*

Notes to the Financial Statements

57. RELATED PARTY TRANSACTIONS (CONTD.)

57.2 Other Related Party Transactions (Contd.)

57.2.2 Transactions with the Government of Sri Lanka/ Entities Controlled, Jointly Controlled, Significantly Influenced by the Government of Sri Lanka

Bank has considered the Government of Sri Lanka and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government Related Entities) as Related Parties according to LKAS 24 ' Related Party Disclosures'.

However, limited disclosures have been made in accordance with LKAS 24 'Related Party Disclosures' for transactions that are individually significant because of their size although these transactions were undertaken on normal terms in the ordinary course of business.

57.2.2.1 Voting Share Holding by State Institutions in Seylan Bank PLC.

	No of Shares-Voting
Sri Lanka Insurance Corporation Limited [includes General Fund and Life Fund]	45,785,528
Employees' Provident Fund	30,088,766
Bank of Ceylon	17,494,793
Employees' Trust Fund Board	5,236,100

57.2.2.2 Non-Voting Share Holding by State Institutions in Seylan Bank PLC.

	No of Shares- Non Voting
Employees' Provident Fund	17,623,958
Bank of Ceylon	733,229
Employees' Trust Fund Board	1,243,740

57.2.2.3 Central Bank of Sri Lanka

Relationship with the Bank	Nature of the Transactions	LKR '000
Government Related Entity	**As at 31 December 2025**	
	Treasury Bills	15,422,644
	Treasury Bonds	171,535,771
	Securities Purchased Under Resale Agreement (Note 27)	2,127,724
	Securities Sold Under Repurchase Agreements - Repo (Note 39)	5,203,644
	Balance with Central Bank of Sri Lanka (Note 22)	11,218,110
	For the Year ended 31 December 2025	
	Interest Income (Note 9.3)	24,115,200
	Interest Expenses (Note 9.3)	331,702
	Annual License Fees	31,156
	Sri Lanka Deposit Insurance Fund Contribution (Note 15)	656,551

Other than above, the Bank has carried out transactions in the ordinary cause of business with the Government of Sri Lanka and other government related entities in the form of accommodation (funded/non-funded), deposits, utility bills, telephone charges, crib charges and statutory payments, etc. There are no other transactions that are collectively significant with government related entities.

58 MATURITY ANALYSIS

58.1 Assets - Bank

An analysis of the Total Assets employed as at 31 December 2025 based on the remaining period at the reporting date to the respective contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2025 LKR '000
Interest Earning Assets						
Loans and Advances	248,690,447	155,519,753	125,979,828	51,670,399	17,941,517	**599,801,944**
Placements with Banks and Finance Companies	31,104,382	901,734	-	-	-	**32,006,116**
Government of Sri Lanka Treasury Bills / Bonds, Restructured SLISBs and US Treasury Bills	46,786,295	43,639,363	63,595,784	50,815,436	17,017,442	**221,854,320**
Investments in Debentures	16,489	246,345	66,500	66,500	286,006	**681,840**
Securities Purchased under Resale Agreements	2,127,724	-	-	-	-	**2,127,724**
Balances with Banks	3,065,870	-	-	-		**3,065,870**
Total Interest Earning Assets	331,791,207	200,307,195	189,642,112	102,552,335	35,244,965	**859,537,814**
Non Interest Earning Assets						
Cash in Hand	15,122,727	-	-	-	-	**15,122,727**
Balances with Central Bank of Sri Lanka	11,218,110	-	-	-	-	**11,218,110**
Balances with Banks	13,948	-	-	-	-	**13,948**
Investments in Equities	604,023	2,882,099	-	-	1,153,602	**4,639,724**
Group Balances Receivable	-	40,480	-	-	-	**40,480**
Property, Plant and Equipment / Intangible Assets / Right of Use Assets	-	-	-	-	12,052,110	**12,052,110**
Deferred Tax Assets	-	3,431,810	-	-	-	**3,431,810**
Derivative Financial Instruments	199,990	658	-	-	-	**200,648**
Other Assets	14,744,283	13	-	64	1,442	**14,745,802**
Total Non Interest Earning Assets	41,903,081	6,355,060	-	64	13,207,154	**61,465,359**
Total Assets	373,694,288	206,662,255	189,642,112	102,552,399	48,452,119	**921,003,173**

58.2 Liabilities and Equity - Bank

An analysis of the Total Liabilities and Equity as at 31 December 2025 based on the remaining period at the reporting date to the respective contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2025 LKR '000
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost due to Depositors	374,439,795	238,580,876	37,434,817	17,060,454	10,318,795	**677,834,737**
Financial Liabilities at Amortised Cost due to Debt Securities Holders	2,178,197	3,025,447	-	-	-	**5,203,644**
Due to Banks and Other Borrowings	15,422,094	1,240,000	7,253,012	-	-	**23,915,106**
Debt Securities Issued	243,143	8,279,335	6,609,000	18,750,930	6,249,070	**40,131,478**
Group Balances Payable	109,977	64,032	47,153	-	-	**221,162**
Lease Liabilities	96,591	281,995	781,460	681,855	4,188,460	**6,030,361**
Total Interest Bearing Liabilities	392,489,797	251,471,685	52,125,442	36,493,239	20,756,325	**753,336,488**
Non Interest Bearing Liabilities						
Demand Deposits and Margin Accounts	55,125,642	-	-	-	-	**55,125,642**
Other Liabilities	21,954,603	-	-	-	-	**21,954,603**
Derivative Financial Instruments	6,413	-	-	-	-	**6,413**
Current Tax Liabilities	8,607,524	-	-	-	-	**8,607,524**
Dividend Payable	58,293	-	-	-	-	**58,293**
Group Balances Payable	275	-	-	-	-	**275**
Equity	-	-	-	-	81,913,935	**81,913,935**
Total Non Interest Bearing Liabilities and Equity	85,752,750	-	-	-	81,913,935	**167,666,685**
Total Liabilities and Equity	478,242,547	251,471,685	52,125,442	36,493,239	102,670,260	**921,003,173**

Notes to the Financial Statements

58.3 Assets - Group

An analysis of the Total Assets employed as at 31 December 2025 based on the remaining period at the reporting date to the respective contractual Cash Flows/Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2025 LKR '000
Interest Earning Assets						
Loans and Advances	248,690,447	155,519,753	125,979,828	51,670,399	17,941,517	**599,801,944**
Placements with Banks and Finance Companies	31,104,382	901,734	-	-	-	**32,006,116**
Government of Sri Lanka Treasury Bills / Bonds, Restructured SLISBs and US Treasury Bills	46,818,154	43,808,506	63,861,051	50,815,436	17,017,442	**222,320,589**
Investments in Debentures	16,489	246,345	66,500	66,500	286,006	**681,840**
Securities Purchased under Resale Agreements	2,127,724	-	-	-	-	**2,127,724**
Balances with Banks	3,065,870	-	-	-	-	**3,065,870**
Total Interest Earning Assets	331,823,066	200,476,338	189,907,379	102,552,335	35,244,965	**860,004,083**
Non Interest Earning Assets						
Cash in Hand	15,122,767	-	-	-	-	**15,122,767**
Balances with Central Bank of Sri Lanka	11,218,110	-	-	-	-	**11,218,110**
Balances with Banks	13,948	-	-	-	-	**13,948**
Investments in Equities	604,023	2,882,099	-	-	-	**3,486,122**
Investment Properties	-	-	-	-	825,593	**825,593**
Property, Plant and Equipment / Intangible Assets / Right of Use Assets	-	-	-	-	12,517,723	**12,517,723**
Deferred Tax Assets	-	2,731,914	-	-	-	**2,731,914**
Derivative Financial Instruments	199,990	658	-	-	-	**200,648**
Other Assets	14,787,653	13	-	64	1,442	**14,789,172**
Total Non Interest Earning Assets	41,946,491	5,614,684	-	64	13,344,758	**60,905,997**
Total Assets	373,769,557	206,091,022	189,907,379	102,552,399	48,589,723	**920,910,080**

58.4 Liabilities and Equity - Group

An analysis of the Total Liabilities and Equity as at 31 December 2025 based on the remaining period at the reporting date to the respective contractual Cash Flows / Maturity dates is given below.

	Up to 3 Months LKR '000	3 to 12 Months LKR '000	1 to 3 Years LKR '000	3 to 5 Years LKR '000	More Than 5 Years LKR '000	Total as at 31.12.2025 LKR '000
Interest Bearing Liabilities						
Financial Liabilities at Amortised Cost due to Depositors	374,439,795	238,580,876	37,434,817	17,060,454	10,318,795	**677,834,737**
Financial Liabilities at Amortised Cost due to Debt Securities Holders	2,178,197	3,025,447	-	-	-	**5,203,644**
Due to Banks and Other Borrowings	15,422,094	1,240,000	7,253,012	-	-	**23,915,106**
Debt Securities Issued	243,143	8,279,335	6,609,000	18,750,930	6,249,070	**40,131,478**
Lease Liabilities	96,591	281,995	781,460	681,855	996,363	**2,838,264**
Total Interest Bearing Liabilities	392,379,820	251,407,653	52,078,289	36,493,239	17,564,228	**749,923,229**
Non Interest Bearing Liabilities						
Demand Deposits and Margin Accounts	55,125,642	-	-	-	-	**55,125,642**
Other Liabilities	21,911,546	-	-	-	-	**21,911,546**
Derivative Financial Instruments	6,413	-	-	-	-	**6,413**
Current Tax Liabilities	8,634,268	-	-	-	-	**8,634,268**
Deferred Tax Liabilities	-	-	-	-	-	-
Dividend Payable	92,867	-	-	-	-	**92,867**
Equity	-	-	-	-	84,116,155	**84,116,155**
Non - Controlling Interest	-	-	-	-	1,099,960	**1,099,960**
Total Non Interest Bearing Liabilities and Equity	85,770,736	-	-	-	85,216,115	**170,986,851**
Total Liabilities and Equity	478,150,556	251,407,653	52,078,289	36,493,239	102,780,343	**920,910,080**

59. SEGMENT REPORTING (GROUP)

Segment information is presented in respect of the Group's Operating Segments. Operating Segments are based on the Group's Management and internal reporting structure.

The Group comprises the following main Operating Segments.

Banking : Loans and Advances (including Leases and Bills), Margin Trading, Insurance, Deposits and other transactions and balances with Corporate, SME and Retail customers.

Treasury : The Treasury Department is responsible for managing Bank's Assets and Liabilities, Statutory Reserve Requirement, Liquidity, Foreign Exchange Position and Investment Portfolios.

Property / Investment : The property Investment Income, Expenses, Assets and Liabilities.

	Banking		Treasury		Property / Investments		Unallocated / Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Interest Income	66,172,543	70,634,263	16,907,045	14,576,864	61,741	66,617	(713,404)	(914,936)	82,427,925	84,362,808
Less: Interest Expenses	39,111,211	42,915,744	4,790,985	4,508,940	443	1,133	(108,315)	(152,643)	43,794,324	47,273,174
Net Interest Income	27,061,332	27,718,519	12,116,060	10,067,924	61,298	65,484	(605,089)	(762,293)	38,633,601	37,089,634
Fee and Commission Income	9,851,017	8,311,098	11,582	1,885	-	-	6,952	14,222	9,869,551	8,327,205
Less : Fee and Commission Expenses	1,487,831	1,136,930	38,570	18,863	4,177	550	-	-	1,530,578	1,156,343
Net Fee and Commission Income	8,363,186	7,174,168	(26,988)	(16,978)	(4,177)	(550)	6,952	14,222	8,338,973	7,170,862
Net Gains from Trading	-	-	249,178	461,390	-	-	-	-	249,178	461,390
Net Gains / (Losses) from Derecognition of Financial Assets - at Fair Value through Other Comprehensive Income	-	-	197,790	265,181	-	-	-	-	197,790	265,181
- Loss on Restructuring of SLISBs	-	-	-	(2,712,020)	-	-	-	-	-	(2,712,020)
Other Operating Income	229,072	182,400	855,391	517,549	489,125	510,700	(463,805)	(520,849)	1,109,783	689,800
Inter Segment Revenue	(142,166)	(144,041)	-	-	-	-	142,166	144,041	-	-
Total Operating Income	35,511,424	34,931,046	13,391,431	8,583,046	546,246	575,634	(919,776)	(1,124,879)	48,529,325	42,964,847
Less : Depreciation and Amortisation Expenses	873,876	780,419	17,839	15,373	1,269	1,219	572,338	568,635	1,465,322	1,365,646
Less : Impairment Charges / (Reversal) - Loans and Advances and Other Financial Assets and Credit related Commitments	544,431	6,087,466	56,699	200,771	-	-	-	(1,111)	601,130	6,287,126
- Sri Lanka International Soverign Bonds (SLISBs)	-	-	148,405	(4,861,753)	-	-	-	-	148,405	(4,861,753)
Less : Operating Expenses, VAT and SSCL on Financial Services	19,498,597	17,392,116	2,306,729	2,293,820	141,443	131,535	4,530,454	4,121,323	26,477,223	23,938,794
Reportable Segment Profit Before Income Tax	14,594,520	10,671,045	10,861,759	10,934,835	403,534	442,880	(6,022,568)	(5,813,726)	19,837,245	16,235,034
Less : Income Tax Expense									7,610,310	6,082,296
Profit for the Year									12,226,935	**10,152,738**
Profit Attributable To:										
Equity Holders of The Bank									12,167,860	10,113,406
Non-Controlling Interests									59,075	39,332
Profit for the Year									12,226,935	10,152,738
Other Comprehensive Income, Net of Income Tax									1,577,025	793,610
Other Information										
Reportable Segment Assets	586,289,959	479,400,945	315,797,279	282,375,646	6,789,730	6,593,828	23,452,096	23,254,619	932,329,064	791,625,038
Segment Accumulated Amortisation	(2,315,926)	(2,668,167)	(99,502)	(92,608)	4,887	5,488	(9,008,443)	(8,802,574)	(11,418,984)	(11,557,861)
Total Assets	583,974,033	476,732,778	315,697,777	282,283,038	6,794,617	6,599,316	14,443,653	14,452,045	920,910,080	780,067,177
Reportable Segment Liabilities and Equity	748,327,485	681,296,162	137,976,725	67,797,066	6,794,617	6,599,316	27,811,253	24,374,633	920,910,080	780,067,177
Total Liabilities and Equity	748,327,485	681,296,162	137,976,725	67,797,066	6,794,617	6,599,316	27,811,253	24,374,633	920,910,080	780,067,177
Cash Flows from Operating Activities	(17,739,616)	31,132,088	11,084,702	6,289,226	190,990	164,679	(5,333,034)	(5,461,027)	(11,796,958)	32,124,966
Cash Flows from Investing Activities	(925,271)	(833,464)	(12,262,657)	(35,675,499)	(30,968)	(121,959)	(840,309)	(239,809)	(14,059,205)	(36,870,731)
Cash Flows from Financing Activities	(327,847)	(615,204)	8,806,905	1,498,561	(153,657)	(318,793)	104,859	612,739	8,430,260	1,177,303
Capital Expenditure	(925,938)	(832,906)	(8,735)	(39,399)	(12,574)	(8,267)	(758,847)	(317,346)	(1,706,094)	(1,197,918)

SLFRS 8 requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters (the "management approach").
Such operating segments are identified on the basis of internal reports that the entity's Board of Directors reviews regularly in allocating resources and in assessing their performance.
Bank reviewed the existing reporting segments and concluded that no material change is required.

Notes to the Financial Statements

60 NON - UNIFORM ACCOUNTING POLICIES

The impact of non- uniform accounting policies adopted by subsidiary company has been adjusted in the Consolidated Financial Statements as set out below.

Adjustment Due to Different Accounting Policies of the Parent and the Group Entity Seylan Developments PLC (SD)
Seylan Bank PLC accounts for investment properties at cost, whereas Seylan Developments PLC accounts for investment properties at fair value.
Seylan Towers (East Towers) owned by Seylan Developments PLC is rented out to Seylan Bank PLC and is occupied by the Bank.
Therefore, the land and buildings do not qualify as investment property in the Consolidated Financial Statements.
The building is treated as a Property in the Consolidated Financial Statements and has been depreciated accordingly (LKAS 40).
The leased land has also been depreciated accordingly in the Consolidated Financial Statements and categorised under Right-of-Use Assets.

	Adjustments LKR '000	Group Impact LKR '000	Non Controlling Interest Impact LKR '000
Adjustments to Revaluation Gains / (Losses) on Investment Properties, Deferred Tax and on SLFRS 16			
Reversal of Revaluation Gain recognised in the Statement of Comprehensive Income by SD in 2025	(67,464)	(50,389)	(17,075)
Reversal of Deferred Tax recognised in the Statement of Comprehensive Income by SD in 2025	31,509	23,534	7,975
Gain on Revaluation of East Tower in 2024 adjusted to Revaluation Reserves in Consolidated Financial Statements	54,266	40,531	13,735
Deferred Tax on Revaluation Gain of East Tower in 2025 recognised in Consolidated Financial Statements	(16,280)	(12,160)	(4,120)
Adjustment on SLFRS 16 in the Consolidated Financial Statements	55,966	41,801	14,165
	57,997	43,317	14,680
Charging of Depreciation			
Depreciation Charges Adjusted in Consolidated Financial Statements for 2025	(94,726)	(70,751)	(23,975)
	(94,726)	(70,751)	(23,975)

61 . COMPARATIVE INFORMATION

Following reclassifications have been made for comparative amounts to facilitate comparison and better presentation.

	Bank			Group		
	Current Presentation		As Previously Reported	Current Presentation		As Previously Reported
	2025 LKR '000	2024 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2024 LKR '000
Statement of Comprehensive Income						
(i) Reclassification of Other Operating Income to Impairment Charge / (Reversals)						
Other Operating Income						
Recovery of Loans Written-Off	-	-	(323,997)	-	-	(323,997)
Impairment Charge / (Reversals)						
Recovery of Loans Written-Off	(154,121)	(323,997)	-	(154,121)	(323,997)	-
(ii) Reclassification of Other Expenses to Fee and Commission Expenses						
Other Expenses	8,758,309	8,238,275	9,080,951	8,842,963	8,318,211	9,160,887
Fee and Commission Expenses	1,526,401	1,155,793	313,117	1,530,578	1,156,343	313,667
Statement of Financial Position						
(iii) Reclassification of Gross Loans and Advances and Expected Credit Loss Allowance for Loans and Advances						
Gross Loans and Advances	663,740,708	528,361,202	525,115,278	663,740,708	528,361,202	525,115,278
Expected Credit Loss Allowance for Loans and Advances	63,938,764	65,410,451	62,164,527	63,938,764	65,410,451	62,164,527
Loans and Advances - Net	599,801,944	462,950,751	462,950,751	599,801,944	462,950,751	462,950,751

Above reclassifications did not result in changes to the Total Assets, Total Liabilities and Total Equity presented previously.

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Statement of Comprehensive Income in Us Dollars

For the Year ended 31 December	Bank			Group		
	2025 USD '000	2024 USD '000	Change %	2025 USD '000	2024 USD '000	Change %
Gross Income	**302,513**	311,762	(2.97)	**302,755**	311,925	(2.94)
Interest Income	**265,722**	287,727	(7.65)	**265,897**	287,928	(7.65)
Less: Interest Expenses	**142,323**	162,447	(12.39)	**141,272**	161,342	(12.44)
Net Interest Income	**123,399**	125,280	(1.50)	**124,625**	126,586	(1.55)
Fee and Commission Income	**31,838**	28,422	12.02	**31,837**	28,420	12.02
Less : Fee and Commission Expenses	**4,924**	3,945	24.82	**4,937**	3,946	25.11
Net Fee and Commission Income	**26,914**	24,477	9.96	**26,900**	24,474	9.91
Net Gains from Trading	**804**	1,575	48.95	**804**	1,575	48.95
Net Gains/ (Losses) from Derecognition of Financial Assets - at Fair Value through Other Comprehensive Income	**638**	905	(29.50)	**638**	905	(29.50)
- Loss on Restructuring of Sri Lanka International Sovereign Bonds (SLISBs)	-	(9,256)	(100.00)	-	(9,256)	(100.00)
Net Other Operating Income	**3,512**	2,390	46.95	**3,579**	2,353	52.10
Total Operating Income	**155,267**	145,371	6.81	**156,546**	146,637	6.76
Less : Impairment Charges / (Reversals)						
- Loans and Advances and Other Financial Assets and Credit related Commitments and Other	**1,939**	21,462	(90.97)	**1,939**	21,458	(90.96)
- Sri Lanka International Sovereign Bonds (SLISBs)	**479**	(16,592)	(102.89)	**479**	(16,594)	(102.89)
Net Operating Income	**152,849**	140,501	8.79	**154,128**	141,773	8.71
Less: Operating Expenses						
Personnel Expenses	**36,308**	34,797	4.34	**36,463**	34,954	4.32
Depreciation and Amortisation Expenses	**4,566**	4,474	2.06	**4,727**	4,661	1.42
Other Expenses	**28,253**	28,117	0.48	**28,525**	28,390	0.48
Total Operating Expenses	**69,127**	67,388	2.58	**69,715**	68,005	2.51
Operating Profit before Taxes	**83,722**	73,113	14.51	**84,413**	73,768	14.43
Less: Value Added Tax on Financial Services	**17,931**	16,120	11.23	**17,931**	16,120	11.23
Less: Social Security Contribution Levy	**2,490**	2,237	11.31	**2,491**	2,238	11.30
Profit before Income Tax	**63,301**	54,756	15.61	**63,991**	55,410	15.49
Less: Income Tax Expense	**24,242**	20,451	18.54	**24,549**	20,759	18.26
Profit for the Year	**39,059**	34,305	13.86	**39,442**	34,651	13.83
Profit Attributable to:						
Equity Holders of the Bank	**39,059**	34,305	13.86	**39,251**	34,517	13.71
Non-Controlling Interest	-	-	-	**191**	134	42.54
Profit for the Year	**39,059**	34,305	13.86	**39,442**	34,651	13.83
Basic/Diluted Earnings per Share (USD)	**0.06**	0.05	13.17	**0.06**	0.05	13.72
Profit for the Year	**39,059**	34,305	13.86	**39,442**	34,651	13.83
Other Comprehensive Income, Net of Tax						
Items that are or may be reclassified to Income Statement						
Net Gains on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	**1,680**	2,685	37.43	**1,663**	2,776	40.09
Deferred Tax effect relating to items that are or may be reclassified to Income Statement	**(504)**	(805)	(37.39)	**(499)**	(833)	(40.10)
Items that will never be reclassified to Income Statement						
Net Change in Fair Value on Investments in Equity Instruments Measured at Fair Value through Other Comprehensive income	**2,604**	748	(248.13)	**2,604**	748	248.13
Revaluation of Property, Plant and Equipment	-	3,396	(100.00)	**175**	3,831	(95.43)
Actuarial Gains/(Losses) on Defined Benefit Obligations	**1,272**	(2,599)	148.94	**1,275**	(2,595)	149.13
Deferred Tax effect relating to items that will never be reclassified to Income Statement	**(78)**	(1,089)	92.84	**(131)**	(1,218)	89.33
Other Comprehensive Income for the Year, Net of Tax	**4,974**	2,336	(112.93)	**5,087**	2,709	(87.82)
Total Comprehensive Income for the Year	**44,033**	36,641	20.17	**44,529**	37,360	19.19
Total Comprehensive Income Attributable to:						
Equity Holders of the Bank	**44,033**	36,641	20.17	**44,310**	37,131	19.33
Non-Controlling Interest	-	-	-	**219**	229	4.37
Total Comprehensive Income for the Year	**44,033**	36,641	20.17	**44,529**	37,360	19.19

Exchange rate of USD 1 was LKR 310 as at 31 December 2025 (LKR 293 as at 31 December 2024).

The Statement of Comprehensive Income given on this page is solely for the convenience of the Shareholders, Bankers, Investors, Customers and Other Users of Financial Statements and does not form a part of the Audited Financial Statements.

Statement of Financial Position in Us Dollars

As at 31 December	Bank			Group		
	2025 USD '000	2024 USD '000	Change %	2025 USD '000	2024 USD '000	Change %
Assets						
Cash and Cash Equivalents	58,718	59,332	(1.03)	58,718	59,333	(1.04)
Balances with Central Bank of Sri Lanka	36,187	29,758	21.60	36,187	29,758	21.60
Placements with Banks and Finance Companies	103,246	171,181	(39.69)	103,246	171,181	(39.69)
Derivative Financial Instruments	647	59	996.61	647	59	996.61
Financial Assets recognised through Profit or Loss - Measured at Fair Value	48,256	73,222	(34.10)	48,256	73,222	(34.10)
Financial Assets at Amortised Cost						
- Loans and Advances	1,934,845	1,580,037	22.46	1,934,845	1,580,037	22.46
- Debt and Other instruments	388,369	464,932	(16.47)	388,675	465,238	(16.46)
Financial Assets measured at Fair Value through Other Comprehensive Income	299,343	191,975	55.93	300,541	193,228	55.54
Investment in Subsidiary	3,721	3,937	(5.49)	-	-	-
Group Balances Receivable	131	138	(5.07)	-	-	-
Property, Plant and Equipment	18,298	17,408	5.11	27,428	27,041	1.43
Right-of-use Assets	17,689	17,711	(0.12)	10,055	9,503	5.81
Investment Properties	-	-	-	2,663	2,926	(8.99)
Intangible Assets	2,891	2,286	26.47	2,896	2,286	26.68
Deferred Tax Assets	11,070	703	1,474.68	8,813	-	-
Other Assets	47,567	48,378	(1.68)	47,708	48,533	(1.70)
Total Assets	2,970,978	2,661,057	11.65	2,970,678	2,662,345	11.58
Liabilities						
Due to Banks	77,093	27,788	177.43	77,093	27,788	177.43
Derivative Financial Instruments	21	3	600.00	21	3	600.00
Financial Liabilities at Amortised Cost						
- Due to Depositors	2,364,388	2,207,568	7.10	2,364,388	2,207,568	7.10
- Due to Debt Securities Holders	16,786	4,990	236.39	16,786	4,990	236.39
- Due to Other Borrowers	53	81	(34.57)	53	81	(34.57)
Group Balances Payable	714	338	111.24	-	-	-
Debt Securities Issued	129,456	85,762	50.95	129,456	85,762	50.95
Retirement Benefit Obligations	11,699	12,289	(4.80)	11,682	12,273	(4.82)
Current Tax Liabilities	27,766	5,084	446.14	27,852	5,199	435.72
Deferred Tax Liabilities	-	-	-	-	1,558	(100.00)
Lease Liabilities	19,453	19,157	1.55	9,156	8,297	10.35
Other Provisions	15,090	19,943	(24.33)	15,186	20,017	(24.13)
Other Liabilities	44,220	37,479	17.99	44,114	37,356	18.09
Total Liabilities	2,706,739	2,420,482	11.83	2,695,787	2,410,892	11.82
Equity						
Stated Capital	69,979	74,038	(5.48)	69,979	74,039	(5.48)
Statutory Reserve Fund	12,868	11,548	11.43	12,868	11,548	11.43
Retained Earnings	165,283	141,727	16.62	168,170	144,575	16.32
Other Reserves	16,109	13,262	21.47	20,326	17,636	15.25
Total Equity Attributable to Equity Holders of the Bank	264,239	240,575	9.84	271,343	247,798	9.50
Non-Controlling Interest	-	-	-	3,548	3,655	(2.93)
Total Equity	264,239	240,575	9.84	274,891	251,453	9.32
Total Equity and Liabilities	2,970,978	2,661,057	11.65	2,970,678	2,662,345	11.58
Contingent Liabilities and Commitments	945,116	617,121	53.15	945,194	617,137	53.16
Net Assets Value per Share (USD)	0.42	0.38	10.53	0.43	0.39	10.26

Exchange rate of USD 1 was LKR 310 as at 31 December 2025 (LKR 293 as at 31 December 2024).

The Statement of Financial Position given on this page is solely for the convenience of the Shareholders, Bankers, Investors, Customers and Other Users of Financial Statements and does not form a part of the Audited Financial Statements.

Investor Information

TWENTY LARGEST ORDINARY VOTING SHAREHOLDERS AS AT 31 DECEMBER 2025

		2025		Comparative holdings of the top 20 holders in 2024	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1	BROWN & COMPANY PLC A/C NO.1	31,979,642	10.48	31,979,642	10.48
2	SRI LANKA INSURANCE CORPORATION LTD-GENARAL FUND	30,523,687	10.00	30,523,687	10.00
3	EMPLOYEE'S PROVIDENT FUND	30,088,766	9.86	30,088,766	9.86
4	SAMPATH BANK PLC/ LOLC INVESTMENTS LTD	28,559,742	9.36	28,559,742	9.36
5	NATIONAL DEVELOPMENT BANK PLC	26,631,495	8.72	26,631,495	8.72
6	SAMPATH BANK PLC/AMBEON HOLDINGS PLC	25,000,000	8.19	0	0.00
7	SEYLAN BANK PLC A/C NO.04-EMPLOYEES GRATUITY TRUST FUND	20,272,555	6.64	20,135,590	6.60
8	BANK OF CEYLON NO.1 ACCOUNT	17,169,574	5.62	17,169,574	5.62
9	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	15,261,841	5.00	15,261,841	5.00
10	COMMERCIAL BANK OF CEYLON PLC/ PHANTOM INVESTMENTS (PRIVATE) LIMITED	15,105,970	4.95	0	0.00
11	SAMPATH BANK PLC/BROWN AND COMPANY PLC	10.371,776	3.40	10,371,776	3.40
12	EMPLOYEES TRUST FUND BOARD	5,236,100	1.72	6,490,669	2.13
13	AMBEON HOLDINGS PLC	4,296,829	1.41	26,274,482	8.61
14	FIRST CAPITAL HOLDINGS PLC	4,044,795	1.33	0	0.00
15	NDB CAPITAL HOLDINGS LIMITED ACCOUNT NO -02	2,391,656	0.78	2,391,656	0.78
16	DEUTSCHE BANK AG AS TRUSTEE TO ASSETLINE INCOME PLUS GROWTH FUND	2,000,000	0.66	0	0.00
17	EST.OF LATE M.J.FERNANDO	1,541,336	0.50	1,541,336	0.50
18	FIRST CAPITAL ASSET MANAGEMENT / M.J.F.EXPORTS (PVT) LIMITED	1,055,348	0.35	0	0.00
19	DFCC BANK PLC/AMBEON HOLDINGS PLC	1,000,000	0.33	0	0.00
20	DR J.L.B.KOTELAWALA	699,357	0.23	699,357	0.23
Total Shares held by the top 20 Shareholders		273,230,469	89.53		
Balance Shares held by other 11,815 ordinary voting shareholders as at 31 December 2025		32,006,468	10.47		
Total ordinary voting shares issued by the Bank		305,236,937	100.00	305,236,937	
Total ordinary voting shareholders		11,835		10,146	

Notes :

The Board decided at its meeting held on 15 April 2020 to limit the voting rights of Brown and Company PLC's shareholding in Seylan Bank PLC to 9.55% with effect from 31 March 2020 in compliance with the direction issued by the Monetary Board vide Director – Bank Supervision's letter dated 06 April 2020.

Brown and Company PLC and LOLC Investments Ltd collectively hold 23.43% of the issued capital of the Bank. This joint shareholding limit has been approved by the Central Bank vide their letter dated 14 September 2011, subject to the joint holding of Brown and Company PLC and LOLC Investments Ltd being reduced from 23.43% to 15% within a period of 15 years from 13 October 2009. The Board of Directors at their meeting held on 27 August 2024, requested the Company Secretary to send follow up letters to respective Shareholders Brown and Company PLC and LOLC Investments Ltd, calling their attention to reduce their Collective Shareholding of 23.43% to 15%.

In response to same, LOLC Holdings PLC via a letter dated 30 September 2024, informed the Bank that LOLC Group remains committed to comply with Central Bank guidelines, however, they face a challenge to find a potential shareholder to acquire the stake at the right commercially viable price.

The Bank has kept the Director, Bank Supervision, Central Bank informed of the above.

Further, the Central Bank of Sri Lanka by their letter dated 19 March 2025 directed Brown and Company PLC to reduce the shareholding in Seylan Bank PLC to 9.55% and to reduce aggregate shareholding with LOLC Investments Ltd. to 15% within a period of 2 years from the date of their letter, and in response to same LOLC Holdings PLC by their letter dated 7 April 2025 reaffirmed their commitment to comply with the CBSL directive by taking necessary steps on a best effort basis to reduce Brown and Company PLC's voting shareholding in the Bank to 9.55% and the total aggregate voting shareholding in the Bank to 15% within the given stipulated two year timeframe.

Subsequently, by its letter dated 21 January 2026, CBSL informed Brown and Company PLC of its observation regarding the failure to submit a credible and acceptable time-bound action plan to reduce its shareholding in Seylan Bank PLC and the aggregate shareholding with LOLC Investments Ltd., as required under the directive dated 19 March 2025. CBSL further stated that failure to adhere to its directive would result in stringent regulatory measures, as determined by CBSL in terms of the Banking Act, No. 30 of 1988 (as amended). In response thereto, LOLC Holdings PLC, by its letter dated 30 January 2026 acknowledged the contents of CBSL's communication, confirmed its acceptance thereof and undertook to proceed to comply with the applicable legal and supervisory framework.

TWENTY LARGEST ORDINARY NON-VOTING SHAREHOLDERS AS AT 31 DECEMBER 2025

		2025		Comparative holdings of the top 20 holders in 2024	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1	SAMPATH BANK PLC/ LOLC HOLDINGS PLC	146,722,737	44.41	146,722,737	44.41
2	L O L C HOLDINGS PLC	23,775,575	7.20	23,775,575	7.20
3	EMPLOYEE'S PROVIDENT FUND	17,623,958	5.33	17,623,958,	5.33
4	AKBAR BROTHERS PVT LTD	7,267,772	2.20	7,209,772	2.18
5	HATTON NATIONAL BANK PLC – CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	5,210,640	1.58	0	0.00
6	AUERBACH GRAYSON AND COMPANY LLC	4,526,357	1.37	4,526,357	1.37
7	SAMPATH BANK PLC / ANDARADENIYA ESTATE PRIVET LIMITED	3,536,313	1.07	236,313	0.10
8	FIRST CAPITAL ASSET MANAGEMENT/ MERRILL J FERNANDO and SONS (PVT) LIMITED	3,010,000	0.91	0	0.00
9	COMMERCIAL BANK OF CEYLON PLC/W.JINADASA	2,950,000	0.89	500,000	
10	L O L C TECHNOLOGY SERVICES LIMITED	2,885,232	0.87	2,885,232	0.87
11	MR. N. BALASINGAM	2,584,925	0.78	2,584,925,	0.78
12	J.B. COCOSHELL (PVT) LTD	2,515,708	0.76	1,762,797	0.53
13	JANASHAKTHI INSURANCE PLC - SHAREHOLDERS	2,450,000	0.74	0	0.00
14	HATTON NATIONAL BANK PLC / ARUNASALAM SITHAMPALAM	2,239,527	0.68	1,300,093	0.39
15	MR. R. GAUTAM	1,925,000	0.58	1,898,300	0.57
16	EST.OF LATE M.J. FERNANDO	1,808,938	0.55	1,808,938	0.55
17	MR. R.R. LEON	1,727,989	0.52	1,593,121,	0.48
18	CAPITAL ALLIANCE PLC	1,700,000	0.51	0	0.00
19	FIRST CAPITAL HOLDINGS PLC	1,645,946	0.50	0	0.00
20	Ms or MISS. S. DURGA	1,575,235	0.48	1,525,235	0.46
Total Shares held by the top 20 Shareholders		237,681,852	71.93		
Balance Shares held by other 8,504 ordinary non-voting shareholders as at 31 December 2025		92,728,546	28.07		
Total ordinary non - voting shares issued by the Bank		330,410,398	100.00	330,410,398	
Total ordinary non - voting shareholders		8,524		7,036	

SHAREHOLDINGS OF DIRECTORS AS AT 31 DECEMBER 2025

Directors' Shareholdings including the Director/ Chief Executive Officer's shareholding as at 31 December 2025 are given on page 210 of the Report of the Board of Directors on the State of Affairs of the Company.

Investor Information

INFORMATION ON SHARE PRICES AND DIVIDEND PER SHARE

			Voting (SEYB-N)		Non-Voting (SEYB-X)	
			2025	2024	2025	2024
No. of Shares issued			**305,236,937**	305,236,937	**330,410,398**	330,410,398
Dividend (per Share)	Cash	LKR	**4.00**	3.50	**4.00**	3.50
	Scrip	LKR	-	-	-	-
Share Prices						
Highest		LKR	**116.00**	79.50	**84.20**	58.20
Lowest		LKR	**63.00**	40.10	**45.00**	32.00
Last Traded		LKR	**105.00**	77.90	**75.60**	57.00

COMPLIANCE WITH MINIMUM PUBLIC HOLDING REQUIREMENT

VOTING (SEYB-N)

Period	Option under which the Bank is compliant	Float adjusted market Capitalisation	Public Holding Percentage	No. of Public Shareholders
As at 31/12/2024	Option 1	LKR 13.047 Bn	54.87%	10,127
As at 31/12/2025	Option 1	LKR 17.588 Bn	54.88%	11,818

NON-VOTING (SEYB-X)

Period	Option under which the Bank is compliant	Float adjusted market Capitalisation	Public Holding Percentage	No. of Public Shareholders
As at 31/12/2024	Option 2	LKR 8.780 Bn	46.62%	7,028
As at 31/12/2025	Option 1	LKR 11.855 Bn	47.46%	8,517

ANALYSIS OF THE DISTRIBUTION OF SHAREHOLDERS AS AT 31 DECEMBER 2025

ORDINARY (VOTING) SHARES

Range of Shareholding	No. of Shareholders	No. of Shares	Percentage (%) of Shareholding
1 - 1,000	8,916	2,065,768	0.68
1,001 - 10,000	2,457	7,304,412	2.40
10,001 - 100,000	398	10,747,332	3.52
100,001 - 1,000,000	46	13,588,313	4.45
Over 1,000,000	18	271,531,112	88.95
Total	11,835	305,236,937	100.00
Resident/Non Resident			
Resident	11,693	304,133,746	99.64
Non-Resident	142	1,103,191	0.36
Individuals/Institutions			
Individuals	11,470	23,303,826	7.63
Companies/Institutions	365	281,933,111	92.37

ORDINARY (VOTING) SHARES			
Range of Shareholding	No. of Shareholders	No. of Shares	Percentage (%) of Shareholding
1 - 1,000	4,597	1,436,740	0.43
1,001 - 10,000	2,849	10,071,708	3.05
10,001 - 100,000	894	26,400,052	7.99
100,001 - 1,000,000	152	38,925,975	11.78
Over 1,000,000	32	253,575,923	76.75
Total	8,524	330,410,398	100
Resident/Non Resident			
Resident	8,469	316,140,358	95.68
Non-Resident	55	14,270,040	4.32
Individuals/Institutions			
Individuals	8,128	70,233,815	21.24
Companies/Institutions	396	260,176,583	78.76

DEBENTURES 2018

Listed on CSE in April 2018 (SEYB D0433, D0434)		Type B 7 Year Debentures 13.20% p.a. Semi-Annual (redeemed on 18.04.2025)		Type C 10 Year Debentures 13.50% p.a. Semi-Annual	
		2025	2024	2025	2024
No. of Debenture issued		7,150,000		16,090,000	
Debenture Prices					
Highest	LKR	N/A	Not traded in 2024	N/A	Not traded in 2024
Lowest	LKR	N/A		N/A	
Last traded	LKR	N/A		N/A	

DEBENTURES 2021

Listed on CSE in April 2021 (SEYB D0508, D0509)		Type A 5 Year Debentures 9.75% p.a. Annual		Type B 5 Year Debentures 9.25% p.a. Quarterly	
		2025	2024	2025	2024
No. of Debenture issued		53,520,200		6,479,800	
Debenture Prices					
Highest	LKR	100	100.00	N/A	Not traded in 2024
Lowest	LKR	100	100.00	N/A	
Last traded	LKR	100	100.00	N/A	

Investor Information

DEBENTURES 2023

Listed on CSE in May 2023 (SEYB D0546, D0547)		Type A 5 Year Debentures 28.00% p.a. Annual		Type B 5 Year Debentures 25.00% p.a. Quarterly	
		2025	2024	2025	2024
No. of Debenture issued		38,518,825		11,481,175	
Debenture Prices					
Highest	LKR	142.37	144.18	134.01	130.00
Lowest	LKR	100.00	100.00	120.00	130.00
Last traded	LKR	129.00	100.00	133.95	130.00

DEBENTURES 2024

Listed on CSE in July 2024 (SEYB D0566, D0567, D0568, D0569)		Type A 5 Year Debentures 13.25% p.a. Annual		Type B 5 Year Debentures 12.60% p.a. Quarterly		Type C 7 Year Debentures 13.50% p.a. Annual		Type D 7 Year Debentures 13.05% p.a. Semi-Annual	
		2025	2024	2025	2024	2025	2024	2025	2024
No. of Debenture issued		76,666,500		12,638,000		1,335,500		9,360,000	
Debenture Prices									
Highest	LKR	103.84	Not traded in 2024	N/A	Not traded in 2024	N/A	Not traded in 2024	N/A	Not traded in 2024
Lowest	LKR	100.00		N/A		N/A		N/A	
Last traded	LKR	103.84		N/A		N/A		N/A	

DEBENTURES 2025

Listed on CSE in July 2025 (SEYB D0566, D0567, D0568, D0569)		Type A 5 Year Debentures 11.25% p.a. Annual		Type B 5 Year Debentures 10.8% p.a. Quarterly		Type C 10 Year Debentures 11.75% p.a. Annual		Type D 10 Year Debentures 11.40% p.a. Semi-Annual	
		2025	2024	2025	2024	2025	2024	2025	2024
No. of Debenture issued		76,666,500		12,638,000		1,335,500		9,360,000	
Debenture Prices									
Highest	LKR	Not Traded no indicated in the stock market	Not Applicable	N/A	Not Applicable	N/A	Not traded in 2024	N/A	Not Applicable
Lowest	LKR			N/A		N/A		N/A	
Last traded	LKR			N/A		N/A		N/A	

	2025	2024
Debt (Debentures) / Equity Ratio (Times)	0.49	0.36
Interest Cover (Times)	5.56	6.20
Quick Asset Ratio (Times)	0.80	0.85
2018 Issue		
Interest Yield as at Date of Last Trade		
7 Year Fixed Semi Annual - 13.20% p.a.(Debenture matured on 29/03/2025)		*
10 Year Fixed Semi Annual - 13.50% p.a. (28/05/2025) / *	14.24%	*
Yield to Maturity of Trade Done on		
7 Year Fixed Semi Annual - 13.20% p.a.(Debenture matured on 29/03/2025)		*
10 Year Fixed Semi Annual - 13.50% p.a. (28/05/2025) / *	14.36%	*
Interest Rate of Comparable Government Security		
- 7 Years		9.28%
- 10 Years	9.02%	10.12%
2019 Issue - Debenture matured and redeemed on 18/04/2024		
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 15.00% p.a. * / (22/03/2024)		14.99%
5 Year Fixed Semi Annual - 14.50% p.a.		*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 15.00% p.a. * / (22/03/2024)		12.17%
5 Year Fixed Semi Annual - 14.50% p.a.		*
Interest Rate of Comparable Government Security		
- 5 Years		
2021 Issue		
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 9.75% p.a. (08/04/2025) / (24/01/2024)	9.75%	9.75%
5 Year Fixed Quarterly - 9.25 % p.a.	*	*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 9.75% p.a. (08/04/2025) / (24/01/2024)	9.74%	9.71%
5 Year Fixed Quarterly - 9.25 % p.a.	*	*
Interest Rate of Comparable Government Security		
- 5 Years	7.89%	9.29%
2023 Issue		
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 28% p.a. (21/10/2025) / (06/09/2024)	21.71%	20.90%
5 Year Fixed Quarterly - 25 % p.a. (06/08/2025) / (26/03/2024)	20.49%	*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 28% p.a. (21/10/2025) / (06/09/2024)	13.49%	15.06%
5 Year Fixed Quarterly - 25 % p.a. (06/08/2025) / (26/03/2024)	10.55%	*
Interest Rate of Comparable Government Security		
- 5 Years	9.19%	10.43%
2024 Issue		
5 Year Fixed Annual - 13.25% p.a. (23/04/2025) / *		*
5 Year Fixed Quarterly - 12.60% p.a.	*	*
7 Year Fixed Annual - 13.50% p.a .	*	*
7 Year Fixed Semi Annual - 13.05% p.a .	*	*
Interest Yield as at Date of Last Trade		
5 Year Fixed Annual - 13.25% p.a. (23/04/2025) / *	12.76%	*
Yield to Maturity of Trade Done on		
5 Year Fixed Annual - 13.25% p.a. (23/04/2025) / *	12.00%	*
Interest Rate of Comparable Government Security		
- 5 Years	9.66%	10.73%
- 7 Years	9.99%	11.05%
2025 Issue (Debenture allotted on 18 July 2025)		
Market Prices during January to December (Ex Interest)		
5 Year Fixed Annual - 11.25% p.a .	*	
5 Year Fixed Quarterly - 10.80% p.a.	*	
10 Year Fixed Annual - 11.75% p.a .	*	
10 Year Fixed Semi Annual - 11.40% p.a .	*	
Interest Yield as at Date of Last Trade	*	
Yield to Maturity of Trade Done on	*	
Interest Rate of Comparable Government Security		
- 5 Years	9.72%	
- 10 Years	10.81%	

* *No trading during the period.*

Branch and Kiosk Network

Banking Centres	ATMs	CDMs	CRMs	CDKs

North Western

18 18 10 9 7

- Bowaththa
- Chilaw
- Dankotuwa
- Dummalasooriya
- Giriulla
- Hettipola
- Kalpitiya
- Katuneriya
- Kuliyapitiya
- Kurunegala
- Kurunegala BR 2
- Mawathagama
- Narammala
- Pannala
- Puttlam
- Udappuwa
- Wariyapola
- Wennappuwa

North Central

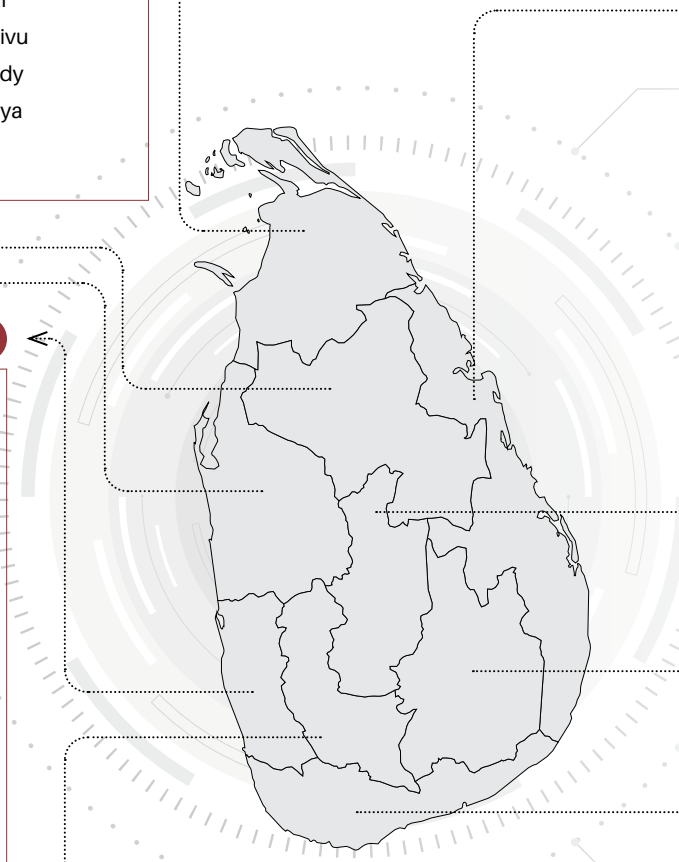
11 11 8 3 2

- Anuradhapura
- Aralaganwila
- Eppawala
- Galenbindunuwewa
- Hingurakgoda
- Kaduruwela
- Kekirawa
- Manampitiya
- Medawachchiya
- Nochchiyagama
- Padaviya

Northern

10 9 7 4 4

- Chankanai
- Chawakachcheri
- Chunnakam
- Jaffna
- Kilinochchi
- Manipay
- Mannar
- Mullaitivu
- Nelliyady
- Vavuniya



Western

76 85 15 63 61

- Aluthgama
- Athurugiriya
- Attidiya
- Awissawella
- Baduraliya
- Bambalapitiya
- Bandaragama
- Battaramulla
- Beruwala
- Borelasgamuwa
- Borella
- Cinnamon Gardens
- Colombo Fort
- Dam Street
- Dehiwala
- Gampaha
- Ganemulla
- Godagama
- Gothatuwa
- Grandpass
- Havelock Town
- Homagama
- Horana
- Ingiriya
- Ja-Ela
- Kadawatha
- Kalubowila
- Kalutara
- Kandana
- Katunayaka
- Kelaniya
- Kiribathgoda
- Kirindiwela
- Kirulapone
- Kochchikade
- Kollupitya
- Kotahena
- Kottawa
- Maharagama
- Malabe
- Maradagahamula
- Maradana
- Mathugama
- Millenium
- Minuwangoda
- Mirigama
- Moratumulla
- Moratuwa
- Mount Lavinia
- Mutwal
- Nawala
- Negombo
- Nittambuwa
- Nugegoda
- Old Moor Street
- Padukka
- Panadura
- Pettah
- Pettah 2
- Piliyandala
- Pitakotte
- Raddolugama
- Rajagiriya
- Ranpokunagama
- Sarikkamulla
- Soysapura
- Thalawathugoda
- Union Place
- Veyangoda
- Wadduwa
- Wattala
- Weliweriya
- Wellawatte
- Wijerama
- Yakkala
- Foreign Employment Bureau center

Sabaragamuwa

11 10 3 8 8

- Balangoda
- Eheliyagoda
- Embilipitiya
- Godakawela
- Kegalle
- Mawanella
- Pelmadulla
- Ratnapura
- Ruwanwella
- Warakapola
- Yatiyantota

12 12 7 5 5

Eastern

- Akkaraipattu
- Ampara
- Batticaloa
- Chenkalady
- Dehiattakandiya
- Kalmunai
- Kaluwanchikudy
- Kanthale
- Kattankudy
- Pothuvil
- Samanthurai
- Trincomalee

14 14 8 6 9

Central

- Bogawanthalawa
- Dambulla
- Gampola
- Hatton
- Kandy
- Katugastota
- Matale
- Nawalapitiya
- Nuwara Eliya
- Pallekale
- Peradeniya
- Pilimathalawa
- Pussellawa
- Thalawakele

7 6 4 4 3

Uva

- Baddulla
- Bandarawela
- Katharagama
- Mahiyanganaya
- Monaragala
- Siyambalanduwa
- Welimada

13 12 6 9 5

Southern

- Akuressa
- Ambalangoda
- Ambalantota
- Beliatta
- Galle
- Hambanthota
- Hikkaduwa
- Kamburupitiya
- Karapitiya
- Koggala
- Matara
- Matara Bazaar
- Tissamaharamaya

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Offsite ATMs / CRMs

- Arugambay (Main Street) – ATM
- Arugambay (Main Street) – CRM
- Bandaranaike International Airport – CRM
- Batticaloa (East Campus) – ATM
- Borella (IBSL) – ATM
- Dalada Maligawa – CRM
- Dehiwala (Saranankara Road) – ATM
- Divulapitiya (Udawatte Super Market) – CRM
- Ella (Pesla Hotel) – ATM
- Ella (Pesla Hotel) – CRM
- Havelock City Mall – CRM
- Hikkaduwa (Wellabada Watta) – ATM
- Hikkaduwa (Narigama) – CRM
- Hiriketiya (Clear Point) – CRM
- Horana (MDK) – ATM
- Kalpitiya (Kurinjampitiya Junction) – CRM
- Katunayake (Smart Shirt) – ATM
- Katunayake (Surapathi Super Market) – CRM
- Kegalle (ASR Rubber Co) – ATM
- Kiribathgoda (Makola) – CRM
- Kuruwita (K D U Filling Station) – ATM
- Lotus Tower – ATM
- Mahiyanganaya (EAM Maliban Garment) – ATM
- Manning Market (Peliyagoda) – CRM
- Makola (Yoshida) – ATM
- Makumbura (Multi-Modal Centre) – ATM
- Malabe (Horizon Campus) – ATM
- Marina Casino – ATM
- Mirissa (Randiya Sea View Hotel) – CRM
- Mount Lavinia (Angler) – ATM
- Negombo (Silver Beach Hotel) – ATM
- Negombo (Pizza Hut) – ATM
- One Galle Face Mall – CRM
- Padukka (SLT Campus) – ATM
- Pinnawala (Hotel Pinnawala) – ATM
- Ragama (National Hospital) – ATM
- Rajagiriya (Welikada Plaza) – ATM
- Rideegama (Dodangaslanda Road) – CRM
- Sainthamaruthu (Main Street) – CRM
- Sethsiripaya – ATM
- Trincomalee (Divine Shrine) – ATM
- Unawatuna (Sri Dhara Restaurant) – ATM
- Weligama (Hotel the View) – CRM

Ten Years at a Glance

Year Ended 31 December	2025 LKR Mn	2024 LKR Mn	2023 LKR Mn	2022 LKR Mn	2021 LKR Mn	2020 LKR Mn	2019 LKR Mn	2018 LKR Mn	2017 LKR Mn	2016 LKR Mn
Trading Results										
Gross Income	**93,779**	91,347	116,773	96,818	54,767	57,224	61,370	54,873	49,161	37,873
Profit before Income Tax	**19,623**	16,043	10,080	6,629	6,028	4,111	5,098	4,666	6,656	5,734
Income Tax	**7,515**	5,992	3,824	1,917	1,447	1,100	1,418	1,477	2,226	1,724
Profit after Taxation	**12,108**	10,051	6,256	4,712	4,581	3,011	3,680	3,189	4,430	4,010
Other Comprehensive Income, net of Tax	**1,542**	685	(27)	(2,724)	(1,521)	1,832	2,234	(617)	2,426	(345)
Total Comprehensive Income	**13,650**	10,736	6,229	1,988	3,060	4,843	5,914	2,572	6,856	3,665
Dividend Proposed (Ordinary) LKR per Share	**LKR 4.00**	LKR 3.50	LKR 2.50	LKR 2.00	LKR 3.00	LKR 1.50	LKR 2.00	LKR 2.50	LKR 3.50	LKR 3.25

As at 31 December	2025 LKR Mn	2024 LKR Mn	2023 LKR Mn	2022 LKR Mn	2021 LKR Mn	2020 LKR Mn	2019 LKR Mn	2018 LKR Mn	2017 LKR Mn	2016 LKR Mn
Financial Position										
Assets										
Cash and Short Term Funds (Including Securities Purchased under Resale Agreements)	**20,329**	21,068	49,138	43,883	26,108	16,179	16,924	18,036	10,070	15,653
Balances with Central Bank of Sri Lanka	**11,218**	8,719	7,028	16,784	8,726	7,371	14,459	18,472	19,120	16,212
Investments (Including Investment Properties)	**226,022**	210,243	171,340	137,448	102,037	111,119	84,583	87,820	82,976	73,336
Loans and Advances, Placements with Banks and Finance Companies	**631,808**	513,107	460,127	446,039	450,224	404,496	380,432	326,883	282,317	236,355
Investment in Subsidiary	**1,154**	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154
Other Assets (Including Taxation)	**18,420**	14,438	19,672	18,335	9,654	8,285	9,293	10,214	8,590	8,669
Property, Plant and Equipment, Right-of-use Assets and Intangible Assets	**12,052**	10,960	9,526	9,163	9,674	9,103	9,449	4,354	3,899	4,634
Total Assets	**921,003**	779,689	717,985	672,806	607,577	557,707	516,294	466,933	408,126	356,013
Liabilities										
Customer Deposits and Due to Banks	**756,859**	654,957	603,717	559,474	513,158	472,982	429,501	383,939	334,152	291,185
Borrowings and Debentures	**45,351**	26,614	26,847	33,569	24,287	19,648	28,320	37,456	29,148	28,491
Other Liabilities	**28,213**	26,112	24,207	20,166	16,163	13,726	12,552	9,674	8,197	7,756
Taxation (Including Deferred Tax Liability)	**8,608**	1,490	2,688	5,128	1,882	2,340	1,251	1,209	2,381	762
Dividend Payable	**58**	28	19	19	34	44	43	45	42	46
Total Liabilities	**839,089**	709,201	657,478	618,356	555,524	508,740	471,667	432,323	373,920	328,240
Equity										
Stated Capital	**21,693**	21,693	20,909	19,926	18,324	17,548	17,045	12,026	11,228	10,530
Statutory Reserve Fund	**3,989**	3,384	2,881	2,568	2,333	2,104	1,953	1,769	1,609	1,388
Reserves	**56,232**	45,411	36,717	31,956	31,396	29,315	25,629	20,815	21,369	15,855
Total Equity	**81,914**	70,488	60,507	54,450	52,053	48,967	44,627	34,610	34,206	27,773
Total Equity and Liabilities	**921,003**	779,689	717,985	672,806	607,577	557,707	516,294	466,933	408,126	356,013
Contingent Liabilities and Commitments	**292,986**	180,816	165,841	167,641	224,390	195,154	150,147	129,693	99,501	64,111

Summary of Performance Indicators

	Measure	2025	2024	2023	2022	2021
Size						
Assets Growth	%	18.12	8.59	6.72	10.74	8.94
Contingencies and Commitments / (Total Assets + Contingencies and Commitments)	%	24.13	18.83	18.76	19.95	26.97
Interest Earning Assets / Total Assets	%	93.33	93.27	92.25	87.13	92.10
Cash and Balances with CBSL / Total Assets	%	3.19	3.35	7.78	8.48	4.08
Risk Weighted Assets Growth	%	26.29	5.51	(5.21)	2.11	14.49
Profitability						
Return on Average Assets (Before Tax)	%	2.31	2.14	1.45	1.04	1.03
Return on Average Equity	%	15.89	15.35	10.88	8.85	9.07
Profit for the Year / (Average Total Assets + Contingencies and Commitments)	%	1.11	1.09	0.73	0.56	0.58
Net Interest Margin on Average Total Assets	%	4.50	4.90	5.76	6.33	4.05
Net Interest Margin on Average Interest Earning Assets	%	4.82	5.28	6.42	7.08	4.38
Net Interest Income / Gross Income	%	40.79	40.04	34.30	41.87	43.07
Cost to Income Ratio	%	44.52	46.36	36.75	29.39	41.82
Average Interest Yield	%	10.38	12.13	17.15	15.02	8.68
Average Interest Cost	%	6.32	7.69	11.58	8.52	4.77
Interest Rate Spread	%	4.06	4.44	5.57	6.50	3.91
Interest Yield on Average Customer Advances	%	9.36	11.12	16.11	14.78	8.49
Interest Cost on Average Customer Deposits	%	5.50	6.92	10.88	7.62	4.19
Spread on Customer Deposits and Advances	%	3.86	4.20	5.23	7.16	4.30
Dividend Payout*	%	21.00	22.13	24.59	24.52	34.99
Growth Rate of Equity	%	16.21	16.50	11.12	4.61	6.30
Earnings per Share	LKR	19.05	15.81	9.84	7.41	7.21
Ordinary Dividend per Share	LKR	4.00	3.50	2.50	2.00	3.00
Net Assets Value per Share	LKR	128.87	110.89	98.31	94.24	97.44
Asset Quality						
Expected Credit Loss on Loans and Advances	LKR Mn.	63,939	62,165	59,673	46,212	23,929
Expected Credit Loss on Loans and Advances / Loans and Advances	%	9.63	11.84	12.00	9.42	5.14
Impaired Loans (Stage 3) Ratio (%)	%	1.03	2.10	3.85	4.98	3.64
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	%	86.33	81.79	68.29	54.36	47.84
Capital Adequacy						
Leverage on Share Holders Funds	Times	10.24	10.06	10.87	11.36	10.67
Leverage on Capital Funds (including Debentures)	Times	6.55	7.15	7.92	7.84	7.25
Percentage Earnings Retained	%	79.00	77.87	75.41	75.48	65.01
Equity / Deposits, Borrowings and Securities Sold Under Re-Purchase Agreements	%	10.75	10.74	9.92	9.53	10.09
Equity / Total Assets	%	8.89	9.04	8.43	8.09	8.57
Equity / Gross Loans and Advances	%	12.34	13.42	12.17	11.10	11.17
Liquidity and Funding						
Loans and Advances / Deposits , Borrowings and Securities Sold under Re-Purchase Agreements	%	87.10	79.99	81.55	85.83	90.32
Deposits / Deposits, Borrowings, Debentures and Securities Sold under Re-Purchase Agreements	%	91.37	94.90	93.81	92.29	90.92
Liquid Assets / Total Assets	%	30.87	37.12	34.07	28.53	23.43
Liquid Assets / Deposits, Borrowings and Securities Sold Under Re-Purchase Agreements	%	37.31	44.09	40.12	33.60	27.60
Net Lending or (Borrowings) in Call Money Market	LKR Mn.	17,246	50,160	22,065	1,819	5,085
Other Data						
Number of Banking Centres		172	170	171	171	171
Number of Staff Members		3,243	3,211	3,077	3,156	3,148
Profit per Staff Member	LKR '000	3,734	3,130	2,033	1,493	1,455
Number of Ordinary Shares - Voting	000	305,237	305,237	296,716	282,705	264,268
- Non Voting	000	330,410	330,410	318,733	295,071	269,923
Share Prices as at 31 December - Voting	LKR	105.00	77.90	43.90	31.60	44.00
- Non Voting	LKR	75.60	57.00	35.50	16.20	33.30

** Dividend for the year are accounted for as per Sri Lanka Accounting Standards - LKAS 10*

Geographical Analysis

Deposits, Loans and Advances

As at 31 December 2025

Province	No. of Banking Centres	Deposits LKR Mn.	%	Loans and Advances LKR Mn.	%
Western	76	532,755	72.6	515,694	77.8
Southern	13	31,944	4.4	28,383	4.3
Uva	7	11,644	1.6	7,197	1.1
North-Central	11	11,713	1.6	14,835	2.2
North-Western	18	38,242	5.2	24,596	3.7
Eastern	12	19,493	2.7	20,192	3.0
Northern	10	22,121	3.0	12,831	1.9
Sabaragamuwa	11	27,524	3.8	17,797	2.7
Central	14	37,524	5.1	22,216	3.3
	172	732,960	100.0	663,741	100.0
Total Expected Credit Loss Allowance for Loans and Advances				(63,939)	
Total	172	732,960		599,802	

Contingent Liabilities and Commitments

As at 31 December 2025

Province	No. of Banking Centres	Acceptances LKR Mn.	Standby Letters of Credit LKR Mn.	Guarantees LKR Mn.	Documentary Credit LKR Mn.	Bills for Collection LKR Mn.	Forward Exchange Contracts (Net) LKR Mn.	Total LKR Mn.
Contingent Liabilities								
Western	76	12,192	140	58,521	18,360	4,971	42	94,226
Southern	13	23	-	1,684	292	369	-	2,368
Uva	7	-	-	495	19	-	-	514
North-Central	11	2	-	1,295	9	10	-	1,316
North-Western	18	538	-	1,859	330	403	-	3,130
Eastern	12	6	-	1,183	33	4	-	1,226
Northern	10	-	-	1,009	-	-	-	1,009
Sabaragamuwa	11	40	-	757	73	22	-	892
Central	14	39	-	1,796	249	1,035	-	3,119
	172	12,840	140	68,599	19,365	6,814	42	107,800
Commitments								
Undrawn Credit Lines and Capital Commitments								185,186
Total	172	12,840	140	68,599	19,365	6,814	42	292,986

Global Reporting Initiative (GRI) Content Index

Statement of use	Seylan Bank PLC has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGE NO(S)	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	Corporate information	381			
	2-2 Entities included in the organisation's sustainability reporting	Reporting Boundaries	03			
	2-3 Reporting period, frequency and contact point	About This Report, Statement of Responsibility	3,5			
	2-4 Restatements of information	Sustainability Performance Indicators(SPI), Financial Statements Note 61, Summary of Performance Indicators	125,126 352,365			
	2-5 External assurance	Independent Assurance Report - Sustainability	127,128			
	2-6 Activities, value chain and other business relationships	Value Creation, Deposit Products, Lending Products, Other Offerings, Global Banking Partnerships	18-19, 84,85,87			
	2-7 Employees	Workforce by Employee Type	65			
	2-8 Workers who are not employees	Customer Grievance Handling, Customer Safety	78,77			
	2-9 Governance structure and composition	Board Structures and Delegation	147			
	2-10 Nomination and selection of the highest governance body	Board Nomination and Governance Committee , Board Structures and Delegation	149,147			
	2-11 Chair of the highest governance body	Board of Directors, Board Structures and Delegation	177,147			
	2-12 Role of the highest governance body in overseeing the management of impacts	Compliance to the new Directions on Corporate Governance, Board Sub-Committees: Board Marketing, Product Development and Sustainability Committee	146,151			
	2-13 Delegation of responsibility for managing impacts	Delegation of Functions, Board Sub-Committees: Board Marketing, Product Development and Sustainability Committee	168,151			
	2-14 Role of the highest governance body in sustainability reporting	Board Marketing, Product Development and Sustainability Committee	151			
	2-15 Conflicts of interest	Conflict of Interest, Ultimate Responsibility and Accountability of the Board (g)	163			
	2-16 Communication of critical concerns	Responsibilitis of Senior Management, Ultimate Responsibility and Accountability of the Board, Stakeholder engagement	173-174, 163, 159			
	2-17 Collective knowledge of the highest governance body	Board of Directors, Board Structures and Delegation	177,147			
	2-18 Evaluation of the performance of the highest governance body	Performance Management, Board self-assessment	162,158			
	2-19 Remuneration policies	Remuneration Policy and Governance	161			
	2-20 Process to determine remuneration	Board-approved remuneration policy, Performance Management	163,162			
	2-21 Annual total compensation ratio	Remuneration Policy and Governance, Performance Management	161,162			

Global Reporting Initiative (GRI) Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGE NO(S)	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-22 Statement on sustainable development strategy	Strengthening Capital for Sustainable Growth	13			
	2-23 Policy commitments	Policy Framework	154			
	2-24 Embedding policy commitments	Policy Framework	154			
	2-25 Processes to remediate negative impacts	Board Sub-Committees: Board Marketing, Product Development and Sustainability Committee	151			
	2-26 Mechanisms for seeking advice and raising concerns	Board Sub-Committees: Board Marketing, Product Development and Sustainability Committee	151			
	2-27 Compliance with laws and regulations	Good Governance and Practices	12			
	2-28 Membership associations	Membership in Associations and Other Relationship	86-87			
	2-29 Approach to stakeholder engagement	Stakeholder Engagement - Driving Inclusive and Sustainable Value Creation	20			
	2-30 Collective bargaining agreements	Collective Bargaining	67			
Material topics *[Please note: The material topics included in the headings below are examples. They can be renamed and grouped according to the names the organisation has given to its material topics. The list of material topics included in the content index is the same as the list of material topics reported under 3-2-a in GRI 3: Material Topics 2021. The disclosures included under the material topics are also examples. The disclosures can be removed (except for Disclosure 3-3) and other disclosures can be added according to the disclosures the organisation has reported for each material topic.]*						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment Process		A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	Material Topics for Better Engagement	24-28			
Biodiversity *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Engaging and Empowering Our People for Environmental Goals	110			
	101-2 Management of biodiversity impacts	Environmental and Social Management System (ESMS)	103			
	101-4 Identification of biodiversity impacts	Assessing Biodiversity Impact	110			
	101-5 Locations with biodiversity impacts	Assessing Biodiversity Impact	110			
	101-8 Ecosystem services	Strategic Engagements driving brand presence and sustainable impact in 2025, Biodiversity and Nature Conservation, Student Engagement Activation at Diyasaru Park, Building Environmental Stewardship through Partnerships, The Impossible Shot - Wildlife Conservation Engagement	79,106			
Economic performance *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Returns to Shareholders and Investors	52			
	201-2 Financial implications and other risks and opportunities due to climate change	Climate-related Risks and Opportunities Affecting the Bank's Prospects	116-117			
	201-3 Defined benefit plan obligations and other retirement plans	Financial Statements Note 43	63, 328-329			
	201-4 Financial assistance received from government	Refinance & Subsidy Loan Schemes Facilitating Inclusive and Sustainable Financing	93-94			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGE NO(S)	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Market presence *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Ratio of standard entry level wage	125			
	202-2 Proportion of senior management hired from the local community	Proportion of Senior Management from local community (%)	62,125			
\						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social and Relationship Capital	89, 73-94			
	203-2 Significant indirect economic impacts	Refinance & Subsidy Loan Schemes Facilitating Inclusive and Sustainable Financing	93-94			
Procurement practices *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Purchases from locally based suppliers (LKR Mn), Our Suppliers,	126,86			
Anti-corruption *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-bribery and corruption policy, Anti-Corruption and Human Rights, The Bank's Robustness in Compliance	161,67,83			
	205-2 Communication and training about anti-corruption policies and procedures	Anti-bribery and corruption policy, Good Governance and Practices,Our Management Approach , Number of KYC anti-money laundering programmes, Training programs by Type, Anti-Corruption and Human Rights	161,12-13, 59,126,64,67			
	205-3 Confirmed incidents of corruption and actions taken	The Bank's Robustness in Compliance	83			
Anti-competitive behavior *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The Bank's Robustness in Compliance	83			
Tax *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 207: Tax 2019	207-1 Approach to tax	Income tax expense (Financial Statements Note 17)	292-294			
	207-2 Tax governance, control, and risk management	Deferred tax assets, Income tax expenses (Financial Statements Note17 and Note 35)	292-294, 320-323			
	207-3 Stakeholder engagement and management of concerns related to tax	Note to financial account No. 54	344			
	207-4 Country-by-country reporting	Not reported	-	X	Not applicable	We only operate in Sri Lanka

Global Reporting Initiative (GRI) Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGE NO(S)	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Materials *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability Performance Indicators (SPI) (Environment)	126			
Energy *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy being an Enabler for the Business Case, Sustainability Performance Indicators (SPI) (Environment)	109,126			
	302-3 Energy intensity	Energy being an Enabler for the Business Case, Sustainability Performance Indicators (SPI) (Environment)	109,126	X		
Water and effluents *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management	109			
	303-2 Management of water discharge-related impacts	Water Management, Sustainability Performance Indicators (SPI) (Environment)	109,126	X	Information unavailable/ incomplete	Insignificant impact
	303-3 Water withdrawal	Water Management	109			
	303-4 Water discharge	Water Management	109	X	Information unavailable/ incomplete	Insignificant impact
	303-5 Water consumption	Water Management	109	X	Information unavailable/ incomplete	Insignificant impact
Emissions *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Carbon Footprint Calculation Presented According to ISO 14064-1:2018	108			
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Footprint Calculation Presented According to ISO 14064-1:2018	108			
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Footprint Calculation Presented According to ISO 14064-1:2018	108			
	305-4 GHG emissions intensity	Carbon Footprint Calculation Presented According to ISO 14064-1:2018	108			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGE NO(S)	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Waste *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, E-Waste Reduction, Solid and Other Waste	110			
	306-2 Management of significant waste-related impacts	Waste Management, E-Waste Reduction, Solid and Other Waste	110	X	Information unavailable/ incomplete	Insignificant impact
	306-3 Waste generated	Waste Management, E-Waste Reduction, Solid and Other Waste	110	X	Information unavailable/ incomplete	Insignificant impact
	306-4 Waste diverted from disposal	Waste Management, E-Waste Reduction, Solid and Other Waste	110	X	Information unavailable/ incomplete	Insignificant impact
	306-5 Waste directed to disposal	Waste Management, E-Waste Reduction, Solid and Other Waste	110	X	Information unavailable/ incomplete	Insignificant impact
Supplier environmental assessment *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier Evaluation and Procurement	86			
Employment *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Recruitments by Gender, Recruitments by Gender and Age group, Turnover by Gender and Region	62,63			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee benefits	63			
	401-3 Parental leave	Parental Leave	68			
Labor/management relations *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Minimum Notice Period	67			

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				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Occupational health and safety *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Health and Safety (OHS)	67-68			
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Health and Safety (OHS)	67-68			
	403-3 Occupational health services	Employee Health and Safety (OHS)	67-68			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety (OHS)	67-68			
	403-5 Worker training on occupational health and safety	Employee Health and Safety (OHS)	67-68			
	403-6 Promotion of worker health	Employee Health and Safety (OHS), Employee Engagement & Wellbeing	67-68,69			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health and Safety (OHS), Employee Engagement & Wellbeing	67-68,69			
	403-8 Workers covered by an occupational health and safety management system	Employee Health and Safety (OHS), Employee Engagement & Wellbeing	67-68,69			
	403-9 Work-related injuries	Employee Health and Safety (OHS)	67-68			
	403-10 Work-related ill health	Employee Health and Safety (OHS)	67-68			
Training and education *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training hours by Employment Category	64			
	404-2 Programs for upgrading employee skills and transition assistance programs	Training programs by Type	64			
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management	63			
Diversity and equal opportunity *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Inclusion	65			
	405-2 Ratio of basic salary and remuneration of women to men	Employee remuneration with Gender and Hierarchy	67			
Non-discrimination *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Anti-Corruption and Human Rights	67			
Local communities *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
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	413-2 Operations with significant actual and potential negative impacts on local communities	Social and Relationship Capital	73-94			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	PAGE NO(S)	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Supplier social assessment *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier Evaluation and Procurement	86			
Public policy *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 415: Public Policy 2016	415-1 Political contributions	The Bank's Robustness in Compliance	83			
Customer health and safety *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Supplier Evaluation and Procurement	86			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Supplier Evaluation and Procurement	86			
Marketing and labeling *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
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	417-2 Incidents of non-compliance concerning product and service information and labeling	The Bank's Robustness in Compliance	83			
	417-3 Incidents of non-compliance concerning marketing communications	The Bank's Robustness in Compliance	83			
Customer privacy *[The material topics and the disclosures included under the material topics are examples. See guidance under row 39]*						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Bank's The Robustness in Compliance,Customer data Security and privacy	83,77			

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Glossary

A

ACCEPTANCES

Promise to pay when the drawee of a time draft stamps or writes the word 'accepted' above his signature and a designated payment date.

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 GAIN/LOSS

Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AMORTISED COST OF A FINANCIAL ASSET OR FINANCIAL LIABILITY

The amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortiSation using effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

B

BASEL III

The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity.

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.

BASIS POINT (BP)

One hundredth of a percentage point (0.01 per cent); 100 basis points is 1 percentage point. Used in quoting movements in interest rates or yields on securities.

BUSINESS MODEL ASSESSMENT

Business model assessment is carried out as the first step of the financial assets classification process. Business model refers to how an entity manages its financial assets in order to generate cash flows.

C

CAPITAL ADEQUACY RATIO

The percentage of risk-adjusted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlement (BIS) and as modified to suit local requirements by the Central Bank of Sri Lanka.

CASH EQUIVALENTS

Short-term highly liquid investments those are readily convertible to known amounts of cash and which subject to an insignificant risk of changes in value.

CASH FLOWS

Cash flows are inflows and outflows of cash and cash equivalents.

COLLECTIVELY ASSESSED LOAN IMPAIRMENT PROVISIONS

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that have been incurred but have not yet been identified at the reporting date.

CONTINGENCIES

A condition or situation, the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or nonoccurrence of one or more uncertain future events.

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.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised overthe 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 TO INCOME RATIO

Operating expenses as a percentage of total operating income.

CREDIT RATINGS

An evaluation of a corporate ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK

Risk of financial loss to the Bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the loans and advances to customers and other banks and investment in debt securities.

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.

D

DEFERRED TAX

Sum set aside in the Financial Statements 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

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.

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

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.

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 its liabilities.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

EXPECTED CREDIT LOSS (ECL)

The weighted average of credit losses with the respective risks of a default occurring as the weights.

Glossary

EXPOSURE AT DEFAULT (EAD)

The amount that a bank is exposed to at the time of default of its borrower.

F

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

A financial asset/liability acquired incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

FINANCE LEASE

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of whatever is being leased.

FOREIGN EXCHANGE CONTRACT

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

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.

G

GLOBAL REPORTING INITIATIVES (GRI)

The GRI is an international independent standards organisation that helps businesses, governments and other organisations to understand and communicate their impacts on issues such as climate change, human rights and corruption. GRI promotes sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

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.

GROSS DIVIDEND

The portion of profits distributed to the shareholders including the tax withheld.

GROUP

A group is a parent and all 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 unfavorable price movements (interest rate, foreign exchange rate, commodity prices, etc.).

HIGH QUALITY LIQUID ASSETS (HQLA)

Assets that are unencumbered, liquid in markets during a time of stress and, ideally, be Central Bank eligible. These include, for example, cash and claims on Central Governments and Central Banks.

I

IMPAIRED LOANS

Loans where the group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

IMPAIRMENT ALLOWANCE

Impairment allowance is a provision held as a result of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified as individual (specific) or collective (portfolio).

INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/ services or for rental to others or for administrative purposes.

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 or sale.

K

KEY MANAGEMENT PERSONNEL (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

L

LIFETIME EXPECTED CREDIT LOSSES

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange and Treasury Bills and Bonds.

LIQUIDITY COVERAGE RATIO (LCR)

Refers to highly liquid assets held by Banks to meet short-term obligations. The ratio represents a generic stress scenario that aims to anticipate market-wide shocks.

LOSS GIVEN DEFAULT (LGD)

The percentage of an exposure that a lender expects to not recover in the event of default.

LEASE LIABILITIES

Present value of contractual lease payments.

LOAN-TO-VALUE RATIO (LTV)

The LTV ratio is a mathematical expression which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore, the correct price of the loan to the borrower.

M

MARKET CAPITALISATION

The value of a company obtained by multiplying the number of issued shares by its market value as at a date.

MARKET RISK

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

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 the amount 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)

The margin is expected as net interest income divided by average interest earning assets.

NET STABLE FUNDING RATIO (NSFR)

Measures the amount of longer term, stable sources of funding employed by a Bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

NON-CONTROLLING INTEREST (NCI)

Non-Controlling Interest is the equity in a subsidiary not attributable directly or indirectly to a parent.

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.

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.

OPEN CREDIT EXPOSURE RATIO

Total net non-performing loans and advances expressed as a percentage of equity.

OPERATIONAL RISK

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

PARENT

A parent is an entity that has one or more subsidiaries.

PAST DUE

A financial asset is past due when counterparty has failed to make a payment when that payment was contractually due.

PRICE-EARNINGS RATIO (P/E RATIO)

The current market price of the share is divided by the earnings per share of the Bank.

PRICE TO BOOK VALUE

Market price of a share divided by the net assets value of a share.

PROBABILITY OF DEFAULT (PD)

The likelihood of a default over a particular time horizon. It provides an estimate of the probability that a borrower will be unable to meet its debt obligations.

PROVISION COVER

Total provisions for loan losses expressed as a percentage of net non-performing loans and advances before discounting for provisions on non-performing loans and advances.

R

RELATED PARTIES

Parties where one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RELATED PARTY TRANSACTION (RPT)

RPT is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

REPURCHASE AGREEMENT

Contract to sell and subsequently repurchase securities at a specified date and price.

RETURN ON AVERAGE ASSETS (ROA)

Net income 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 EQUITY (ROE)

Net income, less preferred share dividend 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 securities by a bank or a dealer and resale back to the seller at a future date at a specified price.

RISK-WEIGHTED ASSETS

Used in the calculation of risk-based capital ratios. The face amount of lower risk 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 off-balance sheet instruments is also recognised, first by adjusting notional values to Statement of Financial Position (or credit) equivalents and then by applying appropriate risk weighting factors.

RIGHT-OF-USE ASSET

An asset that represents a lessee's right to use an underlying asset for the lease term.

S

SECURITIES SOLD UNDER REPURCHASE AGREEMENT (REPO)

This relates to Treasury Bills and Bonds sold subject to a commitment to repurchase them at a predetermined price on a specified future date. Securities purchased under resale agreement (reverse REPO). These are loans collateraliSed by the purchase of Treasury Bills and/or guaranteed commercial papers from the counterparty to which the loans are granted. The sale by the counterparty is subject to a commitment by the Bank to sell back the underlying debt securities to the borrower at a predetermined price on a specific future date.

SEGMENT REPORTING

Disclosure of the Bank's assets, income and other information, broken down by activity and geographical area.

SHAREHOLDERS' FUNDS/EQUITY

Total of issued and fully paid share capital and capital and revenue reserves.

SINGLE BORROWER LIMIT

30% of Total Regulatory Capital.

STATUTORY RESERVE FUND

A capital reserve created as per the provisions of the Banking Act No. 30 of 1988.

SUBSIDIARY COMPANY

A subsidiary is an enterprise that is controlled by another enterprise (known as the parent).

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

According to SLFRS 9, an entity should assess whether the risk of default on a financial instrument has increased significantly since initial recognition. The assessment should consider reasonable and supportable information that is relevant and available without undue cost or effort.

T

TIER 1 CAPITAL (COMMON EQUITY TIER 1 - CET 1)

Common Equity Tier 1 (CET 1) is a component of Tier 1 capital that consists mostly of Stated Capital. It is a capital measure that was introduced as a precautionary measure to protect the economy from a financial crisis.

TIER 1 CAPITAL (ADDITIONAL TIER 1 CAPITAL - AT I)

Additional Tier 1 Capital (AT I) is a component of Tier 1 Capital that comprises securities that are subordinated to most subordinated debt, which have no maturity, and their dividends can be cancelled at any time.

TIER 2 CAPITAL

Capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

TOTAL CAPITAL

Capital base is summation of the core capital (Tier 1) and the supplementary capital (Tier 2).

U

UNDRAWN CREDIT LINES

Credit facilities approved but not yet utiliSed by the clients as at the reporting date.

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.

VOSTRO ACCOUNT

A local currency account maintained by a local bank for a foreign (correspondent) bank.

Y

YIELD TO MATURITY

Discount rate at which the present value of future payments would equal the security's current price.

12-MONTH EXPECTED CREDIT LOSS

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.

සභාපතිතුමාගේ පණිවිඩය

හිතවත් පාර්ශ්වකරුවනි,
2025 දෙසැම්බර් 31 දිනෙන් අවසන් වූ වර්ෂය සඳහා සෙලාන් බැංකුව පීඑල්සී හි වාර්ෂික වාර්තාව සහ විගණනය කළ මූල්‍ය ප්‍රකාශ ඔබ වෙත ගෙන එනු ලබන්නේ ඉමහත් අභිමානයකිනි. මෙම මූල්‍ය වර්ෂයේ දී මෙතෙක් වාර්තා කළ ඉහළම බදුවලට පසු ලාභය ළඟා කර ගනිමින් බැංකුව සුවිශේෂී සන්ධිස්ථානයක් සනිටුහන් කළේය. මධ්‍යස්ථ වේගයකින් ආර්ථිකය යහපත් අතට පරිවර්තනය වීම බැංකු අංශය වෙත හිතකර පසුබිමක් ඇති කළේය. 2025 ජනවාරි මාසයේදී ෆිච් ශ්‍රේණිගත කිරීම මගින් ස්ථාවර තත්ත්වයක බලාපොරොත්තු සනිටුහන් කරමින් සෙලාන් බැංකුවේ දිගු කාලීන මූල්‍ය ශක්‍යතා අනුපාතය 'A-(lka)'සිට 'A+(lka)' දක්වා වර්ධනයක් දක්වනු ලැබීම ඉතා සතුටුදායක අවස්ථාවකි. උත්ශ්‍රේණි කිරීම අදියර දෙකකින් සිදු වීම හේතුවෙන් සෙලාන් බැංකුව සෙසු තරඟකරුවන්ට සාපේක්ෂව මූල්‍ය වශයෙන් විශ්වසනීයත්වයක් තහවුරු කරගෙන ඇත. එමෙන්ම රටේ මූල්‍ය ශ්‍රේණිගත කිරීම්වල වර්ධනයන්ගෙන් ප්‍රතිලාභ ලබා ගත්තේය.

කාර්යසාධනය

සමාලෝචනයට භාජනය වන වර්ෂය තුළ ශ්‍රී ලංකාවේ බැංකුකරණ අංශය විසින් හිතකර ප්‍රතිසාධනයක් අත්විඳිනු ලැබිණි. මේ සඳහා මූල්‍ය ලිහිල් කිරීම් ප්‍රධාන වශයෙන් බලපානු ලැබිණි. එමඟින් අරමුදල් පිරිවැය අඩු වූ අතර ණය ගැනීම දිරිමත් කරන ලදී. ඊට සමගාමීව රටේ ආර්ථිකය යහපත් අතට පත්වීමෙන් ආයතනික සහ පාරිභෝගික ණය ඉල්ලුම වර්ධනය විය. රට අභ්‍යන්තරයේ මෙන්ම හා ලෝකයේ ආර්ථික තත්ත්වයන් වැඩිදියුණු වූ හෙයින්, පුද්ගල විශ්වාසය වර්ධනය විය. සංචාරක, නිෂ්පාදන සහ වෙළඳාම යන අංශවල සහය සහ වර්ධනය ඊට තවදුරටත් ශක්තිය සපයනු ලැබිය. දළ දේශීය නිෂ්පාදිතයේ වර්ධනය මධ්‍යස්ථ මට්ටමක පැවතුණද, සමාලෝචනයට භාජනය වූ වර්ෂය තුළ නිෂ්පාදන, සේවා සහ අපනයන වැනි ප්‍රධාන අංශවල සැලකිය යුතු පුනර්ජීවනයක් දක්නට ලැබුණු අතර, උද්ධමනය ස්ථාවර මට්ටමක පැවතීමද ඊට උපකාරී විය.

මෙකී සාධක සියල්ල ණය ඉල්ලුම ඉහළ යාමට සහ ණය ගැනියන්ගේ ආපසු ගෙවීමේ ධාරිතාව වැඩිදියුණු වීමට බලපාන ලදී. එමඟින් වත්කම්වල ගුණාත්මකභාවය ශක්තිමත් විය. මෙම පසුබිම තුළ, පවතින ආර්ථික පරිසරයේ වර්ධනය, කළඹේ ගුණාත්මකභාවය සහ සම්පත පාරිභෝගික සම්බන්ධතා ශක්තිමත් වීම දැකගත හැකි විය.

SeylanPay සඳහා විවිධ සංවර්ධනයන් සිදු කරමින්, බැංකුව සිය කටයුතු ඩිජිටල්කරණය කිරීමට ප්‍රමුඛත්වයක් ලබා දේ. ඒ හරහා කඩිනම් QR ගෙවීම, එක්වර ගෙවීම් පහසුකම්, මෙන්ම ඉහළ සුරක්ෂිතභාවය වැනි සේවා පිරිනමමින් කාඩ්පත් රහිත ගනුදෙනු දිරිමත් කරයි.

යහපාලනය සහ ප්‍රතිපත්ති

පුළුල් පාලන ප්‍රතිපත්තිවලින් සහය දක්වන ශක්තිමත් ආයතනික පාලන රාමුවක් සෙලාන් බැංකුව විසින් පවත්වා ගනු ලබයි. සමාලෝචනයට භාජනය වන වර්ෂය තුළද එකී කටයුතු පවත්වා ගනු ලැබිය. වර්ෂය තුළ, බැංකුව විසින් පවත්නා පාලන ප්‍රතිපත්ති සංශෝධනය කිරීම සහ අලුතින් පනවන ලද දූෂණ විරෝධී නීති සම්පාදනයේ අවශ්‍යතාවලට අනුකූලව දූෂණ විරෝධී ප්‍රතිපත්තිය ඇතුළු නව ප්‍රතිපත්ති හඳුන්වාදීම තුළින් එහි පාලන ව්‍යුහය තවදුරටත් ශක්තිමත් කරන ලදී.

සෙලාන් බැංකුව තුළ යහපාලනය යන්න අර්ථ දැක්වීමේදී නියාමන වගකීමකින් ඔබ්බට ගිය තිරසාර සාර්ථකත්වය වෙනුවෙන් කටයුතු කිරීම අරමුණු කරයි. සමාලෝචනයට භාජනය වන වර්ෂය තුළදී, අපි අපගේ පාලන රාමුව ශක්තිමත් කිරීමට කටයුතු කළෙමු, එමෙන්ම ප්‍රධාන ප්‍රතිපත්ති යාවත්කාලීන කිරීම්, අලුතින් පැනවූ දූෂණ වැළැක්වීමේ ප්‍රතිපත්ති සහ රාමු සවිස්තරාත්මකව හඳුන්වාදීමත් සිදු කළෙමු. නියාමන සංවර්ධනය සහ ආයතනික අඛණ්ඩතාව ශක්තිමත් කිරීම සඳහා අපි ක්‍රියාකාරීව කටයුතු කරන ආකාරය මෙකී ප්‍රයත්නයන් මගින් නිදසුන් සපයයි.

අධ්‍යක්ෂ මණ්ඩලය විසින් හුදෙක් නීති සුරකීමට සීමා නොවී, ආයතනය තුළ සෑම මට්ටමකින්ම ආචාර සම්පන්න, වගකීම් සහගත, විශ්වසනීය සේවා පවත්වා ගැනීම වෙනුවෙන් කටයුතු කරමින් දැඩි අධීක්ෂණයක්, පැහැදිලි භූමිකාවක් මෙන්ම කාර්යක්ෂම අධ්‍යක්ෂ මණ්ඩල කමිටු පවත්වා ගනිමින් අපි ශක්තිමත්ව ඉදිරියට මුහුණදීමට සූදානම්ව සිටින්නෙමු.

අල්ලස් සහ දූෂණ සම්බන්ධයෙන් අපි දැඩිව තිරණ ගන්නෙමු. වැළැක්වීමේ ක්‍රමවේද වැඩිදියුණු කිරීම, සේවකයින් දැනුවත් කිරීමට කටයුතු කිරීම, එවන් කටයුතු හෙළිදරව් කිරීමේ යාන්ත්‍රණ ශක්තිමත් කිරීම ඔස්සේ අවංකභාවය අපගේ එදිනෙදා මෙහෙයුම් කටයුතුවල අනිවාර්ය අංගයක් බවට පත් කරලන්නෙමු.

වෙනස්වන නියාමන අවශ්‍යතා, ජාත්‍යන්තර හොඳම භාවිතයන් සහ පාර්ශ්වකරුවන්ගේ අරමුණුවලට අනුකූල වන්නා වූ ආයතනික පාලන රාමුවක් සංවර්ධනය කිරීමටත්, ශක්තිමත් කිරීමටත් අපි නිරන්තරයෙන් කටයුතු කරන්නෙමු. මෙම රාමුව මඟින් බැංකුවේ විශ්වසනීයත්වය මෙන්ම වගකීම් සහගත නායකත්වය පවත්වා ගැනීමට සහය දක්වයි.

ඉදිරිය සැලසුම්වලදී, විනිවිදභාවය, විශ්වාසය මෙන්ම අවංකභාවයෙන් කටයුතු කිරීම ආදී වටිනාකම්වලින් සැදුම්ලත් ආයතනයක් ගොඩනැඟීමට අදහස් කරන්නෙමු. ඒ තුළින් සෙලාන් බැංකුව සිය පාර්ශ්වකරුවන්, සේවාලාභීන්, සේවකයින් මෙන්ම සමස්ත ප්‍රජාව වෙත තිරසාරාත්මක වටිනාකම් පිරිනමන බවට සහතික කිරීමට අදහස් කරයි.

බලපතුලාභී වාණිජ බැංකුවක් ලෙස, දිගුකාලීන පැවැත්ම මෙන්ම වටිනාකම් නිර්මාණය කිරීමේදී, තිරසාරභාවය සහ කාලගුණයට අදාළ කරුණු පිළිබඳ විමසිලිමත්වීමේ වැදගත්කම වටහා ගනී. ක්ෂේත්‍රයේ හොඳම භාවිතයන්ට අනුකූල වන අන්දමින්, මෙම වර්ෂයේදී ආරක්ෂාකාරීව සහ වගකීම් සහගතව SLFRS S1 සහ S2 යොදා ගනු ලැබුවෙමු. මනා අධීක්ෂණයක්, වගවීමක් මෙන්ම පහසුවෙන් ක්‍රියාත්මක කිරීම සහතික කරනු පිණිස අධ්‍යක්ෂ මණ්ඩලය විසින් පාලන කටයුතු වැඩිදියුණු කොට ඇත.

තිරසාර වර්ධනයක් උදෙසා මූල්‍ය සම්පත් ශක්තිමත් කිරීම

අපි බැංකුවේ ඉදිරි මූල්‍ය අවශ්‍යතා මෙන්ම වර්ධන ගමන් මඟ තහවුරු කරනු පිණිස, මූල්‍ය වර්ධන උපායමාර්ගය ඉතා සූක්ෂ්ම අන්දමින් අධ්‍යයනය කළෙමු. අපි BASEL III අවශ්‍යතාව ඇතුළු නියාමන මූලධර්මවලට අදාළව අනුකූලතාවයක් පවත්වා ගත්තෙමු. සැලසුම් කළ පරිදි, බැංකුවේ ණයකර නිකුතුව රුපියල් බිලියන 15 ක් දක්වා රැස් කිරීම අරමුණු කළ අතර, එය 2025 වර්ෂය මැද භාගයේදී සාර්ථකව සම්පූර්ණ කළ අතර, ඊට අපේක්ෂා කළ ප්‍රමාණයටත් වඩා පිරිසක් සම්බන්ධ විය. ඒ තුළින් ආයෝජකයින් අප වෙත දක්වන දැඩි විශ්වාසය පිළිබිඹු කරයි. බැංකුවේ ප්‍රාග්ධන පදනම සැලකිය යුතු ලෙස ශක්තිමත් කරලීමට නිකුතුවෙන් ලද ආදායම උපකාරී විය. විශේෂයෙන් එය මධ්‍ය කාලීනව, අපේක්ෂිත ව්‍යාපාර වර්ධනයට සහය විය.

උපායමාර්ග වෙත නව මුහුණුවරක්; සුදුසුම විකල්ප යොදා ගැනීම

2025 වර්ෂයේදී, සෙලාන් බැංකුව පීඑල්සී, උසස් තාක්ෂණයන් යොදා ගනිමින්, "සුදුසුම විකල්ප" යන අරමුණ හඳුන්වාදීමින්, සිය ඩිජිටල් බැංකුකරණ ශක්‍යතා තවදුරටත් ශක්තිමත් කරමින් බැංකුවේ අන්තර්ජාල පද්ධතිය සහ ජංගම බැංකුකරණ පද්ධතියේ සංවර්ධනයන් සිදු කිරීම හේතුවෙන් වෙළඳ, කුඩා සහ මධ්‍යම පරිමාණ ව්‍යාපාර සහ ආයතනික යන කාණ්ඩවල සේවාලාභීන්ට පුළුල් සේවා ඉතා පහසුවෙන් සහ විශ්වසනීයත්වයකින් ලබා ගැනීමට හැකි විය. ඒ අතර ගිණුම් කළමනාකරණය, ගෙවීම්, මූදල් හුවමාරුව, බිල්පත් ගෙවීම සහ කාඩ්පත් සම්බන්ධ සේවා අයත් වේ.

SeylanPay සඳහා විවිධ සංවර්ධනයන් සිදු කරමින්, බැංකුව සිය කටයුතු ඩිජිටල්කරණය කිරීමට ප්‍රමුඛත්වයක් ලබා දේ. ඒ හරහා කඩිනම් QR ගෙවීම, එක්වර ගෙවීම් පහසුකම්, මෙන්ම ඉහළ සුරක්ෂිතභාවය වැනි සේවා පිරිනමමින් කාඩ්පත් රහිත ගනුදෙනු දිරිමත් කරයි. එමෙන්ම eKYC සේවාව හරහා කඩදාසි රහිතව සේවා සැලසීමට ආරම්භ කොට ඇත. ඩිජිටල් බැංකුකරණ පද්ධතිය සඳහා වැඩිදියුණු කළ මාධ්‍ය යොදා ගනිමින් භාවිතයේ පහසුව සහ ක්ෂණික පණිවුඩ ලබා දෙන පරිදි වෙනස්කම් සිදු කරනු ලැබිණි. ඒ හරහා සේවාලාභීන් වෙත කඩිනම් සේවාවක් පිරිනමන අතර, කාලය ඉතුරුවීමක්ද සිදු වේ. සෙලාන් බැංකුව ආරක්ෂාව, කාර්යක්ෂමභාවය මෙන්ම පාරිභෝගිකයින් වෙත සේවා සැලසීම වෙනුවෙන් කැපවන බව තහවුරු කරමින්, සිය ගනුදෙනු, ගිණුම් ආරම්භ කිරීම ඩිජිටල් පද්ධති හරහා සිදු කරයි. දත්ත පද්ධතිවල සුරක්ෂිතභාවය තහවුරු කරනු ලබන ක්‍රමවේද යොදා ගනු ලබයි. මෙකී වෙනස්කම් මඟින් සේවාලාභීන්ගේ පහසුව සහ ආරක්ෂාව තහවුරු කරන්නා සේම, සෙලාන් බැංකුවේ උපායමාර්ගික දැක්ම තාක්ෂණය පෙරදැරි කරගත් බැංකුකරණ කටයුතු සැපයීම වෙනුවෙන් සහය දක්වයි. එමෙන්ම ඩිජිටල් තාක්ෂණය යොදා ගනිමින් ගනුදෙනු සිදු කිරීමෙහි විශ්වාසය ඇති කරයි.

2026 වර්ෂය සහ ඉන් ඉදිරිය

2026 වර්ෂයේදී, කාර්යක්ෂම, ශක්තිමත් මෙන්ම විවිධත්වයෙන් පිරි පාරිභෝගික අවශ්‍යතා සපුරාලනු ලබන ආයතනික උපායමාර්ග අපගේ බැංකුකරණ මෙහෙයුම් වෙනුවෙන් යොදා ගැනීම ඉතා වැදගත් වේ. අපගේ සංවර්ධන සැලසුම්වලදී ඩිජිටල්කරණය ප්‍රමුඛ කොට සලකන්නෙමු. ඒ හරහා සමස්ත බැංකුකරණ පද්ධතියේ වර්ධනයක් ළඟා කරගැනීමට හැකි වන අතර, සේවාලාභීන්ගේ අවශ්‍යතා ඉටුකරලීමට හැකියාව ලබා දේ. පසුගිය වසරවලදී අප වෙත ප්‍රතිලාභ අත්කර දුන් උපායමාර්ග මත පදනම්ව, වටිනාකම් නිර්මාණය කරන්නෙමු. මනාව සැලසුම් ක්‍රියාත්මක කරමින්, නව අදහස් ඉදිරිපත් කරමින්, අපි අපගේ පාර්ශ්වකරුවන්ගේ අරමුණු සාක්ෂාත් කොට ඉන් ඔබ්බට සේවා සපයනු ලබන්නෙමු. ඒ හරහා දිගු කාලීන වර්ධනයක්, විශ්වාසවන්තභාවයක් මෙන්ම ප්‍රතිලාභ සහතික කරන්නෙමු.

ස්තුතිය

සෙලාන් බැංකුවේ සමස්ත කාර්ය මණ්ඩලය විසින් පිරිනැමූ නොසැලෙන උනන්දුව, කැපවීම වෙනුවෙන් ස්තුතිය ප්‍රකාශ කරනු පිණිස මම මෙය අවස්ථාවක් කරගනිමි. එය අපි ඉලක්ක කළ කාර්යසාධන අරමුණු අභිබවා යනු පිණිස මහත් උපකාරී විය.

අපගේ අධ්‍යක්ෂකතුමන් සහ ප්‍රධාන විධායකතුමන්, රමේෂ් ජයසේකර මහතා, ඇතුළු කළමනාකරණ කණ්ඩායම වෙනුවෙන් විශේෂ ස්තුතිය පිරිනමමි. ඔවුන් වෙහෙස නොබලා කටයුතු කරමින්, නායකත්වය මෙන්ම නොවෙනස්වන කැපවීම පිරිනැමීම හේතුවෙන් පසුගිය වර්ෂයන්හි බැංකුව කැපීපෙනෙන ජයග්‍රහණ අත්වින්දේය. එමෙන්ම සෙලාන් බැංකුවේ සියලුම සාමාජිකයින් වෙනුවෙන් මම ස්තුතිවන්ත වෙමි.

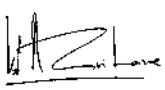
බැංකුවේ සාර්ථකත්වය නොවෙනස්ව පවත්වා ගනු පිණිස ඔවුන්ගේ අනවරත කැපවීම, වෘත්තීයභාවය මෙන්ම උනන්දුව මහත් ශක්තියක් විය. ඔවුන්ගේ සාමූහික ප්‍රයත්නයන් නොවන්න මෙකී ජයග්‍රහණ ළඟා කරගත නොහැකි වනු ඇත.

එමෙන්ම, කාර්ය මණ්ඩලයේ සියලු දෙනා විසින් නොවෙනස්ව ලබා දුන් සහයෝගය, උපදෙස් සහ උපායමාර්ගික දැක්ම වෙනුවෙන් මම ස්තුතිය පළ කර සිටිමි. බැංකුවේ අධ්‍යක්ෂවරුන් ලෙස වටිනා දායකත්වය සහ කැපවූ සේවය ලබා දුන්, පසුගිය වසරේ සිය සේවයෙන් නික්ම ගිය සන්ධ්‍යා සල්ගාදු මහත්මිය සහ සංජීවනී කොටකදෙණිය මහත්මියට ද මම ස්තුතිය පළ කරමි.

එමෙන්ම නිරන්තර මඟ පෙන්වීම සහ සහයෝගය ලබා දුන් ශ්‍රී ලංකා මහ බැංකුවේ අධිපති සහ බැංකු අධීක්ෂණ අධ්‍යක්ෂ සහ ඔවුන්ගේ නිලධාරීන් වෙත මම ස්තුතිය පළ කර සිටිමි.

අවසන් වශයෙන් අපගේ කොටස්කරුවන්, වටිනා පාරිභෝගිකයින් සහ සියලුම පාර්ශ්වකරුවන් විසින් සෙලාන් බැංකුව වෙත දැක්වූ අවංකභාවය සහ විශ්වාසය වෙනුවෙන් ස්තුතිවන්ත වෙමි.

සෙලාන් බැංකු ඉදිරි කටයුතු පිළිබඳ සුබවාදී දැක්මක් පවතින අතර, අපගේ සියලු පාර්ශ්වකරුවන්ගේ අභිලාෂයන් වෙනුවෙන් සහය දක්වන්නා වූ තිරසාර වර්ධනයක් සාක්ෂාත් කරගනු පිණිස අපි කැපවී සිටින්නෙමු.



වීනිසුරු, ජනාධිපති නීතීඥ ඛුවනෙක අළුවිහාරේ
සභාපති
2026 පෙබරවාරි 26

தலைவரின் செய்தி

அன்பார்ந்த பங்குதாரர்களுக்கு,

31 டிசம்பர் 2025 இல் நிறைவடைந்த ஆண்டிற்கான செலான் வங்கி பி.எல்.சி. இன் ஆண்டறிக்கையினையும் கணக்காய்வு செய்யப்பட்ட நிதிக் கூற்றுக்களையும் நான் மிகுந்த பெருமையுடன் முன்னிலைப்படுத்துகின்றேன். இந்த நிதியாண்டில் வங்கியானது அதன் அதியுயர்ந்த வரிக்குப் பிந்திய இலாபத்தை பதிவுசெய்து ஒரு முக்கிய மைல்கல்லை அடைந்துள்ளது. மிதமாகக் காணப்பட்டாலும், பொருளாதாரத்திலான மீட்டெழுச்சியானது வங்கியியல் துறைக்கான ஒரு சாதகமான வளர்ச்சி சூழலினை உருவாக்கியுள்ளது. ஜனவரி 2025 இல் Fitch ரேட்டிங்ஸ், செலான் வங்கியின் தேசிய நீண்டகால தரப்படுத்தலை ஒரு உறுதியான கண்ணோட்டத்துடன் 'A-(lka)' இலிருந்து 'A+(lka)' ஆக தரமுயர்த்தியதை பகிர்வது மகிழ்ச்சியளிக்கின்றது. இறையாண்மை தரப்படுத்தல் மேம்படுத்தலைத் தொடர்ந்து இந்த இரு வெட்டு தரமுயர்த்தலானது வங்கியின் மேம்பட்ட கடன் தகுதி, பலப்படுத்தப்பட்ட போட்டி நிலை மற்றும் உறுதியான மீள்அளவீட்டிற்கு ஒரு சான்றாகும்.

செயற்திறனுக்கான சூழமைவு

மீளாய்வுக் காலத்தின்போது, இலங்கையின் வங்கியியல் துறையானது ஒரு பாராட்டத்தக்க மீட்டலை வெளிப்படுத்தியது. இந்த மீட்டெழுச்சியானது பிரதானமாக நாணயத் தளர்வினால் உந்தப்பட்டதுடன், இது நாட்டின் பொருளாதார மீளெழுச்சியுடன் இணைந்து நிதியளித்தல் கிரயங்களைக் குறைத்து கடன்பெறுதலை ஊக்குவித்தது. இது கம்பனிகள் மற்றும் நுகர்வோர் கடனுக்கான கேள்வியினை தூண்டியது. இந்த மீட்டெழலானது மேம்பட்ட பௌதீக மற்றும் வெளிவாரி நிலைமைகளினால் மேலும் வலுவூட்டியதுடன் நம்பிக்கை, முறைமைப்படுத்தல் உறுதுணை மற்றும் சுற்றுலாத்துறை, உற்பத்தித்துறை மற்றும் வர்த்தகத்துறை என்பவற்றிலான மீட்டலினையும் மேம்படுத்தியது. மொத்த உள்ளூர் உற்பத்தியில் மிதமான வளர்ச்சி காணப்பட்டாலும், மீளாய்வாண்டானது உறுதியான பணவீக்கத்துடன் சேர்ந்து உற்பத்தி, சேவைகள் மற்றும் ஏற்றுமதி போன்ற முக்கிய துறைகளில் கணிசமான மீட்டெழுச்சியினை கண்டது. இக்காரணிகள் கூட்டாக கடனுக்கான கேள்வியினை உயர்த்துவதற்கும் கடன்பெறுபவர்களின் மேம்பட்ட மீள்செலுத்தலுக்கும் வழிவகுத்ததுடன் இதன் மூலம் கடன் தரத்தினையும் பலப்படுத்தியது. இந்தப் பின்னணியில், நிலவுகின்ற பொருளாதார சூழலானது வளர்ச்சி, கடன்தேக்கத் தரம் ஆகியவற்றிற்கு உகந்ததாகவும் ஆழ்ந்த வாடிக்கையாளர் ஈடுபாட்டினையும் நிரூபித்தது.

சிறந்த ஆளுகை மற்றும் நடைமுறைகள்

செலான வங்கியானது விரிவான ஆளுகைக் கொள்கைகளினால் ஆதாரமளிக்கப்பட்டு ஒரு திடமான பெருநிறுவன ஆளுகை கட்டமைப்பினை தொடர்ந்தும் நிலைநிறுத்துவதுடன், மீளாய்வாண்டானது இதற்கு விதிவிலக்கல்ல. மீளாய்வாண்டின்போது வங்கியானது, புதிதாக சட்டமாக்கப்பட்ட ஊழல் எதிர்ப்பு சட்டத்தின் தேவைப்பாடுகளுடன் சீரமைவாக ஊழல் எதிர்ப்பு கொள்கை உள்ளடங்கலான, நடைமுறையிலுள்ள ஆளுகை தொடர்பான கொள்கைகளின் திருத்தம் மற்றும் புதிய கொள்கைகளின் அறிமுகம் என்பவற்றினூடாக அதன் ஆளுகைக் கட்டமைப்பினைப் பலப்படுத்தியது.

செலான் வங்கியில் சிறந்த ஆளுகை என்பது வெறுமனே ஒரு முறைமைப்படுத்தல் கடப்பாடல்ல - அது நிலைபேறுடைய வெற்றியினை கட்டியெழுப்புவதற்கான அடித்தளமாகும். மீளாய்வாண்டின்போது, நாம் தொடர்ச்சியாக எமது ஆளுகை கட்டமைப்பினை பலப்படுத்தியும், முக்கிய கொள்கைகளை சீர்திருத்தியும் புதிதாக சட்டமாக்கப்பட்ட சட்டத்திற்கு சீரமைவாக ஒரு விரிவான ஊழல் எதிர்ப்பு கொள்கை மற்றும் கட்டமைப்பினை அறிமுகப்படுத்தியும் உள்ளோம். இந்த மேம்படுத்தல்கள் எதிர்பார்க்கின்ற முறைமைப்படுத்தல் அபிவிருத்திகள் மற்றும் நிறுவன ஒருமைப்பாட்டினை வலுவூட்டுதல் என்பவற்றிற்கான எமது முன்முயற்சியான அணுகுமுறையினை பிரதிபலிக்கின்றன.

சபையானது இணக்கப்பாட்டிற்கு அப்பால் செல்லும் ஒரு ஆளுகைக் கலாச்சாரத்தினை கட்டியெழுப்புவதற்கு அர்ப்பணிப்புடன் உள்ளது. இது நிறுவனத்தின் ஒவ்வொரு மட்டத்திலும் நெறிமுறையான தலைமைத்துவம், பொறுப்புக்கூறல் மற்றும் பொறுப்புமிக்க தீர்மானம் மேற்கொள்ளல் என்பவற்றை ஊக்குவிக்கின்றது. திடமான மேற்பார்வை, நிர்ணயிக்கப்பட்ட பங்குகள் மற்றும் வினைத்திறனான சபைக் குழுக்கள் என்பவற்றுடன் எமது ஆளுகையானது வலுவானதாகவும் எதிர்காலத்திற்கு தயாரானதாகவும் உள்ளது.

லஞ்சம் மற்றும் ஊழலில் நாம் ஒரு உறுதியான பூஜ்ஜிய சகிப்புத்தன்மையினை நிலைநிறுத்துகின்றோம். தடுப்புக் கட்டுப்பாட்டினை மேம்படுத்துதல், பணியாட்கள் விழிப்புணர்வு முன்னெடுப்புகளை விரிவாக்குதல், மற்றும் பாதுகாப்பான உட்குறை உரைத்தல் பொறிமுறைகளின் வலுவூட்டல் என்பவற்றின் மூலம், எமது நாளாந்த செயற்பாடுகளில் நாம் தொடர்ச்சியாக நேர்மையினை உட்பதிக்கின்றோம்.

வளர்ந்து வரும் முறைமைப்படுத்தல் தேவைப்பாடுகள், சர்வதேச சிறந்த நடைமுறைகள் மற்றும் எமது பங்காளிகளது எதிர்பார்ப்புக்கள் என்பவற்றுடன் சீரமைவான ஒரு வலுவான பெருநிறுவன ஆளுகைக் கட்டமைப்பினை நாம் தொடர்ச்சியான விருத்திசெய்து பலப்படுத்துகின்றோம். இக்கட்டமைப்பானது வங்கியின் நேர்மை மற்றும் பொறுப்பான தலைமைத்துவ கலாச்சாரத்திற்கு ஆதாரமாயுள்ளது.

முன்னோக்கிப் பார்க்கும்போது நாம், வெளிப்படைத்தன்மை, நம்பிக்கை மற்றும் நெறிமுறையான நடத்தை என்பவற்றில் அடித்தளமிட்டுள்ள விழுமியத்தினால் வழிநடத்தப்படும் ஒரு நிறுவனத்தினை கட்டியெழுப்புவதில் முன்னுரித்தம் செய்கின்றோம். இது எமது பங்குதாரர்கள், வாடிக்கையாளர்கள், பணியாட்கள் மற்றும் பரந்தளவில் சமூகம் ஆகியோருக்கு நிலைபேறுடைய பெறுமதியினை செலான் வங்கி தொடர்ந்தும் விநியோகிப்பதனை உறுதிசெய்கின்றது.

உரிமமளிக்கப்பட்ட ஒரு வர்த்தக வங்கியாக செலான் வங்கி நீண்டகால மீளெழுச்சி மற்றும் பெறுமதி உருவாக்கத்தினுள் உட்பதிப்பதற்காக நிலைபேறுடைமை மற்றும் காலநிலை தொடர்பான அக்கறைகள் என்பவற்றில் வளர்ச்சியடையும் பொருந்துமையினை அங்கீகரிக்கின்றது. SLFRS S1 மற்றும் S2 என்பவற்றின் எமது முதல் வருட கடைப்பிடிப்பானது துறைசார் சிறந்த நடைமுறைகளுடன் சீரமைவான ஒரு அளவிடப்பட்ட மற்றும் பொறுப்பான அணுகுமுறையினை பிரதிபலிக்கின்றது. இங்கு சபையானது பொருத்தமான மேற்பார்வை, பொறுப்புக்கூறல் மற்றும் சிறப்பாக ஆளுகை செய்யப்பட்ட அமுலாக்கல் பயணத்தினை உறுதிப்படுத்தும் அதன் குழுக்களூடாக ஆளுகையினை பலப்படுத்தியுள்ளது.

நிலைபேறுடைய வளர்ச்சிக்காக மூலதனத்தினை பலப்படுத்துதல்

வங்கியின் எதிர்கால மூலதனத் தேவைப்பாடுகள் மற்றும் வளர்ச்சிப் பாதையுடனான சீரமைவினை உறுதிசெய்வதற்காக மூலதனப் பெருக்குதல் மூலோபாயமானது கவனமாக மீளாய்வு செய்யப்பட்டது. பாசல் III தேவைப்பாடுகள் உள்ளடங்கலான முறைமைப்படுத்தல் நியமங்களுடனான இணக்கப்பாட்டினை நாம் உறுதிசெய்தோம். திட்டமிட்டவாறு 15 பில்லியன் ரூபாயினை திரட்டும் நோக்கத்தைக்கொண்ட வங்கியின் தொகுதிக் கடன் வழங்கலானது 2025 இன் நடுப்பகுதியில் மிகைப்பங்களிப்புடன் வெற்றிகரமாக நிறைவுசெய்யப்பட்டதுடன் இது

தலைவரின் செய்தி

திடமான முதலீட்டாளர் நம்பிக்கையினை பிரதிபலிக்கின்றது. இவ்வழங்கலில் பெற்ற வருவாயானது வங்கியின் மூலதனத் தளத்தினை கணிசமாக பலப்படுத்தியதுடன், இதன் மூலம் குறிப்பாக மத்திய காலத்தில் எதிர்பார்க்கின்ற வணிக வளர்ச்சிக்கு துணையளிக்கின்றது.

மூலோபாயத்தை புதுப்பித்தல்; சாமர்த்தியமான தீர்வுகள் நோக்கி

2025 இல் செலான் வங்கி பி.எல்.சி. அதன் டிஜிட்டல் வங்கியியல் ஆற்றலினை மேலும் பலப்படுத்தியதுடன், மேம்பட்ட தொழில்நுட்பத்தை கடைப்பிடிப்பதனூடாக வாழ்க்கைக்கான "சாமர்த்தியமான தீர்வுகள்" எனும் கருத்தினைக் கொண்டுவந்தது. வங்கியின் இணையத்தள மற்றும் மொபைல் வங்கியியல் மேடைகளுக்கான மேம்படுத்தல்கள் சிற்றளவு, SME மற்றும் பெருநிறுவன பிரிவுகளிலுள்ள வாடிக்கையாளர்களுக்கு பின்வரும் விரிவான சேவைகளுக்கான அணுகுதலை நம்பகத்தன்மையுடனும் எளிமையாகவும் இயலுமையாக்கியது. அவையாவன, கணக்கு முகாமைத்துவம், கொடுப்பனவுகள், நிதி மாற்றல்கள், உண்டியல் தீர்ப்பனவுகள் மற்றும் அட்டை தொடர்பான சேவைகள் என்பவையாகும்.

செலான்பே இலான குறிப்பிடத்தக்க முன்னேற்றத்துடன் வங்கியானது டிஜிட்டல் உருமாற்றத்திற்கு முன்னுரிமையளித்தது. இது தற்போது, விரைவான QR கொடுப்பனவுகள், ஒருங்கிணைக்கப்பட்ட வணிகர் சேவைகள், மற்றும் உயர்ந்த பாதுகாப்பு என்பவற்றுடன் பணமற்ற கொடுக்கல் வாங்கல்கள் நோக்கிய ஒரு நகர்வினை பேணுகின்றது. அதேபோன்று, வங்கியானது அதன் eKYC சேவையினூடாக வாடிக்கையாளர்களை தாள்களற்ற முறையில் இணைத்துகொள்வதனை ஆரம்பித்துள்ளது. டிஜிட்டல் வங்கியியல் சூழலமைப்பானது தரமுயர்த்தப்பட்ட மேடைகளுடன் மேலும் வளமாக்கப்பட்டது. இவை தடையற்ற வழிசெலுத்தல் மற்றும் மெய்நேர அறிவித்தல்களை வழங்கியதுடன், வாடிக்கையாளர்கள் விரைவான சேவை விநியோகம் மற்றும் குறைவான சுழற்சி நேரங்கள் அனுபவிப்பதனை அனுமதித்தது. செலான் வங்கியின் புத்தாக்கமான டிஜிட்டல் வர்த்தக மேடைகள், நெறிப்படுத்தப்பட்ட டிஜிட்டல் கணக்குத் திறத்தல் மற்றும் வலுவான சைபர்பாதுகாப்பு வழிமுறைகள் என்பன பாதுகாப்பான, செயற்திறனான மற்றும் வாடிக்கையாளர் மையமான வங்கியியலுக்கான அதன் கடப்பாட்டினை வலியுறுத்துகின்றன. இந்த முன்னேற்றங்கள் வாடிக்கையாளர் சௌகரியம் மற்றும் பாதுகாப்பினை மேம்படுத்துவது மாத்திரமன்றி தொழில்நுட்பத்தினால் வழிநடத்தப்படும் வங்கியியல் தீர்வுகளை வழங்கும் செலான் வங்கியின் மூலோபாய தொலைநோக்குடன் சீரமைவாக காணப்படுவதுடன் நம்பிக்கை மற்றும் டிஜிட்டல் கொடுக்கல் வாங்கல்களிலான ஈடுபாட்டினையும் வலியுறுத்துகின்றன.

2026 மற்றும் அதற்கப்பால்

2026 இற்கு நாம் முன்னேறும்போது, சுறுசுறுப்பான, மீளெழுச்சியான மற்றும் எமது வாடிக்கையாளர்களது வெளிப்படும் தேவைகளுடன் நெருங்கிய சீரமைவான வங்கியியல் செயற்பாடுகளை வடிவமைப்பதில் எமது பெருநிறுவன மூலோபாயமானது ஒரு முக்கிய பங்கினை வகிக்கும். எமது வளர்ச்சி நிகழ்ச்சிநிரலின் மையமாக டிஜிட்டல் மயமாக்கல் காணப்படுவதுடன், இது ஒரு மெய்யான வாடிக்கையாளர் மையமான அணுகுமுறைக்கான செலான் வங்கியின் கடப்பாட்டினை வலியுறுத்தும்வேளை பரவலான வங்கியியல் சூழலமைப்பின் மேம்பாட்டிற்கும் செயலூக்கமாக துணையளிக்கின்றது. சமீபத்தைய வருடங்களில் எமக்கு சிறப்பாக துணையளித்த மூலோபாய அடித்தளங்களிலிருந்து பெறப்பட்ட பெறுமதி உருவாக்கத்தின் முக்கிய இயக்கிகளில் நாம் முன்னிறுத்தமாய் இருப்போம். ஒழுக்கமான நிறைவேற்றல் மற்றும் புத்தாக்கத்தினூடாக, எமது பங்காளிகளின் எதிர்பார்ப்புகளை தொடர்ச்சியாக சந்திப்பதனையும் விஞ்சுவதனையும் நோக்காகக் கொண்டுள்ளதுடன், நீண்டகால வளர்ச்சி, நம்பிக்கை மற்றும் பகிரப்பட்ட செழிப்பு என்பவற்றை உறுதிசெய்கின்றது.

பாராட்டுக் குறிப்பு

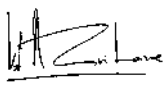
இந்த சந்தர்ப்பத்தில் நான் எமது செயற்திறன் எதிர்பார்ப்புகளை விஞ்சுவதற்கு எம்மை இயலுமையாக்குவதில் ஒரு முக்கிய பங்கினை வகித்த செலான் வங்கியின் அனைத்து அணிக்கும் அவர்களது அசைக்கவியலாத அர்ப்பணிப்பு மற்றும் கடப்பாட்டிற்கு எனது மனமார்ந்த நன்றிகளை தெரிவிக்கின்றேன். கடந்த காலத்தில் வங்கியின் குறிப்பிடத்தக்க சாதனைகளை வழிநடத்துவதில் எமது மதிப்பிற்குரிய பணிப்பாளர் மற்றும் பிரதம நிறைவேற்று அதிகாரியான திரு. ரமேஷ் ஜயசேகர அவர்களுக்கும் அத்துடன் முகாமைத்துவ அணிக்கும் அவர்களது அயரா முயற்சிகள், தலைமைத்துவம் மற்றும் நிலையுறுதியான கடப்பாட்டிற்கு விசேட நன்றிகளைத் தெரிவிக்கின்றேன். செலான் பணியாட்களின் ஒவ்வொரு அங்கத்தவருக்கும் எனது இதயபூர்வமான நன்றிகளைத் தெரிவிக்கின்றேன். அவர்களது தளராத கடும் உழைப்பு, தொழில்முறை மற்றும் உறுதிப்பாடு என்பன வங்கியின் தொடர்ச்சியான வெற்றிக்கு காரணமாயிருந்ததுடன், அவர்களது கூட்டு முயற்சியின்றி இந்தச் சாதனைகளை அடைவது சாத்தியமற்றதாகும்.

மேலும், சபையிலுள்ள எனது சகாக்களுக்கு அவர்களது அயராத உறுதுணை, புத்தாலித்தனமான ஆலோசனை மற்றும் மூலோபாய நுண்ணறிவு என்பவற்றுக்கு எனது மனமார்ந்த நன்றிகளை தெரிவிக்க விரும்புகின்றேன். கடந்த ஆண்டில் அவர்களது பதவிகளை கைவிட்ட திருமதி. சந்தியா சல்காடோ மற்றும் திருமதி. சஞ்ஜீவனி கொட்டகதெனிய ஆகியோருக்கு வங்கியின் பணிப்பாளர்களாக அவர்களது பெறுமதியான பங்களிப்பு மற்றும் அர்ப்பணிப்பான சேவைக்கு நான் ஆழ்ந்த நன்றியுடன் உள்ளேன்.

இலங்கை மத்திய வங்கியின் ஆளுநர் மற்றும் வங்கி மேற்பார்வைப் பிரிவின் பணிப்பாளர் மற்றும் அவர்களது அதிகாரிகளுக்கு நாம் ஆழமாக மதிக்கும் அவர்களது தொடர்ச்சியான வழிகாட்டல் மற்றும் உறுதுணைக்கு எனது மனமார்ந்த நன்றிகளை தெரிவிக்கின்றேன்.

இறுதியாக, எமது பங்குதாரர்கள், மதிப்புடைய வாடிக்கையாளர்கள் மற்றும் ஏனைய அனைத்து பங்காளிகளுக்கும் செலான் வங்கியில் அவர்கள் வைத்துள்ள அவர்களது உறுதியான நம்பிக்கை மற்றும் நம்பகத்தன்மைக்கு நான் நன்றியினைத் தெரிவிக்க விரும்புகின்றேன்.

நாம் முன்நோக்கிப் பார்க்கும்போது, செலான் வங்கியானது எதிர்காலம் பற்றி நம்பிக்கையுடன் உள்ளதுடன், எமது அனைத்து பங்காளிகளின் அபிலாஷைகள் மற்றும் எதிர்பார்ப்புகளுடன் சீரமைவான ஒரு நிலைபேறுடைய வளர்ச்சிப் பயணத்தை தொடர்வதில் கடப்பாட்டுடன் உள்ளது.



நீதியரசர் புவனேக அலுவிஹாரே PC
தலைவர்

26 பெப்ரவரி 2026

Corporate Information

NAME OF COMPANY

Seylan Bank PLC

COMPANY REGISTRATION NUMBER

PQ 9

REGISTERED OFFICE AND HEAD OFFICE

"Seylan Towers", No. 90, Galle Road, Colombo 03, Sri Lanka.
Tel : +94 112 456000
Fax : +94 112 456456
Swift : SEYBLKLX
E-Mail : info@seylan.lk
Web : www.seylan.lk

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on 28 August 1987 under the Companies Act No.17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 30 May 2007. Commenced business operations as a Licensed Commercial Bank regulated under the Banking Act No. 30 of 1988 (as amended) on 24 March 1988. Company was listed in the Colombo Stock Exchange on 5 January 1989.

COLOMBO STOCK EXCHANGE LISTING

The Bank's Ordinary Voting Shares, Ordinary Non-Voting Shares and the Rated, Unsecured, Subordinated, Redeemable Debentures issued in the years 2018, 2021, 2023, 2024 and 2025 were listed on the Colombo Stock Exchange.

ACCOUNTING YEAR END

31 December

TAX IDENTIFICATION NUMBER

134001550

VAT REGISTRATION NUMBER

134001550-7000

CREDIT RATING

The Bank's National Long-Term Rating has been upgraded to 'A+(lka)', from 'A-(lka)' by Fitch Ratings Lanka Limited in January 2025 and the outlook is Stable.

BOARD OF DIRECTORS

Justice Buwaneka Aluwihare PC
Chairman/Independent Director

Mr Ramesh Jayasekara
Director/Chief Executive Officer

Mr D M D Krishan Thilakaratne
Non-Executive Director

Mr D M Rupasinghe
Independent Director

Mr L H A Lakshman Silva
Independent Director

Mrs Averil A Ludowyke
Independent Director

Mr W D Batagoda
Non-Executive Director

Mrs R L Samarasundera
Independent Director

COMPANY SECRETARY

Mrs Keshini De Silva
B.Sc. (Business Admin),
University of Wisconsin, USA,
FCIS(UK), FCCS,
(Sri Lanka)

AUDITORS

Messrs. KPMG
Chartered Accountants

REGISTRARS

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Sri Lanka.
Tel : +94 112 573894
Fax : +94 112 573609
E-mail : sspsec@sltnet.lk

SUBSIDIARY

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(Company Registration No. PQ 151)
Level 15, Seylan Towers, 90, Galle Road,
Colombo 03, Sri Lanka.

For any clarifications on this Report, please contact:
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